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**November 18, 2016** 

## **Exit Reformers**

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More of Ukraine's top reformers have quit government, complaining that President Petro Poroshenko's administration is obstructing corruption fight







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Mikheil Saakashvili quit as Odesa Oblast governor on Nov. 7, while his allies - National Police Chief Khatia Dekanoidze and Odesa Oblast Customs Chief Yulia Marushevska (R) followed suit a week later. Saakashvili and Marushevska said their reform efforts were blocked by President Petro Poroshenko, while Dekanoidze complained about political interference and a lack of authority to make changes. (Volodymyr Petrov, Kostyantyn Chernichkin)

## BY OLEG SUKHOV

SUKHOV@KYIVPOST.COM

The exodus of top reformers from government, which began last year, is continuing.

While ex-Georgian President Mikheil Saakashvili stepped down as governor of Odesa Oblast on Nov. 7, his allies - National Police Chief Khatia Dekanoidze and Odesa Oblast Customs Chief Yulia Marushevska – quit a week later.

On the way out, they complain of sabotage of their efforts by President Petro Poroshenko and ruption and instill rule of law.

Poroshenko and his spokespeople, Sviatoslav Tsegolko and Andriy Zhigulin, have consistently refused to comment on the accusations.

Ivan Vinnyk, a lawmaker from the Poroshenko Bloc, the largest in parliament, denied the accusations of sabotage on Nov. 14, attributing the recent resignations to Saakashvili's desire to enter Ukrainian politics.

Saakashvili is among those who quit who argue that the only remaining way for them to continue

other Ukrainian leaders and the reforms is to get elected in opposilack of political will to combat cortion to Poroshenko and potentially

> Saakashvili on Nov. 11 announced plans to create a new political force, push for early parliamentary elections and replace the current political establishment.

> "I think the authorities have never wanted real reforms - those that would imply deoligarchization, changing society's economic structure, getting rid of state property and total liberalization," Sasha Borovik, who quit as a deputy of Saakashvili in May, told the Kyiv

Post. "Those who left wanted to carry out deeper reforms that would change society but never got political support. Their exit made this clearer, and now reformist forces will have to win elections in order to implement reforms."

At least 22 top reformers quit government jobs earlier this year.

The most recent ones include National Television Company CEO Zurab Alasania, Odesa Oblast Police Chief Giorgi Lortkipanidze, First Deputy Interior Minister

more **Reformers** on page **18** 



Ukraine defense reform leader 'could write book on how to sabotage change'

BY RAHIM RAHEMTULLA R.RAHEMTULLA1@GMAIL.COM

Andriy Zagorodnyuk does not have a military background, yet he has been leading the reform office at Ukraine's Ministry of Defense since March 2015.

Zagorodnyuk, 39, is an entrepreneur at heart. Given the success of his company, Discovery Drilling Equipment, in the oilfield services industry, his post at the ministry may seem even more unlikely.

"I could have had an investor or entrepreneur visa to any coun-

more Zagorodnyuk on page 16

## On 'dividing line' between Ukraine, annexed Crimea

## **BY KYIV POST**

CHONHAR, Ukraine - Lieutenant Colonel Oleksandr Martinyuk, head of the Berdyansk border guard division, corrects sternly when he's told that the Ukrainian checkpoint at Chonhar, in southern Kherson Oblast, looks increasingly like an international border crossing.

"It's a temporary control point, and it really differs from an international border point," Martinyuk said.

Later in our interview, he stumbled over what word to use for the bridge travellers cross between his control point and the opposite point.

"The dividing line," interposed Major Nelya Dotsenko from the bor-

more **Chonhar** on page **11** 



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**CURRENCY WATCH** Hr 27.4 to \$1

Nov. 17 market rate



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2 National **November 18, 2016** www.kyivpost.com

# Poroshenko, allies own Spanish villas

BY CHRISTOPHER J. MILLER AND NATALIE SEDLETSKA

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Along the picturesque shores of Estepona in southern Spain's Costa del Sol lie some of Europe's most elegant resorts and luxury estates, whose owners and residents include Hollywood actors, superstar athletes, and some of the continent's political

But the list of property owners also includes the head of state, along with several key allies, of one of postcommunist Europe's most beleaguered and corruption-riddled states, a Radio Free Europe/Radio Liberty investigation has learned.

The Spanish properties of Ukrainian President Petro Poroshenko; Ihor Kononenko, a deputy head of the president's Bloc of Petro Poroshenko party and onetime business partner; and Oleh Hladkovskyy, a deputy secretary of the Ukrainian National Security and Defense Council, had previously been kept secret.

Each of those three men owns a lavish Mediterranean-style villa on or near the coast – and in Kononenko's case, a second plot of land, too.

But none of the properties is enumerated in those public officials' publicly searchable asset declarations that came due on October 30 as part of a new, International Monetary Fund – backed push to boost transparency and root out graft, according to an investigative program of RFE/RL's Ukrainian Service, Skhemy (Schemes), that aired on Nov. 10.

Instead, the declarations of Poroshenko, a confectionery mogul before his rise to the presidency of war-torn Ukraine in mid-2014, and Kononenko and Hladkovskyy include companies that in turn own the Spanish homes -- effectively ren-



A screenshot of drone footage of the coastal villa in Spain alleged by investigative journalists to belong to Ukrainian President Petro Poroshenko. (Radio Free Europe/Radio Liberty)

dering them invisible from public

Intransparency and corruption have been persistent problems in Ukraine, contributing to political stagnation that followed the 2004 Orange Revolution and the EuroMaida Revolution a decade later that unseated a president. Western officials and international financial institutions insist such criminality is still a problem and threatens billions in assistance that have helped keep the country afloat since Russian troops invaded and seized Crimea from Ukraine in early 2014.

## **Spanish getaways**

Documents obtained by Schemes Poroshenko's Spanishregistered Feruvita S.L. - listed in the president's declaration - bought a 23-year-old villa in Estepona in the summer of 2008, when he headed the Council of Ukraine's National Bank. In the financial statements, the value of the two-story, 1,254-square-meter villa and grounds, complete with swimming pool, is estimated at 4 million euros (\$4.3 million).

The gated, white-columned villas belonging to Kononenko and Hladkovskyy were discovered by Schemes journalists within short driving distances of Poroshenko's property. Kononenko also owns a second parcel of land on the coastline where a house was demolished in 2012, apparently to make way for a new one.

Neighbors confirmed seeing Poroshenko in the neighborhood.

Poroshenko "comes two days here and leaves," one man, whose gardener also does landscaping for the Poroshenko estate, told a Schemes journalist. "He rests a day or two. Not for a week or month, no, no."

In March, Poroshenko was photographed by the Ukrainian news site Ukrayinska Pravda making a purchase at a Spanish pharmacy and

"If the villa is not used for the company's commercial activity, it should have been declared," Kalenyuk said. Responding to Schemes' request for comment, Poroshenko's office said: "The enterprises in which Petro Poroshenko is the ultimate beneficiary have overseas property such as

> of Corruption." Ukraine's new asset-declaration law has been hailed by Western governments as a major step in combating corruption.

factories, shops, warehouses, admin-

istrative buildings, and houses. All

this is in the form of legal entities

specified in his declaration in accor-

dance with the Law 'On Prevention

But Kalenvuk and other activists complain the legislation is imperfect. For instance, she said, "vague" language in the law has allowed officials to get away with not declaring assets owned by companies that they

But Ruslan Radetskyy, the deputy head of the National Agency for the Prevention of Corruption, told Schemes that the language in the law was specific enough. "[The declarant] must specify all property that belongs to him, through a company or as an individual," he said.

Yehor Sobolyev, co-author of the declaration law and head of parliament's anticorruption committee,

"In my opinion, there is evidence of breach of the law 'On Preventing Corruption' by the president of Ukraine, who did not declare the villa in Spain in his electronic declaration," he told Schemes. "The explanation from representatives of the presidential administration that the owner of the villa is not the president, but a company that he controlled, is incorrect." ■

was believed at the time to be the president's Spanish villa. 'Vague' language? While it is not illegal to control

assets through companies so long as they are used for purposes related to the business, anticorruption campaigners argue that failing to disclose such properties makes a mockery of the duty to report and raises questions about how they were obtained.

Daria Kalenyuk, executive director

Center in Kyiv. (Volodymyr Petrov)

driving away in a white Porsche. The

site also published images of what

of the Anti-Corruption Action

Daria Kalenyuk, executive director of the Kyiv-based Anticorruption Action Center, told RFE/RL that an independent investigation should be conducted by Ukraine's National Agency for the Prevention of Corruption to determine whether Poroshenko, Kononenko, or Hladkovskyy violated Ukrainian law by not declaring the villas directly in their declarations.

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Editor's Note: The investigation is based on the reporting of RFE/RL's Schemes investigative unit and the First Ukraine channel in Kyiv. The Kyiv Post is reprinting with permission.

## Kremlin influence rises in Europe

## BY OKSANA GRYTSENKO AND OLEG SUKHOV

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Russian President Vladimir Putin is having a lucky streak.

Donald Trump, who has flirted with the Kremlin and hinted he might accept its annexation of Crimea, won the Nov. 8 presidential election in the United States. Several days later, pro-Russian politicians were elected presidents of Moldova and Bulgaria on Nov. 13.

It is not clear if Moldova and Bulgaria, which are parliamentary democracies, will drift towards the Kremlin, given the limited presidential powers in both countries and their dependency on Western support. But the election results show that pro-Russian sentiment in European countries is strong.

A party vacillating between Russia and the West also defeated a staunchly pro-Western one in Georgia in October. And in the United Kingdom, a majority supported leaving the European Union at a referendum held in June - a move welcomed by Moscow.

Another event favorable to Russia was the Dutch referendum that rejected a political and trade association deal with Ukraine with 61 percent of the vote in April.

Masterfully using its oil revenues and propaganda machine, the Kremlin is spreading its influence in Europe and hoping for its supporters to come to power in Austria, Germany and France.

The Kremlin's expansion may weaken the West's support for Ukraine in its war with Russia and hurt Ukraine's drive to integrate with the European Union.

## 'Russian' victories

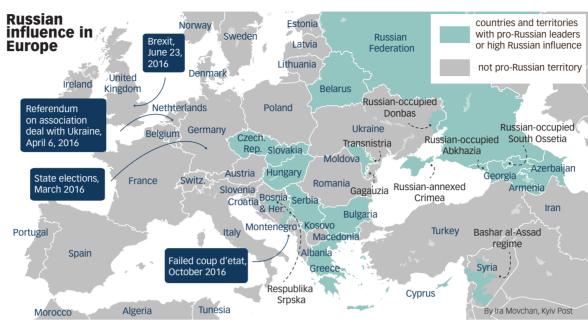
Moldovan Socialist Party leader Igor Dodon defeated pro-Western candidate Maia Sandu in the Nov. 13 presidential vote. He pledged to make his first presidential visit to Russia and gave his first interview after the victory to Russia 24, a Kremlin propaganda channel.

Dodon has called Crimea, a Ukrainian peninsula that Russia annexed in 2014, "de facto Russian" and promised to give broad autonomy to the Kremlin-backed breakaway republic of Transnistria, Moldova's equivalent of Ukraine's Donbas breakaway "republics."

Sergiy Gerasymchuk, a Moldova expert at Ukraine's Strategic and Security Studies Group, thinks that Moldovans backed a pro-Russian candidate in protest against the pro-Western government's corruption.

Gerasymchuk added that Dodon would have to change his anti-Western rhetoric, since Moldova is heavily dependent on Western aid. The country, however, is also dependent on the Kremlin, with Russian gas giant Gazprom controlling Moldova's gas pipeline network.

In Bulgaria, the Nov. 13 presidential election was won by Rumen Radev, who is known for his pro-Moscow and anti-immigrant rhetoric. In the wake of Radev's election, the country's pro-European Prime Minister Boyko Borisov resigned.



Since the spring of 2016, a string of referendums, elections and other political events favorable to Russia have occurred in Europe. In the face of a revanchist Russia, many European states have seen pro-Russian political parties, from both the left and right spectrums, gain influence.

Bulgarian journalist Krassimir Yankov attributed Radev's win to the people's disappointment with corruption scandals associated with the pro-EU government. Yankov also doubts that Radev, a former NATO fighter pilot, will pursue an openly pro-Russian policy.

"He's not against membership of NATO and the EU, but he insists on improving dialogue with Russia," Yankov said.

Yankov added the Bulgarian society was equally divided between pro-Russian and pro-Western moods. Russia is still seen by many in this county as the liberator from the Ottoman Empire, and the pro-Russian Orthodox church is influential.

The Kremlin is also boosting its clout in Georgia. The ruling Georgian Dream Party won 77 percent of the seats in the Oct. 30 parliamentary election — a constitutional majority, while the pro-Russian Patriotic Alliance got 4 percent of the seats.

The Georgian Dream has combined pro-Western rhetoric with a promise of better relations with the Kremlin. The Georgian Dream government has stepped up economic cooperation with Russia, while the Kremlin's media presence in the country has soared.

## Others under influence

Other countries in Europe are also subject to Russian influence.

Slovakia now has a partially pro-Russian cabinet and an openly Kremlin-friendly prime minister, Robert Fico, according to Olexia Besarab, a Slovakia-based expert at the Strategy XXI think-tank. She added that Russian businesses were very active in the country.

The pro-Russian sentiment is fueled by nostalgia for the Soviet Union

"In the Soviet period, the defense sector was well-developed in Slovakia, people were making good money there," Besarab said.

Russia is also sponsoring pro-Russian non-governmental organizations in Slovakia, Besarab said.

The British think tank Chatham House estimated in 2015 that the Russian-funded non-governmental organization sector in Europe is worth \$100 million a year.

Meanwhile, Poland's incumbent

nationalist government, which came to power in 2015, has made some anti-Kremlin moves but at the same time taken an anti-Ukrainian stance in what some see as a policy encouraged by the Kremlin.

Specifically, in July the Polish parliament declared the 1943-1944 killing of Poles by the Ukrainian Insurgent Army in Volyn to be genocide, while ignoring the similar killing of Ukrainians by Poles.

Serbia and Montenegro are another area of interest for Moscow, as both are Orthodox countries with historical ties to Russia.

In October, the Montenegrin authorities said that two Russian nationalists were behind an alleged plot to overthrow the national government and arrested pro-Kremlin Serbian citizens who had previously fought against Ukraine in the Donbas.

Republika Srpska, a de facto independent Serb enclave in Bosnia and Herzegovina, is also backed by the Kremlin.

Other pro-Russian leaders in Europe include Czech President Miklos Zeman, who has effectively recognized Russia's annexation of Crimea, and Hungarian Prime Minister Viktor Orban.

Russia also has influence in the Orthodox Christian countries of Cyprus, an offshore haven for Russian businesses, and Greece, whose Prime Minister Alexis Tripras favors closer ties with the Kremlin.

Another tool of influence is the Soviet Jewish diaspora in Israel. Its Prime Minister Benjamin Netanyahu met with Russian President Vladimir Putin four times in 2016 only.

## **Coming elections**

The upcoming elections in Europe may also increase Russia's clout.

In Austria, pro-Russian politician Norbert Hofer of the far-right Freedom Party is among the leaders of the polls and has a chance to become president in the Dec. 4 election.

In France, Marine le Pen from the pro-Kremlin National Front is likely to win the first round of the April 23, 2017 presidential vote but may lose in the second round, according to

more **Russia** on page **17** 



## **Editorials**

## **Trump angst**

Ukraine has more to fear than most nations in a Donald Trump presidency. He cheered on Russia's invasion of Crimea, a blatant violation of international law that he may recognize as a legitimate takeover. He has made clear his admiration for Russian dictator Vladimir Putin. The Kremlin threw its weight behind Trump, likely responsible for the well-timed leaks of embarrassing emails involving the Democratic National Committee and top aides of losing Democratic Party challenger Hillary Clinton.

