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Zubko's mission: energy efficiency, empower local governments

BY ILYA TIMTCHENKO
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Gennadiy Zubko has two things on his mind – decentralization and energy efficiency.

The deputy prime minister's portfolio is regional development, construction and housing.

Zubko believes it is long past time for Ukraine to fully decentralize its government and to become more energy efficient – two key areas he is focusing on with his 387-strong ministry staff.

Amendments delayed

In an interview with the Kyiv Post, Zubko said that “decentralization is important because none of our European partners will invest in a non-transparent system of administration where it isn't clear who makes what decisions, and who isn't held responsible for managing funding.”

To implement decentralization, parliament needs to pass constitutional amendments that would allow municipalities to have more control over their resources. But it is a touchy subject.

The first vote for the amendments in August 2015 caused a mass protest of the right-wing activists where four National Guard officers were killed defending the parliament.

The second reading was scheduled for early June, but has been put on hold. Parliament Speaker Andriy Parubiy explained it with Russia's failure to follow the Minsk peace agreements. The amendments were one of the conditions that Ukraine had to implement under the Minsk deal.

“Decentralization destroys the Soviet system of administration that Ukraine has lived with for the past 25 years,” Zubko said. “This is the system that basically didn't give Ukraine the chance to break away from Russia.”

Centralized Ukraine

Today, Zubko says, 70 percent of tax revenues go straight to the top

more **Zubko** on page **8**

Savoring Summer



The heat is on

A young woman cools off at a water fountain on Khreshchatyk Street in Kyiv on June 23. The weather forecast for the weekend in Kyiv is sunny with highs flirting with 30 degrees Celsius. Ukrainians will have extra time next week to celebrate the good weather. June 28 is Constitution Day, an official holiday to mark the signing of the first Constitution 20 years ago. More celebrations are ahead as Ukraine on Aug. 24 celebrates its 25th birthday as an independent nation. (Volodymyr Petrov)

World Bank's Fan warns about reform rollbacks as he departs nation

BY BRIAN BONNER
BONNER@KYIVPOST.COM

When Ukraine faced its big crises in 2014, the World Bank stepped up its game in a big way: \$5 billion in support in the last two years alone, compared to just under \$8 billion in the 22 years prior.

“As a development institution, we saw this as a huge opportunity to help the country,” Qimiao Fan, the outgoing director of the World Bank in Ukraine, Belarus and Moldova, told the Kyiv Post in a June 15 interview. “It was a huge, huge scale-up. It obviously that means we will not be able to continue at that pace.”

The World Bank also lifted its ban on direct budgetary support, imposed because of the lack of transparency in public spending by the regime of Viktor Yanukovich, the former president ousted in the EuroMaidan Revolution on Feb. 22, 2014.

Improvement seen

“Today, we see a difference for the better under the new government,” said Fan, who has lived in Ukraine for more than four years.

While Fan said World Bank support led to important changes in the energy and banking sectors that reduced corruption and will increase revenues for the state budget, Ukraine's reforms are still incomplete in many ways.

“I leave Ukraine today with a considerable sense of optimism, but at the same time a serious sense of concern,” Fan said. “The optimism is because a lot has changed in the last two years. With support of the international community, Ukraine can do these difficult reforms.”

He also said Ukraine is blessed with talented people, a third of the world's fertile black soil and easy access to eastern and western markets.

And now for the but.

more **Bank** on page **2**

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CURRENCY WATCH

Hr 24.88 to \$1
June 23 market rate



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Executives To Watch

Editor's Note: The Kyiv Post profiles top leaders of Ukraine's biggest and best companies in this feature.

Energy, banking seen as bright spots by Fan

Bank from page 1

"I'm worried because in the past what we have seen that every time the economy starts to stabilize and Ukrainians are no longer in desperate need of international assistance, they stop reforms," Fan said. "This is not the time to stop these reforms. This is the time to accelerate, so the country can get over the top of the hill and the country can then have a much smoother ride."

The World Bank divides its help in two categories: One is direct budget support for structural government reforms such as automation, better targeting of social payments and restructuring the banking sector. The other is long-term loans for infrastructure improvements in roads, water, sanitation, health care and district heating.

The two biggest success stories involving World Bank support involve the energy and banking sectors, which have "traditionally been two major sectors of corruption," Fan noted.

In the energy sector, natural gas-trading intermediaries were deprived of huge profits after the government lifted household pricing to close to market levels.

In the banking sector, 77 out of 180 banks have been liquidated, at a cost to taxpayers of at least \$3 billion from the state-funded Deposit Guarantee Fund.

But billions of dollars yearly will be saved from the changes, Fan said.

"By helping this country improve transparency in government, and efficiency, the amount of money you help the country save through these

Qimiao Fan

Nationality: Chinese

Profession: World Bank Country Director for Ukraine, Moldova and Belarus until June 30; current director for Bangladesh, Bhutan and Nepal.

Education: B.A. and Ph.D. in economics.

How to succeed in Ukraine: "You have to put your heart and soul into it. You have to really care about the country and the people and the cause."



(Volodymyr Petrov)

reforms can far outweigh any budget support we can provide," Fan said. "Greater transparency is absolutely needed in Ukraine, not just in the banking sector but in every aspect of business, public administration and in the judicial system."

Banking successes

One of the bright spots of reform is the liquidation of the so-called "pocket banks" or "corporate treasuries" -- banks "controlled by oligarchs or other business interests" and operating with "very non-transparent" lending procedures. Often, bank owners would lend to themselves or people and businesses close to them and the money would not be repaid.

While related-party lending hasn't ended, Fan said three steps have been taken to curb the practice: 1. public disclosure of a bank's beneficiary owners; 2. new laws aimed to cut related-party lending; and 3; making the owners legally responsible for wrongdoing that causes a bank to fail.

"That is something that has never happened before," Fan said. "We have to give them credit for doing so."

Guaranteeing deposits (up to \$8,000 per individual) is crucial to keeping faith in the banking system.

"This is the first time in Ukraine's history that insured depositors got paid what they're supposed to get paid by law, up to the guaranteed amount," he said.

Banking challenges

But much more needs to be done, Fan said, including strengthening the legal powers of the National Bank of Ukraine to take stronger action against problem banks to pre-

vent their assets from being stripped before liquidation. This insider looting has happened many times -- most recently in June, involving the alleged theft of \$40 million from Mikhailovsky Bank before the NBU shut it down.

"The NBU needs more legal tools to be able to deal with some of these issues more quickly," Fan said. "From the time they identify a bank as problem a problem one to the point it's declared insolvent, it takes too much time."

Banks also "need to work down the stock of the non-performing loans so lending can resume in the economy," Fan said. And tougher lending standards need to apply. "They should not be lending to everyone. They should be very selective to end to those viable enterprises that can pay back the loans," he said.

As for greater transparency, Fan said he doesn't believe that the state should make public a register of bad loans. He said better development of credit bureaus would eventually weed out bad borrowers.

Additionally, the nation's second and third largest banks, state-owned UkrExImBank and Oschadbank should rethink their strategies. State banks should exist to fulfill needs not being met in the private market. "What specific market failures are each of these banks trying to address?" he asked.

"They've done a lot, but much more needs to be done," he said.

Law enforcement

Just like the International Monetary Fund, the World Bank takes a hands-off approach to Ukraine's badly broken and corrupt judicial system, from police to prosecutors and judges.

"We're not experts on law enforcement or the court system," he said. "These are not areas we work on."

Pensions

"This is a country that spends 13.4 percent of gross domestic product on pensions," Fan said, a GDP that might only hit \$100 billion in 2016. "They provide far too inadequate pensions for far too many people: Too many people are getting too little pensions. It's clearly not sustainable. There needs to be some urgency to reform."

Unfair taxes

Ukraine still has a long way to go in creating a broad-based simple program of taxation.

"The biggest problem is that the tax system has far, far too many exceptions, waivers and exemptions for special interest groups. Many of those tax laws in the past were tailor-made for special interest groups," Fan said. "You can have a quite nicely written tax law, but underneath that in the law you have 50 exemptions. That's no longer a very good law."

He said the problem extends to public procurement rules.

"They had literally pages and pages of exemptions from competitive bidding," Fan said. "In the end, it becomes a very bad law."

The World Bank supported a successful change in the transfer pricing law that had been "used by some of the oligarchs and other interest groups to transfer profit outside the country so they don't pay any taxes," Fan said.

"Treat everybody equally you could potentially save the country billions of dollars a year," he said. ■



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Marushevskya renews call for firing of her boss, 'guarantor' of corruption

BY OLEG SUKHOV
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Yulia Marushevskya, head of Odesa Oblast's customs office, is heading for a final showdown with her boss, State Fiscal Service head Roman Nasirov.

Nasirov and Marushevskya, an ally of Odesa Oblast Governor Mikheil Saakashvili who first came into the national spotlight as an activist during the EuroMaidan Revolution, have been involved in a bitter conflict.

Nasirov, an ex-lawmaker from President Petro Poroshenko's Bloc, has threatened to fire her, while Marushevskya has called for his dismissal.

The issue at stake is the future of Ukraine's efforts to switch to corruption-free and speedy customs clearance. Odesa's strategically located seaport has historically been one of the most corrupt ones in Ukraine.

Marushevskya is seeking to eliminate corruption in customs by reducing human contact and switching to an automatic and transparent customs process. She expects to launch a new customs terminal with new personnel and more efficient software in August. Most of the new staff has already been recruited in an open competition, while law enforcement officials have been removed from the customs office to limit opportunities for graft.

Marushevskya says Nasirov has been paralyzing her reform efforts by constantly inspecting her customs office and refusing to authorize changes.

Nasirov has also been accused of restoring corruption schemes linked to ex-President Viktor Yanukovich and has two undeclared apartments in London, according to documents published by activists and journalists.

Nasirov, who previously denied the accusations of corruption, did not reply to requests for comment.

"He's being kept as a guarantor of the corrupt system's preservation," Marushevskya told the Kyiv Post on June 23, comparing him with discredited ex-Prosecutor General Viktor Shokin.

Vitaly Shabunin, head of the Anti-Corruption Action Center's executive board, attributed the authorities' reluctance to dismiss Nasirov to his alleged usefulness for corrupt schemes.

"There can be no political logic behind keeping someone who has discredited himself like this in Ukraine and abroad," he told the Kyiv Post. "This is not the logic of politics, it's the logic of corruption."

Marushevskya lambasted Nasirov in a Facebook post published on June 21.

"You're pursuing the same muddy water policy as your 'brilliant' predecessors," she wrote in a reference to ex-customs and tax agency heads Mykola Azarov, Oleksandr Klymenko and Ihor Kaletnik. "...Why do people eager for change have to get disappointed with you every day? Why is the State Fiscal Service the leader in terms of corruption, according to all opinion polls?"



From left, head of Ukraine's Fiscal Service Roman Nasirov, head of Odesa Oblast's Customs Office Yulia Marushevskya, Prime Minister Volodymyr Groysman and Odesa Oblast Governor Mikheil Saakashvili walk through the Customs Terminal in the Odesa Port on May 17. (Anastasia Sirotkina)

She dismissed Nasirov's accusations that her performance had been unsatisfactory.

"Unfortunately these are not the results I was waiting for," Nasirov said in a June 16 interview with online newspaper Livy Bereh. "There's nothing except for a big disappointment mixed with political populism that surrounds the Odesa customs office."

Marushevskya said the average time of international transit had fallen by three times to 10 minutes during her stint at Odesa Oblast's customs office, while the time of customs clearance of goods from 37 low-risk countries and large reliable businesses had dropped by 70 to 80 percent.

"It's a pity that you don't want to see the real results of Odesa's customs office due to your political madness," Marushevskya added.

Kontyantyn Likarchuk, an ex-deputy head of the State Fiscal Service, praised Marushevskya's work.

"Out of all customs offices in Ukraine, the most positive changes have happened in Odesa Oblast," he told the Kyiv Post. "Instead of implementing such practices at other customs offices, (Nasirov) is trying to kill them at Odesa Oblast's customs office, which is a wrong thing to do."

