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A Study In Contrasts

In USA

2 indicted, 1 guilty plea



Rick Gates. (Voice of America)



Paul Manafort. (AFP)



George Papadopoulos. (AFP)

In Ukraine

Stalled investigations, no convictions



How Manafort case is an indictment of Ukrainian law enforcement See editorial on page 4

Stolen from Ukraine: As US charges Manafort, Ukrainian authorities do nothing, as usual

BY OLEG SUKHOV AND VERONIKA MELKOZEROVA
SUKHOV@KYIVPOST.COM AND MELKOZEROVA@KYIVPOST.COM

The contrast could not have been starker. U.S. law enforcers, in a blaze of publicity on Oct. 30, indicted Paul Manafort, an ex-adviser to ousted Ukrainian President Viktor Yanukovich and ex-campaign manager to U.S. President Donald J. Trump, on charges that he laundered at least \$18 million out of \$75 million in ill-gotten gains from Ukraine. Meanwhile, in the offices of

Ukrainian investigators, prosecutors have failed to file any charges related to Manafort, even though there is evidence the U.S. consultant accepted millions in secret payments and was involved in shady business dealings in Ukraine for years. The investigation into the alleged "Black Ledger" of \$2 billion in illegal payments by Yanukovich's Party of Regions, in which Manafort is mentioned, has effectively stalled. Only one top Yanukovich-era official, ex-Justice Minister Oleksandr Lavrynovych, is currently on trial for corruption. No Yanukovich-regime officials have been convicted since the former president fled for Russia in 2014, despite \$40 billion being

stolen during his four years in power. The case against the organizers of the police sniper murders of at least 100 EuroMaidan protesters in 2014 has not even been sent to trial, and only one person is in jail for crimes against EuroMaidan demonstrators. **Fruitless efforts** In contrast with the U.S., Ukrainian investigators, prosecutors and courts are incapable of investigating and convicting corrupt officials due to pervasive graft, incompetence and political influence, analysts say. The only possible exception is the National Anti-Corruption Bureau of

more **Stolen** on page 19

Manafort may be guilty of more than financial crimes against Ukraine

BY JOSH KOVENSKY AND VERONIKA MELKOZEROVA
KOVENSKY@KYIVPOST.COM AND MELKOZEROVA@KYIVPOST.COM

The indictments of U.S. political consultants Paul Manafort and Rick Gates reveal a \$75 million binge on luxury lifestyles, allegedly stolen from Ukrainian taxpayers by the pair's bosses: President Viktor Yanukovich and the now-defunct Party of Regions. "Manafort and Gates generated tens of millions of dollars in income as a result of their Ukraine

work," reads the indictment, which charges the longtime advisers of Ukraine's Party of Regions with money laundering, tax fraud and failing to register as foreign agents. Oddly enough, Manafort and Gates still face no criminal charges in Ukraine. Manafort's name appears in text messages hacked from his daughter's phone in connection with the murder of more than 100 protesters during the 2014 EuroMaidan Revolution that drove Yanukovich

more **Manafort** on page 15

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CURRENCY WATCH
Hr 27 to \$1
November 2 market rate



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Reform Watch

Editor's Note: The Kyiv Post tracks the progress made by Ukraine's post-EuroMaidan Revolution leaders in making structural changes in the public interest in a broad range of areas, from the defense and energy sectors, to taxation and pensions. Below are the main issues in focus from Oct. 27 to Nov. 3.

Summary

The government's top priority areas for reform are public administration, decentralization, state procurement, taxation, judicial reform, pension, health, education, state property management and privatization, Ukrainian Prime Minister Volodymyr Groysman said while on a visit to Canada on Oct. 1.

Judicial reform

While the government has moved on judicial reform, critics say the process was hobbled and perhaps even sabotaged by the process of selecting judges of the Supreme Court. Members of the Public Integrity Council, a civil society watchdog that oversaw the selection of candidates for the court, said 25 of the candidates they vetoed as being unsuitable to serve were nevertheless selected to be Supreme Court justices among 111 chosen. As for the creation of an independent anti-corruption court, President Petro Poroshenko still has not submitted a draft law.

Pensions

Another priority where Ukraine's government gets mixed reviews is a pension overhaul. Although new legislation was passed by parliament on Oct. 3, the pension age wasn't raised, (58 for women, 60 for men) as Ukraine's financial backers, the International Monetary Fund and the World Bank, had wanted. Critics of the new law said the changes to the pension system were mainly cosmetic.

But the new law raises the number of working years required to qualify for a state pension from 15 to 25 immediately, and it will grow by one year annually, until it reaches 35 in 2028.

Ukraine's aging and declining population has too few workers to support the current pensioners, who get an average of less than \$100 monthly. Yet pensions are costly: \$11 billion, or 27.5 percent of Ukraine's \$40 billion state budget, is needed to pay 12.3 million pensioners.

Health

Meanwhile, reform of Ukraine's health care system looks to be on track, with parliament approving legislation on Oct. 18 to overhaul what is seen as one of Ukraine's most corrupt sectors. The new legislation, drawn up by Ukraine's reformist Acting Health Minister Ulana Suprun, came through parliament virtually unscathed, with almost 900 amendments to the bill being rejected in a marathon voting process that lasted almost three days.