Some hope that pragmatism will win out. But nobody knows for sure because Trump has no track record in public office and a shifting ideology on many issues. He seems only interested in himself. Such greed and narcissism could unleash the worst spate of financial corruption in modern American history. Trump and his family look very corruptible -- just the kind of political leaders that Putin loves. He's spent the last 16 years corrupting Ukraine's political leaders in a bid to weaken the nation.

But all may not be as grim as it seems today. Clinton won a majority of the popular vote, calling into question yet again America's Electoral College system. Putin is unpopular in America, with good reason. And, with strong bipartisan majorities, the Republican-controlled U.S. Congress has staked out even tougher stances against Putin than outgoing U.S. President Barack Obama.

We cheer on the likes of re-elected U.S. Senator John McCain, the Republican from Arizona, who warned Trump this week: "We should place as much faith in such statements as any other made by a former KGB agent who has plunged his country into tyranny, murdered his political opponents, invaded his neighbors, threatened America's allies, and attempted to undermine America's elections."

## Same show

As the third anniversary of the beginning of the EuroMaidan Revolution approaches on Nov. 21, the Ukrainian public has more proof of how far the country's leaders have diverged from the ideals of the revolution that drove a corrupt president, Viktor Yanukovych, from power on Feb.

President Petro Poroshenko is the leading embodiment of this divergence. From the revolutionary people's leader who mixed with the crowds and climbed a bulldozer to give a speech, Poroshenko went on to become yet another untrusted ruler who is divorced from the people he governs, and from the rule of law.

His detachment was highlighted when Radio Free Europe/Radio Liberty journalists found and filmed Poroshenko's multimillion-dollar coastal villa in southern Spain that he uses for a weekend getaway.

The villa is absent from Poroshenko's asset declaration. The law isn't clear on the criteria for declaring property owned through businesses, and the president chose not to vex Ukrainians, who on average live on \$2,400 per year, by parading his luxurious property before their poor eyes.

The villa might have been forgiven if it wasn't topping a pile of other failures of Poroshenko, including - and we never get tired of listing it - no rule of law, continuing top-level corruption, doing business in Russia in times of war, refusing to sell his business -- including the factory in Russia -- after gaining the presidency and his failure to go after oligarchs and

To keep Ukrainians' impatience from pouring over the edge, the president-controlled Prosecutor General's Office gives them a bit of bread and circuses in the form of occasional prosecutions of top names.

The latest one in the arena is Vadim Novinsky, a controversial pro-Russian oligarch and lawmaker profiled in the Kyiv Post's "Oligarch Watch" series on Nov. 11. Novinsky has been under investigation, but not for corruption or shady privatization deals, as one might expect with an oligarch involved.

Instead, Novinsky is accused of tampering with the church's business. He was allegedly scheming to replace the head of Ukrainian Orthodox Church in 2013.

The parliament refused to lift Novinsky's immunity from prosecution on the demand of Prosecutor General Yuri Lutsenko on Nov. 16, saying that it would need evidence of Novinsky's guilt to do so. Lutsenko was furious. The show made headlines, offering the public a simulacrum of rule of law. The show could last for weeks, diverting more attention from Poroshenko's mounting failures and his Spanish villa



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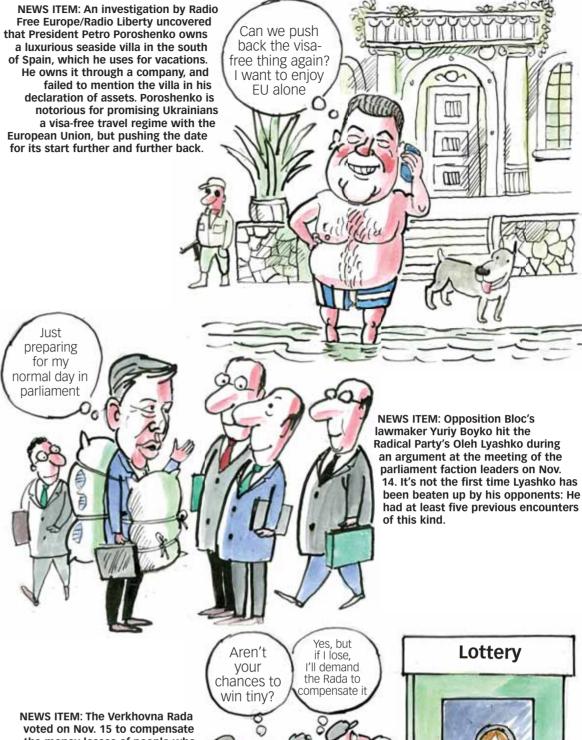
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the money losses of people who invested in the unsafe funds, attracted by the interest rates that were much higher than those offered by bank deposits. Money lost when such funds go bankrupt will be protected in the same way as normal bank deposits.



**NEWS ITEM: U.S. President-elect Donald Trump and Russian President Vladimir** Putin agreed in a Nov.

> relations between the countries were unsatisfactory and needed a reset - a statement that worried many. "The Obama Administration's last attempt at resetting relations with Russia culminated in Putin's invasion of Ukraine and military intervention in the Middle East." Republican Senator John McCain said, commenting on the statement.

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## Reformer of the week

## **Khatia Dekanoidze**

Khatia Dekanoidze, a Georgian-born reformer, resigned as head of the National Police on Nov. 14. Dekanoidze, a former head of Georgia's Police

Academy, has overseen Ukraine's efforts to oust corrupt officers since she took over as head of the National Police in November 2015.

She said on Nov. 14 that the ministry had failed to root out corruption, and that she had had to deal with political interference and had not had enough authority to bring about radical change.

Ilya Kyva, a controversial aide to Interior Minister Arsen Avakov, lashed out at Dekanoidze recently

and has reportedly been tapped to be a deputy of Dekanoidze's successor, Vadym Troyan. Kyva, an ex-head of the National Police's drug enforcement unit, has in the past triggered controversy by posting a Bible quote calling for the execution of homosexuals. He has also been accused of insulting veterans of the war with

Avakov is accused of derailing Dekanoidze's efforts to reform the police and faces several corruption investigations. He denies all accusations of corruption.

Pavlo Kashchuk, an ex-member of a police vetting commission, said on Nov. 14 that the old system of policing, which Dekanoidze had hoped to sweep away, is now returning.

"It has become clear that the hyped-up reform is just words and imitation – a smokescreen that the Interior Ministry's leadership used to 'buy off' Western partners and (Ukrainian) society in order to restore and even strengthen the old corrupt system," Kashchuk said. "Their task is to fill their pockets and terrorize society... In the regions we see a complete comeback of the old guard.'

Oleg Sukhov

## Anti-reformer of the week

## **Vadym Troyan**

Vadym Troyan, a deputy head of the National Police, was appointed acting head of Ukraine's police on Nov. 14 and has been tapped to become its official chief.

Troyan, a staunch loyalist of Interior Minister Arsen Avakov, has been accused of undermining former head of the National Police Khatia Dekanoidze's independence, which is stipulated by Ukraine's police law, and blocking her reform efforts. However,

Interior Ministry spokesman Artem Shevchenko has dismissed the accusations made against Troyan as "nonsense."

Troyan, who is reportedly in charge of all surveillance at the National Police, has been accused of conducting surveillance over journalist Pavlo Sheremet, who was killed in a car bomb explosion in central Kyiv on July 20. The National Police denies the accusation that Troyan was involved in such surveillance.

Lawmaker Sergii Leshchenko and Ukrainska Pravda's chief editor Sevgil Musayeva-Borovik said in July they had seen police officers conducting surveillance of them and Sheremet. Troyan took an unexpected vacation and was not seen in public for several weeks after Sheremet's murder.

Troyan used to be a member of the far-right Patriot of Ukraine group and the affiliated Azov unit. Some members of the unit have admitted to being neo-Nazis.

- Oleg Sukhov

To nominate someone as reformer or anti-reformer of the week, write to news@kyivpost.com

# Trump will be major disaster for Ukraine



American voters who elected Donald Trump as the country's next president may have inadvertently signed a death warrant for tens of thousands of Ukrainians as Russia's Vladimir Putin could very likely interpret it as a green light to invade Ukraine.

That is the fear of many in Ukraine who were shocked to hear candidate Trump's praise for Putin in debates and campaign speeches.

He suggested that Moscow's annexation of Crimea might be justified and in one TV interview said:"I don't like what's happening with Ukraine. But that's really a problem that affects Europe a lot more than it affects us."

For part of the campaign period, Trump used as his chief adviser Paul Manafort, notorious in Ukraine as the person who mapped out Viktor Yanukovych's strategy to capture the presidency

Manafort, an American PR maestro who had a reputation of selling his services to whoever would pay, however odious they were, groomed Yanukovych to make him more palatable to the gullible among Ukraine's electorate. He also worked on whitewashing Yanukovych's criminal and corrupt history for the outside world so that Western leaders would tolerate him even if they had contempt for the former Ukrainian despot.

## Firtash ties

Manafort worked for other unsavory Ukrainian characters, including oligarch Dmytro Firtash, who was for years the biggest player in Ukraine's gas industry – a byword for corruption. He was widely regarded as working with - or for -- Putin to sell Russian and Central Asian gas provided to him cheaply and then sold to Ukraine at vastly increased prices. Most believe Putin and his acolytes were the main financial beneficiaries of the schemes which gathered billions of dollars in profits. Firtash is currently fighting an FBI extradition warrant to the US on corruption charges.

Manafort is also under investigation by the



A woman walks past a mural on a restaurant wall depicting then- U.S. presidential candidate The photograph of the murla was taken on May 13 in the Lithuanian capital of Vilnius. (AFP)

US authorities after Ukrainian sources earlier this year revealed information purportedly showing he had received millions of dollars in fees from Yanukovych that had not been declared to American tax authorities.

There were murmurings that while Manafort was working for Yanukovych, and then earlier this year for Trump, he had links to Russians thought to work directly or indirectly for the Kremlin.

After Trump becomes president he may use his influence to ensure Manafort is not prosecuted. That presents the ominous possibility that Manafort may return to a position of influence within Trump's administration which would allow him to wreak revenge on Ukraine.

## **Pro-Russians celebrate**

A Ukrainian army colonel, who did not want to be named, said that Putin and pro-Russian forces in occupied Ukraine have been buoyed by Trump's victory and may see it as permission to increase aggression against Ukraine.

Since the election he said the pro-Russian side had violated the ceasefire much more "brazenly" with a fourfold increase in attacks in Donbas, the eastern Ukrainian territory seized by pro-Moscow separatists supported by regular Russian forces. He fears Putin might exploit the confusion to "go for a full-fledged invasion of Ukraine."

A Ukrainian military intelligence source said that there had been a "considerable" buildup of Russian-provided armor, rockets and artillery in the Donbas region and Russian military facilities near the borders with Ukraine in the weeks prior to the election and the number of artillery and small arms attacks against Ukrainian forces had spiked in the days following the election.

## **Putin bides time**

Some savvy commentators on Ukraine and Russia like The Economist editor Ed Lucas and author Anne Applebaum had suggested before the elections



## **How will President Donald Trump** change relations with Ukraine?



Edilberto Segura, Bleyzer Foundation chairman "There is a very short window of opportunity for Ukraine to demonstrate

that it is a country that is worth supporting. (The government must) take immediate, strong, decisive steps towards fighting corruption."



David Sweere, agribusiness "I think prudence should be at the forefront.. there has to be accountability

from both sides. I have confidence that the Trump administration won't forget about Ukraine. That isn't going to happen. They want to be re-elected, as well. They're politicians, he's now a politician...he'll listen to prudence and he'll certainly want to listen to business.



Michael Getto, deputy director of Wooden Horse Strategies "My concern is that it looks like there's

absolutely no expertise on this part of the world in Trump's administration. I don't view any of the comments that Trump made during the campaign as venal; they're just ignorant. That could be catastrophic for Ukraine. I'm hoping that there are people near him and within the Republican national security establishment who can educate him about this part of the world."



Reno Domenico, chairman of Democrats Abroad Ukraine "I think we're entering into a very dark period of time for both Ukraine

and the U.S. Trump's conversation with (Vladimir) Putin immediately after the election sends a signal to Russia that he's willing to do a deal...I worry we are headed towards a period of appeasement."



**Daniel** Sweere, CEO of Kyiv-Atlantic Ukraine "Ukraine has an opportunity to try and convince Trump to stop in Kyiv during

his first trip to Europe. Ukraine has to demonstrate that it is serious about fighting its corrupt, oligarch system... There is bipartisan support for Ukraine in the U.S. con-

## Ukraine's Energy Challenges

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## Corruption still endangers Ukraine state energy firms

BY JOSH KOVENSKY

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Foreigners and corruption-fighting Ukrainian politicians have scrutinized the nation's oil and gas sector more than any other since the 2014 EuroMaidan Revolution that forced fugitive President Viktor Yanukovych from power.

It has a big history as a money tree for corrupt politicians, with energy players getting rich at the expense of Ukraine's people and state budget.

Over the past six months, despite tough talk from President Petro Poroshenko's administration, prospects for a more productive and politically independent Ukrainian energy sector have worsened.

The knot of interests that collide over the country's oil and gas sector has left the country's biggest oil producer endlessly bleeding money and the country's gas producer hobbled by corruption schemes.

Meanwhile, Naftogaz - the country's main state-owned oil and gas firm - is fighting to keep its own progress from rolling back, while critics remain skeptical that it will let go of its monopoly on the country's gas system.

## Naftogaz

Foreign lenders have focused much of their energy on remaking Naftogaz, Ukraine's state-owned oil and gas company.

Bled dry by graft and rotted by mismanagement, Naftogaz has long been a hulking monopoly that sucks money out of the state budget – up to 7 percent of the nation's gross domestic product as recently as three years ago. Now it is close to break-eyen

Since the 2014 EuroMaidan Revolution, the European Bank for Reconstruction and Development has agreed to loan Naftogaz money to buy natural gas from Western



Workers at Ukraine's largest state-owned gas producer Ukrgazdobuvannya work at a company site in Kharkov Oblast on Aug. 11. The company is attempting to extract enough gas to make Ukraine self-sufficient. (Ukrafoto)

Europe, giving Ukraine \$300 million in a revolving loan to survive each winter

But the main focus has been on making the company profitable via management reforms. Eventually, Naftogaz would have its monopoly on Ukraine's oil and gas market broken and become one of many competing firms, with its gas storage and transmission divisions spun off into separate companies.

Foreign creditors scored a significant victory in July when parliament passed a bill that set in motion a process by which the country's gas pipelines and gas storage centers will be spun off into separate firms, according to parliament member Nataliya Katser-Buchkowska from the People's Front.

The fuel and energy committee member said that Naftogaz is not a "black hole anymore" in the Ukrainian budget, thanks also to increased tariffs on home gas usage.

But others argue that Naftogaz's management is not really committed to breaking up the company's monopoly on Ukrainian oil and gas, but is rather only interested in making it a more efficient business.

"They are good CEOs and doing everything they can to develop the company, but they are not statesmen," said Oleksiy Ryabchyn, a member of parliament with the small Batkivshchyna Party faction. He is on the energy committee.

One main task is to turn Naftogaz's gas pipeline transportation system into a different company.

"It would be more understandable and clear if these functions were separated, not only by law, but in real life," said Roman Opimakh, executive director of the Gas Producers Association of Ukraine.