Nasirov has also accused Marushevskya of failing to meet mandatory revenue plans. Marushevskya told the Kyiv Post the plans were artificially inflated and dismissed them as "fraud" and a Soviet relic that should not be treated as a real

performance indicator.

Earlier this month Nasirov accused Marushevskya of populism and said he was giving her two months to "show results." He said he would seek to fire her if she did not show them.

President Petro Poroshenko and Prime Minister Volodymyr Groysman have taken an ambiguous stance on

the conflict.

On the one hand, they have been reluctant to fire Nasirov.

On the other hand, Groysman agreed at a meeting in Odesa in May to support Marushevskya's reform plans and to cancel the three reprimands issued for her by Nasirov.

Marushevskya told the Kyiv Post

that Nasirov had not complied with Groysman's instruction to cancel the reprimands.

Marushevskya and Nasirov also clashed at a teleconference in April, when Nasirov shouted at her for being late for the meeting, and she accused him of derailing her reforms. ■

World in Ukraine: United States

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Editorials

Brexit danger

United Kingdom citizens on June 23, just before the Kyiv Post went to press, were deciding whether to leave the European Union.

In Ukraine, the attitude towards the EU is quite different. More than 100 Ukrainians were killed in the 2013-14 EuroMaidan Revolution, partly a drive to bring the nation closer to the EU's founding values of democracy, rule of law and free trade.

That a country would willingly exit such a union is perplexing for many in Ukraine, which hopes to get the chance someday to join this club.

Ukrainians are not disinterested observers in the UK referendum – a Brexit vote would have implications for future security. Britain has been a staunch supporter of Ukraine, providing military aid in the form of training and equipment. More significantly, it has been conducting quiet diplomacy within the EU to keep member states from wavering on sanctions against Russia for its war against Ukraine. Many leave campaigners are more sympathetic to Moscow than Kyiv.

And should Britain leave the EU, it will enter a tortuous period of negotiations over trade with its former partners, which will absorb much of the attention of EU diplomacy for years. As UK journalist Ben Judah pointed out in a recent opinion piece in the Moscow Times, EU states that want to get back to business as usual with Russia will probably use this diplomatic horse-trading to extract concessions from Brussels and Berlin. The weakening of the EU's position on Russia would only be a matter of time.

Moreover, a Brexit could even lead to the breakup of the UK, if a pro-EU Scotland pushed for another independence referendum, and a threat to the unity of the rest of the EU, as right-wing Euroskeptic parties on the continent, egged on no doubt by the Kremlin, pushed for their own in/out referendums. All that would greatly please Vladimir Putin's Russia.

So if the leave camp in the UK does win the day, as they celebrate, they should take a moment to wonder why Britain's enemies are celebrating along with them, and why the country's friends and allies, many Ukrainians among them, are grieving their loss.

Monopoly on power

The Kyiv Post remembers very well the first two years of ex-President Viktor Yanukovich's regime, in 2010 and 2011.

We ran editorial after editorial warning of rampant corruption and monopolization of power, of fake reform and fake anti-corruption drives. Many embassies, business groups and others dismissed us as negative pessimists. Some went even further – writing column after column extolling Yanukovich's non-existent democratic credentials.

We paid the price for not being the administration's lackeys: pressure to censor news, a failed libel lawsuit against us and two unsuccessful attempts to buy us by Yanukovich cronies. But the nation paid a far greater price, one also inflicted on the credibility of those who stood up for the bandit rather than the truth.

History proved our tough but fair coverage to be correct. It's not that the assessment was difficult to make. Anyone who saw Yanukovich and his entourage in action knew this was a deeply corrupt, secretive regime bent on raping the nation for private gain. The difference is that we had the courage and character to tell it like it is.

Fast forward to today and we see a Yanukovich-lite regime taking shape under President Petro Poroshenko. It's shocking to see the number of Westerners who are ready to champion "reforms" that haven't happened and "progress" that hasn't been achieved.

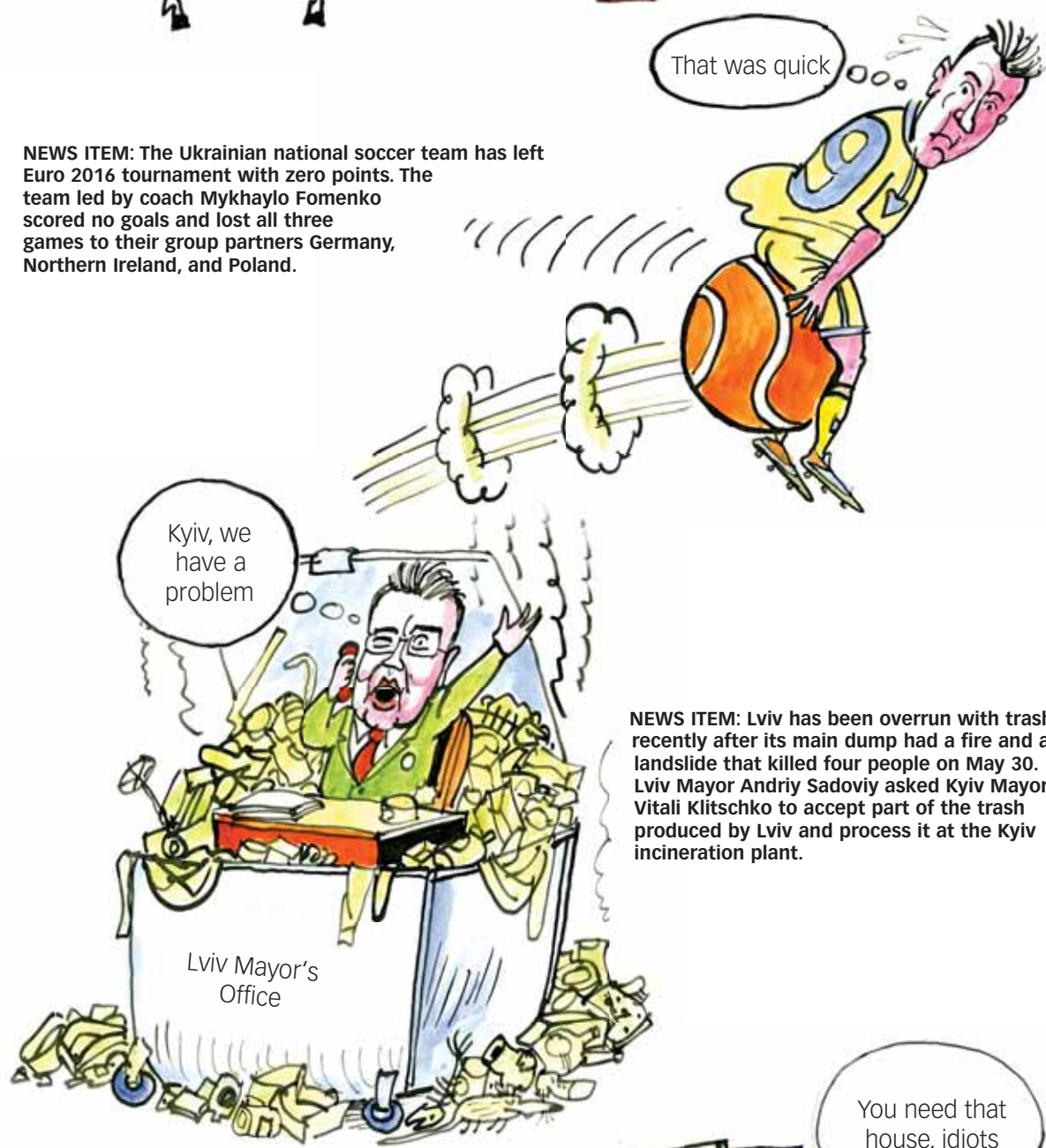
Many of the positive changes, namely in banking and energy, were forced upon Ukraine by the West or out of survival, as Yanukovich's successors inherited a bankrupt nation. And many of those changes were paid for by Ukrainian taxpayers – such as the \$3 billion and counting bail-out of depositors who lost their savings in banks used by their owners to rob people. The gas price hikes have been suffered by those least able to afford it as prosecutors look the other way in the theft of billions of dollars by politically influential thieves. The criminal justice system remains broken by design.

Poroshenko, meanwhile, has installed loyalists as prime minister, general prosecutor, central bank governor, head of the Deposit Guarantee Fund, head of the State Fiscal Service and many other strategic places. And, not least of which, he commands the largest faction in parliament. The president remains the hypocritical obstructionist-in-chief, betraying promise after promise. Another day of reckoning is ahead. Probably not soon, but it's coming all the same.



NEWS ITEM: The authorities suspect lawmaker Oleksandr Onishchenko is the main beneficiary of a series of corrupt gas sales that channeled \$3 billion from a state-owned gas company Ukrzvydobuvannya. Onishchenko left Ukraine when the prosecutors asked the parliament to allow his arrest, but came back immediately after parliament went on a two-week break. He is suing prosecutors for slander.

NEWS ITEM: The Ukrainian national soccer team has left Euro 2016 tournament with zero points. The team led by coach Mykhaylo Fomenko scored no goals and lost all three games to their group partners Germany, Northern Ireland, and Poland.



NEWS ITEM: Lviv has been overrun with trash recently after its main dump had a fire and a landslide that killed four people on May 30. Lviv Mayor Andriy Sadoviy asked Kyiv Mayor Vitali Klitschko to accept part of the trash produced by Lviv and process it at the Kyiv incineration plant.

NEWS ITEM: On June 21, several investigators from the Prosecutor General's Office searched the house of ex-head of Presidential Administration Andriy Klyuyev, who is suspected of ordering the police attacks on EuroMaidan Revolution protesters in 2013-2014. Not only were the investigators late with the search, but they also went to the wrong house: They first knocked on the door of the leader of Radical Party Oleh Lyashko, who turned out to live next to Klyuyev in an elite cottage neighborhood outside Kyiv.



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Reformer of the week

Nazar Kholodnytsky

Nazar Kholodnytsky, Ukraine's chief anti-corruption prosecutor, last week submitted a request to parliament for the arrest of lawmaker Oleksandr Onyshchenko in connection with an embezzlement case.

This is the first attempt by the anti-corruption prosecutor's office and the National Anti-Corruption Bureau of Ukraine to arrest a high-profile politician.

Onyshchenko, a member of the People's Will faction, is accused of running a \$3 billion (\$120 million) embezzlement scheme at state-owned gas producer Ukrgezvydobuvannya.

Subsequently the National Anti-Corruption Bureau and anti-corruption prosecutors arrested 10 other suspects in the case.

In May, the anti-corruption bureau and anti-corruption prosecutors also arrested a top prosecutor and an official in charge of spending funds that Ukraine received under the Kyoto Protocol.

— Oleg Sukhov



Anti-reformer of the week

Yuriy Lutsenko

Prosecutor General Yuriy Lutsenko has not kept his promise to fire the head of a controversial department accused of fabricating political cases and to get rid of political influence at the prosecutor's office.

He merely renamed the department earlier this month, retaining its controversial leadership — who are suspected to have ties to lawmakers Ihor Kononenko and Oleksandr Hranovsky, top allies of President Petro Poroshenko.

Lutsenko, ex-leader of the Poroshenko Bloc's faction, has further politicized his office and undermined its independence by staffing it with pro-government lawmakers. These include Deputy Prosecutor General Dmytro Storozhuk from the People's Front, and Dmytro Shkutyak from the Bloc of Petro Poroshenko.

Nor has Lutsenko kept his promise to fire top officials who served ex-President Viktor Yanukovich, as required under the lustration law. He has also failed to dismiss several top loyalists of discredited ex-Prosecutor General Viktor Shokin, and re-instate reformist prosecutors.

— Oleg Sukhov



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

Don't believe reformist bluster by top officials

OLEG SUKHOV

John E. Herbst, an ex-U.S. ambassador to Ukraine, has praised Ukrainian authorities' reform efforts in an op-ed for the Atlantic Council published on June 20.