Agriculture

One area that Groysman failed to



Lawmakers congratulate Acting Health Minister Ulana Suprun (C) and Prime Minister Volodymyr Groysman (R) after Ukraine's parliament, the Verkhovna Rada, on Oct. 19 passed a law that will trigger the start of long-awaited reform of the health sector in Ukraine. (Oleg Petrusiuk)

mention is creation of an agricultural land market, which also should be a priority for the government as future tranches of Ukraine's \$17.5 billion IMF aid package could depend on it

Groysman as far back as April set out the government's vision for the agricultural sector, it received a lukewarm response.

Indeed, in the six months since, there has been no progress on creating an agricultural land market, which some say will boost investment by \$50 billion in the sector. The World Bank says it hopes to see legislation in Ukraine in 2018.

According to experts, the lack of a land market in Ukraine acts as a break on the economy of Ukraine: According to Satu Kahkonen, World Bank Country Director for Belarus, Moldova, and Ukraine, writing in a post on the World Bank website on Oct. 2 (republished on page 9 of in this week's issue of the Kyiv Post), Ukraine could add 1.5 percent to its annual gross domestic product and \$15 billion to its annual output by carrying out "meaningful reform" of the agricultural sector.

Such reform "must include providing incentives for long-term investment and proper land management, access to credit, and transfer of land to its most productive uses," Kahkonen writes.

However, there is substantial opposition to the ending of the moratorium on land sales not only in parliament, but among farmers themselves. Many smaller farmers —

who rent land from landowners who received plots from the state after the breakup of the Soviet-era collective farms — fear that they will lose access should it become available for sale. Landowners will be tempted to sell their land to large agribusinesses, which will then squeeze competition off the market, small private farmers say.

Decentralization

Decentralization in Ukraine passed a milestone on Oct. 29, when Ukraine held the first local elections in its new amalgamated communities, or hromadas. Elections were held in over 400 areas. More than 200 other areas currently undergoing the process of amalgamation also elected local officials.

By the end of the year, Ukraine will have more than 600 new hromadas out of the 1,500 originally envisaged. According to the initial decentralization plans from 2014, a reaction to the over-centralized power in Kyiv, Ukraine's towns, villages and settlements were to be reorganized into amalgamated communities, the lowest tier in a three-tier local government of oblasts, rayons (districts), and hromadas (amalgamated communities.)

The restructuring is intended to rebalance powers and responsibilities between central government and local authorities. Local authorities are to retain more of the tax revenues in their areas (60 percent of the income tax, and 100 percent of state duty and administrative fees),

and use the funds locally to improve infrastructure and services.

However, Russia's war on Ukraine disrupted the initial plans: the decentralization legislation was amended to take into account Ukraine's obligations under the Minsk accords to grant special status to the Russian-occupied parts of Donetsk and Luhansk oblasts, which led nationalist and opposition political forces to oppose it. The legislation passed first reading in parliament on Aug. 31, 2015, amid violent clashes outside of the Rada in which four National Guardsmen were killed by a grenade blast. The legislation has since stalled, with no further progress in its adoption.

Meanwhile, the United Nations Development Program in Ukraine has been supporting the decentralization process in the government-controlled portions of Donetsk and Luhansk oblasts. The UNDP has organized study trips for local government officials and civil activists to amalgamated communities in other parts of the country and in Poland to acquaint them with best practice under similar local-government systems.

In addition, the UNDP has supported the creation in government-controlled Donetsk and Luhansk oblasts of Centers for the Provision of Administrative Services, or TsNAPs, providing equipment and staff training. The TsNAPs are intended to act as the public face of decentralization reform in Donetsk and Luhansk oblasts, through which citizens can obtain government services, such as the issuing of passports and residency permits, quickly and inexpensively.

In addition, the UNDP in October launched its "I Am the Community" information campaign to improve public awareness of the decentralization reform process. It has also provided training for local authorities in incorporating input from ordinary citizens, especially women and internally displaced persons, to reflect their priorities when setting local development policies and allocating budget spending. ■

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Brazen assassination of activist fuels climate of fear in Ukraine

BY OLENA GONCHAROVA
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High-profile assassinations and attempted ones are occurring with disturbing regularity in Kyiv.

Less than a week after a blast the Oct. 25 killed two people and wounded three, including lawmaker Ihor Mosiychuk, there was a brazen attack on two prominent military activists.

Volunteer fighter and activist Amina Okuyeva was killed in the ambush late on Oct. 30 near the village of Hlevakha, 10 kilometers southwest of Kyiv.

Okuyeva, 34, was in a car being driven by her husband, Adam Osmayev, a Chechen man whom Russian authorities accuse of plotting to kill Russian President Vladimir Putin. As they drove near a level crossing, hail of bullets hit them in the darkness, fired from an automatic rifle.

Okuyeva was hit in the head and died at the scene. Osmayev was wounded and hospitalized.

Police have opened an investigation into premeditated murder.

There has been a string of assassinations in Kyiv during the last year, which have targeted journalists, soldiers, and lawmakers. Security forces have proved unable to keep



Amina Okuyeva, Ukrainian citizen and a Chechen patriot, speaks during a rally called Heroes of the Caucasus killed by Moscow Occupants outside of the Russian embassy in Kyiv on April 24, 2016. Okuyeva was killed late on Oct. 10 in the village of Hlevakha, 10 kilometers southwest of Kyiv. (Volodymyr Petrov)

the Ukrainian capital secure, and investigators are yet to solve most of the cases.