But the process has been halted due to a \$28.3 billion arbitration lawsuit filed by Gazprom against Naftogaz in Stockholm, Sweden. Until the litigation is settled, the company will be unable to break itself apart.

 $\label{eq:Ryabchyn suggested that this plays} \\ \text{to the company's advantage}.$ 

"They have a major desire not to lose their monopoly status," Ryabchyn said.

## Ukrnafta

Ukrnafta, the country's oil producer, has been stagnating over the past six months as it struggles under the weight of a Hr 12 billion (\$458 million) debt to the country's tax authorities. The debt increases as State Fiscal Services chief Roman Nasirov fines the firm for not paying

The company is majority owned by Naftogaz, but has been de facto controlled by its minority shareholder. Ihor Kolomoisky.

Kolomoisky filed an arbitration suit in Stockholm claiming an additional \$4.6 billion in debt against the company, which produces 68 percent of Ukraine's oil.

An oil pumping tax rate of 45 percent is slowly bleeding the company dry, leaving it unable to invest in any new drilling or modernization.

New management arrived at the company last year with a debt restructuring plan that would allow the company to climb its way out of the tax service debt and invest money in modernization. But two shareholder meetings to approve the plan have not managed to go forward, leaving the company bleeding money without a way to recover.

"No progress," said Gennadiy Radchenko, an executive vice president at Ukrnafta.

The lack of agreement on how to solve the company's debt problem appears to be a symptom of a larger battle between Kolomoisky and the government, with Ukrnafta as an expensive pawn.

"If the current situation continues, Ukrnafta will go bankrupt," said Gennadiy Kobal, an analyst at Expro. Kobal added that even the most profitable parts of the company - its oil wells - would lose most of their value after a bankruptcy - since it would be too expensive to restore them to working order or connect them to a new system.

The company anticipates a 15 percent drop in production this year.

## Ukrgazvydobuvannya

Ukrgazvydobuvannya, the country's state-owned gas extractor, has set forth an ambitious plan to make Ukraine natural gas independent by 2020.

"We need to drill more wells," said Opimakh, the gas producer association executive director.

Opimakh has proposed that the tax rate on gas extraction on future exploration be lowered to 12 percent. He argues that this would allow foreign investors to partner with UGV on production sharing agreements for the country's eastern gas fields.

The company lacks the massive debt of Ukrnafta. It can afford to spend money on modernizing equipment and drilling new wells.

The initiative is government-backed. According to Katser-Buchkowska, the production-sharing agreements could cause problems for LIGV.

"There are difficulties with some" of these agreements, she said, pointing out that UGV lost 380 million cubic meters of gas under similar sharing arrangements.

The company continues to be susceptible to corruption. Former member of parliament Oleksandr Onyschenko is accusted by the General Prosecutor's Office to have embezzled Hr 1.6 billion (\$61.5 million) from the company from between January 2014 and July of this year. Onyschenko fled Ukraine in July, and denies the charges.

Extensive bureaucracy may also sink plans to use the company to make Ukraine gas independent. It currently takes years to secure a license to drill a new gas well.

"It's insane," said Opimakh.





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# Abilities are here: Why it is worth investing in solar?

The global energy market has changed. Today, the largest share of generation from all renewable sources comes from solar and wind energy. At the same time the current development of technology allows only one third of the solar energy potential to be converted into power, which gives impetus to the search for new, more efficient solutions for power generation.

The capacity of the global solar energy increased annually by over 50% per year. Over the past 6 years, the construction of photovoltaic power plants has increased from 7 GW to 60 GW per year.

## Such dynamic growth contributed to the following factors:

- supporting the development of renewable energy at national and international level thanks to the signing of the Paris Agreement by most countries;
- depreciation and the development of generation technologies;
- mobilization of financial resources the creation of a large number of local and international financial programs, the increase in capital investment in this area.

Ukraine has made a commitment to renewable energy by 2020 - 11% of the total energy balance of Ukraine. Today it is not more than 1.5%.

A key role in achieving the target is being played by solar energy, which is the most attractive for investment. To this effect a reduction in the cost of equipment for the construction of power generation facilities, and a higher "green" tariff for the purchase of electricity produced, have been introduced.

In 2016 in Ukraine launched 34 new photovoltaic power plants with a total capacity of over 120 MW, of which 70% of the capacity of these solar power plants — more than 75 MW — was built in Kherson and Vinnytsya regions by Energy Holding KNESS (previously known as the company "Podolsky Energoconsulting").

Energy Holding KNESS ensured the rapid construction of new solar power plants due to successfully implemented changes in the company's structure, organizing its own production equipment for power generation, high-quality work with manufacturers of solar panels, a significant reduction in the cost of construction of generation facilities, shortened construction time for stations, and the provision of guarantees to investors.

## Why it is worth investing in solar? Top 6 arguments:

- 1) in contrast to other renewable sources, solar energy has no effect on the environment absolutely clean energy while the solar insolation in Ukraine is enough to meet the needs of the whole of Europe not less than 1000 kWh of solar radiation per 1 m2;
- **2)** feed-in tariff of 16 cents per 1 kWh without VAT (for plants commissioned in 2017-2019) ensures a return from power projects in an average of 5 years;

- **3)** the quality used for construction equipment, including Ukrainian production, ensures the stable operation of the stations with minimal losses in generation over the guaranteed life of the solar stations 20-25 years;
- **4)** on the green tariff payments are made until 2030 and guaranteed by the state, which provides a stable passive income
- **5)** return on investment is higher than the proposals of the Ukrainian banks, ranging from 12% in relation to the Euro
- **6)** there is no need for expensive and complex service stations allowing the maximum profit to be obtained, and to increase in solar power generation

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## Reforming the Ukrainian Energy Market to Continue

The liberalizing of natural gas trading and free access to transportation facilities are and still remain the key requirements to reform the gas market. The Law of Ukraine on the Natural Gas Market (the "Law"), by which Ukraine introduced basic principles for liberal functioning of the gas market, was to lay down the fundamentals of the reform. A number of regulations have been enacted in pursuance of the Law in order to put

into practice the opportunities afforded by the Law, such as market mechanisms introduced to supply natural gas, diversification of supply and foreign traders engaged to operate on the market. The National Commission for State Energy and Public Utilities Regulation approved the Code of the Gas Transmission System and the Code of the Gas Distribution System, which allowed implementing partially the rules applicable in EU

However, we have not seen any European traders overflowing the Ukrainian market during 2016. More so as domestic market players continue operating in the environment making their operations more complicated and forcing them to incur additional financial commitments. First of all, it refers to the gas stock reserve, financial security and licensing.

A collision between the regulations is one of the problems when it goes to the licensing of gas suppliers. The Law sets out principles of free competition on the natural gas market and excludes such notions as "regulated tariff" and "non-regulated tariff," so that both business entities that obtained, under the established procedure, licenses to supply gas at the regulated tariff and other business entities that obtained relevant licenses to supply gas at the non-regulated tariff until 1 October 2015 are allowed to participate in tenders. Moreover, article 9(2) of the Law states that the Regulator shall approve the licensing terms and conditions for business activities on the natural gas market related to transmission, distribution and storage of natural gas, provision of LNG installation services and natural gas supply, in consultation with the Energy Community Secretariat. However, since no new licensing terms and conditions have been approved so far, business entities have been prevented from 1 October 2015 to obtain licenses to supply natural gas. Accordingly, this conflict, which exists as long as one year now, prevents independent suppliers from participating in tenders held by state-owned enterprises and institutions, as such state-owned entities require the suppliers to hold a license in accordance with the Law when preparing for public tenders. But as of today no one can obtain such a license and accordingly traders may not offer their resource and their prices to this category of consumers

Meanwhile, the situation with the reforming of the Ukrainian energy market in general is changing for the better. This is primarily the case in view of reserve stocks of natural gas established.

Briefly, the history of the question is the following. In September 2015, the Cabinet of Ministers of Ukraine (the "CMU") adopted resolution by which all gas suppliers were obliged to create natural gas stock reserve in the amount equal to 100% of the volume of monthly supply. In December 2015 the CMU reduced the minimum level of the gas stock reserve up to 50% of volume of monthly supply. However, this reduction did not meet the European criteria of the gas market reform, as still imposed extremely high financial obligations on the gas supply companies. As it was mentioned in the latest Energy Community Implementation Report, such requirement in relation to keeping of the gas stock reserve at such a high level is "considered not proportionate or in line with ensuring equal access".

As of 1 November 2016 the Law of Ukraine "On Amendments to the Law "On the Natural Gas Market (regarding gas stock reserve)" No. 1541-VIII (the "Amendments to the Law") became effective. Those amendments brought the long expected changes to the regulations in respect to the burdensome obligation of the suppliers to keep a natural gas stock reserve. The Amendments to the Law provide that any supplier shall secure natural gas stock reserve of up to 10% of the planned monthly supply volume. The exact amount of the natural gas stock reserve is established on annual basis by the Cabinet of Ministers of Ukraine for all suppliers.

It was reported that on 16 November 2016 the Cabinet of Ministers took a decision to establish obligation for the gas suppliers to create a gas stock reserve at the amount of 0% and only in cases of emergency the gas suppliers will be obliged to create natural gas stock reserve in the amount of 10 per cent of monthly supply volume.

The reform of the Ukrainian energy market is still in progress. There have been a number of important regulations recently enacted. So far, a major step forward is the Law of Ukraine on the National Commission for State Energy and Public Utilities Regulation adopted in line with the Third Energy Package. In addition, the draft Law on Electric Energy Market and draft Law on Amending the Budget Code of Ukraine (regarding the normalization of the system for receiving and applying proceeds from rents payable for using subsoil to extract oil, natural gas and gas condensate), which law states that local communities shall retain 5% of the rent, have been adopted in the first reading. They are vital steps forward to reform the Ukrainian energy market and to boost the growth of the entire economy by creating better mechanisms to protect consumer rights and reducing corruption risks due to strengthening transparency and market-oriented pricing.



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The Chornobyl nuclear power plant's safe confinement arch is 165 meters long, 110 meters high and weighs more than 36,000 tons. It is made by the French construction consortium Novarka. The process of covering of the fourth reactor began on Nov. 14. (Courtesy by EBRD)

# As new arch goes over Chornobyl on Nov. 29, future of zone debated

## BY VERONIKA MELKOZEROVA

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Safely covering the ruined remains of the Chornobyl nuclear power plant has been the mission since April 26, 1986, when the fourth reactor exploded, creating a deadly fallout is still being calculated today in terms of lives and environmental damage.

Today, more than 30 years later, the latest stage of the mission will be to position the New Safe Confinement -- a massive, arched, steel structure -- over the crumbling concrete sarcophagus. This will hopefully entomb the doomed reactor -- and its lingering radiation -- for at least a century.

The 165-meter-long and 110-meter-high cover, which weighs more than 36,000 tons, which was made by the French construction consortium Novarka. It is hailed as the biggest moveable land-based structure ever built.

The cost of the structure was \$1.5 billion, according to Anton Usov, a European Bank for Reconstruction and Development senior adviser in

Donors from more than 40 countries helped create the engineering

"The start of the arch covering process is the end of our more than 30-year fight for a better environment in the Chornobyl Zone and in the world," Ostap Semerak, the ecology minister of Ukraine, said on Nov. 14.

The arch, as the structure that will cover the fourth reactor is known, is the most important stage of the New Safe Confinement project, which aims to protect humanity from

Chornobyl's poisonous radioactive legacy for several generations, said Vitaliy Petruk, the head of the State Agency of Ukraine on Exclusion Zone Management in a press release on Nov. 14.

"The confinement for the exclusion zone is a new breath, and the possibility for positive transformations in future," said Petruk.

Experts said the Chornobyl Zone – a 30-kilometer radius around the plant – has a chance for a better future after 30 years as a radioactive wasteland. It was a highly protected area, but it turned out to be a breeding ground for corruption as well.

The hopes now are that it could become a scientific platform for change, including a testing place for renewable energy, Vitaliy Demianiuk, a supervisory board member at the Chornobyl Research and Development Institute, told the zn.ua news website.

## The arch

It will take a few days for the arch to move into place over the reactor, as it is slowly maneuvered by a system of 224 hydraulic jacks that push the structure 60 centimeters forward each stroke, according to the EBRD. The construction of the arch was financed through a special fund and the EBRD.

The arch was built by more than 2,500 constructors and engineers from France, the United Kingdom, Brazil, Poland, Ukraine and the Philippines in an area adjacent to the reactor. It will be moved 327 meters into place over the reactor. Construction began in 2012.

One of those monitoring the process closely is journalist Anatoliy

Artemenko, who has researched the level of radiation in sub-surface water in the Chornobyl Zone, and who was involved in the making of the "Children of Chornobyl" documentary film, which was broadcast in the United Kingdom in 1991.

According to him, the shelter was supposed to cover the reactor and limit the radiation for 25 years. But it was only in 2012 that work on building its replacement, the arch, actually started.

"They've only finished the arch," said Artemenko. "The whole complex, which will turn the shelter object into an environmentally friendly system in the future, still has to be completed. Now we only have the cover, which will limit the radiation impact on the environment for a hundred years."

The arch will fully enclose the destroyed reactor on Nov. 29, and then the next stage of the work will start — the dismantling of the old shelter construction, and the recycling of materials from it. However, Artemenko said there is no infrastructure - and no money - to carry out this next stage.

"No one in the whole world has managed to turn the territory of a nuclear power plant into a green glade yet," Artemenko said.

## Zone of the sun

Still, plans have been laid to transform the abandoned lands of the Chornobyl Zone, and put them to productive use.

The Verkhovna Rada, Ukraine's parliament, on July 14 adopted a bill to amend the regulations on exploit-



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## How to remake future of Ukraine's Chornobyl Zone

Chornobyl from page 8

ing the Chornobyl Zone that will allow the land (2,600 square kilometers in area) to be used to build solar power plants and other renewable energy centers. Furthermore, the bill simplifies the procedures for gaining permission to conduct scientific research in the zone.

"Ukraine wants there to be reasonable new uses of land that was lost for agricultural use because of the radiation," the State Agency on Energy Efficiency press service told the Kyiv Post. "The construction of solar and wind energy farms will bring the Chornobyl Zone lands back to society."

In April, Semerak presented the Chornobyl Solar project - a solar panel farm planned to be constructed on an area of 2,500 hectares, some 10 kilometers south of the Chornobyl plant. The new solar power plant could generate about 1,500 GW of electricity a year - all that is needed is an investor.

Artemenko said ambitious plans such as these are realistic. The Organizational Department of the Exclusion Zone now manages more than 2,000 square kilometers of land, with 94 villages in the Chornobylskiy, Polisskiy, Narodnychskiy and Ovruchskiy districts of Kyiv Oblast, which fall within the exclusion zone.

"Unfortunately, this business in Ukraine was almost completely seized by ActiveSolar, a firm that belonged to Andriy and Serhiy Klyuyev, (allies of the ousted former Ukrainian President Viktor Yanukovych, both now on the SBU wanted list)," said Artemenko.

After Russia's occupation of Ukraine's Crimean peninsula, ActiveSolar lost its biggest solar plants there, and the Chinese corporation CNBM became the biggest player on Ukraine's renewable energy market.

CNBM could in future construct

solar energy farms in the Chornobyl zone, because from January 2017 they will obtain eco-tariff benefits from the state, Artemenko said

Jacky Chen, CNBM's spokesperson in China, confirmed to the Kyiv Post that the Chinese company could expand into the zone.

"CNBM is interested in this solar project. And we're discussing further investment in this area," Chen said via e-mail.