He argues that the West was wrong in its skepticism about the alleged reformist credentials of Prime Minister Volodymyr Groysman and Prosecutor General Yuriy Lutsenko.

I beg to disagree with Herbst.

Top Ukrainian officials have become experts in saying the right stuff to Western donors and pretending to be reformers while delivering no results.

In a nation dripping with the blood of unsolved murders, where billions of dollars are routinely fleeced every year, the nation's politically subservient law enforcement system has blocked justice — not sought it.

Consequently, no major figures have been prosecuted, tried or convicted of any crime and nobody is taking responsibility.

And nor will justice be delivered under the current set-up.

Furthermore, in the nest of deadbeats and unprosecuted criminals known as the Verkhovna Rada, the lifting of parliamentary immunity against prosecution remains stuck in bureaucratic limbo more than two years after the revolution.

There's nothing coincidental about any of it.

It's planned obstruction from the highest level — President Petro Poroshenko on down.

Only gullible Westerners, and there are plenty of those in think tanks in Western capitals, keep stepping on the rake of incredible promises.

Unlike Western "experts," the Ukrainian people know their corrupt political elite all too well to believe in their pretense.

The self-righteous bravado and flamboyant reformist rhetoric of Groysman and Lutsenko evokes the sense of déjà vu. We have heard the same things from ex-Prosecutor General Viktor Shokin, who never achieved anything but obstruction of justice, and from Poroshenko and ex-Prime Minister Arseniy Yatsenyuk, who have failed to fulfill most of their major promises.

Anybody who analyzes the situation knows how empty the latest round of promises will prove to be. Isn't this what think tankers are supposed to do? Let us look at Herbst's op-ed to analyze his claims.



Activists hold a theatrical performance showing a police officer bribing a judge in front of Kyiv's Administrative District Court on June 15. The performance mocked the reinstatement of corrupt police officers by courts. (UNIAN)

1-There's even been progress on reforming the country's notoriously corrupt courts.

The judicial reform bill was passed by the Verkhovna Rada earlier this month and has a lot of good aspects like vetting of judges and the creation of a special anti-corruption court.

But the legislation itself is just a piece of paper, and what matters is its implementation.

Despite all the necessary legislation, Shokin's prosecutorial reform utterly failed last year, with almost all top local prosecutors' jobs going to incumbents. Interior Minister Arsen Avakov is also currently killing the police reform by staffing vetting commissions with his loyalists and replacing genuine civic activists with fake pseudo-activists at his beck and call.

Given the failure of prosecutorial reform and the flaws of the police reform, why should we assume that judicial reform will be a success?

Moreover, the judicial reform was entrusted to Poroshenko's deputy chief of staff Oleksiy Filatov, who has been repeatedly accused of micromanaging courts and giving orders to them in violation of the Constitution. He denies the accusations.

Do we really expect someone who keeps the

judicial system on a short leash to make it independent and professional?

The reform bill also provides wide scope for presidential abuse — something Poroshenko has done a lot in the past.

First, it postpones the creation of the Supreme Council of Justice, a supposedly independent body overseeing the judicial system, until 2019, giving the president effectively dictatorial powers over the courts in the interim period. So if Poroshenko is so keen on reforming the courts, why is he delaying the actual reform until the end of his term?

The Supreme Council of Justice could also be manipulated by Poroshenko, since many of its members will be presidentially-appointed judges.

Judges will be chosen by the council but the president will have a supposedly formal right to appoint them, which is intended to be automatic. But don't be fooled — given Ukrainian authorities' blatant disregard for the rule of law, this "formal" right may turn into a massive tool of presidential influence on the courts.

Parliament will be stripped of its right to appoint judges, which is supposed to remove political

VOX
populi

WITH ANASTASIA YAROVA



Do you think Ukraine should join the EU even though its major member, the U.K., considers getting out?

Editor's Note: On June 23 the United Kingdom held a referendum to decide whether to stay in the European Union or leave it.



Olena Yarem-Kovych,
entrepreneur

"I think we have our own path. Sooner or later the EU will eventually collapse. We should elaborate something completely new, some kind of a new institution."



Kateryna Vlasuk,
law student

"I am irritated by the European values. For example, they recognize LGBT and for me it is

wrong. I do not understand some European things and I do not want them in my country. But if the EU will promote our development and financially support Ukraine, then fine."



Oleg Melnyk,
bank employee

"Ukraine should join the EU. It is better to go to Europe than back to the USSR. The EU means the rule of law,

democracy, and fair elections. We should follow the line of progress, rather than regression."



Olga Solonina,
former university professor

"Ukraine can join the EU, but first it must improve its economy,

change the attitude towards its people and rethink who is sitting in the Verkhovna Rada. Therefore, Ukraine should first of all care about itself and its citizens. And then when we are ready, we can consider the EU. Although, I think Britain would do a right thing if they left the EU."



Valerii Pinchuk,
retiree

"If Britain came to the idea that they do not need the EU, it's up for them to decide. I think we

should join the EU. It never hurts to have the connections. It would be good for the economy and politics and lead us away from Russia."

Antonov struggles to get production off the ground

BY YULIANA ROMANYSHYN
ROMANYSHYN@KYIVPOST.COM

It's not been happy flying for Ukraine's biggest state-owned aircraft manufacturing company Antonov in recent years.

The company produces up to three aircraft in a good year, and saw relations with many of its Russian suppliers severed after the launch of the Kremlin's covert war on Ukraine in the Donbas two years ago.

"Our aircraft industry is in a very poor condition, because the production of large aircraft – Antonov aircraft – has fallen almost to zero," said Ukrainian aviation expert Yuliy Kyseliov. "And parts suppliers stopped production, as there's no demand."

Getting off the ground

The international aircraft market is a competitive one, and world leaders Boeing and Airbus, which both offer modern, innovative aircraft with full services, dominate it. Ukraine's Antonov, which is trying to win market share in the cargo and transport plane segment, is finding the going rough, experts say.

To make Antonov's production profitable, it would have to build 12-15 aircraft per year, Kyseliov said. But in a typical year Antonov only makes three planes at most. In 2016, not a single aircraft has yet taken to the air from Antonov's factory.

Antonov refused to comment for this story.

The industry's woes are partly due to the fact that Antonov's planes are assembled from parts made not just in Ukraine, but in Russia.

Antonov also produces passenger aircraft, and hoped in the past to win a share of the regional passenger aircraft segment of the market. But in Antonov's enforced absence, Brazil's



Passenger aircraft An-158, produced for Cuban airline Cubana de Aviacion on Antonov state aircraft manufacturing, lifts up to the sky in Kyiv on June 3, 2015. (UNIAN)

Embraer and Canada's Bombardier have captured this market, Kyseliov said.

And Antonov is being beaten in head-on confrontations for specific market niches by other companies as well.

Antonov's 100-seat An-158 regional jet, an updated version of the An-148, has been outpaced by Japan's Mitsubishi Regional Jet (MRJ) – a twin-engine regional jet aircraft seating 70–90 passengers, which has similar specifications to the An-158. U.S. low-cost airlines have already placed orders for 120 MRJ aircraft.

"Mitsubishi began to develop its airplane five years later (than Antonov), but entered this market with good conditions, support, and

service offers," Kyseliov said.

The passenger aircraft segment is almost saturated just now, according to the head of the analytical department of Concorde Capital Oleksandr Parashchiiy. But he sees prospects for Antonov's cargo aircraft, in particular its An-178 transport plane.

However, even if the Ukrainian manufacturer gets an order for the production of these aircraft, the company's factory might not be able to fulfill it.

"Generally, we produce so few aircraft that it is not even clear whether, if Ukraine did win a big order, it would be able to carry it out," Parashchiiy said.

Nevertheless, on June 7, Antonov signed a \$1.07 billion (\$42.8 million) deal with Canada's CMC Electronics Inc. to supply equipment to produce ten of their An-178 cargo aircraft for an Azerbaijani company Silk Way Airlines.

But with so few orders in the past years, experts doubt that the company will be able to build up sales momentum even after the Azerbaijani order.

"When a buyer comes, the first thing he asks is: 'Who else bought your aircraft?'" Parashchiiy said.

Antonov's first step for revival should be winning the internal market, Parashchiiy said. However, the state has no demand for aircraft, and the few Ukrainian airlines prefer buying pre-used Boeing planes.

Motor Sich runs

While Antonov is struggling to make headway, another Ukrainian aircraft company, the Motor Sich helicopter engine manufacturer "is doing quite well, despite the break in relations with Russia," Kyseliov said.

In June, Motor Sich produced a batch of engines for the Austrian manufacturer Diamond Aircraft.

"In terms of characteristics and capabilities of these engines (produced by Motor Sich) are the best

engines for helicopters in the world – and that's a fact," Kyseliov added.

According to him, Motor Sich was also on the verge of winning a tender to supply helicopter engines to the U.S. military, but failed because of its dependence on a Russian supplier.

Meanwhile, the company has seen success in upgrading Soviet-era military helicopters, the Mi-2 and Mi-8. With its upgraded engine, one of the Ukrainian military's Mi-8s in August 2013 broke world record for the highest horizontal flight – 9,150 meters. And next, Motor Sich plans to sell Kazakhstan a license to carry out modernization work on multi-purpose helicopters, the Interfax news agency has reported.

Thinking small

But Ukraine doesn't just produce passenger aircraft costing millions of dollars – companies here have also developed some smaller, cheaper planes. Kyiv-based private company Aeroprakt now produces two-seat ultralight aircraft with weights up to 450 kilograms, for only \$50,000 each.

"This is a completely different segment, where the technology is

much cheaper, and there's a demand from a lot of countries," Parashchiiy said. Aeroprakt's design bureau of 70 people, which was founded by former Antonov engineers, produces 11 types of aircraft. Since its launch in 1991, Aeroprakt has manufactured hundreds of aircraft for customers all over the world.

Since its first aircraft was sold to Hungary in 1993, Aeroprakt has been producing up to 80 aircraft a year. Of those, only one or two planes stay in Ukraine every year – mainly for testing. The rest have been exported worldwide.

"From the very beginning, our target was the foreign market," aircraft designer and Aeroprakt co-founder Yuriy Yakovlev said. "At the time (we started) there was no domestic market, people had no money... especially not for private aircraft."

So Aeroprakt has sold hundreds of its aircraft abroad instead – from Poland, Spain, and other European and Post-Soviet countries, to Nepal, Cambodia, other Asian countries and Africa. In Australia, for example, several Aeroprakt planes are used to herd sheep. In Georgia, their planes spray crops, while in Poland the planes were used by the patrol police in Wroclaw.

"If you don't sell across the planet, you won't survive," Yakovlev says. "If Boeing had sold only within the U.S., it would have gone bankrupt."

People buy Aeroprakt aircraft mainly for pleasure, Yakovlev said. But their planes are also suitable for flying schools, as they are "simple, reliable, durable and affordable," he said.

Yakovlev and his colleagues' former experience as Antonov engineers had helped them gain a reputation in the industry. But he has little optimism for large-aircraft manufacturing in Ukraine.

Making and testing a prototype represents only a tenth of the work required to bring a new plane off the design board and into mass production, Yakovlev said. And to make a profit on any new plane, Antonov would have to sell at least 60 of them, he added.

"I see good machines, but don't see profitable production," Yakovlev said. ■



Aircraft engineers attach a chair to a two-seat airplane on the Kyiv-based private company Aeroprakt on June 16. (Volodymyr Petrov)

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PayPal CEO Dan Schulman (center) joins employees, customers and employees of U.S. stock exchange Nasdaq while ringing the bell at Nasdaq this morning on July 20, 2015 in New York City. (PayPal)

Absence of complete PayPal services shows Ukraine still lagging

BY DENYS KRASNIKOV
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Activists have been battling to bring PayPal's full service to Ukraine for over a year, and the fight is far from over.