And the latest murder has ratcheted up criticism of the country's law

enforcement another notch.

First attempt

Okuyeva and Osmayev made the headlines on June 1 when a first

assassination attempt on them failed in Kyiv. On that occasion, Okuyeva returned fire and wounded the would-be assassin.

The hitman had introduced him-

self as journalist Alex Werner from the French newspaper Le Monde. Police later identified the attacker as Artur Denisultanov-Kurmakayev. In the 1990s, Denisultanov-Kurmakayev was associated with a Chechen organized crime group operating in St. Petersburg, and he once appeared on Russian TV to speak as a representative of the organization.

Okuyeva and Osmayev were provided with state security guards after the attempted assassination, but gave up using them after a few months.

Ukrainian authorities blamed Russian intelligence services for the attack.

In 2007, the Russians accused Osmayev of plotting to kill the Kremlin-backed leader of Chechnya, Ramzan Kadyrov. The case collapsed for lack of evidence, and Osmayev moved to Ukraine.

In 2012, Osmayev was arrested in Ukraine and charged with possession of illegal explosives, damaging private property, and forgery. At the request of Russian authorities, he was charged with plotting to kill Vladimir Putin. In late 2014, the post-Maidan Ukrainian authorities dropped the charge.

In 2014, Osmayev entered the volunteer Dzhokar Dudayev Battalion

more **Okuyeva** on page 14

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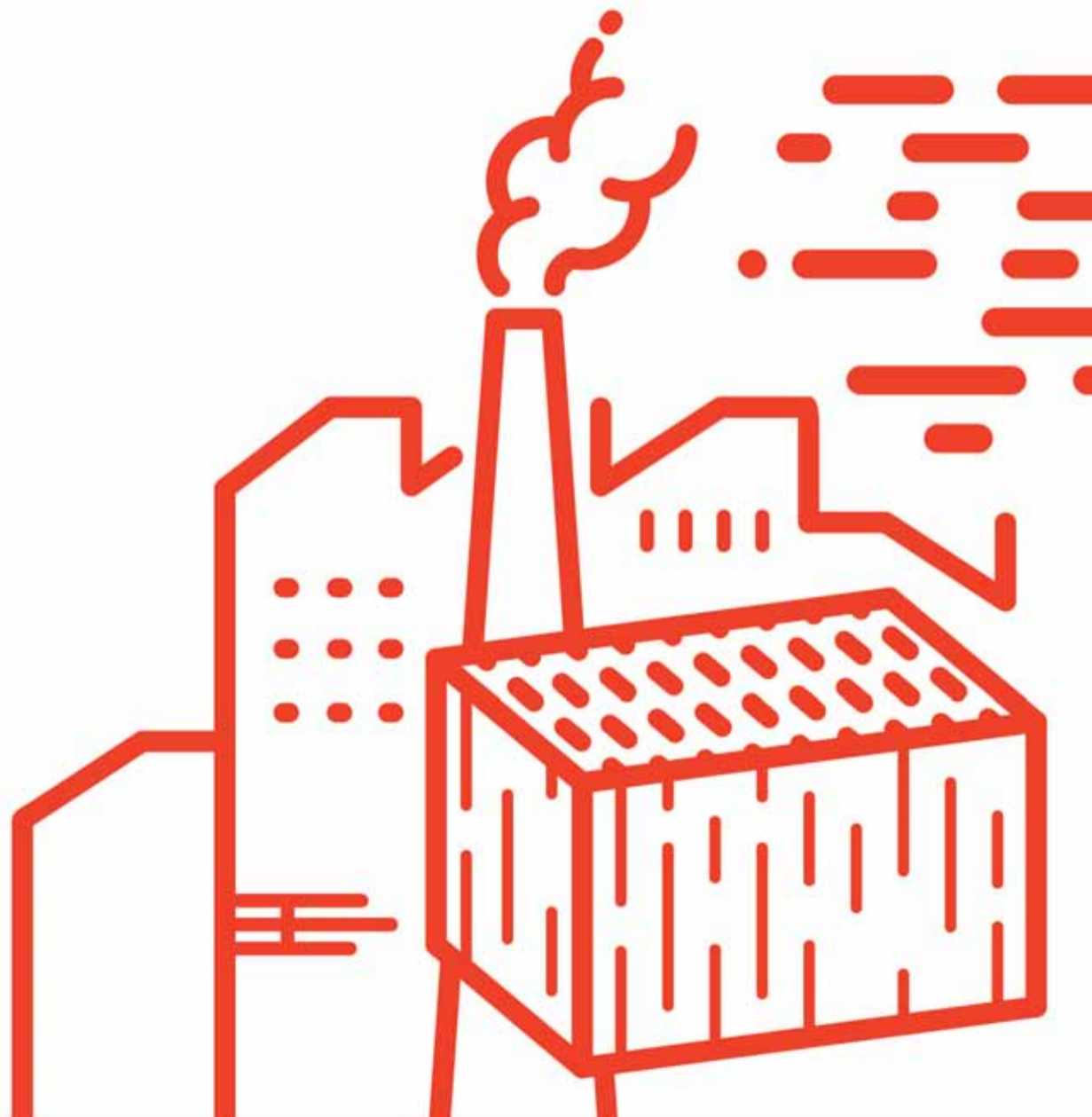
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Editorial