Semerak wrote on Facebook on Oct. 25 that solar power in Chornobyl is seen by international donors as the most logical and realistic energy project Ukraine has presented to the

"I've met with representatives of the Chinese investments companies CCEC and GCL, which are leaders in the international renewable energy market. And their representatives are already working in the zone, exploring the possibilities (for restoring) our energy network (there)," wrote the minister.

Semerak added that Chinese companies are ready to invest about \$ 1 billion in the development of the Chornobyl Solar project.

## Corruption

However, this sunny future for the zone could be clouded over by corruption, which is rampant in the zone. Over 30 years, the area has become a breeding ground for the smuggling of radioactive fish, metal and wood.

The Chornobyl state agency website reported on Nov. 11 that a joint unit of the Chornobyl Zone Police and border guards of Kyiv Oblast's Ivankiv District, detained a group of illegal fishermen in a boat on the Prypyat River, with about 200 kilograms of freshly caught fish on board. The fishermen had no permits and had violated the radiation zone's safety rules, read the message.

In April 2015, Kyiv Oblast police detained a man who was attempting to smuggle 300 kilograms of radioactive scrap metal out of the exclusion zone.

Such cases are common.

The Ukrainska Pravda news website reported in November that the National Police of Ukraine has already been investigating the smuggling of radioactive scrap metal from the zone for six months. The investigation was opened in the wake of an incident on the Ukrainian-Polish border in May, when police detained a truck with 20 tons of pipes that set off customs' radiation detectors.

In July, the National Police of Kyiv Oblast asked for a warrant from Pechersk District Court in Kyiv to arrest property from the Chornobyl nuclear power plant. Police said that the property was confiscated as part of an investigation into embezzlement and corruption among nuclear power plant staff. (http://revestr. court.gov.ua/Review/58400823)

"National police investigators have reported that in 2015-2016, the Chornobyl nuclear plant was getting financial aid from many countries to buy constructional materials and metal parts. But the management of the plant embezzled part of the money and transferred it, with the use of foreign companies," the court documents on the case read.

The management of the zone was making business deals through shady tenders and was involved in transferring more than Hr 17 billion (\$680,000) to bogus companies, according to an investigation into the case by Nashi Hroshi, a Ukrainian television program that investigates cases of corruption.

The head of the Chornobyl plant, Ihor Hramotkin, refused to comment on this story and the Chornobyl plant press service could not be reached for comment.

Artemenko said almost all the available scrap metal has already been taken away from the zone.



Yevheniy Deyneko Managing Partner



**Andriy Olenyuk** Partner

## 'AAA' for Ukrainian Solar Energy Projects: Alternative, Ambitious and Attractive

**BUSINESS ADVISER** 

If you are a foreign investor and you have just started thinking about investing into Ukraine, we bet that such sectors as agriculture and IT would be the first to attract your attention in Ukraine. Projects in these sectors, along with manufacturing, consumer products or even infrastructure projects have been traditionally popular foreign investment destinations in Ukraine. However, there is one other type of projects which can well serve as a viable alternative option for foreign investors – solar energy projects.

In all fairness, both foreign and local businesses have been investing into renewable energy projects (wind, solar, biogas, small-scale hydro) for quite some time, but their investment inflows experienced fluctuations and turbulences which somewhat hindered the industry development. Therefore, the green energy path is not as welltrodden as it, perhaps, deserves to be.

Solar energy projects stick out from the rest of the renewable energy projects in Ukraine for a couple of reasons. Firstly, with the average projected internal rate of return on equity investments ranging from 11% to 14% solar projects in Ukraine offer increased returns on investments in comparison with other jurisdictions. Secondly, the capital expenditures in the solar projects decrease due to the drop of the PV panel prices globally whereas the feed-in tariff rates in Ukraine remain high. Thirdly, solar irradiation data on a given territory can be easily accessible and this together with the fixed feedin tariffs allows for quite predictable financial and operational modelling of the solar projects. Among many others, these factors, in our opinion, are key to explain why solar projects will be booming in terms of foreign investments in 2017.

With its accession to the Energy Community in February 2011, Ukraine has undertaken to ensure that by 2020 11% of Ukraine's electricity supply comes from renewable sources. This is quite an ambitious target which is not likely to be unachievable without putting into operation at least 1.5-2.5 GW of installed capacity of solar power plants.

As of October 2016, the total installed capacity of solar power plants in Ukraine was 470MW, of which 41MW were installed in first three quarters of 2016. The Ukraine's strategy for energy development clearly provides for increasing role of solar energy in the energy balance. Of course, it is still far to go to achieve a proportion of solar energy in the total energy supply as, say, in Germany or UK, but this, in fact, explains the potential and ambition of solar power projects in Ukraine.

So, what is so particularly attractive in solar projects in Ukraine?

Actually, there is a number of points to consider here:

- Beneficial feed-in tariff, which is a special tariff for the purchase of electricity generated from renewable energy sources being guaranteed and subsidised
- The other key regulatory incentives applicable to the solar energy projects include guaranteed off-take of the electricity, linking minimum feed-in tariff rates to EUR and "grandfathering provisions" to ensure that feed-in tariffs are not reduced until 1 January 2030.
- Sufficient number of favourable locations across the country for placing PV
- Attractive economics a return of investment can be expected within 5-7 years.
- Interest from IFIs, in particular EBRD and IFC, to finance solar energy projects and to provide technical expertise on them. There is an increasingly noticeable interest of energy focused private equity funds to the Ukrainian market and it seems to be only the matter of time when the funds will start putting skin in the game.
- Projects at different stages of development available for sale, both in entirety or for forming a JV with a Ukrainian partner. Good selection of developers to do business with.

Overall, the future of solar energy looks promising in Ukraine and this industry has a growth potential where investment is worth a shot. Of course, there are still things to be fixed to make investors, both local and foreign, feel comfortable when doing business in Ukraine, ranging from reforming the energy market, brushing up regulatory environment, sustaining stability of green tariff rules and to well-known advancing fight on corruption and ensuring rule of law and level playing field for all. All of those are being pursed with different degree of success and given Ukraine's vector towards Europe, there is enough certainty that most of those things, including the fundamental ones, will be achieved in due course.



Contaminated trucks which took part in the rescue operation after Chernobyl nuclear disaster are parked at

"Rossoha" dump in Chernobyl's zone in February 2006. (AFP)



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# How Ukraine can tap its gas production potential



If Ukraine is to attain its goal of energy independence by 2020 it will need to raise its current gas production from 20 billion cubic meters per year to 28-30 billion cubic meters annually over the next four years. Meanwhile, Ukraine's total gas production has remained flat in 2015 and 2016 - and indeed over the entire past quarter century. Something clearly has to change quickly.

Despite the current situation, not only is gas independence achievable, Ukraine has the potential to produce more gas than it will need and thus become a new gas supplier to Europe in the foreseeable future.

The experience of North America over the past decade is particularly instructive. Since 2005 annual gas production in the United States grew by 250 billion cubic meters (a 50 percent increase) after decades of stagnation.

## **Technological revolution**

There has been a veritable revolution in the technology and know-how of oil and gas extraction in North America, a revolution now spreading throughout the world. Over the past 10 years, well drilling and completions efficiency of the Bakken, Eagleford, Permian, as well as other tight oil plays has increased on average by 15 times and, in some cases, by as much as 33 times. Thus while productivity has increased sharply, unit costs have plummeted.

Ukraine's significant resource potential is undeniable. Its conven-



Employees work on a gas drilling rig, in the biggest Ukrainian gas extraction site, near Poltava, eastern Ukraine, on June 27, 2014. (AFP)

tional gas reserves are estimated by the government to be close to 1 trillion cubic meters. Ukraine's reserves life (reserves to production ratio) is thus approaching 50 years, compared to 11 for the United States and 15 for the European Union.

Meanwhile, drilling efficiency in Ukraine is still significantly lagging, as it continues to use outdated technology and Soviet-era field development practices. There is clearly a great deal of scope to rapidly increase gas output provided Ukraine can more than double its current annual investment in gas production of \$600-\$700 million and make use of the best technological solutions North America has to offer.

## **Reduce tax**

But this will mean grabbing the attention of foreign investors who specialize in applying cutting edge technology in hydrocarbon production. That, in turn, means moving quickly to improve Ukraine's investment conditions. The priority is a reduction of the currently uncompetitive production tax rates. The proposal of the Association of Gas Producers of Ukraine to reduce the current marginal tax rate on gas production from 29 percent to 12 percent for new investments would put Ukraine on the map for global

energy investors and operators. With a competitive tax rate, international investors become active participants in further reform of investment conditions. Without a competitive tax rate, investors remain on the sidelines, uninterested and inactive in further energy reforms.

## Other reforms needed

And further reforms are needed.

The next step is to reduce entry barriers to new investors by changing how gas production is regulated. Permitting must be simplified and streamlined, field development rules need to be updated to reflect modern technology and practices and

upstream data must be made accessible to all investors. The goal should be the creation of transparent, equal investment conditions for small private investors -- a market with no special deals for anyone. Small and medium sized companies - innovative, flexible and with an appetite for risk - were the reason for the production surge in North America.

The supermajors made no net production contribution to America's shale revolution, and it would be illogical to expect anything different in Ukraine. Smaller independent companies are what Ukraine needs most to develop its plentiful, but often technologically challenging remaining gas potential. Many active companies will also create a competitive market for oil field services and bring down costs.

JKX Oil & Gas was Ukraine's first foreign investor in the gas sector starting in 1994, and remains an active participant in the fight for energy independence for Ukraine. Our recently updated field development plans focus on the Rudenkivske field in Poltava. With technically recoverable reserves of 600 billion cubic feet (17 billion cubic meters), it could produce 1 billion cubic meters annually by 2020 - a significant potential contribution to Ukraine's strategic goal.

But Rudenkivske is also a reflection of the challenge for Ukraine: full field development will require the drilling of 135 wells and a total investment of \$660 million over the next 5-7 years. To attract such investment, Ukraine needs action, not words, to create the necessary investment conditions. JKX will bring the capital and technology to start our own gas revolution, but Ukraine also needs to do its part.

Tom Reed is CEO of JKX Oil & Gas, one of the oldest private oil and gas producers in Ukraine.

# State faces off with miners over subsidies to dving coal industry

BY BERMET TALANT BERMET.TALANT@GMAIL.COM

Ukraine's coal industry has been dying for years. Now, as the government slashes subsidies and moves to close unprofitable mines, miners are taking a stand and demanding more

state support.

In Soviet times, the Donbas was a center for coal mining and metallurgy. However, the industry has been in steep decline due to corruption, economic crisis, inefficiency and, most recently, Russia's war against eastern Ukraine. Today, the Ukrainian government operates 35 mines, most in Lviv and Volyn oblasts, along with several other mines in Ukraine-controlled parts of Donetsk and Luhansk oblasts.

The coal industry in Ukraine has always been heavily subsidized by the government. For instance, in 2013 it received nearly Hr 13 billion (\$520,000). But after Russia's war, the subsidies dropped sharply.

In addition, as a stipulation of the International Monetary Fund's loan program in 2015, Ukraine pledged to reduce subsidies to stateowned enterprises, including those in the coal industry. The Ministry of Finance has earmarked Hr 1.8 billion (\$72 million) for coal mining in 2017.

But this money won't even cover salaries to miners, let alone the maintenance of mines, said Mykhailo Volynets, the head of the Independent Trade Union of Miners

of Ukraine . The union demands that state support be increased to Hr 4.6 billion (\$184 million).

Furthermore, according to the state program for reforms in coal industry until 2020, the government intends to lay off 20 percent of the mine's workforce, or nearly 10,000 people. It plans to continue supporting only a third of the state-owned mines and either privatize or close the rest. Next year, almost a half of the state funds allocated to the coal industry - Hr 800 million (\$32 million) - will be spent on closing down unprofitable mines.

"The government suggests reduc-



Coal miners hold a banner with the message "Pay back the debts" during a demonstration near the Cabinet of Ministers in Kyiv on April 22, 2015. (Volodymyr Petrov)

more **Coal** on page **20** 

National 11 **November 18, 2016** www.kyivpost.com

# Border checkpoints start to look permanent near Crimea

Chonhar from page 1

der guard press service.

The Chonhar checkpoint, on one of three roads threading through sea inlets and acres of reeds, is on the linguistic and geopolitical line of division between southern Ukraine and Ukraine's Crimean peninsula, currently occupied by Russia.

Chonhar is a small town of 1,400 people 763 kilometers south of Kyiv.

As far as Ukraine is concerned, passengers who queue to show their passports, open bags and car boots for customs inspection and, if they are not Ukrainian citizens, get a stamp in their passports, are crossing an administrative line.

On the other side of the bridge, the words "temporarily occupied" elicit a snort of amused contempt from Russian security service officers. Here, all signs indicate an international border crossing, and the only official mainland is Russia.

In the more than two years since Russia annexed Crimea from Ukraine, the Chonhar crossing checkpoint has developed from concrete blocks, temporary tents and shacks, and chaos. But the cognitive confusion remains. Passengers refer to 2014's annexation as "a revolution," "events," or just "everything." For those queuing with their passports and bags, this is a border with all the concomitant extra time, expense and stress.

Trains connecting Crimea and the Ukrainian mainland stopped running in late 2014. Cars with new Crimean number plates are not allowed back into Crimea from the Ukrainian side. Passengers must cross the bridge, the "dividing line," on foot.

The Ukrainian border guard service has increased personnel, built a covered walkway for pedestrians, and put up a shelter housing a chemist's and small food kiosks to make the wait more bearable. There is a 24-hour hotline and an online webcam showing checkpoint queues. These additions were introduced to combat disinformation from the other side, according to Martinyuk.

"The occupying forces inform peo-

tower at Chonhar administrative border in Kherson Oblast on Nov. 16. (Courtesy)

on our side or our technical equipment doesn't work," he said. "When they get to our checkpoint we have to do a lot of explaining that in fact everything is fine."

On the other side, the Russian border point is far larger. Instead of the cafes and chemists, there are numerous small offices for interviews and "special checks" of suspicious passengers – which included myself. I didn't apply for permission to write about the Russian border control point, so didn't feel I could ask about Martinyuk's claim of disinformation, although during the 90 minutes I was detained there I had plenty of

At the Ukrainian checkpoint, all those queuing to go to Crimea who agreed to speak said they were making regular trips to relatives or friends. They lamented the changes that meant they had to take three or four different forms of transport – paying each time – and stand in the cold, instead of riding a single bus or train smoothly to their destination.

"What can you do, it doesn't depend on us," said Lyubov Zholud, a

district. Her son and his family live in Yalta on the south Crimean coast, and have not been to see her since the border was imposed, she said.

Zholud was lugging bags of home-

grown duck, cheese and sour cream for her grandchildren. But she was stopped at customs; since Ukraine imposed an official blockade in late 2015 such products are restricted, as

Ukrainian border control staff the watch

Olga, 59, on her way to visit her parents in Crimea, already knew.

"I have my own smallholding and now I can't even take them a chicken," she said. Olga makes the tedious, unpredictable trip from her home near Zaporizhya once a month; in summer, when passengers can number up to 6,000 a day, she has to wait much longer in queues.

I asked if her parents had thought of moving to mainland Ukraine after annexation. "Oh no," she said. "They get a good pension there. Here they'll have just a small pension, and they don't want that."

Olga, like most people there with relatives in Crimea, refused to give her last name or say where exactly her parents lived, "in case it causes problems."