While Ukrainians can use the internet-based money transfer service to send funds from their bank accounts to other PayPal users, they can't withdraw money they've received back.

The lack of the full PayPal service complicates the entry of small Ukrainian e-businesses to foreign markets – any Ukrainian e-business that wants to sell products on foreign markets and receive payment via PayPal is faced with several problems.

The main one is their inability to access virtual marketplaces like Amazon, eBay, Etsy, Craftsy, Ravelry and many others, where PayPal may be the only payment option.

The young companies that want to raise money with the help of crowdfunding platforms like Indiegogo have to use PayPal as well – the system ensures that backers can get their money back if the campaign isn't successful.

Vladyslav Rashkovan, one of the four deputy governors of the National Bank of Ukraine, says PayPal is widely used not because its service is unique, but simply because this company has come to dominate the global market for electronic payments.

"(PayPal's) name has become so outstanding and innovative, that we now associate the online payment system with it," Rashkovan said at a June 9 press conference held by consulting company E-Commerce Expert.

"When Xerox came out with Xerox

(photocopying) machine, they were monopolists, too. Yes, others quickly caught up with them, but we still call this invention the Xerox, after the name of the company," Rashkovan said.

PayPal currently provides its full range of services in 116 countries, including Mozambique, Guadeloupe, and Russia.

The NBU's Rashkovan said the government should ensure they "give small and medium-sized businesses access to the external markets." According to him, PayPal and other global electronic payment systems can help.

The first step towards establishing an e-commerce foreign payment system was taken earlier this year, when the National Bank of Ukraine introduced regulations that allow citizens of other countries to transfer money electronically to accounts in Ukrainian banks.

"One would like to (live) in a normal country and do not have to think about bringing in PayPal," Rashkovan said. "And we're not living in a part of the third world, but in at least the second or the first one."

Currently, to start operating in Ukraine, NBU obliges foreign payment systems to register, sending them a hefty package of documents, including one that confirms the registration of the payment system in its home country, another that explains the technical aspects of the operations it carries out and a petition from the company.

Ukrainian lawyers are not impressed.

"Why not require the registration of all the websites that Ukrainians can visit, including Facebook and Amazon?" the partner of law firm Baker & McKenzie Ukraine Ihor

Olekhov told Ukrainska Pravda.

Olekhov said that if NBU does not simplify the operating conditions for international payment systems like PayPal, they will never enter Ukraine.

According to PayPal, when offering its service to a country, the company "needs to ensure that it is compliant with both local and international laws" before launching its full service. And the company sees no prospect of this happening any time soon.

"While we are undoubtedly committed to operating within the regulatory framework applicable to the service we offer, we believe that PayPal does not fall within the scope of the Law of Ukraine on Payment Systems and Money Transfers in Ukraine," PayPal Europe senior director David Ferri wrote in an official letter to NBU dated June 4, 2015.

"We are very thankful to the National Bank of Ukraine for expressing readiness to cooperate with PayPal," Head of Communications, PayPal Russia and Central and Eastern Europe Galina Skatkina said to the Kyiv Post in an email on June 18.

"While we do not comment on future plans, we can confirm that we are evaluating ways to improve our product offerings to best serve the needs of merchants and consumers on this market," Skatkina writes. "Send Only functionality doesn't mean that we take our obligations to our customers in Ukraine lightly, nor does it mean this market is excluded from our most important global, consumer updates."

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BUSINESS ADVISER

What's next in taxes?



ALEXANDER MININ

Senior partner,
Attorney at Law

The statutory deadline under the Tax Code for making any substantial changes to tax law in the next year is approaching quickly. But it is already quite certain that this year, as usual, we will not see any tax changes by July 1, i.e., no less than six months before the new budget year, as required by law.

The first question is, then, whether we will see any changes at least a few months in advance, or if there will be changes during the Christmas holidays, and we only find out what has actually changed during the first weeks of next year. It is no secret that this was the kind of "negotiating technique" favored by the preceding government when dealing with parliament: to table proposals to amend taxes and the budget only in the dying days

of the year, thus giving no opportunity for there to be a detailed discussion – just take it or leave it, basically. But the current relationship between the government and the parliament's committees suggests that this won't be the case, given the current balance of power. So we might expect that this year any changes will be proposed ahead of the usual, last-minute schedule. However, we will see.

Moreover, missing the statutory deadline for proposing changes gives the legal grounds to challenge the legitimacy of amendments for at least the next year: those unhappy with certain amendments may not accept them, and block their application for a year. An example from the past year is the transport tax, where several hundred court rulings in favor of taxpayers have already been issued. We can only support these motions, as under the Constitution the parliament has to obey the law, including the one on procedural requirements for making changes to tax legislation. There are no special exemptions granted under the rule of law to the parliament – the law has to be for everybody, or it is not a law. From a moral standpoint, it is difficult to claim that such changes are so urgent that formal legal requirements must be overridden – as has repeatedly been done for the last two years following the downfall of the regime of Viktor Yanukovich. So with the passing of the statutory deadlines there are already certain restraints on parliament as to the scope of possible tax changes.

While there is public demand for changes in the tax sphere, it is now more difficult to proceed with substantial change if this concerns change to legislation that has been introduced rather recently.

Take the alternative to corporate profit tax that has been debated, which is based on introducing a tax on exit capital (the withdrawal of capital from a business in Ukraine). The current model was put in place by the current coalition. Replacing it with an exit capital tax (which in view of the author of this article might be rather beneficial for the economy in general) is not only technically problematic, but also quite a complicated political exercise. But the benefits of such a shift, if finally decided, and if properly communicated, would be convincing to the majority of taxpayers and to the major creditors of Ukraine.

There is another, more "traditional" possible way to change corporate profit tax: cutting off losses carried forward, non-recognition of accrued foreign currency differences until realization, limiting certain deductions, and re-introducing criteria of proved relevance to a business as a pre-condition for deducting expenses. To the best of our knowledge, such proposals have not yet been drafted (unlike the exit tax above, for which there is already a draft bill), but such suggestions are already being made. If this way is chosen, then opposition from business to such changes is more than likely.

Taking into account the above, we cannot exclude that there will be no drastic changes this year. The parliament and the government have become somewhat more cautious when it comes to change, for various reasons. One is that already stated above – i.e., the need to explain why the change was not made by this coalition a long time ago. Another may be the authorities' inability to manage the changes professionally, and achieve what they actually expect. This can be seen with the change to the VAT refund regime last year, and the granting of the respective rights to exporters of agricultural commodities, while simultaneously squeezing the rights of agricultural producers to hold on to their VAT. The idea was the VAT, or at least a substantial portion of it, should be paid to the state by agricultural producers and be used to make VAT refunds to exporters of agricultural commodities. However, it seems that when introducing these changes, the transitional effect was overlooked – namely, that which is exported this year (and for which a VAT refund is due) has to be purchased with VAT raised last year from agricultural producers, when the respective VAT was not due to the budget. This unexpected (or, better to say not duly forecasted) effect struck a significant blow to the balance of the budget this year. This, and some other developments, may make parliament more reluctant to introduce possibly substantial changes this year. And no substantial changes may be not the worst case scenario.

The loud calls for legislation to introduce checks on the operation of foreign companies and other tools of "deoffshoresation" are driven to a significant extent by the effect of "Panamagate" rather than demands from taxpayers. At the moment it is difficult to say how seriously the state may be taking proposals for such legislation.

The credit for making tax changes that was granted to the current coalition is already significantly depleted by the changes made in the last two years. For this reason, any further change will be more difficult to make, even if they are really needed. We hope this will not divert the authorities from making further efforts to make real positive changes (like introducing taxation merely on the withdrawal of capital instead of profit taxation) and giving up the policy of maintaining legal pressure on taxpayers by finally adopting draft bill No. 3448, concerning criminal proceedings on tax matters. If the above "deoffshoresation" efforts and some other draft legislation on tax control (like a "zero declaration" as the starting point for applying taxation based on indirect methods, with reference to unjustified expenses and property) becomes reality, then the importance of liberal changes may be especially high. It could be that a proper balance between stick and carrot in tax law will then bring some capital into Ukraine.

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Zubko wants only 35 percent of state budget to go to Kyiv

Zubko from page 1

level of government, where they are manually redistributed through each ministry, and are only then sent back to the municipal administrations.

"But during that process we lose 70 percent of the money because of the corruption that comes out of the manual regime," Zubko said.

He thinks that 65 percent of the money should stay at the bottom level, and that cities should decide directly how to spend it. The remaining 35 percent should be spent on defense, universities, social security and medical services.

"Honestly, there's no interest from the local governments in collecting money for land rent, because part of it goes to someone's pocket, and part goes further up," Zubko said. "But with decentralization, every mayor, every local head knows that these are their resources."

This way city heads and regional administrators will be held more responsible, and top officials will have less chance to steal money from taxpayers, Zubko said.

"But most importantly, this motivation gives people the chance to plan," he said.

In anticipation of real decentralization, the government is providing Hr 1 billion for Ukrainians to organize into local communities hromada which then officially decide what to use the financing for. So far there are 159 such communities.

With a few adjustments in the budget and tax laws during the past two years, Ukraine's municipal administrations gained some additional authority over collected taxes. As a result, during the January-May period, local budgets were up by a total of Hr 18 billion, or 49 percent, compared to the same period last year.

Regional competition

It is necessary to create competition between the oblasts where regions will want to be more efficient, and develop more, the minister said. Right now every of Ukraine's 24 oblasts is defining what are the top 10 key sectors they are good at – whether it is tourism, IT, wood processing or manufacturing. Then each of them will filter it to the three highest priorities that bring the most revenue. And investors then clearly understand where they can invest.

In February 2015 Ukraine already took some of its first steps to regional decentralization, when its oblasts received a total of Hr 2.5 billion to finance regional development projects via the State Fund for Regional Development.

Developing regions

Ukraine's most investment-friendly regions so far are in its western oblasts. Partially this is due to the logistics of being closer to Europe. Such is the case for Japanese company Fujikura, which has an electronic car parts plant in Lviv Oblast,



Deputy Prime Minister Gennadiy Zubko tells the Kyiv Post that decentralization of Ukraine's government will stimulate competition among regions and reduce corruption. (Anastasia Vlasova)



Sumitomo Electric Parts manufacturing in Ternopil Oblast, and the Kronenbourg beer factory in Zhytomyr Oblast. Recently 17 U.S. motorcycle parts companies

have shown interest in operating in Ukraine as well, Zubko said.

Interest in investment is also shifting eastward to cities such as Kharkiv, and Kramatorsk in Donetsk Oblast.

But Ukraine's most eastern Donbas region, directly affected by war, is not likely to recover soon. Zubko roughly estimates the cost of repairing damage to infrastructure, companies and residential houses to be close to \$15 billion.

\$40 billion investment

Zubko believes that Ukraine needs \$40 billion in investments to cut its residential sector gas consumption by a third, or down to 11.5 billion cubic meters from its present 18 billion cubic meters. This 8- to 10-year-long process would bring Ukraine closer to European levels of energy use.

That would reduce the need for energy subsidies, which in 2015 amounted to Hr 43 billion (\$1.72 billion), and cut Ukraine's dependence on natural gas, as well as the general financial pressure on Ukrainians.

'Warm credits'

In cooperation with Ukraine's state banks Oschadbank, Ukgazbank and Ukreximbank, the regional development ministry came up with the idea of issuing "warm credits" where a person receives a loan from a bank to improve their apartment energy efficiency. Depending on the upgrade, up to 40 percent of the cost of the credit could be subsidized by the government. This could result in 45 percent energy savings, Zubko said.

As the borrower would deal directly with the bank, this would take government officials out of the loop,

leaving little place for corruption.

International help

Zubko also thinks there should be an Energy Efficiency Fund, similar to the ones in Lithuania, Poland and the Czech Republic, through which the government compensates the banks.