Hundreds of Manafort

Ukraine's leaders should take a lesson from the U.S. criminal indictments of Paul Manafort and Rick Gates, and the guilty plea of George Papadopoulos, all announced on Oct. 30. The contrasts are glaring. Ukrainian authorities have been putting up smokescreens with diversionary debates over such bogus issues as the authenticity of signatures on the "Black Ledger," ex-Ukrainian President Viktor Yanukovich's record of \$2 billion in illegal payments uncovered last June. They have a long history of obstructing justice with such ruses. Anybody remember the debates over the authenticity of the Melnychenko tapes, which showed ex-President Leonid Kuchma running the nation like a mafia thug?

By contrast, U.S. Special Prosecutor Robert Mueller has shown how a professional works. His team got search warrants. They secured tax and bank transfer records that they allege will prove that Manafort and his protégé, Gates, received \$75 million in illicit payments from Ukraine. Manafort worked as a Yanukovich and Party of Regions adviser from 2006 to 2014, then helped the Regions' holdovers form the Opposition Bloc in 2015, before becoming manager of Donald J. Trump's successful 2016 presidential campaign.

Mueller also got evidence against Papadopoulos, a Trump foreign policy adviser, who pleaded guilty on Oct. 5 to lying about meetings he had with Russians as early as March 2016 over hacked emails from Hillary Clinton. Then they offered Papadopoulos a plea bargain to get him to "flip," or giving evidence of criminal wrongdoing against others.

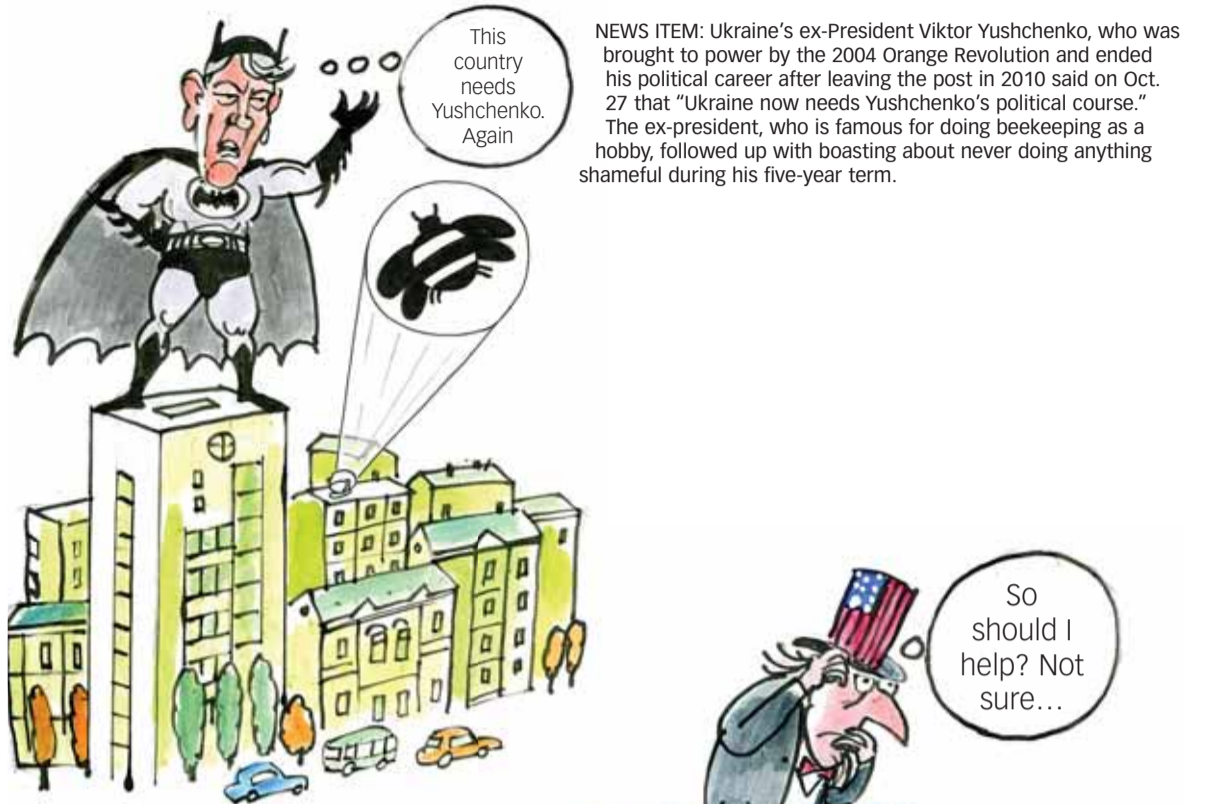
Of course, the biggest difference between America's judicial system and Ukraine is that Ukraine's police, prosecutors and judges are not supposed to seek justice or punish those who steal billions of dollars and murder people with impunity. They're supposed to preserve and protect the insiders who steal — keeping the kleptocratic oligarchy in place. President Petro Poroshenko, since coming to power on June 7, 2014, has been mightily resisting an independent legal system.