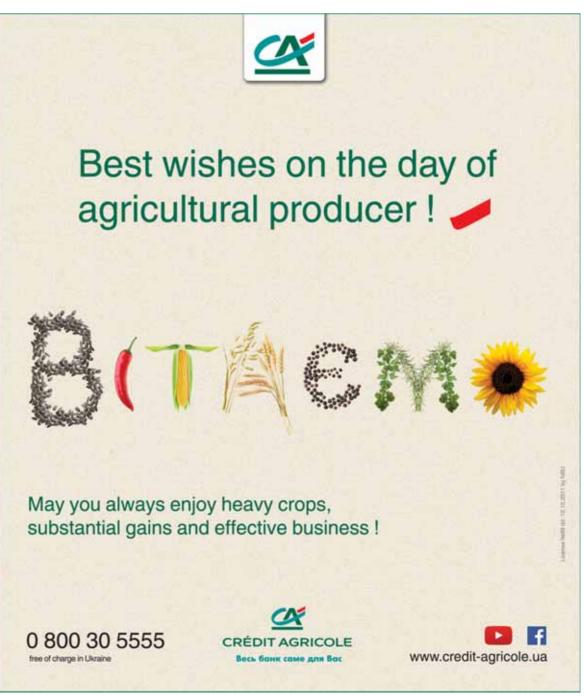
Although the buffer area seemed calm this week, Russian authorities in Crimea recently arrested three men in Crimea, claiming they were spies for Ukrainian armed forces; three similar arrests took place last summer after Russia alleged an "armed terrorist incursion" into Crimea from the Ukrainian mainland.

Meanwhile, a year ago, Ukrainian

more Chonhar on page 14



The Chonhar checkpoint, one of the crossing points between mainland Ukraine and Russian-occupied Crimea, is looking more like international border controls.



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## Olga Kudinenko's Tabletochki gives help, hope to sick kids

Editor's Note: The Kyiv Post will honor 30 leaders under the age of 30 years old on the evening of Nov. 29 following the 5th annual Tiger Conference in the Hilton Kyiv Hotel. Besides the age requirement of 29 and under, the Kyiv Post also sought people who live primarily in Kyiv from many walks of life. The following is a profile of an outstanding young Ukrainian who didn't make the final cut because of residency outside Ukraine. Nonetheless, her contributions are noteworthy.

## BY NATALIYA TRACH

TRACH@KYIVPOST.COM

Olga Kudinenko was an easy choice for the top 30 leaders in Ukraine under the age of 30. But, alas,

the Kyiv Post gave preference to those Ukrainians who are living in the

TIGER CONFERENCE

nation. She relocated to Moscow for personal reasons several months ago, but still runs Tabletochki, or Pills.

There were others in her category, also, who missed the final cut of the top 30 Ukrainians under 30 years of age because their primary residence is not in Ukraine.

Among those are Katja Khaniukova, 26, a ballerina now with the English National Ballet; Yaroslav Azhniuk, the founder and CEO of PetCube; and Vlad Teslenko, an entrepeneur, among others we considered.

They could be grouped

together as the 30+ Ukrainians under 30 years old, all deserving of accolades for helping their nation.

The international charity foundation Tabletochki is a case study in how a charity in Ukraine

Olga Kudinenko's Tabletochki organization has collected Hr 65 million to help children with cancer. can be highly effective and even popular. In 2011, Kudinenko, now 28, set up Tabletochki to help treatment of Ukrainian children with cancer.

Since then the foundation has sent 23 children with cancer abroad for

It has also provided with medicine 1,650 boys and

girls.

"I agree with the opinion that we are engaged in charity primarily for us, and secondly for the sake of the needy. As Dalai Lama said 'one has to be kinder when it's possible. And it's always possible," Kudinenko says.

Nowadays, when it comes to helping children, hardly any other charity organization in Ukraine can com-

Tabletochki.

Over the last five years, under Kudinenko's leadership, Tabletochki managed to collect Hr 53.5 million in donations. Every month 200 children with can-

pete with Kudinenko's

cer receive
medicine
from the
foundation
worth Hr
13 million.
The foundation also has
other projects.
It buys medicine that is not
included in the



Football TV channel presenters Alla Bubliy, Svyatoslav Hrynchuk and Vitaliy Pletskan visit children with cancer in the oncological hematology department of the Kyiv regional oncologic dispensary on May 19. The event was organized by Tabletochki, which raises money to help treatment of children with cancer. (Lika Kurennaya)

government's public procurement

Tabletochki regularly organizes blood donor actions, buys reagents for blood tests, makes repairs and buys equipment for hospitals. It also provides psychological support for

sick children and their parents.

Kudinenko says that she uses the message "it's easy to help" in her fundraising pitch and

prefers to raise money than communicate with sick children.

She's gained notice as well. Since 2014, Kudinenko has made the list of 100 most influential women of Ukraine in various media rankings.

The idea to start Tabletochki came after her vacation to Spain in 2011. Acquaintances asked her to buy medicine for Okhmadyt's department of hematology of National Specialized Children Hospital. Kudinenko began asking her friends who trav-

er friends who traveled abroad to buy medicine unavailable in Ukraine.

In 2014, to spend more time with Tabletochki, Kudinenko quit

her job as PR manager for the Victor Pinchuk Foundation, a private charity foundation based in Kyiv founded by the Ukrainian billionaire. That year also brought big changes in Kudinenko's personal life. She got married and now lives in Moscow, where her husband works at an informational technolgy company. The couple is raising a baby daughter, Vera.

Because of the lack of direct flights between Kyiv and Moscow and due to a desire to spend more time with family, Kudinenko streamlined operations at her foundation in a way that would require her minimal involvement.

"In the nearest future the fund will conduct a study on the needs of children with cancer in Ukraine and will launch an experience exchange program for doctors," Kudinenko says adding that she plans to launch her new business linked with the development of kindness among children.

## 'Concerned patriots' staff Crimean border

Chonhar from page 11

nationalists and Crimean Tatar activists who oppose the annexation of their homeland cut off electricity supplies to Crimea and imposed an illegal goods blockade at Chonhar and the two other crossing points, searching and detaining travellers without a warrant and confiscating goods.

The goods blockade is now legal, and official signs list what cannot be transported - including meat, dairy, flour-based products and anything intended for sale.

Crimean Tatar activists (from Crimea's ethnic minority) have formed a legal civilian group Asker, subordinate to the border guards, with three volunteers on daily duty at Chonhar to provide assistance to travelers and "keep civil order," Martinyuk explained.

Asker's most valuable contribution, he said, was countering disinformation from the other side about problems crossing into the Ukrainian mainland.

"They're from Crimea, but they're here and can see what is going on, so they explain to their fellow Crimeans that it's not really (a problem)," he said.

The volunteers also provide advice to Crimeans coming to the mainland to receive or renew Ukrainian passports, or get Ukrainian birth certificates for children born post-annexation. Crimeans cannot travel with Russian passports issued in Crimea, as most countries still consider them Ukrainian citizens.

When I asked the Asker volunteers if they still cooperated with Ukrainian nationalists like Right Sector, who publicly supported the illegal blockade but just as publicly left when it was legalized, one gestured to a side road where a Right Sector flag fluttered from a bus shelter. "They're still here, but not with us," she said. "They're doing their own thing."

For Asker volunteers from Crimea, and for border guards like Nelya Dotsenko who served in Crimea before 2014, work here on the 'dividing line' is personal duty. "There are no nationalists here; there are concerned patriots," said Martinyuk. "Crimea is Ukraine, and we are for a united Ukraine and a united people."



People wait on a covered walkway to cross the border into Russianoccupied Crimea at the Chonhar checkpoint on Nov. 16. (Courtesy)

# Krushelnycky: Ukraine must fight corruption

Krushelnycky from page 5

that Putin might strike at Ukraine soon after Election Day if Democrat presidential candidate Hilary Clinton, openly hostile to the Kremlin, had won.

Now that Trump is president-in-waiting the military intelligence officer said Putin can afford to bide his time. Although acknowledging that Putin could strike suddenly at Ukraine, the intelligence officer believed a Russian attack next spring was likelier.

A former U.S. Ambassador to Ukraine, John Herbst, said that although Trump had made some "rather naive" statements during the campaign period it still remained for him to unveil his policy on Putin or Ukraine. Much, he said, would depend on Trumps advisers who he called a mixed group.

## **General Michael Flynn**

"It seems that General Michael Flynn is kind of soft [on Russia] and tries to avoid saying anything about Kremlin policy," said Herbst. "But we know that Vice President- elect Michael Pence has said some very important things about the dangers of Putin's policies and we know that other advisers around Trump have said similar things on these subjects."

Flynn, who has praised Putin, has been paid to give speeches in Moscow and has appeared on Russian TV to air his Moscow-friendly views, is thought a favorite to be Trump's nationals security adviser — a position which would give him pivotal importance on deciding whether the new administration will support or ditch Ukraine. Herbst and others interviewed for this article said that Flynn potentially represents a far bigger threat to Ukraine than Manafort.

## Will sanctions stay?

Herbst said that a key Trump decision will be whether to continue sanctions against Russia, which have impacted on Moscow's economy and also seen many of Putin's closest cronies banned from traveling to the U.S. and other Western countries. That, he said, will be influenced by whether European leaders, particularly Germany's Chancellor Angela Merkel, remain firm in maintaining EU sanctions.

Taras Kuzio, senior research fellow at Alberta University and Ukraine expert. does not believe Russia has the resources to launch major military operations in Syria and Ukraine simultaneously and will wait to see to how Trump's campaign statements about improving relations with Russia actually play out, particularly concerning the sanctions regime. He said: "By unleashing military conflict in Ukraine, Putin may derail a potential ending of the sanctions regime."

Kuzio said that if America dropped sanctions that would encourage those EU countries lukewarm on sanctions to abandon them, effectively a Western recognition of Russia's annexation of Crimea. He said



downscaling sanctions could tempt Putin to ramp up operations against Ukraine.

## **Strong Congress**

However, he said sanctions are largely the remit of Congress – not the President – and so far both Republican and Democrat members of both houses of Congress have mostly been staunch supporters of Ukraine.

Many Ukrainians and foreign friends of Ukraine say Ukrainian President Petro Poroshenko's dawdling for more than two years on reforms to combat rampant official corruption have made Ukraine more vulnerable to Russian aggression.

## **Corruption remains high**

Current U.S, Vice President Joe Biden, consistently a strident Ukrainian supporter, pleaded fruitlessly with President Petro Poroshenko for more than a year to prosecute and jail at least one corrupt oligarch or senior official. Biden's frustration is shared by millions of Ukrainians who are angry that people who they regard as corrupt or outright criminals strut around with impunity or are tipped off and flee the country if Ukraine's prosecutor general might actually move against them.

The fight to dismantle systemic official corruption was a key demand of those taking part in the revolution that in 2014 overthrew Ukraine's former, pro-Putin president, Viktor Yanukovych. Yanukovych's security forces gunned down more than 100 protesters and since then thousands of Ukrainians have died defending their country against Russian and

Moscow-backed forces. Therefore, Poroshenko's feeble anti-corruption efforts stir raw emotions among Ukrainians and his popularity ratings have tumbled.

Kuzio points out that some 15 percent of the country's electorate are now veterans of the Donbas conflict. During visits to the war front, soldiers frequently spoke to him of their anger at Poroshenko warning they would not tolerate rampant official corruption indefinitely. Many of them have vowed that if there are no dramatic results they could turn their guns on a government perceived as nurturing corruption.

Kuzio said that Kyiv's failure to deliver on its anti-corruption promises, has led to "Ukraine fatigue" among Ukraine's American supporters — politicians, diplomats, government officials — who need ammunition to persuade President Trump to continue sanctions against the Kremlin, let alone provide the lethal weapons the Ukrainian military needs to resist a new Russian invasion.

## Loss of Saakashvili

Poroshenko suffered a big blow to his corruption-fighting credentials in November with the resignation of former Georgian President Mikheil Saakashvili as governor of Ukraine's Odesa Oblast. Poroshenko appointed him to the post in 2015 in a high-profile demonstration that Saakashvili, who had fiercely and successfully battled corruption in his own country would spearhead the fight in the notoriously corrupt Ukrainian region. But Saakashvili resigned his post accusing Poroshenko of shielding the "clans responsible for

Odessa's corruption.

There have been some serious reforms in Ukraine concerning finance and the frequently phony or corrupt banking sector.

The energy industries, formerly Ukraine's most corrupt sector, has been transformed. There have been painful hikes in domestic utility prices demanded by the IMF and other international lenders. Recently publicly-accessible Internet "e-declarations", where all politicians and senior bureaucrats must declare their wealth and assets, have been introduced after months of eviscerating political wrangling.

## Poroshenko must lead

Herbst said that although Poroshenko deserved some credit he believes "the real impetus for reforms has been coming from lower levels."

He said Trump will be well-informed by his own advisers and government officials about Ukraine's progress – or lack of it on these and other reforms and advised: "It would be good for Ukraine domestically and for Ukraine's domestic positions if the president were clearly seen as leading the charge on reforms."

Although it was no secret that Poroshenko, like most Ukrainians, had hoped for a Hillary Clinton victory, he nevertheless sent pro-forma congratulations to Trump.

Ukraine's Ambassador to America Valeriy Chaly warned that if the U.S. softened diplomatic pressure on Moscow that could send a dangerous message to the Kremlin which might encourage "acute" military escalations in Donbas and to ignore Russia's obligations under the Minsk agreements" governing a cease-fire and political arrangements in the conflict zone.

## **Escalation of war?**

He said Russian regular troops and Moscow-trained rebels, supported by huge quantities of Russian heavy military equipment remain on Ukrainian territory poised to intensify the conflict.

The ambassador warned that if US and EU sanctions were scaled down that would send a dangerously "erroneous message to the world and would unleash violence by this nuclear power [Russia] not only in Ukraine". He said international security would be severely undermined and the repercussions would affect Europe, the Middle East and, eventually, the U.S. and, like the Ukrainian government, he would watch carefully for clues to Trump's Ukraine policy as he fills senior positions in his cabinet before inauguration day - Jan. 20.

The Ukrainian government and military will minutely analyze every statement emanating from President-elect Trump's coterie to understand what he intends for their country. They hope that as he is briefed on the situation "reality will dawn on him" and his apparently pro-Putin passion will be quelled.

"But if not," said the Ukrainian colonel, "Then indeed American voters could have unwittingly signed the death warrants of thousands of Ukrainians who will have to defend their country if Putin launches an all-out assault."

Askold Krushelnycky, a former Kyiv Post chief editor. is the author of "Orange Revolution: A Personal Journey Through Ukrainian Historu."

## Andriy Zagorodnyuk: Defense reforms gain speed, despite obstructions in way

Zagorodnyuk from page 1

try I wanted," he told the Kyiv Post in a Nov. 10 interview. "I had all the options for a U.S. green card or British citizenship. It wasn't a problem."

But Zagorodnyuk, who was born and raised in Kyiv, did not take any of those options. He holds only a Ukrainian passport. In the spring of 2014, when Russia launched its war in eastern Ukraine, he came to the aid of his country. Initially, he sent clothes and food to servicemen at the front. His company would go on to produce armour for military vehicles and heaters for soldiers' barracks.

"We were the largest charitable provider of heaters in the warzone. We heated, probably, 10,000 people," Zagorodnyuk said. "But that was all just filling in some gaps. It didn't make much sense from a long-term perspective."

The entrepreneur's chance to make a more lasting contribution soon came. At the beginning of 2015 he was approached by volunteers working at the Ministry of Defense. They suggested he join them, and help try to reform the armed forces.

"I had good experience in the commercial sector managing change from Soviet standards to international standards. And so basically I was, like, okay, maybe my change management experience would help. But

I didn't know it would get me here for this long and that my involvement would be so serious.'

## Time for change

Ukraine's military is currently in the middle of a major effort to modernize in line with NATO standards.