The minister also wants to engage European Bank for Reconstruction and Development and the European

Investment Bank in the loan giving, and to establish a supervisory board with representatives from Germany, the European Union, and the U.S. Agency for International Development.

Zubko said that the EU is ready to finance an office for such a fund for three years. -At the same time, he emphasizes that Ukraine should receive more non-material support, such as experience from other coun-

tries, educational support and diplomatic pressure against corruption.

"Not just investing money into some sort of big corruption bonfire, in which millions of dollars are burnt," Zubko says.

Facing resistance

But when asked to name those who bolster corruption in the country and who block his ministry's reforms, Zubko said that he had no specific names.

When it comes down to parliament, Zubko says that there are certain groups of parliamentarians that lobby for vested interests and block the reformative bills by proposing less efficient alternatives.

Such techniques, he said, have been delaying his ministry's efforts to transfer land distribution powers from central government to local city administrations.

At the same time, Zubko said there was no direct oligarch pressure on his ministry. His former government team member, Economy Minister Aivaras Abromavicius, resigned on Feb. 3 citing pressure from presidential lawmaker Ihor Kononenko to appoint specific CEO heads of state-owned enterprises. Kononenko denied wrongdoing.

Zubko said that he didn't have such problems, as his ministry doesn't have any state-owned companies under its authority, but that "there was always lobbying for the interests of oligarchs, who brought their own people into parliament." ■



A taxing breakfast

The 7th Kyiv Post CEO Breakfast on June 17 took on the issue of Ukraine's tax & customs service in the Hilton Kyiv Hotel. (Top photo) Clockwise from left: Tanya Prokopchuk, American Chamber of Commerce of Ukraine; Algirdas Semeta, Ukraine's business ombudsman; Vadim Sidoruk, CEO of DHL Express Ukraine; Brian Bonner, Kyiv Post chief editor; Tetiana Ostriukova, member of parliament; and Roman Nasirov, head of the State Fiscal Service of Ukraine. (Right) Anastasia Krasnosilska, project manager of the Anti-Corruption Action Centre; Yuriy Sorochnytskyi, CEO of Nemirow; and Fortunato Guadalupi, general director of Terrafood. (Kostyantyn Chernichkin)



As more Ukrainians favor Kyiv Patriarchate, push intensifies for unified national church

BY ALEXANDRA MARKOVICH

Archbishop Yevstratiy Zoria's long red hair is tied back, and a gold chain is draped over his black robe. At the end of the chain hangs an oval, jeweled medallion with an icon bearing an image of the Virgin Mary and the baby Jesus in the center. Zoria says his medallion, called a Panagia, was a gift from Metropolitan Volodymyr, the late former head of the Ukrainian Orthodox Church of the Moscow Patriarchate.

But for Zoria to be wearing this Panagia seems incongruous. The archbishop belongs to the Kyiv Patriarchate, an Orthodox Church that rivals the Moscow Patriarchate in Ukraine. The two patriarchates, both claiming to represent the Ukrainian Orthodox Church, have been in conflict since the Kyiv Patriarchate split off from the Moscow one in 1992. Zoria said that when the Metropolitan gave him the gift in 2005, the relationship between the two churches was not so hostile. But at this point, the medallion looks like a gift from behind enemy lines.

If the Kyiv Patriarchate is the Russian church's prodigal son, claiming independence, then the Moscow Patriarchate in Ukraine is its obedient one. The Kyiv Patriarchate is considered a schismatic church, illegitimate in the eyes of the international Orthodox community. But in June, the Ukrainian parliament urged Bartholomew I, the head of the Pan-Orthodox Council, to con-



Archbishop Yevstratiy Zoria of the Kyiv Patriarchate sits in front of the Monastery of St. Theodosius in Kyiv. (Kostyantyn Chernichkin)

sider creating a unified Ukrainian national church and grant canonical legitimacy to the Kyiv Patriarchate.

Hybrid holy war

The popularity of the Moscow Patriarchate has been waning in recent years, while support for the Kyiv Patriarchate is only growing. Allegiance to the Kyiv Patriarchate has grown steadily, from 12 percent in 2000 to 25 percent in 2016, while allegiance to the Moscow Patriarchate fell to 15 percent of the country this year, according to a survey by the Razumkov Center.

Support for the Kyiv Patriarchate is especially high in western Ukraine, where nationalism is at

an all time high—36 percent in the west associate themselves with the Kyiv Patriarchate, compared to only 10 percent with the Moscow Patriarchate. The west is especially polarized, with just five percent saying that they are “just Orthodox” without taking sides, compared to 21 percent throughout the country.

At a time when the Ukrainian people are becoming increasingly politicized and estranged from one another, the Orthodox church might have united them. Nearly 60 percent of Ukrainians trust the church, compared to a dismal 6 percent who trust the Verkhovna Rada, Ukraine's parliament, according to a 2015 survey. But the church itself is

sharply divided along political lines, and the divide has only heightened since Russia started its war against Ukraine in the east.

The percentage of people who are Orthodox but do not associate with either patriarchate fell from 39 percent in 2000 to 21 percent in 2016. The Ukrainian people have increasingly been forced to choose sides—first in politics, and now in their religion.

“Moscow is using its influence over Ukraine in the church as an instrument of hybrid warfare against Ukraine,” Zoria said, painting the Moscow Patriarchate in Kyiv as a pro-Russian weapon.

Establishing a national Ukrainian Orthodox Church is just one way Ukraine is trying to rid itself of Russia's influence. Verkhovna Rada speaker Andriy Parubiy, who pushed for the request to Bartholomew I to pass, argued that the creation of a national church independent from Russia's influence is a matter of national security.

“There is economic aggression, which we have seen for many years, but there is also political meddling in the spiritual life of Ukraine,” Parubiy said in a parliament press release. “Ukraine as a nation must do everything possible to not allow outside powers to provoke division among the Ukrainian people for any reason, especially religious.”

Political persecution

However, the Ukrainian Church of

the Moscow Patriarchate sees parliament's request for an autonomous national church as the latest in a long series of aggressive measures aimed at dismantling its church.

The head of the church's information department, Bishop Kliment of Irpin, goes as far as to say his church is under attack.

It is by the grace of God that the Moscow Patriarchate has survived amidst political persecution, Kliment said. He went on to accuse the Kyiv Patriarchate of seizing its churches throughout Ukraine. In June, the Moscow Patriarchate website published photos of militants from the Right Sector ultranationalist organization in army uniform taking control of a church in a village in Ternopil, one of many such posts by the site.

Though the Ukrainian question will not be considered at the historic Orthodox council, Kliment still described the move by legislators as violation of the separation of church and state and an infringement on religious freedom in the country.

“If the canon changed every time the politics changed, the church would change its laws every two to three years,” he said, speaking in his office on the territory of Kyiv's famous Kyiv Pechersk Lavra monastery after returning from evening services on the Day of the Holy Spirit.

The Moscow Patriarchate denies

more **Church** on page 16

Kremlin's appeasers rise against Ukraine



VERONIKA MELKOZEROVA
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Imagine you woke up one day and heard from TV that a neighboring country has bitten off a huge part of your motherland's territory, did it violently and sneaky

And your government managed to do nothing with that, was too weak and too distracted by the revolution that ended five days earlier.

Thousands of people had lost their homes, freedom and lives. But the greedy enemy didn't stop and wanted more and more lands and blood, starting a real war in your country.

When in 2014 Russia annexed Crimea and started a war in Donbas, Ukraine couldn't do anything without help from abroad. Ukrainians were prostrate with fear and anger over the injustice.

European Union and U.S. offered the best options they could – economic and political sanctions against Russian officials, businessmen and soon after against companies and goods. That was the West's democratic answer on Russia's violation of international law.

However, two years after the sanctions start, the winds in Europe are shifting.

European business and political interests started to obscure the international diplomatic responsibilities.

During the Saint Petersburg International Economic Forum on June 16, United Nations Secretary-General Ban Ki-moon named Russia a crucial player in solving global issues and conflicts in Ukraine and Syria according to UNIAN news agency.

He also said that Russia, the country which kidnapped and jailed Ukrainians, and used prohibited kinds of weapon in Donbas and Syria, plays a very important role in protection of human rights and control over the mass destruction weapons spread.

No wonder the secretary general's words sounded like a mockery from another reality to Ukrainians and caused a political scandal.

Ukrainian delegation filed a claim of protest, asking Ban Ki-moon to take his words back. However, soon his words about Russia were changed in the transcription of speech from the forum.

The Russian Federation, as a founding member of the United Nations and as a permanent member of the Security Council, has a very important role to play and I really count heavily on the leadership of the Russian Federation, said the edited version of transcript.

“Putin's appeasers in Europe first



Russian President Vladimir Putin (R) and Italy's Prime Minister Matteo Renzi attend a signing ceremony following their talks at the St. Petersburg International Economic Forum (SPIEF 2016) in Saint Petersburg on June 17. (AFP)

said sanctions would stay until he returned Crimea. Then until he fulfilled Minsk. Now, if “progress,” political activist and former world chess champion Garry Kasparov said on Twitter on June 20.

Putin's EU friends

Although on June 22, European Union extended economic sanctions against Russia until Jan. 31, the final decision will be approved during the European Summit in Brussels next

week, according to Radio Svoboda.

However, more and more Western leaders hint or openly support sanctions removal or reduction and

more **Putin** on page 11

Lawmakers go wrong way on recovering Yanukovych assets



ANASTASIA
KRASNOSILSKA

Robin Hood-style promises of official Kyiv to take money away from corrupt officials for the purpose of supporting those fighting in eastern Ukraine are again on the agenda.

Some members of parliament continue attempts to pass a draft law #4811 on non-conviction based forfeiture of assets, claiming that this is the only way to recover assets of ex-President Viktor Yanukovych and his cronies and to finance the Ukrainian military.

However, there is a price that every Ukrainian will have to pay should such a law be adopted.

Legal risks and political interests behind this draft law are far from the honorable proclamations of its authors. Draft law #4811 does not give proper legal grounds to recover assets of corrupt officials; what it does give is an opportunity for prosecutors to rob nearly every Ukrainian and every business.

Abuse of rights

The idea of non-conviction based forfeiture of assets of Yanukovych is not new. In last year the parliament has seen as many as four draft laws on this issue. First legal initiative of this kind - draft law #3025 of Autumn 2015, authored and advocated by notorious Olena Tyshchenko jointly with the Prosecutor General's Office of Viktor Shokin was heavily criticized by the United States.

The next attempt - draft law #4057 - received negative feedback from the European Union and the Council of Europe.

In its conclusion on the draft law the Council of Europe unequivocally stated that the bill goes against European standards of fair trial and protection of property rights.

In April, the parliamentary committee on law enforcement, headed by Andriy Kozhemiakin, came to conclusion that it was impossible to improve the draft law #4057 for the second reading and thus recommended the parliament to reject it. However, the members of parliament claim that new draft law #4811 properly considered all concerns of the Council of Europe and fully meets



Vitaliy Shabunin of the Anti-Corruption Action Center (L) and a colleague take part in a protest near the Ukrainian parliament on April 13 to demand that lawmakers reject a law #4057 that would allow prosecutors and judges to confiscate assets before a court issues a verdict. (Volodymyr Petrov)

European standards.

Anti-Corruption Action Centre and other experts of the Reanimation Package of Reforms are less enthusiastic and are convinced that the draft law #4811 contains the same threats as its predecessors #4057 and #3025.

Undemocratic ways

Sergei Pashinskiy, a member of parliament from the Narodniy Front fraction, seems to realize, that the draft raises to many legal concerns.

For this reason he is attempting to adopt it as a "blitzkrieg," against parliamentary rules of procedure and without any amendments.

The law was registered in the parliament on July 14 and passed to the committee on state security and defence, headed by Pashinskiy, which immediately recommended the parliament to adopt the draft law in general as soon as on July 16.