So Ukrainians continue to be impoverished needlessly by their corrupt elite. Some \$40 billion went out during the Yanukovich era from 2010 to 2014, when it was brought to an end by the EuroMaidan Revolution. Some \$20 billion was taken from Ukraine's banks, without a single bank fraud conviction. Billionaire oligarch Ihor Kolomoisky's theft of \$6 billion from PrivatBank is Exhibit A. There's also shady business going on today in the nation's \$5 billion security and defense budget.

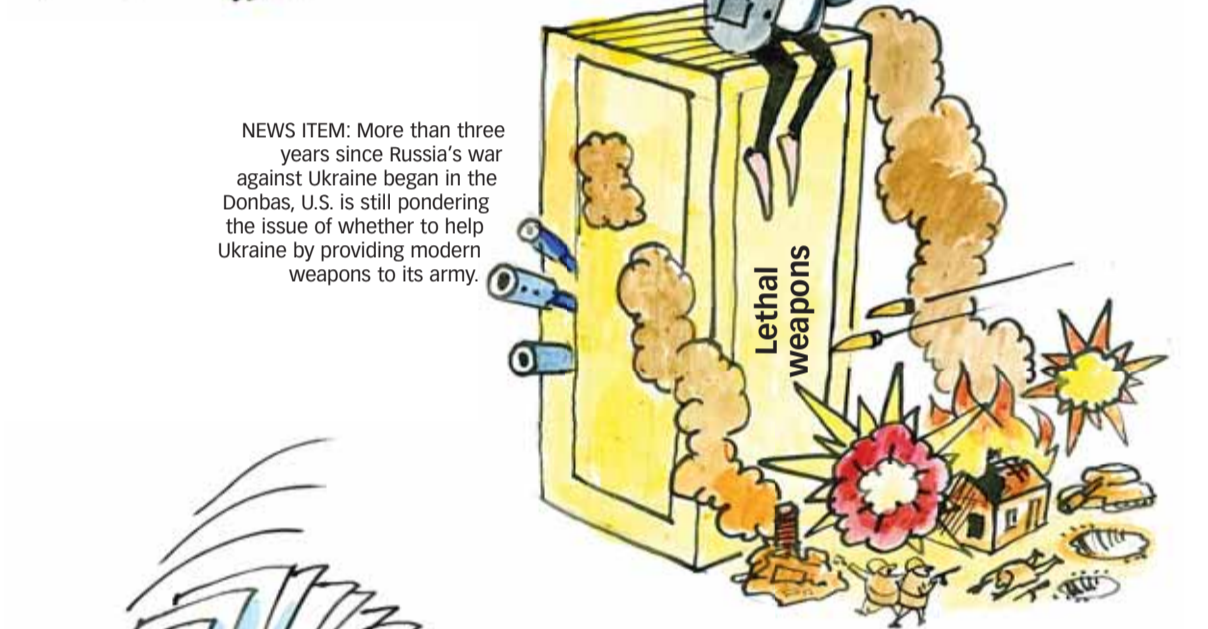
Western nations, favored destinations of ill-gotten gains, often cannot crack down on suspicious or illegal money unless Ukrainian authorities develop criminal cases against the culprits at home and forward the evidence. That almost never happens, even though evidence of corruption and theft is abundant if Ukrainian law enforcers really wanted to find it.

Poroshenko relies on the primary justice blockers — Prosecutor General Yuriy Lutsenko, Interior Minister Arsen Avakov and Security Service of Ukraine head Vasyl Hrytsak. The new anti-corruption institutions become convenient scapegoats and excuses for why the regular institutions — with 150,000 police officers and investigators, 15,000 prosecutors, 9,000 judges and 40,000 special service agents — aren't doing their jobs. While the National Anti-Corruption Bureau of Ukraine may be doing its job, its work is ultimately pointless without trustworthy courts. All investigations are still controlled by the General Prosecutor's Office, including court verdicts. Instead of pursuing justice, these overstuffed Soviet holdovers harass opponents and corruption-fighting activists. They deter foreign investment by attacking entrepreneurs. There is no other reason for an economic unit of the Security Service of Ukraine.

America has had more success in fighting Ukrainian corruption than Ukraine. U.S. courts in 2006 convicted ex-Ukrainian Prime Minister Pavlo Lazarenko of laundering \$114 million; he spent three years in prison. Now the U.S. justice system is going after Manafort. But the money allegedly stolen amounts to less than 1 percent of the theft during the Yanukovich era alone. In other words, there are hundreds of Ukrainian Manaforts getting off scot-free. This has dire consequences. If Yanukovich had been prosecuted for the 2004 election fraud that triggered the Orange Revolution, he would have been in prison instead of elected president in 2010. If Ukraine's law enforcers keep failing to confront corruption, Poroshenko will only have himself to blame if he loses re-election in 2019. Until Ukraine defeats its institutionalized corruption, the nation has no hope of being taken seriously by the West or investors. A victimized society will, moreover, justifiably always be on the brink of its next revolution.