The realization of the need for deep reforms came a little over twoand-a-half years ago Kremlin-backed when fighters took over parts of the Luhansk and Donetsk oblasts. At that time, the Ukrainian army was underequipped, underfunded and

manned. fered astating loss of more 300 men at the

under-

Andriy Zagorodnyuk.



city of Ilovaisk in August 2014, when Russian soldiers came across the border and ambushed retreat-

Jill

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Canada: A

senior fel-

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School of

Ottawa

ing Ukrainian soldiers. The debacle led to the first peace agreement in Minsk, Belarus, an agreement that was soon supplanted by a second one in February 2015, after battlefield losses in Debaltseve and the Donetsk

to meet NATO standards by 2020, the nation's stated goal. (UNIAN)

its war against Ukraine in 2014. But much work remains in reforming the defense sector

What saved the country from complete collapse, says Zagorodnyuk, was the incredible effort made by volunteers. both in battalions on the frontline and in the rear.

"It's officially recognized by NATO and the government that volunteers built a life-support alternative logistical system in 2014, which basically was one of the reasons why Ukraine survived," he said. "It's was amazing and completely unexpected for the enemy. All their calculations about our capabilities were neutralized. They couldn't predict the volunteering. That was partly what saved the country. But then it was absolutely clear that the army needs to be ready for reform. So the whole understanding of the need for reform is coming from the fact that we almost lost our country."

But even after the horror of Ilovaisk, change did not come quickly.

Zagorodnyuk told the Kyiv Post the defense minister in office during those events, Valeriy Heletey, was resistant to new ideas and that the man who took over from him and who remains in the post today, Stepan Poltarak, is "probably a better minister than any other we've had."

It was under Poltarak, in September 2015, that the Ministry of Defense officially announced the launch of the reform office with Zagorodnyuk at the helm.

## Where to go from here?

Ukraine's plan to upgrade its armed forces is outlined in a 25-page document, known as the Strategic Defense Bulletin, which was signed into law by President Petro Poroshenko last

It was drafted by Ukrainian officials with significant input from experts from the U.S., Britain and other NATO countries. Such international collaboration on a piece of national legislation was unprecedented in Ukrainian history and it did not always progress smoothly. But in spite of all the hardship, it was a process well worth going through because now everyone involved with the armed forces is working toward common goals, says Zagorodnyuk.

"It was quite a painful process," he told the Kyiv Post. "It was rewritten several times, it went back and forth. But now we all have an understanding of where we should go. Before, there were millions of other options and many people refused to do anything because they were saying, 'if we don't know where we're going, why should we bother?'

If all goes to plan, Ukraine should reach NATO standards by 2020. But whether that target will be reached is very much a matter for debate.

As Deputy Defense Minister Ihor Dolhov told the Kyiv Post in a recent interview, the country's "to-do list" stretches to some 600 points.

The scope of work to be done in each area varies but, according to Zagorodnyuk, "very often we are talking about the complete reinvention of the process." He points to battlefield first aid as one example of how Ukraine's failure to adhere to universally-recognized practices as having real consequences.

"On the frontline you have to be able to give a soldier first aid within 10 minutes and within one hour of an injury he should be able to get professional medical help. On the battlefield go percent of people die within one hour of being wounded and most of them die within the first 10 minutes if they don't get help.

## Ukraine relies on advice from Defense Reform Advisory Board

BY RAHIM RAHEMUTULLA

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The Defense Reform Advisory Board is comprised of four military experts drawn from NATO member

Andriy Zagorodnyuk, the head reform at Ukraine's Ministry of Defence, told the Kyiv Post that the board will be working with the highest levels of the Ukrainian government and have "direct access" to President Petro Poroshenko, Chief of the General Staff Viktor Muzhenko and Defense Minister Stepan Poltorak.

The board's remit is to advise Ukraine on modernising its armed forces as it seeks to reach NATO standards by 2020. Its members

General

(retd.) **John Philip** 

Abizaid

United

States: Now

of strategic

the

head



consulting firm JPA Partners, Abizaid left the U.S. military in 2007 after 34 years of service. He The Royal United Services Institute,

led international coalition forces in the Middle East, Africa and Central



General Jonas Andriškevicius. Lithuania: Currently a member of the academstaff at the Institute of Military

Major

Science at General Jonas Žemaitis Military Academy of Lithuania, Andriškevicius served from 1993-1999 as Lithuania's first defense chief after the country gained independence from the Soviet Union.



General retd.) Parker, United Kingdom: senior associate fellow at defense and security

Nick

think tank

Parker left the British Army in 2013 having served in Iraq, Afghanistan and Sierra Leone during a 40-year career in the armed forces.



Public and International Affairs, Sinclair previously served as Assistant Deputy Minister at Canada's Department of National Defense.

Owing to their status as high level military experts, the board members' opinions will have "a serious impact," according to Zagorodnyuk. He told the Kyiv Post he is hopeful the Defense Reform Advisory Board will give its support to initiatives put forward by his office.

The establishment of the board comes following last May's appointment of Anders Fogh-Rasmussen, former NATO Secretary General and former Danish prime minister, as a non-staff adviser to Poroshenko.

## Bureaucratic 'backfire' seeks to halt reform in Ukraine's defense sector

Zagorodnyuk from page 16

You need paramedics, battalion aid stations and field hospitals. That's what helps to save the lives of a huge number of people. In Ukraine, none of that has been in place."

In fact, Ukraine has already made improvements. In the past 18 months, its standing army has grown from 150,000 soldiers to 250,000 and defense spending in 2016 is up to \$4 billion, targeted at 5 percent of gross national product.

However, Russia, with three times the population and 10 times the GDP, dwarfs Ukraine's effort. It has 800,000 active military personnel and spent around \$65 billion on its armed forces in 2015.

While Ukraine's numbers may seem small, Zagorodnyuk says the progress should be assessed relative to the state of Ukraine's defenses prior to the start of the war in the Donbas.

"The army of Ukraine did not plan to be in a war. Our doctrine didn't include that we had enemies. No one planned for a war on our territory. The infrastructure wasn't ready for that at all."

The reforms office chief also believes the relatively depleted state of the military prior to 2014 was the result of a deliberate plan carried out during the time of former President Viktor Yanukovych.

"This should be understood clearly. The Ukrainian army, in the last five years specifically, was on purpose destroyed and its capabilities were decreased so that it would be completely redundant...I don't have documentary proof but it is a commonly-held opinion because it was done with such persistence and such

Zagorodnyuk says the reason why such a situation was able to take root is because Ukraine has suffered over the years from a lack of civilian control over the military.

Such oversight is a key part of the NATO philosophy. Developing a system of civilian, democratic control over the armed forces is now a major part of the work of the reforms office.

"The civilian population didn't notice that the army had suddenly lost its capabilities," Zagorodnyuk told the Kyiv Post. "So we need to rebuild it. One of our long-term goals is to design how we are going to build up that civilian control. That's very, very important. In the long-term that is the most important thing."

## **Still fighting for better**

Zagorodnyuk is hopeful Ukraine's armed forces are on the cusp of making a decisive break with the past. But he admits his office still faces regular attempts to derail, delay or otherwise block its reforms. Such was the case with a number of pilot projects launched in 2015 which sought to tackle issues across procurement, IT, logistics and medicine.

"What happened, unfortunately, was that most of the projects this year were stopped. That's amazing to hear, I know. We opened up so many different pilot areas. Most of them were already at some stage of realization and working," he said.

"This year, we had a huge back-

fire from the system. Bureaucratic, probably corrupt. It was coming from inside the system...you can only guess. We're not an investigative authority, we can't do investigations to find out what's going on. Very rarely someone tells you to your face that he wants to keep things the old way. Usually people come up with a million different excuses. I could write a book on how to sabotage change, how to stop change from happening."

In spite of such setbacks, the 39-year-old is still optimistic.He says he genuinely believes that at the highest levels of politics the will for change exists.

He contrasts his view of Ukraine now with how he felt after the 2014 Orange Revolution, which blocked a rigged election in favor of Viktor Yanukovych and ended with the democratic election of Viktor Yushchenko.

In the years which followed those demonstrations, he says life only became more difficult and he and many of his friends were "extremely disappointed in Ukraine as a

But as they contemplated seeking a future in another part of the world, the Euromaidan Revolution erupted in the winter of 2013 in the Ukrainian capital, providing a new source of inspiration.

"My first reaction to Maidan was a huge sense of surprise that there is actually a huge amount of people who are unsatisfied and they are not talking about leaving they are talking about changing the country. And they are going to do this themselves."

## **Back to the future**

Zagorodnyuk told the Kyiv Post he expects to see 'massive improvements' in implementing reforms in the next few months. That comes in contrast to the situation at the reforms office earlier this year, when disillusionment was running high and a number of staff members quit over the lack of progress.

"Two months ago, I don't know if I would even have been talking," said Zagorodnyuk, "because we decided to step away from public communication because we couldn't say anything good."

If there is cause for hope, it comes partially in the form of the Defense Reform Advisory Board.

Established earlier this month and comprised of high level military experts drawn from all over the world, it will offer consulting and advice to Ukraine on how the country should modernize its armed forces. Zagorodnyuk says the board's support for reforms is likely to be invaluable when it comes to convincing the Ministry of Defense of the need for change.

Ultimately, the goal remains the attainment of NATO standards by 2020.

Does Zagorodnyuk intend to stay at the reform office until then?

"We'll see," he says. "Let's put it this way: so far, we're all working on achieving closer goals. And one of those goals is to understand how we're going to get to 2020. We're obviously working on this. We take it and we move with it. That's it. There's no other option." ■



Moldova's president-elect Igor Dodon, a Socialist Party leader who favors closer ties with Russia rather than the European Union, speaks at a press conference in Chisinau on Nov. 13. (AFP)

## **Europe map looks Russia-friendlier**

Russia from page 3

recent polls.

Meanwhile, the Kremlin-friendly far-right Alternative for Germany is hoping to succeed in the country's 2017 parliamentary election following its strong showing in state elections last March.

## **Destabilization tactics**

Some analysts say the recent victories of pro-Russian politicians shouldn't be overestimated because they were caused by corruption scandals rather than Russian propaganda.

"Such swings are normal, in

democracies. There were somewhat similar fears in East-Central Europe in the 1990s when former communists returned to power," German political analyst Andreas Umland told the Kyiv Post. "Russia is becoming economically and politically weaker. It can offer less and less to these countries.

The Atlantic Council, a U.S. thinktank, said in a November report that "in Western countries, the Russian government cannot rely on a large and highly concentrated Russianspeaking minority as its target of influence and lacks the same historical or cultural links."

However, the report goes on

to say that "in this context, the Kremlin's destabilization tactics have been more subtle and focused on: first, building political alliances with ideologically friendly political groups and individuals, and second, establishing pro-Russian organizations in civil society, which help to legitimate and diffuse the regime's point of view.'

Gerasymchuk expects more pro-Russian politicians to come to power in Europe.

"Russian propaganda, funded with oil money, and the Kremlin's efforts to base its foreign policy on expansionism, are doing their job," he said.

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# More public servants leave, complaining of obstructions

Reformers from page 1

Ekaterina Zguladze-Glucksmann and Saakashvili's deputies, Borovik and Maria Gaidar.

Some reformist officials still remain in the government, although their clout is diminishing due to the exodus of other reformers

These include two Georgianborn Saakashvili allies - Deputy

Justice Minister Gia Getsadze and Gizo Uglava, a deputy head of the National Anti-Corruption Bureau, as well as Finance Minister Oleksandr Danylyuk and Deputy Economy Minister Max Nefyodov.

## **Aborted reform**

Dekanoidze, who became Ukraine's first politically independent head of the police last year, has overseen efforts to oust corrupt police officers and recruit new staff in transparent competitions.

Dekanoidze was less outspoken in her resignation speech than other reformers and did not criticize Poroshenko and Interior Minister Arsen Avakov.

She listed her achievements but added that the ministry had "failed to root out corruption" and that she



Ex-Odesa Oblast Governor Mikheil Saakashvili announces plans to create a new political force at a news briefing on Nov. 11. (Volodymyr Petrov)

## Some promising public servants who have called it quits

Name and title		Date of resignation	Name and title			Date of resignation
	Security Service of Ukraine Deputy Head <b>Viktor</b> <b>Trepak</b>	Resigned in November 2015, resignation approved on April 14, 2016, faces a criminal case			Health Minister Oleksandr Kvitashvili	Dismissed on April 14
9	Deputy Prosecutor General Vitaly Kasko	Resigned on Feb. 16, faces criminal cases		5/1	Luhansk Oblast Governor <b>Georgy Tuka</b>	Dismissed on April 29
	Vitaly Opanasenko, the prosecutor in charge of the "diamond prose- cutors' case	Suspended on March 24, fired on April 14, faces a criminal case	Control of the Contro		Head of the National Police's security depart- ment <b>Grigory</b> <b>Grigalashvili</b>	Resigned on April 30
1	Deputy Prosecutor General <b>Davit</b> <b>Sakvarelidze</b>	Fired on March 29, faces criminal cases	1		Odesa Oblast Deputy Governor <b>Sasha Borovik</b>	Resigned on May 4, faces a criminal case
.ua ww w	Sakvarelidze's advisor in charge of reform, <b>Maryna Tsapok</b>	Resigned on March 29			Odesa Oblast Deputy Governor <b>Maria Gaidar</b>	Resigned on May 10
9	Verkhovna Rada member <b>Yegor</b> <b>Firsov</b>	Expelled from parliament on March 29			First Deputy Interior Minister <b>Ekaterina</b> <b>Zguladze-</b> <b>Glucksmann</b>	Resigned on May 11
	Finance Minister Natalie Jaresko	Dismissed on April 14	N	M	National Television Company CEO <b>Zurab Alasania</b>	Resigned on Nov. 1
9	Economy Minister Aivaras Abromavicius	Dismissed on April 14			Odesa Oblast Police Chief <b>Giorgi</b> <b>Lortkipanidze</b>	Resigned on Nov. 7
	Infrastructure Minister Andriy Pivovarsky	Dismissed on April 14	•		Odesa Oblast Governor <b>Mikheil</b> <b>Saakashvili</b>	Resigned on Nov. 7
9	Agriculture Minister Oleksiy Pavlenko	Dismissed on April 14			Odesa Oblast Customs Chief <b>Yulia</b> <b>Marushevska</b>	Resigned on Nov. 14
3	Education Minister <b>Serhiy Kvit</b>	Dismissed on April 14			National Police Chief <b>Khatia</b> <b>Dekanoidze</b>	resigned on Nov. 14

Ukraine has lost some of its most accomplished and promising reformers in recent months. Some remained silent about their reasons for quitting, others were forced out while still more complained about corruption. Source: Kyiv Post research

bring radical change.

Dekanoidze also said that one of the problems she had faced was political interference with the police and spoke out against the plans to replace her with her deputy Vadym Troyan, a loyalist of Avakov. But he became the acting chief of the National Police after her resignation.

Olga Khudetska, a journalist who used to be a member of a police vetting commission, told the Kyiv Post that Dekanoidze "appeared to be the only source of reform attempts. Avakov and his team were satisfied with the unreformed police. Dekanoidze was a factor that restricted (Avakov), though insufficiently."

Even when Dekanoidze headed the police, Avakov had always kept real control over the police, and she was prevented from genuinely reforming it and ousting corrupt officials, Daria Kaleniuk, executive director of the Anti-Corruption Action Center, told Radio Liberty on Nov. 14.

The resignation of Dekanoidze in November and another Georgian-born reformer, Zguladze-Glucksmann, in May came as Avakov was accused of derailing the vetting of the police by protecting controversial officials accused of corruption and ousting civil society representatives from the vetting process. He denies the accusations.