Notably, the draft was not forwarded to the committee on law-enforcement activities or that on legal policy, which have previously identified legal risks of proposed mechanism. The draft itself appeared on the parliamentary web-site less than 24 hours before its consideration in the parliament, which left MPs without an opportunity to prepare

any amendments. Moreover, the committee of Mr. Pashinskiy insisted that the draft law #4811 must have been passed through one reading in order to guarantee that it would not be blocked as draft law #4057 had been.

Despite all the efforts from Narodniy Front, on July 16 members of parliament voted against including the draft law #4811 into the agenda of the parliament.

Narodniy's power

In response, head of the Narodniy Front fraction Maksym Burbak announced that his faction will not vote for any draft law until the bill #4811 would be adopted. Since no effective voting in the parliament is possible without Narodniy Front, the faction received a powerful tool to manipulate the parliament. Moreover, the faction manipulates the whole country, since remaining two plenary weeks of July are the last chance to adopt draft laws required for the next IMF installment.

What can be political interests behind such a stubborn position of Narodniy Front? It seems that members of parliament are attempting to equip the Prosecutor General's Office with a tool to deliver quick success of non-conviction based forfeiture.

Lawmakers seem to require success story of the Prosecutor General's Office without the risk of reform and of bringing cronies of the ex-president to criminal liability. Prosecutors claim that such a forfeiture is the only way to recover assets of Yanukovych, but are they really doing their best?

Recently parliament simplified the procedure for opening in absentia criminal proceedings and the prosecutor general announced opening of such procedures against more than 700 people - none of whom belong to Yanukovych's clan.

When it comes to people of Yanukovych, prosecutors still claim they do not possess enough evidence.

However, Yuriy Stolyarchyk, who is responsible for the fact that ex-member of parliament and Yanukovych crony Ivan Ivanyschenko is still not facing a trial, remains the head of investigations in the Prosecutor General's Office.

No help at all

But will "non-conviction based forfeiture," as offered by the draft law #4811, actually help to recover assets of Yanukovych for the benefit of Ukraine?

The answer is no.

Should the proposed mechanism be applied by Ukrainian courts, these rulings on forfeiture will be most likely successfully appealed through European Court on Human Rights.

In a few years Ukraine will be obliged not only to return what was confiscated within such a dubious legal procedure, but also to pay considerable compensations.

The simple reason is that draft law does not comply with basic international legal standards of non-conviction based confiscation.

More specifically, the draft law gives power for prosecutors in criminal procedure to start forfeiture of any "unjustified" assets from any person suspected of corruption-related crimes. Such an approach will likely be treated as punishment for criminal offense and simply may not be used retroactively - against already committed crimes of Yanukovych and his allies.

Another legal problem in the draft law is forfeiture of assets without need to prove the fact that such assets are gained or linked in any other way to criminal conduct; this contradicts international standards of non-conviction based forfeiture.

It is clear, that draft law #4811 will not help to recover assets seized abroad: rulings of Ukrainian courts on such a "non-conviction based" forfeiture will not be recognized by any foreign court. For example, the

draft law will not help to recover about 200 million dollars arrested in Switzerland and Monaco on the accounts of Mr. Ivaniushchenko.

What may be forfeited under the draft law #4811 is assets of regular Ukrainians.

Unlimited corruption

The draft law provides for unlimited opportunities for corrupt prosecutors and court to rob the assets of any person or legal entity. The draft allows for confiscation of any assets that belong to any person with only the following conditions: person must receive assets from anyone suspected in corruption-related crimes before or during criminal investigation; person cannot justify assets by legal sources of income or cannot prove legal way of acquiring these assets.

In a country where most of the deals are not fixed properly and half of population receives salaries in envelopes to avoid taxation, such mechanism allows to seize assets of anyone who received funds from suspected person under any kind of deal, including ordinary purchase agreement.

At the same time, the law shifts the burden of proof on the owner of assets and does not establish clear deadlines for such person to be informed of a case against his property. Moreover, corrupt prosecutors may even find it useful to falsify criminal cases in order to rob or pressure any individual or business.

Not doing their jobs

As for corrupt public officials, the law offers them an opportunity to escape criminal liability. Prosecution, instead of conducting proper investigation and proving the guilt of the corrupt officials, receives an option to seize the allegedly corrupt assets without conviction. For officials such an option means losing part of their assets in return of avoiding punishment for illicit enrichment and other corruption-related crimes. And at the end, there is still an option for corrupt wealthy officials to fight in courts to recover such dubiously confiscated assets.

In the end, continuous hysteria about recovery of assets of Yanukovych is nothing but a fight for false results and additional semi-legal tools for political pressure.

Ukraine already has all procedures for recovery of assets, allegedly stolen by Yanukovych and his team, even in cases when assets formally belong to third parties.

The law already provides for trial in absentia and conviction to be applied to suspects hiding from investigations and trials. Such proceedings do not require international searches for suspects any more. All the Prosecutor General's Office needs in order to recover assets of Yanukovych is to stop political bargaining with holders of these assets and invest more efforts in proper investigation.

Anastasia Krasnosilka is a lawyer and advocacy officer at the Anti-Corruption Action Center in Ukraine. ■



Narodniy Front faction head Maksym Burbak speaks with journalists in hall of parliament on May 31. (UNIAN)



Sukhov: Western experts fall for reform rhetoric

Sukhov from page 5

influence in theory but, if the law is abused, will eliminate checks and balances and give the president a monopoly on running the judicial system.

2-(Lutsenko's) early June decision to remove Shokin's three deputies was a pleasant surprise.

Lutsenko's decision to fire Yuri Sevruk, Roman Hovda and Oleh Zalisko, who are accused of blocking reform and investigations, is praiseworthy.

But they will likely remain in the system. Sevruk became a deputy head of Prosecutorial Academy, while Hovda is being tapped for the job of Kyiv's top prosecutor, in which case his dismissal was just a deception.

Deputy Prosecutor General Yuri Stolyarchuk, a key Shokin loyalist with the reputation of an anti-reformer, will keep his job. Lutsenko did not fire him despite the fact that he started numerous criminal cases against prosecutors who investigated their fellow prosecutors' corruption in what critics see as an effort to pressure them.

3-So too were his appointments to deputy positions of reformers Dmitry Stvorozhuk, Yevgeniy Yenin, and Valentina Telychenko.

Storozhuk, an ex-lawmaker from former Prime Minister Arseniy Yatsenyuk's People's Front party, and Yenin, who used to work at the Foreign Ministry, have no reformist credentials whatsoever. Storozhuk was appointed as part of political horse-trading between the two coalition partners.

Telychenko, a well-known lawyer who is in charge of reforming the office, has consistently praised

Shokin and Stolyarchuk – the people who killed the prosecutorial reform she is supposed to take care of. She has shown herself to be a staunch loyalist of Poroshenko, not an independent-minded reformer.

Instead of attacking Poroshenko allies who interfere in the prosecution service, she has lashed out at critics of prosecutorial corruption like reformist lawmaker Sergii Leshchenko.

Petro Shkutyak, who was appointed to check prosecutors' asset declarations, is a former head of the Poroshenko Bloc's Ivano-Frankivsk city branch. To add insult to injury, his appointment was illegal because he is subject to the lustration law, which stipulates firing top Yanukovich-era officials, Tetiana Kozachenko, head of the Justice Ministry's lustration department, told the Kyiv Post.

Lutsenko has done nothing to fulfill his promise to fire about a dozen prosecutors subject to the lustration law, including Kyiv's notorious top prosecutor Oleh Valendyuk.

All these developments show that the Prosecutor General's Office has become an appendix of the Poroshenko Bloc and its junior partner, the People's Front, which makes prosecuting incumbent authorities' crimes impossible.

Lutsenko himself is a living embodiment of Poroshenko's empty promises. The president has pledged to hire an independent and professional prosecutor general, and Lutsenko, ex-leader of the presidential faction without a law degree, is neither.

Lutsenko has lambasted a controversial department suspected of fabricating political cases and ties to Poroshenko's key allies Ihor Kononenko and Oleksandr Hranovsky and promised to fire its head. But he did not keep his promise.

The reason is obvious – Lutsenko would never go against Poroshenko's will.

4-It may be that political competition is spurring both the president and the prime minister toward reform.

Really? So the triumphal reinstatement of Kononenko, who faces numerous graft accusations and denies them, as a deputy head of the presidential faction in May was a sign of reform?

Or maybe the stubborn refusal by Poroshenko and Groysman to fire Roman Nasirov, the controversial head of the State Fiscal Service, was an indicator of reform? Nasirov's reputation is plummeting to all-time lows amid corruption scandals and conflicts with his reformist subordinate Yulia Marushevskaya.

Besides that, almost all top reformers have been expelled from the Cabinet, the Prosecutor General's Office and other agencies.

Poroshenko seems to be after absolute power, not reform. In his quest for monopolizing all branches of government, he now has his loyalists installed as heads of the Cabinet, the Prosecutor General's Office, the National Bank of Ukraine and the Security Service of Ukraine. Now he's also trying to completely take over the courts and pack the Central Election Commission almost entirely with his protégés instead of giving fair representation to opposition parties.

Ukrainian authorities should only be judged by the results of their work, not their self-righteous talk or even pieces of legislation that can be easily sabotaged.

Being naively over-optimistic and positive does not help Ukraine – it hurts it. The Ukrainian people will only suffer if the West enables corrupt actors to keep their pretense. ■

Melkozerova: No reason to appease Putin

Putin from page 9

want to renew relationships with Russia.

German Foreign Minister Frank Walter Steinmeier offered to consider to "gradually remove sanctions" when reaching "significant progress" in implementation of the Minsk peace agreements on June 11. During the meeting with business representatives in Berlin he said this would stimulate Moscow for further Minsk agreements implementation.

Russia released only three Ukrainian prisoners from more than 30 jailed in recent two years of conflict. Twenty-eight times Russian mercenaries shoot at Ukrainian Army in occupied Donbas in recent two days, according to military press service. So where is implementation?

During the meeting on Saint Petersburg Economic Forum, French ex-President Nicolas Sarkozy asked Putin to take the first step in lifting sanctions process by starting to remove Russian counter-sanctions against European food products.

"I told Putin to make this offer – there's no risk in being the first to make a gesture of goodwill," Sarkozy told a panel at the St. Petersburg International Economic Forum, according to Bloomberg. "That's the mission of a great power, to be the first to put forward its hand."

My personal winner in this disturbing new trend is Italian Prime Minister Matteo Renzi, with his speech at the St. Petersburg Economic Forum.

"We need Europe and Russia to become wonderful neighbors again," said Renzi, according to Financial Times.

Renzi also said that sanctions could only be removed after implementation of Minsk peace agreements and the end of the conflict in eastern Ukraine. However he also blamed Kyiv for the failure of Minsk progress.

Only Hungarian Foreign Minister Peter Sijarto decided to make things clear for me, naming the sanctions extension "undemocratic".

"During two years of sanctions Hungarian enterprises had lost the chance to export goods to Russia to the value of \$4.5 billion. The decision to prolong sanctions was made too fast," said Sijarto to Radio Svoboda on June 22.

So all that cheese, geese, fruits, vegetables and other European high quality goods, crashed by Russian bulldozers in 2015, are forgotten?

As they love to say in Russia "the fridge is more important than the television." It is clear that sanctions had heavy impact and weakened not only Russia but also the EU.

It is hard to compete with such a powerful and united country, when some countries are trying to escape from your Union.

Maybe it is better to sacrifice the interests of Ukraine, to keep stability and prosperity in your own country, especially before the 2017 elections

As I know EU was created as a guarantee of a peaceful, united and prosperous Europe.

But are you sure that sacrificing an entire country in order to please the big bear will bring back prosperity and peace?

Russia is a greedy neighbor, who always wants more. Renzi, believe the Ukrainian experience. ■

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WITH NATALIYA TRACH
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The Erised tries for sounds like no other

Kyiv's waters offer best way to beat the heat

The long hot days of a Ukrainian summer have finally arrived, and while this is a welcome change for most, on occasion it can get too hot to handle in Kviv.