NEWS ITEM: Ukraine's ex-President Viktor Yushchenko, who was brought to power by the 2004 Orange Revolution and ended his political career after leaving the post in 2010 said on Oct. 27 that "Ukraine now needs Yushchenko's political course." The ex-president, who is famous for doing beekeeping as a hobby, followed up with boasting about never doing anything shameful during his five-year term.



NEWS ITEM: More than three years since Russia's war against Ukraine began in the Donbas, U.S. is still pondering the issue of whether to help Ukraine by providing modern weapons to its army.



NEWS ITEM: Paul Manafort, the former manager of U.S. President Donald J. Trump's successful 2016 campaign and the former longtime adviser to ousted Ukrainian President Viktor Yanukovich, was indicted on 12 separate charges relating to his work for Yanukovich's Party of Regions, including money laundering and conspiracy against the U.S. Manafort's name came up on the Party of Regions' documents as a receiver of \$12 million, but the former adviser hasn't been charged in Ukraine.



NEWS ITEM: The National Anti-Corruption Bureau of Ukraine on Oct. 31 arrested Oleksandr Avakov, the son of Interior Minister Arsen Avakov, in Kyiv in a corruption case. Avakov was released without bail on the next day. He and two more people are suspected of embezzling Hr 14 million on a contract to supply backpacks to the Interior Ministry. Avakov's father spoke vigorously in his defense.

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Reformer of the week

Oleksandr Snegiryov

Anti-corruption prosecutor Oleksandr Snegiryov on Nov. 1 led the graft case against Interior Minister Arsen Avakov's son Oleksandr, ex-Deputy Interior Minister Serhiy Chebotar and IT firm Turboseo's CEO Volodymyr Lytvyn.

The three are accused of embezzling \$14 million by supplying overpriced backpacks to the Interior Ministry, which is confirmed by video footage published online. However, the suspects were released by the court without bail under what critics believe to be political pressure.

Meanwhile, in video footage recorded by the Security Service of Ukraine and recognized by courts as genuine, Chebotar, the Interior Ministry's State Secretary Oleksiy Takhtai and state firm Spetsvervis CEO Vasyl Petrivsky, an ex-aide to Avakov, negotiate a corrupt deal to sell sand at a rigged auction.

In the video, Chebotar says that Avakov is also aware of the deal and is worried that the sand has not been sold yet. Petrivsky has pled guilty and has been convicted in a theft case for selling the sand.

The NABU is also investigating Avakov's deputy Vadym Troyan over video footage where people resembling Troyan and Chebotar discuss corrupt revenues from the traffic police and extorting money from businesspeople. Troyan's house was also searched in July as part of a bribery case.

Avakov, his son, Chebotar, Lytvyn, Takhtai and Troyan deny the corruption accusations.

— Oleg Sukhov



Volodymyr Petrov

Anti-reformer of the week

Pavlo Grechkivsky

Pavlo Grechkivsky, a member of the High Council of Justice, played a key role in the appointment of a new Supreme Court in September despite having been charged in a graft case.

President Petro Poroshenko is scheduled to decide on signing the new Supreme Court judges' credentials by Nov. 9. In September, the High Council of Justice appointed 111 new Supreme Court judges, including 25 discredited judges who participated in political cases, who have undeclared wealth, or who are under investigation in graft cases.

Grechkivsky has been charged with fraud, and High Commercial Court Chairman Bohdan Lvov, who was appointed by the council as a Supreme Court judge, is also under investigation in the case. According to the investigators, Grechkivsky promised to help in a legal dispute with Lvov's assistance for \$500,000.

Lvov is also under investigation in the case in which ex-High Commercial Court Chairman Viktor Tatkov and his deputy Artur Yemelyanov have been charged with unlawfully interfering in the automatic distribution of cases.

Grechkivsky, reportedly an ally of ex-People's Front lawmaker Mykola Martynenko and President Petro Poroshenko's top ally Igor Kononenko, used to co-own 7.5 hectares of land with Yemelyanov and was suspected by prosecutors of illegally privatizing it, according to a Radio Liberty investigation. Grechkivsky and Lvov deny the graft accusations.

— Oleg Sukhov



(Courtesy)

VOX populi

WITH TOMA ISTOMINA
ISTOMINA@KYIVPOST.COM



Do you think Interior Minister Arsen Avakov's son Oleksandr will be convicted after his arrest by the National Anti-Corruption Bureau of Ukraine on suspicion of embezzling state funds?



Ivan Holovko
student

"I don't think so. They will hush up the case because we're in Ukraine. That would be

great if there was a rule of law and everyone was equal under the law, but very often guilty people that must be punished get away with it."



Svitlana Usik
retiree

"No. I think his attorneys will be prepared much better than the prosecutors. It has become a tradition here."



Volodymyr Halychenko
lawyer

"There is a presumption of innocence. If a court finds him guilty, he will be guilty.

But our courts are not capable to administer justice without pressure from outside. NABU started so many proceedings against the high level officials and it's a turning point for the country but none of them were brought to trial."



Ihor Terletsyky
entrepreneur

"No, he won't be convicted. Nothing gets finished here. Our courts are not independent. They only do things right

to show off in front of America. Even if they bring it to trial, they will drag their feet and that will be it."