Ironically, a job equivalent to Zguladze's – that of a deputy interior minister - recently went to Anastasia Deyeva, a 24-year old Avakov aide with no apparent reformist credentials and an ex-assistant to lawmakers of ex-President Viktor Yanukovych's Party of Regions.

"Dekanoidze likely quit because she realized her facade role and no longer wanted to play it," Viktor Trepak, a reformer who stepped down as a deputy head of the Security Service of Ukraine last year, wrote on Facebook on Nov. 15. "... With Troyan appointed as acting head of the National Police, the minister received absolute control over the police."

Some observers, including ex-Batkyvshyna party lawmaker Dekanoidze's move to what they see

had not had enough authority to as her reluctance to participate in the government's alleged plans to crack down on upcoming protests in the run-up to the third anniversary of the EuroMaidan Revolution on Nov. 21.

> Another reformer, Marushevska, said on Nov. 14 that Poroshenko, Prime Minister Volodymyr Groysman and State Fiscal Service Chief Roman Nasirov had blocked her efforts to make customs clearance in Odesa more transparent and graft-free.

"We have exhausted all tools for carrying out reforms, and that's why I'm resigning," Marushevska said at a news briefing.

Nasirov, who has clashed with Marushevska and threatened to fire her, previously denied accusations of sabotage, while Groysman's press office declined to comment.

Saakashvili, who is allied with both Marushevska and Dekanoidze, has recently stepped up his criticism of Poroshenko, accusing him of blocking reform and his associates of corruption.

"Just as with (ex-Georgian President Eduard) Shevardnadze, I've been severely disappointed with Mr. Poroshenko's apparent inability to see that the status quo is unsustainable," he wrote in a Nov. 16 op-ed for the New York Times. "Ukraine needs real change, not an imitation of it. Today, many of the reform initiatives we began have come to a halt. Just this week, Ms. Marushevska resigned from her

Saakashvili also wrote on Facebook on Nov. 16 that Poroshenko had instructed his top allies and lawmakers Ihor Kononenko and Oleksandr Hranovsky to strip him of Ukrainian citizenship through a court.

'The reversal of reforms started in Ukraine several months ago,' Saakashvili, whose country was ranked as the world's top reformer by the World Bank under his presidency, told Channel 112 on Nov. 14. "President Poroshenko has made a final decision to choose the path of enriching his own clan. After the Cabinet was replaced (in April), he started horsetrading with corrupt clans in parliament. As a result, there is no place Andriy Senchenko, also attributed for (reformers) in this corrupt

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# Best places to go for steak dinners



A waiter serves a New York steak at Kyiv restaurant Zdoroviy Gluzd Meateria on Nov. 17. The Kyiv Post rounds up eight favorite places for meat lovers to dine in the capital, including BEEF meat & wine, Format New York, Tarantino Grill & Wine Bar, Pache, Miastoria, Oxota na Ovets and Sam's Steak House. (Anastasia Vlasova)

## BY MARIA ROMANENKO

MRO@UKR.NET

For those who love meat, there is probably nothing better than a good where's the beef? The Kyiv Post tracked down some of the spots serving the juiciest and tastiest meat in the capital.

## **BEEF meat & wine**

BEEF meat & wine is considered one of the top meat places in Kyiv and is regularly frequented

by expats. It's also one of the most a separate bar area. Little wonder it expensive. Classic orders are ribeye (starting at Hr 990) or New York steak (from Hr 1,200). On the second floor there is an Argentine grill. steak on a cold wintery day. But A wide selection of fish and seafood is also available. The interior, designed by U.S. architect Alberto Foyo, is modern and minimalistic with extensive seating areas and large panoramic windows for watching the world go by. The place is perfect for big or small gatherings, or for watching football games. BEEF meat & wine also has

regularly receives top awards.

BEEFmeat & wine. 11 Shota Rustaveli St. Mon-Sun 9 a.m. - 12 a.m., www. beef.kiev.ua, tel. +38-044-384-2804

## **Format New York**

Format New York, located in the heart of Kyiv, just behind the National Opera, is a multi-cuisine restaurant with a wide selection of meat dishes at reasonable prices. such as ribeye steak (Hr 230) and beef tenderloin in oyster sauce (Hr 350). Its customers affectionately

call it "Kyiv's New York," although the atmosphere inside is very calm, with light colors dominating the interior design. Format New York also offers classic Ukrainian dishes such as borsch (Hr 75) and varenyky with cherries (Hr 65).

Format New York. 30/10 Bohdana Khmelnytskoho St. Mon-Thu 8 a.m. - 10 p.m., Fri 8 a.m. - 11 p.m., Sat 11 a.m. - 11 p.m., Sun 11 a.m. - 10 p.m., www.fny.com.ua, +38-044-278-6265

more **Steak** on page **21** 

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## **Book**

WITH NATALIYA TRACH

## These books for children help in winter

There's no better way to spend a long winter evening with the kids than with a good book. The Kviv Post has picked out some of the best Ukrainian children's books that were translated into English.

## **'The Brave** Little Airplane'

This book by Nataliya Vovk one Ukraine's best modern writers of

children's books, tells an inspiring story about a little airplane that bigger planes make fun of. But one day the little airplane manages to save an injured little boy far away in the mountains, and the other planes'

attitude to him changes. The story reminds of "The Ugly Duckling" by Hans Christian Andersen. But the Ukrainian story shows that respect can be earned through good deeds. The little airplane resembles a little kid who no one takes seriously, although he has good intentions and a desire to help others. The book offers bright pictures and an optimistic message.

Where to get it: Ababagalamaga books store, www.abababooks. com.ua, tel. 095-777-0672, Hr

## **'Lisa And Her Dreams**<sup>4</sup>

"Lisa And Her Dreams" might be the best book around to



introduce a child to the world's finest works of art. At the beginning of the book its main heroine Lisa is very disappointed because her classmate has refused to paint her portrait at a painting lesson at school. Lisa falls asleep and experiences breathtaking adventures in her dream – by means of the wings invented by Leonardo Da Vinci. She visits the studios of the famous artists of the past,

more **Books** on page **20** 





Visitors take a look at novelties and popular books for kids at a children's book fair in Kyiv on Aug. 25. (Volodymyr Petrov)

# Book Review: Ukrainian fairytales, kids' books find English readers

Books from page 19

including Sandro Botticelli, Kazimir Malevich, Vincent van Gogh and others, and each of them draws Lisa's portrait.

The book has wonderful illustrations by modern Ukrainian artist Eugenia Gapchinska, whose paintings are found in numerous private collections.

Where to get it: Ababagalamaga store, www.abababooks.com.ua, tel. 095-777-0672, Hr 150



## **'Honey for Mommy'**

This charming fairy tale about a little bunny looking for honey for his sick mom has only 50 pages, but its touching story will stay with readers for a long time. Authored and illustrated by Ivan Malkovych and Sofia Us, the book's theme is caring relationships between parents and children.

The mother of a little bunny gets cold, so he decides to go out into the city (which looks very much like the western Ukrainian city of Lviv) to buy a jar of honey to make a honey tea — a good medicine for sore throat. But the city is big and the bunny is small, and he gets lost.

The book has vivid colorful illustrations and, of course, a happy ending. Kateryna Yushchenko, wife Ukraine's former President Viktor Yushchenko, translated the book into English.

"Honey for Mommy" is for children between three and six years old.

Where to get it: Ye book store, www. book-ye.com.ua, tel. 044-228-0566, Hr 104

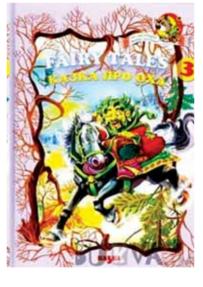


## **National fairy tales**

This half-educational and half-entertaining book includes three famous Ukrainian fairy tales – "The Mitten," "The Bully Goat," and "The Fox and the Rolling Pin" – all masterfully translated in English.

The English vocabulary of the book is quite simple and is suitable for children who are non-native speakers of English between nine and 12 years old. In addition to the stories, it has exercises to train one's grammar and vocabulary.

Where to get it: Yakaboo.ua shop, www.yakaboo.ua, tel. 044-225-0505



## 'Fairy Tales 3: Oh'

A third edition in a series of fairy tale books, this 40-page book tells one of Ukraine's most famous fairy tales, "Oh." The tale is about a creature named Oh - a strict and demanding old man who rules his forest kingdom. Oh hires a lazy boy to work at his house. After the boy serves him for three years, the forest ruler does not want him to leave and uses tricks to make him stay as his servant. But everything ends well for the boy — he manages to outwit Oh and turns into a mature and hard-working young man.

The book is bilingual. It can be used both to acquaint English-speaking children with Ukrainian language, and to help Ukrainian kids improve their English.

Where to get it: Bukva book store, www.bukva.ua, tel. 044-359-0369,

# Ukraine's coal output drops as nation looks elsewhere

Coal from page 10

ing the sector by closing down mines and leaving thousands of miners jobless, instead of trying to develop the infrastructure. We don't see any future for the coal industry in Ukraine," Volynets told the Kyiv Post.

In contrast, the Ministry of Energy and the Coal Industry is convinced that the reforms will be good for one of the most corrupt parts of the energy sector.

Roman Nitsovych, a program manager at Dixi Group, a Kyiv-based think tank that focuses on research and consulting in the energy sphere, said that he understands why the government wants to get out of the coal business, and leave it to private investors.

"In a competitive business environment it is economically unviable to continue subsidizing state-owned mines," said Nitsovych. "How the government carries out the restructuring is another question," he said, adding that the premises of closed mines could be used by other industries.

With the gloomy prospect of redundancy hanging over them, miners at state-owned mines have been fighting to be paid three months' worth of pay owed to them by the government. On Nov. 7, 50 workers from the No. 10 Novovolynska mine in Volyn Oblast went on hunger strike, demanding not only unpaid salaries, but also funding to finish construction work at the mine. About 10 days before the start of the hunger strike, 300 people from the same mine blocked the Yahodyn checkpoint on the border with Poland.

"We have been fed promises," complained one of the miners, Oleksandr Herasymchuk, who spent the last 10 years working in the Novovolynska mine and has been waiting to be paid since September. "We went to Kyiv twice to meet with Verkhovna Rada (lawmakers) and the Ministry of Energy - to no avail."

Amid the growing discontent, Minister of Energy and the Coal Industry Ihor Nasalyk visited stateowned mines in Donetsk and Luhansk oblasts on Nov. 15-16. He stated that all salary debts would be paid off by January.

## **Price dispute**

Since the government is determined to cut subsidies to the coal industry, the miners believe that a fairer price policy in line with world prices could positively affect the situation and save the mines.

In March the National Commission for Energy, Housing and Utilities Services Regulation introduced the Rotterdam Plus formula to set the wholesale market price for coal, which led to the increase in electricity tariffs in May. The formula takes as a basis the



Mykhailo Volynets, head of Independent Trade Union of Miners of Ukraine.

price of coal in the Amsterdam-Rotterdam-Antwerp ports, and adds to it the cost of shipping the coal to Ukraine. At the moment, one ton of imported coal costs around Hr 2,300-2,400 (\$92-96), while domestically extracted coal sells for around Hr 1,390 (\$56) per ton.

"We pay for gas and electricity at international market prices, so why can't Ukrainian coal cost as much as imported coal?" asked miners' union leader Volynets. "Our government even buys coal from an aggressor country, Russia, for \$90."

Nitsovych said that the Rotterdam Plus formula allows power stations to make a profit, but not coal producers, since the prices of coal are set by the Energy Ministry. This being so, the main beneficiary has been DTEK, the largest private power generating company in Ukraine, owned by the oligarch Rinat Akhmetov. DTEK controls 70 percent of Ukraine's power generation capacities.

In addition, the use of the formula obscures the important difference between brown coal and anthracite coal. They are not interchangeable and should be priced separately. The latter is imported from the occupied territories of Ukraine, but is formally documented as being Russian coal, according to the trade unions.

The controversial formula has come under fire from members of the Ukrainian parliament and the expert community. In September, a former member of the National Commission for Energy, Housing and Utilities Services Regulation, Andriy Gerus, filed a lawsuit to declare the formula illegal.

According to Ministry for Energy and Coal Industry statistics, this year Ukraine has already imported 12.1 million tons of coal at a total cost \$1.2 billion. Most of it came from Russia, the United States, Australia, Poland and South Africa.

At the same time, state-owned coal mines decreased production by 13.8 percent in 2016, to only 774,000 tons of coal.

# Meat lovers, rejoice! Here are some top Kyiv venues

Steak from page 19

## **Tarantino Grill & Wine**

This two-floored restaurant, which serves American and Ukrainian cuisine, is located in Kyiv's historic Podil district. Every dish comes with a wine recommendation, and the wine selection includes several vintage wines. On the first floor of the restaurant, there is a brazier in the middle of the dining area where customers can watch American and Australian Angus beef being grilled. Moreover, every Wednesday to Saturday Tarantino Grill & Wine Bar has a live music program. Its signature dishes, like grilled pork with cherries (Hr 255) or local T-bone with spinach (Hr 655) are well worth trying.

Tarantino Grill & Wine Bar. 35 Sahaidachnoho St. Mon-Thu, Sun 12 p.m. – 12 a.m., Fri-Sat 12 p.m. – 2 a.m., www.tarantino.ua, tel. +38-044-222-9853

## **Pache**

This sophisticated restaurant, located just up the hill from Maidan Nezalezhnosti, has a mellow interior design combining different shades of

wood. The lampshades are adorned with quotes from the works of writer Mikhail Bulgakov. Most of the dishes at Pache are cooked in a Josper charcoal grill oven, which lets the meat retain its natural flavor. The place uses Ukrainian farmed meat and meat from organic steers. Prices range from Hr 268 per 100 grams of New York steak to Hr 98 per 100 grams of Ukrainian Ribeye. Every main course is served with a side of either grilled vegetables or steak sauce.

Pache. 3 Kostiolna St. Mon-Fri 9 a.m. – 11 p.m., Sat-Sun 11 a.m. – 11 p.m., www.pache.com.ua, tel. +38-044-279-0211, +38-067-187-4949

## **Zdoroviy Gluzd Meateria**

The name of this place translates from the Ukrainian for "common sense." Zdoroviy Gluzd offers a small (34 items on the menu) but select range of dishes from cuisines around the world to appeal to all taste buds, such as a Portuguese Francesinha (meat sandwich) with a creamy sauce based on oxtail broth (Hr 110). This place is a find for the pickiest gourmets, and is favored by homesick foreigners and locals who haven't yet

Jazz

concert

The Autumn Jazz Marathon concert will feature various

genres of live jazz

music performed by Ukraine's

most famous jazz musicians, among whom are winners had the chance to travel much outside Ukraine. The meateria has an urban-style interior design, featuring, unusually, a bright blue statue of an Elk in the middle of one of the dining rooms. Steak prices range from Hr 190 for a chuck steak, to Hr 650 for a Big Cowboy Jack steak.

Zdoroviy Gluzd Meateria. 68/21 Saksahanskoho St. Mon-Sun 11 a.m. – 11 p.m., www.facebook.com/pg/zdorovyi.gluzd, tel. +38-098-665-1944

## Miastoria

The name Miastoria combines two words: "miaso" (meat in Ukrainian) and "store" – and that's just what it is - a conceptual meat, mince and lard shop with the added bonus that customers can cook and eat their purchases at the bar, for no extra charge. The selection of meats is very extensive and comes from Ukrainian meat producers, with fresh deliveries every day. The place stands out from other butcher shops by its cleanliness and lack of a meat smell. There is also a Himalayan salt room with a specific air temperature and low humidity for preserving meat. Every product can be tried in the shop prior to purchasing. Consultants are available to help customers with their meat choice, along with the sauces, spices and wine to go with it. Prices are reasonably moderate, with chuck steak costing Hr 190 per kilogram and marble Ribeye costing Hr 370 per kilogram. Unfortunately, due to the absence of dining tables, the place is not really suitable for big companies.