Luckily, Kyiv offers river beaches, places for boating and kayaking, and other water spots at which to cool off this summer. Kyiv Post tracked down the best of them.

Canoeing, kayaking

For the strong and sporty, canoeing and kayaking along the Dnipro give a great opportunity to admire the river's picturesque banks, plus it gives people the chance to access some of the more secluded spots that are harder to get to by foot or car. There are several small islands to explore, with few other people around to take the best spots on the beaches.

The price for one hour of kayak rental varies from Hr 55 to Hr 115. Open Tue - Fri from 11 a.m. to 8 p.m. Sat - Sun from 10 a.m. to 8 p.m.

Hydropark kayak and canoe rental (Dolobetsky Island, north from Hydropark metro station across the Venetian Bridge.) For more information visit kayakcenter.com.ua.

Further north, at Druzhby Narodiv Park (access by car, or by public and private bus from Moskovsky Bridge) there is another spot offering kayaks and canoe for rent. The price for an hour is Hr 55 – 150. The price for a day's rental is Hr 250 – 900. A deposit of Hr 500 in cash or a driver's license is required.

Open daily from 10 a.m. to 8 p.m. For more detailed information visit pohod.org.ua.

The Zenith sport camp on Trukhaniv Ostriv (1 Symona Petliury St., to the north of Hydropark, on the south end of the island, access by car from Moskovskiy Bridge or by the Pedestrian Bridge) has long served as a training camp to practice rowing, kayaking and canoeing. Today one can rent a canoe or kayak here for Hr 60 – 140 per hour. A passport or driver's license plus a Hr 500 deposit are required.

Open daily from 10 a.m. to 8 p.m. For more detailed information visit amigostour.kiev.ua.

Rowing, pedal boats

Boating, pedal boats
Boating or riding a pedal boat is one of the best ways to relax and enjoy the beauty of river nature. It is also a perfect pastime for lovers – it's probably impossible

more **Water** on page **13**

Sonya Sukhorukova, a vocalist of The Erised, performs during the band's solo show in Atlas club in Kyiv on Nov. 14. The Erised is the only pop electronic band in Ukraine signed by a British music label. (Bohdan Utsekha)



BY ANNA YAKUTENKO
YAKUTENKO@KYIVPOST.COM

While The Erised could be described as a new Ukrainian band, founded just two years ago, its members are veteran musicians.

The band includes Daniel Marin, previously with Detail, Nick Tarasov and Igor Kyrylenko, in the past with Hidden Element, Alex Lyulyakin, drummer of BoomBox, and vocalist Sonya Sukhorukova, who appeared on the Ukrainian version of "The Voice" TV show.

The Enred was formed in 2014 when Marin, Tarasov and Kyrlyenko collaborated on vocal-driven electronic pop. They brought in Sukhorukova, who performed under

the stage name Sonya. Later, the band added Lulvakin.

Passion for electronic music and desire to bring Ukrainian music to the world stage unites them.

"We want our songs to be played in different corners of the planet," Lyulyakin told the Kyiv Post on June 14.

Most of the band's followers in music sharing websites SoundCloud and Spotify are non-Ukrainians. The band's first music video "Pray" got almost 200,000 views on YouTube.

The Erised is the only Ukrainian band to win a contract with London-based music label Med School, a subsidiary of influential label Hospital Records, which records mostly drum and bass music. The most famous

Ukrainian artist that has a contract with an international music label is Jamala, who got signed by the Universal Music Group in June.

Marin said that Med School hasn't signed any other pop electronic bands.

"We are a kind of experiment for Med School," Marin said.

The band describes its music as "alternative pop," crossing traditional genres and combining several types of them in one song – as does their new single "Liar."

"Liar" starts with a settled electropop vocal line, in tone reminiscent of La Roux vocalist Elly Jackson, before switching into a standard rockish vamp towards the end of the song. In other songs, like "Pray,"

Sukhorukova's vocal style sounds like a cross between Adele's low-pitched tones and Rihanna's synth hip-hop manner.

"That's our trick - when you start to listen to the song, you don't know how it will end. Just like our album: when you start to listen to it you think that it's just nice music and at the end you hear the songs about death," Marin said.

The label is interested in young promising bands like The Erised because they could attract a wider audience. So the label takes care of distribution and promotion, letting the musicians focus on music production and writing new songs.

more **Erised** on page **13**

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KyivPost

City Life: Kyiv's waters offer best way to beat the heat

Water from page 12

to find a more romantic place in Kyiv than the waters of the majestic Dnipro River at sunset. Here are the most popular places to rent a boat or a pedal boat:

In summer, Obolonska Quay becomes Kyiv's main water activities hub. Rowing and motor boats, pedal boats, and barges are available for rental from the Natalka sports club (7-9 Pryrychna St.). A driver's license

boat or a pedal boat. The price for one hour ride is Hr 40 – 100.

Obolonska Quay. Open daily from 10 a.m. until 9 p.m.

One can enjoy boating or riding on a pedal boat on one of the four boating ponds at Holosiyivky Park (87 Holosiyivsky Ave.). The price for an hour of rowing boat or pedal boat rental is Hr 40-50. Open daily from 10 a.m. till 9 p.m.

Holosiyivsky Park. Access by car (road E95), metro (Holosiyivska

Canoeing & Kayaking

- Hydropark**
10 a.m. - 8 p.m. | ₴ 55 – 115
- Druzhby Narodiv park**
10 a.m. - 8 p.m. | ₴ 55 – 150
- Zenith sport camp**
10 a.m. - 8 p.m. | ₴ 60 – 140

Rowing & Pedal

- Obolonska quay**
10 a.m. - 9 p.m. | ₴ 40 – 100
- Holosiyivsky park**
10 a.m. - 9 p.m. | ₴ 40 – 50

River Tram

- Poshtova Ploshcha metro**
12 p.m. - 7 p.m. | ₴ 120 – 140

Yachting

- Rentflot Kyiv**
per customer | ₴ from 250
- Kyiv Yacht Center**
10 a.m. - 8 p.m. | ₴ from 900

Places to enjoy boating, kayaking and other water activities to cool off in Kyiv this summer. (Iryna Movchan, Roman Kolgushev)



A river tram departs from the pier at Poshtova Square in Kyiv on June 22. (Anastasia Vlasova)

Riding a river tram

Going on a cruise needn't mean taking to the high seas, at least in Kyiv. One can use the Dnipro river trams, which serve both as a tourist attraction and transport. The river trams set off from Kyiv's river station near Poshtova Ploshcha metro station, and offer picturesque views of both banks of the Dnipro. Cruises feature the beautiful buildings of Podil, the golden domes of Kyiv-Pechersk Lavra, and the stunning Vydubychi Monastery. Trips to the mouth of the Desna, Kyiv Sea, or a standard one-hour Kyiv sightseeing are available by river tram. Tours cost Hr 120 – 250 and last from one hour to 3.5 hours.

Kyiv river station is located near Poshtova Ploshcha metro station, quay No. 10. Open on weekdays

from 12 p.m. until 7 p.m. and from 11 a.m. until 7 p.m. on weekends.

For more detailed information visit rpea.com.ua.

Yachting on the Dnipro

Those who like a bit more luxury can try yachting along the Dnipro River, with several Kyiv companies offering various classes of vessels to buy or rent. Whether it's resting in solitude, fishing, or having a romantic dinner, popping the question, holding an unusual birthday party or throwing a wedding, a yacht is hard to beat. And while it can be pricey for larger vessels, the minimum rent for a small yacht in Kyiv is only Hr 250 per hour, so in Ukraine yachting is not just a sport for the well-off.

For instance, Rentflot Kyiv ship-

ping company offers yachts, motor boats and cruisers for individual trips and big celebrations for up to 200 guests. The price of yacht rental varies between Hr 250 per hour to Hr 10,000 for a day. Motor cruiser rental is from Hr 400 – 5,000 per hour. The company also offers catering, live music and MC entertainment on its boats.

For more detailed information visit www.rentflot.ua.

Kyiv Yacht Center offers rental of sailing yachts for \$35 -153 per hour, while the price for a motor yachts is \$200 – 800 per hour. The company also offers its clients five different routes on river cruises, which include visiting the islands of the Dnipro and having picnics on them.

For more detailed information visit arenda-yaht.kiev.ua. ■

The Erised eschews ordinary while its music wins fans

Erised from page 12

The band released its debut album on June 3 and has been promoting it with live shows. The band will tour Ukraine's five largest cities at the end of the summer and will perform at a music festival organized by the Med School in London in September.

Tarasov, who was one of the band founders, has now switched from

performing to organizing concerts, so onstage, The Erised is a four-piece group.

Marin said that recording quality music takes a lot of time and work, and not all the Ukrainian bands dedicate so much attention to their sound as The Erised does.

The band writes their songs by communicating via the internet, since Sukhorukova spends much of her time in Moscow. Kyrylenko and Marin first compose the main parts of a new song and then send it to Lyulyakin and Sukhorukova.

It's not a problem in the modern age.

"I've told you, we're not an ordinary Ukrainian band," Marin joked. ■

The Erised will play their next show at the Atlas Weekend music festival in Kyiv on July 9 at VDNH National Expocenter (1 Akademika Hlushkova Ave.). Hr 500 for one-day festival ticket, Hr 1,090 for three-day ticket.

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June 22 – 28



(Roman Minin)

Art exhibition

Modern Ukrainian artist Roman Minin, whose works have been sold at the Sotheby's international fine arts auction over the last three years, now presents his latest artworks dedicated to the life of Ukrainian coal miners in the eastern Ukrainian coal mining region of Donbas.
Roman Minin's "Miners' Folklore, for Memory" art exhibition June 22 – 28. 11 a.m. – 8 p.m. M17 Art Center (102 Antonovycha St.). Free

June 25 – 28



(musiksoldat.de)

Youth Day celebration

Foreign DJs Riico Tubbs, Wolfgang Flur and Antipop and 40 of the best Ukrainian DJs such as Anna Lee, Antai, Anya Arfeeva, Azotti, Bolotin, Bpm Orchestra, Buzzkeeper, DJ Andrew and many others promise to play breathtaking electro-music sets, skillfully mixing hip hop and downtempo.
Youth Day festival (electronic music). June 25 – 28. 10 a.m. Lavra Gallery (17 Ivana Mazepa St.). Free

June 24



(Kyiv's Soloists/facebook)

Jazz concert

Local jazz lovers can look forward to the best hits of Frank Sinatra, Dan Martin and Nat King Cole performed by Ruslan Yegorov, Dmitry Aleksandrov and Kyiv Soloists jazz band.
Summer Jazz Love Songs. June 24. 8 p.m. Cinema House (6 Saksahanskoho St.) Hr 200 - 550

June 6



(Red Hot Chili Peppers/facebook)

U-Park music festival

Olimpiyskiy Stadium will host a two-day music festival. On July 6, the fans will listen to the Red Hot Chili Peppers, The Kills, Nothing But Thieves and The Hardkiss. On July 8, Muse, Hurts, Poets of the Fall and My Vitriol will take the stage
U-Park festival. June 6, 8. 4 p.m. Olimpiysky Stadium (55 Velyka Vasylkivska St.). Hr 1,000 – 3,200 for one day, Hr 2,100 – 2,700 for both days

'Coriolanus' (British Theatre Live)

The Shakespeare's tragedy tells the story of Coriolanus, an ancient Roman general, who after returning from battle to Rome must confront the march of realpolitik. Josie Rourke directs the play and emphasizes the themes of political manipulation and revenge.
"Coriolanus" (British Theatre Live). June 28. 7 p.m. Kyiv Cinema (19 Velyka Vasylkivska St.). Hr 150

(courtesy)



June 28



(Volodymyr Petrov)

July 2-3

Fashion Air Days

The fashion fair offers its visitors clothing and accessories from Ukrainian and European designers. Fashionistas will have a chance to get their hair and makeup done, as well as receive some advice from professional stylists for free.
Fashion Air Days. July 2-3. 11 a.m. – 8 p.m. M17 Art Center (102 Antonovycha St.). Hr 50

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KIEV****ADMINISTRATIVE
ASSISTANT
(HALF-DAY POST FROM
08:15 TO 13:15)****REQUIREMENTS:**

- A minimum of 12 years schooling PLUS working experience in administrative field
- Fluent in English/Ukrainian - reading and writing.
- Computer literacy - MS Office, Internet, Power Point and Excel.