Anna Vashchenko
lawyer

"No, I think he won't be convicted because he's Avakov's son. Money rules everything in Ukraine."



Oleksii Parhomenko
engineer

"I don't think he will be punished. They will slapper it for a little bit and then release him. I can tell there are some improvements in the country but not fundamental because law enforcement agencies don't work in a way they are supposed to and I don't think the situation will change fast. It might take five more years."

Ukraine's Friend & Foe Of The Week

Editor's Note: This feature separates Ukraine's friends from its enemies. The Order of Yaroslav the Wise has been given since 1995 for distinguished service to the nation. It is named after the Kyivan Rus leader from 1019-1054, when the medieval empire reached its zenith. The Order of Lenin was the highest decoration bestowed by the Soviet Union, whose demise Russian President Vladimir Putin mourns. It is named after Vladimir Lenin, whose corpse still rots on the Kremlin's Red Square, 100 years after the October Revolution he led.



Robert Mueller

Robert Mueller, the special counsel investigating coordination between Donald J. Trump's victorious 2016 presidential campaign and the Russian government, announced on Oct. 30 the indictments of Paul Manafort, the former campaign manager, and protege Rick Gates.

Many in Ukraine revile Manafort. He was the U.S. consultant who helped bring former Ukrainian President Viktor Yanukovich back from the political dead in 2004 to the Ukrainian presidency in 2010. Those disastrous four years, until the EuroMaidan Revolution deposed Yanukovich in 2014, led directly to Russia's invasion of Crimea and its war on Ukraine in the Donbas.

According to the indictment against Manafort, he and his business partner Rick Gates were unregistered agents providing political consulting and lobbying work for Yanukovich and the Ukrainian government between 2006 and 2015. More than \$75 million in payments earned for this work went through offshore accounts, and \$18

million of that was laundered by Manafort through purchases of real estate and luxury items, the indictment reads.

Manafort's arrest in Washington D. C. showed Ukrainians how a responsible and competent servant of the law works. In just five months, Mueller achieved a great deal more than Ukraine's law enforcers have ever achieved.

But Mueller's indictment on Oct. 30 overshadowed a potentially more significant one — that of a former Trump campaign aide, George Papadopoulos.

Papadopoulos was arrested in July and in early October pleaded guilty to lying to the F.B.I. in January about his contacts with Russia. According to Papadopoulos' indictment, he met with persons linked to the Russian government who said they had "dirt" on Trump's opponent, Democratic Party candidate Hillary Clinton, in the form of thousands of stolen e-mails. He has been cooperating with Mueller since his arrest.

But what is most significant is that we now have, in a legal document, evidence of links between a member of Trump's campaign and representatives of the Kremlin. Those links were forged with the purpose of Russia influencing the result of the 2016 U.S. presidential election.

So Mueller is Ukraine's Friend of the Week and winner of the Order of Yaroslav the Wise for demonstrating what a competent criminal investigator can achieve. Let's hope Ukraine's law enforcers study how life works in a rule-of-law nation.

— Euan MacDonald



Order of Yaroslav The Wise



Ramzan Kadyrov

Amina Okuyeva was not only beautiful, but dangerous. A Ukrainian citizen of Chechen ethnicity, Okuyeva, 34, was married to Adam Osmayev, who was accused of trying to kill Russian dictator Vladimir Putin. She also fought for Ukraine against Russian-led forces in the Donbas. She must have had many enemies.

One of them took revenge on Oct. 30, when she and her husband were shot at in their car in a village not far from Kyiv. Okuyeva was struck in the head by a bullet and died instantly. Osmayev was slightly injured.

The two had survived an earlier assassination attempt in June in Kyiv, when a Chechen-born hitman posing as a French journalist attempted to shoot them while seated in their car. While Osmayev was badly wounded, Okuyeva returned fire and seriously injured the hitman. The hitman, whom Ukrainian media named as Artur Denisultanov-Kurmakaev, was alleged to have been involved in the murder in Vienna in 2009 of a former bodyguard of the leader of Chechnya.

Then in September, Timur

Makhauri, a Georgian citizen born in Chechnya, was killed by a car-bomb in Kyiv. Makhauri was allegedly the killer of Chechen separatist warlord Shamil Basayev in 2006.

"Chechen." "Chechen." "Chechnya." "Chechnya." "Chechen." The words come up again and again in recent reports of violent killings in Kyiv.

The leader of Chechnya is Ramzan Kadyrov, an ardent supporter of Putin. Many of those alleged to have been his enemies, in Chechnya, in Russia proper, in Ukraine, and in other parts of Europe, have wound up dead.

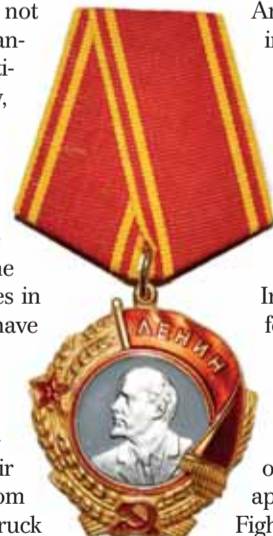
There is no evidence to tie Kadyrov directly to the murder of Amina Okuyeva, or the killing of Timur Makhauri, or the attempted assassinations of Adam Osmayev, but there are other reasons to name Kadyrov Ukraine's Foe of the Week and winner of the Order of Lenin.