Miastoria. 22 Anny Akhmatovoyi St. Mon-Sun 10 a.m. – 10 p.m., www.myastoriya.com.ua, tel. +38-067-538-0505

## **Oxota na Ovets**

Located in Kyiv's upscale Vozdvyzhenka area next to Podil, Oxota na Ovets offers quite an impressive selection of meats. The restaurant has an open kitchen with a Japanese Robata charcoal grill (the only one of its kind in Ukraine) where marble beef and fresh fish are cooked. Noteworthy dishes include a Rack of lamb (Hr 596) or a Cowboy steak (Hr 549). The place positions itself as an Asian steakhouse, and so has lots oriental dishes too, including sushi, sashimi and soups.

Oxota na Ovets. 10B Vozdvyzhenska st. Mon-Sun 10 a.m. – 10 p.m., www.borysov.com.ua, tel. +38-067-406-4156

## **Sam's Steak House**

Sam's Steak House was the first steakhouse to open its doors in Kyiv (in 1996) and is still highly praised. In 2015 it underwent a renovation and now boasts a modern gray and beige interior design that radiates coziness, with its book collections, photographs, cushions and brick walls - a perfect setting for retro-lovers. Customers can watch their food being cooked in the open kitchen or even have a go at cooking too under the supervision of the chefs. This November the restaurant celebrates British culture by dedicating the month to the country's cuisine, with special dishes such as Beef Wellington, served with fried potatoes, mushrooms and wine sauce (Hr 255). Classics like T-bone (Hr 135-165) and Chateaubriand (Hr 235) are also popular.

Sam's Steak House. 37 Zhylianska St. Mon-Fri 10 a.m. – 11 p.m., Sat-Sun 11 a.m. – 11 p.m. www.karta.ua, tel. +38-044-287-2000 ■



of national and international competitions.

of national and international competitions.

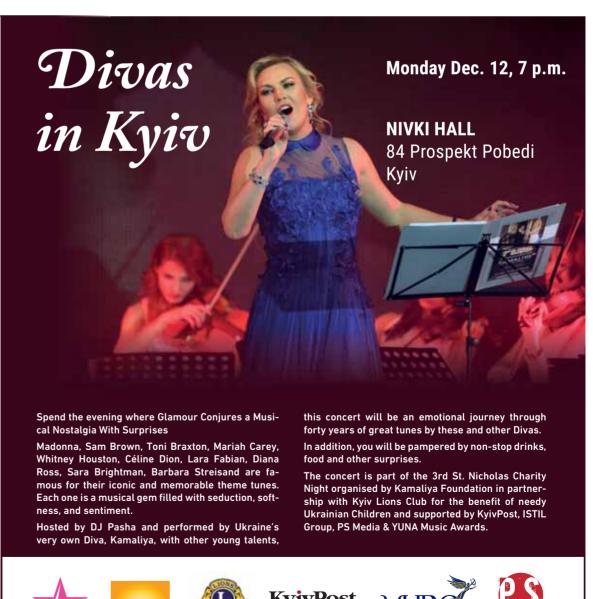
Autumn Jazz Marathon. Nov. 19. 6 p.m. Zhovtnevy Palace (1 Heroiv Nebesnoi Sotni Alley) Hr 60 – 200



## Frankenstein: Miller (British Theater Live)

This Royal National Theater play tells the famous story by Mary Shelley of Doctor Viktor Frankenstein who makes a creature from different parts of human corpses hoping to advance humanity. The Creature is lonely, ugly, but as innocent as child. He hopes for trust and love, but encounters only cruelty and hatred. In desperation, the Creature vows to find his creator and take vengeance on the doctor.

Frankenstein: Miller Frankenstein (British Theater Live). Nov. 25. 7 p.m. Kyiv Cinema (19 Velyka Vasylkivska St.) Hr 175



For invitations, donations and sponsorship please contact:

Sergev@istilgroup.com or phone 0503330701



## **DubFX music concert**

The Australian musician and world famous street performer DubFX is to perform his best hits on the stage of Kyiv's Bingo club. DubFX is famous for his complex hip hop, reggae and drum and bass music, which he creates using live looping effects pedals and his own voice.

DubFX concert. Nov. 26. 7 p.m. Bingo club (112 Peremohy Ave.)



## Wine week

The arrival of winter promises to be full of cheer, as nearly 30 of Kyiv's restaurants are taking part in wine week – a special event by restaurants to give local gourmets the opportunity to enjoy good wine and tasty snacks for only Hr 300.

Wine week. Nov. 28 - Dec. 4 except evenings on Dec. 2 - 3. For more information visit https://www.facebook.com/RESTOweek/?fref=ts

**Compiled by Nataliya Trach** 





## Vsi Svoi **Market**

Visitors to the Vis Svoi Ukrainian goods market will find everything they might need for the home on sale here - a range of furniture, textiles, interior décor, and hand-made ceramics, from more than 100 Ukraine's best brandname producers.

Vsi Svoi Market. Nov. 19 – 20. 10 a.m. – 8 p.m. Vsi Svoi (12 Desyatynna St.) Free

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Chemonics

## **POSITION ANNOUNCEMENT**

Chemonics International Inc., an international development consulting firm, is seeking senior experts in energy regulation, energy markets, and clean energy for USAID's anticipated Ukraine Competitive Energy Markets (U-CEM) project. The purpose of this project is to improve the investment enabling environment, increase energy efficiency and diversification through improved policy and regulation, develop competitive energy markets and investment opportunities, and promote unconventional and renewable energy sources.

## SENIOR EXPERTS IN ENERGY REGULATION

## Candidates should have expertise in some of the following areas:

- Designing and implementing integrated energy sector advisory projects in the areas of energy reform, energy market development, clean energy, including large-scale renewable projects
- Private sector engagement and investment
- Transmission
- Distribution
- Transaction support
- Engineering
- Project financing
- Renewable and clean energy
- **Energy efficiency**
- Privatization of energy companies and assets
- Enabling environment and regulatory support
- Public-private partnerships

- Bachelor's degree in energy, engineering, public policy, law, business, finance, economics, or a related subject area required; advanced degree preferred
- At least seven (7) years of work experience in the energy sector (public and/or private
- At least five (5) years of experience working on donor-funded projects; experience with USAID preferred
- Excellent written and verbal communication skills
- Fluency in Ukrainian and/or Russian required; fluency in English required

olication Instructions: Please send a CV and a brief cover letter in English in the email body to ukraineCEMrecruit@chemonics.com. Please submit one application per candidate, and include the name of the position in the subject line. Candidates will be reviewed on a rolling basis until the position is filled. No telephone inquiries, please. Finalists will be contacted.

Application Deadline: November 25, 2016 at 6 P.M. Kyiv Time

Chemonics is an equal opportunity/ Affirmative Action employer and does not discriminate in its selection and employment practices. All qualified applicants will received consideration for employment without regard to race, color, religion, sex, national origin, political affiliation, sexual orientation, gender identity, marital status, disability, or protected veteran status, genetic information, age, membership in an employee organization, or other non-merit factors.



**USAID ARDS PROJECT DEPUTY DIRECTOR** 

The USAID Agriculture and Rural Development Support (ARDS) Project is a four-year, \$20 million effort that supports broad-based, resilient economic growth through a more inclusive, competitive, and better-governed agriculture that provides attractive livelihoods in rural areas of Ukraine.

## Position Description

The deputy director helps to manage the implementation of the technical tasks of the project and reports to the ARDS Director. The deputy director will:

- Assist the director in all aspects of his job and serve as the acting director when designated
- Coordinate technical tasks across the project to ensure timeliness, quality, and overall responsiveness of technical assistance provided under ARDS, including adjustments to operations to meet USAID requirements
- Maintains and manages effective communication with key public and private sector stakeholders including fostering a productive working relationships with the Ministry of Agrarian Policy and Food, the Parliament of Ukraine, and other government of Ukraine counterparts
- Ensures effective coordination with other donor and international
- Promotes team collaboration, identifies synchronization opportunities across technical and functional teams, and provides technical oversight and guidance for all technical areas
- Serves as alternate liaison with the USAID/Ukraine

- At least five-years of experience in leading an organization, in both management and technical fields, with a proven track record of programmatic accomplishment, professional achievement, management competence, and interpersonal skills.
- University degree in relevant subject areas such as agricultural economics, MBA, or international development.
- No less than five years of experience working in project management in the Europe and Eurasia region, including Ukraine.
- Direct experience working in agricultural development in Ukraine is highly
- Sound understanding of agribusiness and knowledge of land reform and other policy reform issues in the E&E region and in Ukraine in particular.
- Proven record of excellent management, leadership, decision-making, and interpersonal skills, including being an articulate speaker and sympathetic

## listener. Application Instructions

Send electronic submissions to ards.hr@ukraineards.com by November 30, 2016. Please submit your CV and cover letter with "Deputy Director" in the subject line. No telephone inquiries, please. Only finalists will be contacted.

Chemonics is an equal opportunity employer and does not discriminate in its selection and employment practices on the basis of race, color, religion, sex, national origin, political affiliation, sexual orientation, gender identity, marital status, disability, genetic information, age, membership in an employee organization, or other non-merit factors.



The Municipal Energy Reform in Ukraine Project (MERP), with 10 months remaining, at the main office in Kyiv, is seeking qualified and experienced local experts for the following positions:

- Regional Project Coordinator (Sustainable Energy) Odessa Region
- Regional Project Coordinator (Sustainable Energy) Eastern Ukraine
- Sustainable Energy Expert

For more information on these vacancy, please visit: www.merp.org.ua (announcements).

Please send application and CV stating desired position in the subject line, to HR@merp.org.ua through November 30, 2016. Only short – listed candidates will be contacted. No telephone inquiries please.



DAI Global LLC, an international development company based in Bethesda, MD, is currently accepting applications from qualified candidates for long-term project positions located in Kyiv, Ukraine.

Since 1970, DAI has worked in 150 developing and transition countries, providing comprehensive development solutions in areas including crisis mitigation and stability operations, democratic governance and public sector management, agriculture and agribusiness, private sector development and financial services, economics and trade, HIV/AIDS, avian influenza control, water and natural resources management, and energy and climate change.

The USAID-funded Financial Sector Transformation Activity in Ukraine is a fouryear activity that aims to transform and stabilize Ukraine's financial sector. DAI is recruiting for the following positons:

- Administration and Procurement Assistant
- Field Accountant
- Interpreter/Translator
- IT Manager
- Human Resources and Office Manager
- **Subcontracts and Procurement Manager**

For additional information and to apply, please visit: https://fs9.formsite.com/daisuppliers/form8/index.html

Candidates will be required to upload their CVs and cover letters to the online application system. Only candidates who are shortlisted for interview will be contacted. No email or phone inquiries please. Application deadline is November 25, 2016 at 6 P.M. Kyiv Time.

Internews is seeking candidates for the position of **Program and Communications Coordinator** 



**ESSENTIAL DUTIES AND RESPONSIBILITIES** include the following:

- Supervise the project implementation of at least 15 small grants to Ukrainian media
- organizations, including adherence to grant agreements and timely reporting; Make site visits to regional media organizations implementing the small grant projects;
- Draft pieces for Internews program reports and weekly briefers;
- · Work with deputy chief of party and program managers in coordination of Internews communication activities in Ukraine, including social media maintenance
- Update Internews website;
- Other duties as assigned by Internews management.

## **QUALIFICATIONS REQUIRED:**

- Relevant Master's degree or equivalent work experience;
- Minimum of two years of program coordination and communications experience in international technical assistance programs;
- Excellence in English, Ukrainian and Russian.

ase send your CVs in English and Ukrainian with a cover letter and list of three nternews.org and omaydan@internews.org before November 30, 2016

## USAID UKRAINE

United States Agency for International Development (USAID)/Ukraine Solicitation for U.S. Personal Services Contractor

Acquisition and Assistance Specialist/Cost and Price Analyst, GS 11

## **DUTIES AND REPONSIBILITIES:**

USAID is recruiting an American citizen, Resident Hire, eligible to work in Ukraine for a one year contract (with an option for renewal). This position is located in the Regional Contracting Office (RCO) of the USAID Regional Mission to Ukraine, Belarus, and Moldova. RCO plays a pivotal role in the successful execution of USAID's Strategic Goals and Objectives through the planning, solicitation, award and administration of acquisition and assistance (A&A) mechanisms throughout the region, including Ukraine, Belarus and Moldova. RCO staff works with the technical teams to develop, award and administer programs via A&A mechanisms. The A&A Specialist is a key assistant to the Contracting/Agreement Officer and a point of contact for specific A&A actions within RCO. The Incumbent is a crucial player for assisting RCO and will be readily able to apply US Government contracting experience to a full range of A&A work in regards to cost and price analysis.

## **REQUIRED QUALIFICATIONS:**

Education: A degree in any combination of the following fields: accounting, business, finance, law, contracts, purchasing, economics, industrial management, marketing, organizational management and any other related social science field.

Work Experience: Three or more years with progressive responsibilities in an area relating to A&A work (including auditing, financial analyses, legal analyses, etc.). At least two years of previous employment or interaction with U.S. Government department or agencies or other international development organizations.

Communications: Excellent interpersonal skills as well as excellent oral and written communication skills.

Knowledge: Current knowledge of Federal regulations.

Skills and Abilities: Strong organizational skills, the ability to plan and provide required support for RCO in a timely and effective manner, and an ability to guickly assimilate information and guickly learn required procedures. Good analytical, negotiating, and time management skills are required, with strong proofreading skills and attention to detail is required. The ability to work calmly, tactfully, and effectively under pressure is essential, as well as the ability to maintain strict confidentiality and high ethical standards throughout all phases of acquisition and assistance actions. In addition, the incumbent must be able to lead meetings at all levels, provide effective and tactful procurement ethics guidance to senior management personnel, and senior executives of private sector and non-governmental organizations and must be prepared to enforce ethical standards on these individuals if necessary. Completion of FAC-C Level 1, 2 or 3 is highly desir-

The full version of this Announcement is accessible at

https://www.usaid.gov/ukraine/work-with-us/careers

CLOSING DATE FOR APPLICATIONS: November 25, 2016 at 6:00 PM Kyiv **time,** by e-mail attachment only to Human Resources Office at kyivvacancies@usaid.gov

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Include vacancy number and position title in the subject line of your email.

**Professionals for Reform Support** Mechanism (PRSM) provides human resource support - from

managers to technical experts - to critical reform initiatives undertaken by national governmental agencies. PRSM is currently seeking candidates to fill the following expert positions for the Government of Ukraine:

- Administrative Services and **Procedures Project Manager;**
- PRSM Monitoring and Evaluation Specialist;
- Project Manager on Probation;
- Probation Specialist (2 positions);
- State Penitentiary Service enterprises reform Manager:
- State Penitentiary Service enterprises reform Specialist (2 positions);
- Project Manager on PPP;
- PPP business analyst/lawyer;
- PPP finance analyst;
- Fire rescue reform Manager;
- Fire and technological safety Manager;
- IT modernization and security manager/expert (2 positions).

For more detailed information about preferred qualifications and skills, indicative duties and responsibilities, as well as applying procedure, please visit web-site: http://edge.in.ua/vacancies.html.

## **MINI RESUME**

Native Ukrainian, 40, MBA, more than 16 years of experience in International trade, fluent English, German and French. Looking for managerial position.

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