JOB DESCRIPTION:

- Manage purchases and service providers – order and delivery of goods
- Stock Control and Assets Management
- Maintenance of Registers and Database
- Assist in Financial Management and Consular Services when required

SALARY:

From Euro 4771 to Euro 5340 p/a depending on experience and qualifications. Salary paid in UAH.

Please send full CV with References and Qualification Certificates and contact details to saemb.kiev@gmail.com (Subject: Asst Admin Post) on or before **15 July 2016** No applications will be accepted after the due date. **Only persons who qualify will be shortlisted and contacted**



The **International Republican Institute (IRI)** is a nonprofit, nonpartisan, organization dedicated to advancing freedom and democracy worldwide. IRI provides technical assistance in the areas of political party strengthening, developing civic institutions and open elections, promoting democratic governance and advancing the rule of law.

Job Purpose: IRI Ukraine will develop an e-Learning Platform (ELP) which will provide information on and educational materials (video, audio and print) regarding past and current programming. The ELP will include a calendar of upcoming programming activities and an online application process for potential program participants to apply to attend IRI events.

To develop the ELP, IRI seeks the services of **website development and hosting services companies and technical production consultants/firms**.

Website Development and Hosting Services: Drupal CMS, foreign (non-Ukrainian) hosting, SEO and analysis, maintenance; developers may be both Ukrainian and foreign.

Technical Production needs: videography, video editing, video creation (animated and based on graphic facilitation), static/interactive infographics creation, photography, graphic design, audio recording, print publishing.

Expected contract period: Date of signature through March 31, 2020.

The Requests for Proposals with all the details and requirements can be found at www.iri.org/sites/default/files/wysiwyg/eurasia2016u08o_rfp_0.pdf and www.iri.org/sites/default/files/wysiwyg/eurasia2016u09o_rfp_1.pdf

Applications may be for specific or comprehensive services.

For more information or questions, contact Iryna Bilonizhka, ibilonizhka@iri.org, +38-067-323-57-20.

Closing Deadline: June 30, 2016, 18:00 EEST



Professionals for Reform Support Mechanism (PRSM) provides human resource support – from managers to technical experts - to critical reform initiatives undertaken by national governmental agencies. Current opportunities include:

Agile Project Management Expert responsible for introduction of a modern complex projects management approach and implementation of intensive on-the-job trainings and consultancy sessions;

Team Leader for the Decentralization Management Office (DMO) who will coordinate and support the decentralization reforms activities conducted by Ministry of Regional Development,

Construction, Communal Service and Housing (Minregion);

PRSM Finance Officer – responsible for financial documentations, preparing payments, creating TAX and financial and other reports.

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



Internews is seeking candidates for the position of **Finance Manager**

DUTIES AND RESPONSIBILITIES include the following. Other duties may be assigned:

- Assist Finance Director and Chief of Party (COP) in developing budgets, tracking expenditures and making financial projections for an array of projects implemented by Internews in Ukraine.
- Work closely with Finance Director and Chief of Party (COP) to ensure that appropriate records are maintained in compliance with donors' requirements.
- Work closely with Finance Director on procurement, travel reimbursement, VAT monitoring, grantees' reporting and ensuring that all operations are in compliance with local requirements and donors' rules and regulations.
- Process documentation such as visas for visiting consultants and expatriate staff members, contracts, travel reimbursements, etc.
- Participate in Internews fundraising efforts.
- Additional assignments and initiatives as assigned by Internews management.

QUALIFICATIONS REQUIRED:

- Master's degree in Finance, Management or Economics
- Minimum of five years of experience in financial reporting for international technical assistance programs
- Excellent knowledge of Ukrainian accounting procedures
- Excellence in writing in English, Ukrainian and Russian
- Excellent organizational, interpersonal and communication skills
- Ability to work under strict deadlines
- Strong knowledge of Microsoft Office, Excel and Access.

Please send your CV with a cover letter and list of three references to Nyurchenko@internews.org and omaydan@internews.org before **July 8, 2016**. **Only short-listed candidates will be invited for interviews.**

This position is contingent upon funding availability.

**MULTIPLE JOB OPPORTUNITIES**

Global Communities, formerly CHF International, is an international non-profit organization that works closely with communities worldwide to bring about sustainable changes that improve the lives and livelihoods of the vulnerable.

Global Communities is seeking qualified and experienced personnel for the five-year USAID-funded Decentralization Offering Better Results and Efficiency (DOBRE) project. This project will strengthen local governments in newly consolidated communities to effectively manage resources and services that respond to community priorities and improve citizen engagement and oversight in local governance.

We are currently hiring the following positions:

- Civic Engagement Expert: <http://bit.ly/1tue7Ag>
- Monitoring, Evaluation & Learning Specialist: <http://bit.ly/1UgjEqq>
- Grants Manager: <http://bit.ly/1UE8QfU>
- Human Resources Manager: <http://bit.ly/1UnzwnZ>
- IT Manager: <http://bit.ly/1YxTWNQ>
- Receptionist/Administrative Assistant: <http://bit.ly/1WRx50o>

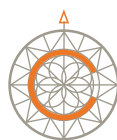
Follow the links for the full job description and to apply, or email UkraineHR@globalcommunities.org for more information. We anticipate additional opportunities soon, so check Global Communities' job listings frequently at www.globalcommunities.org/careers/

**Kyiv Post business
reporter job opening**

The Kyiv Post, Ukraine's English-language newspaper and winner of the 2014 Missouri Honor Medal for Distinguished Service in Journalism, has an opening for a business reporter. The challenging yet highly rewarding position requires in-depth knowledge of Ukraine's business environment. key players and developments in the economy.

Candidates must be fluent in English, Ukrainian and Russian, have exceptional writing and communication skills as well as a strong desire to break news and ethically write compelling stories.

For more details, e-mail Kyiv Post chief editor Brian Bonner at bonner@kyivpost.com and send CV, three writing samples, three story ideas and motivation letter.



CHEMONICS

Chemonics International, an international development consulting firm, implementing USAID/OTI Ukraine Confidence Building Initiative (UCBI) Project, solicits expressions of interest for the position of **INFORMATION AND DATABASE MANAGER** to be based in Kyiv, Ukraine.

For qualifications and job description please refer to www.facebook.com/USAIDUCBI/
Send electronic submissions to ukrainelocalrecruit@gmail.com by July 01, 2016

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Russia's war against Ukraine helps spur exodus from Moscow church

Church from page 9

all claims of Russian influence. "We are not administratively or economically dependent on Moscow," Kliment said. In 1990, the Moscow Patriarchate granted its church in Ukraine maximum autonomy, giving it the power to appoint its own bishops and manage its own financial and economic affairs.

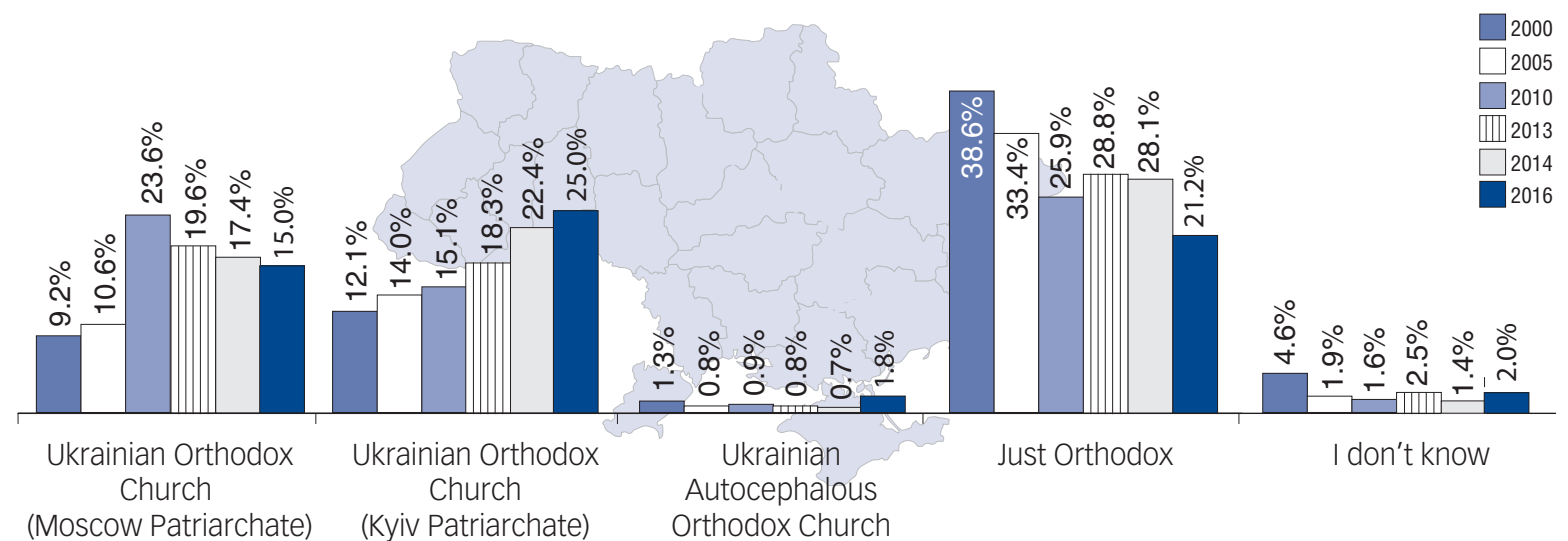
Kliment also denied allegations of its pro-Russian stance. "We are accused of supporting separatists. In official documents, we always say that Crimea is Ukraine, that the war in the Donbas must stop immediately."

But a press release by the Moscow Patriarchate on the eve of the Russian invasion in Crimea in 2014 casts doubt on the church's pro-Ukrainian stance. "Let us hope that the mission of the Russian warriors defending freedom and the identity of those people and their very life will not meet staunch resistance leading to large-scale clashes," the press release read.

Spiritual aid

For Father Sergii Dmytriev, head of the Kyiv Patriarchate's social policy department, the fact that the Ukrainian Church does not have its own Patriarch is enough to prove its lack of autonomy. On the other hand,

To which Orthodox church do you belong?



More Orthodox Christians in Ukraine identify with the Kyiv Patriarchate than the Moscow Patriarchate amid Russia's war against Ukraine, according to a nationwide survey of 2,018 people in March 2016 by the Razumkov Center.

the Kyiv Patriarchate has made itself out to be the people's church, supporting first the protesters during the EuroMaidan Revolution, and now the Ukrainian soldiers fighting against Russian-backed separatists.

During the revolution, the patriarchate opened the doors of its golden-domed Mikhailovsky Monastery

to protesters as a safe haven and later, as a hospital. In a dramatic moment, when Berkut police began attacking protesters on the eleventh night of the revolution, Mikhailovsky rung its alarm bells for the first time in 800 years. The bells continued to ring for eight hours, until the police retreated.

"The Kyiv Patriarchate is the spiritual aid of any person fighting for the interests of the country," Dmytriev said.

"It is not about a difference in faith. We are of one faith," Zoria said of the two patriarchates. The difference is purely political. Zoria went on to say that the Kyiv Patriarchate

welcomes all political parties - except "anti-Ukrainian" ones.

"A person should not see the church as a continuation of politics. It is only anti-Ukrainian parties that we do not associate with. We welcome all the other parties, and keep up relationships with all of them," Zoria said. ■



In 2014, Ukraine was *the* story for international news organizations.

By 2016, most of them have moved on to other stories.

The Kyiv Post remains.

Ukraine is our home and where our brand of independent journalism has flourished for 21 years.

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