In 2014, when Russia was fomenting its fake civil war in eastern Ukraine, a group of fighters called the "Kadyrovtsy" (literally Kadyrovites, or Kadyrov followers) appeared in Donetsk. Fighters speaking Chechen were also involved in fighting for Donetsk airport in early 2015, and Chechen units took part in Russia's invasion of Crimea in 2014.

Kadyrov denies his fighters are in Ukraine, though he has said that Chechen "volunteers" have fought there, and that if Putin gave the order, his fighters would go to Ukraine at any time.

And it is probably not the last time the words "Chechen" and "Chechnya," and the name Kadyrov will be heard in connection with another murder or assassination attempt in Ukraine.

— Euan MacDonald



Order of Lenin

Agribusiness in Ukraine

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Ukrainian firms struggle to build strong brand names

BY OLENA GONCHAROVA
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Known as the angels of agriculture, honeybees have been helping Ukraine top the list of European and world honey producers. In 2016, Ukraine exported \$108.2 million worth of honey.

But customers abroad won't see many purely Ukrainian brands of honey on sale: What they usually see is merely a "made in Ukraine" mark on the packaging of another country's brand, since Ukrainian honey producers can rarely enter a foreign market under their own names.

To boost sales of honey and other products under Ukrainian trademarks, producers will have to invest more in good marketing strategies and attractive packaging. The least a company can do is translate its website into English. But only a few companies have started to do even that.

One person who is already a veteran of the business is Vadym Pankovsky, marketing director of honey producer Bartnik, which has been producing honey for export since 1999. That's when Pankovsky teamed up with Polish citizen Janusz Kasztelewicz, who helped bring Ukrainian honey first to Polish households, and then later to the Canadian and U.S. markets.

It's worth investing in the export of a finished product: The average export price of raw Ukrainian honey is \$2 per kilogram, while packaged honey in Germany costs nearly \$12 per kilogram, according to the Ukrainian office of the Baker Tilly, an accountancy and business advisory company. Within the European Union, Germany and Poland are the largest importers of Ukrainian honey.

While Pankovsky admitted that



A man behind bottles and jars of honey at the Kyiv honey fair in August. Ukrainian honey is one of the top products the nation exports to the West, although it rarely is sold under a producer's brand name. (Oleg Petrasniuk)

Bartnik still mostly exports raw materials, he says the company is studying ways to target new markets, including those in the Middle East and Africa, to which Bartnik hopes to export under its own trademark.

"It's hard to compete in Europe as they get lots of cheap honey from China," Pankovsky explained. Experts say that the quality of Ukrainian honey is far better than that of China, the world's largest honey exporter, but Ukrainian honey often struggles to "become noticed."

In the United States, Pankovsky

said, it's better to target places where the Ukrainian expatriate community lives. Pankovsky's Bartnik exported some 4,000 tons of honey in 2016, or 99 percent of its entire output. At home, honey sales are sluggish.

"There's no honey-consuming culture in Ukraine," Pankovsky said. Most people only use honey as treatment during the flu season. The company, therefore, has reoriented itself to foreign markets.

Doing homework

Maryana Kahanyak, who heads the Export Promotion Office in Ukraine,

says that exporting is a good test of the maturity of a business.

"The problem is that Ukrainian brands are often little-known, and the companies often lack resources for brand development," Kahanyak explained. "Another obstacle for many producers is that you need to study the market from within, and one of the best ways for that is to work with a local consultant."

To prepare Ukrainian businesses to enter new markets, the Export Promotion Office has organized trade missions to help producers hold meetings with local business representatives.

CUTIS, the Canada-Ukraine Trade and Investment Support Project, also educates Ukrainian businesses on how to compete in the vast North American market after a free trade pact with Canada came into force this summer.

Olga Vergeles, project manager at CUTIS, said there is not yet much demand in Canada for Ukrainian products, so companies have to do their homework first.

"When talking to Ukrainian companies, I hear a lot about the challenges, e.g. distance, lack of information, prices, etc., but the most common 'problem' is that many Ukrainian companies don't understand the need to make changes, first inside the company and/or the prod-

uct, and accept the way Canadians do business — in terms of the format, process of negotiations, timeline and even business meetings," Vergeles explained.

Ukrainian products must have a competitive advantage in price, quality or uniqueness, Vergeles said, and only then will it attract the attention of Canadian buyers.

EU standards

Tailoring a strategy to European markets is time consuming, but can pay off.

That's the lesson learned by Kormotech, a Ukrainian manufacturer of dog and cat food, which has achieved a breakthrough for its brand on international markets.

The business, founded in 2003, produces six brands of food for dogs and cats in the standard, premium and super premium segments. Kormotech first started selling on the domestic market, and then adapted its products for customers abroad, according to Ihor Blystiv, deputy marketing director at Kormotech.

The company started exporting in 2011 and has since built up a network in 18 countries. To adapt the product for sale abroad, the company rebranded the name of the food into English — as Club 4 Paws — and redesigned its packaging. It also expanded its product range.

According to Blystiv, "the European markets are more developed and more financially reliable." Today, about 20 percent of the 30,000 tons of food the company produces every year goes abroad.

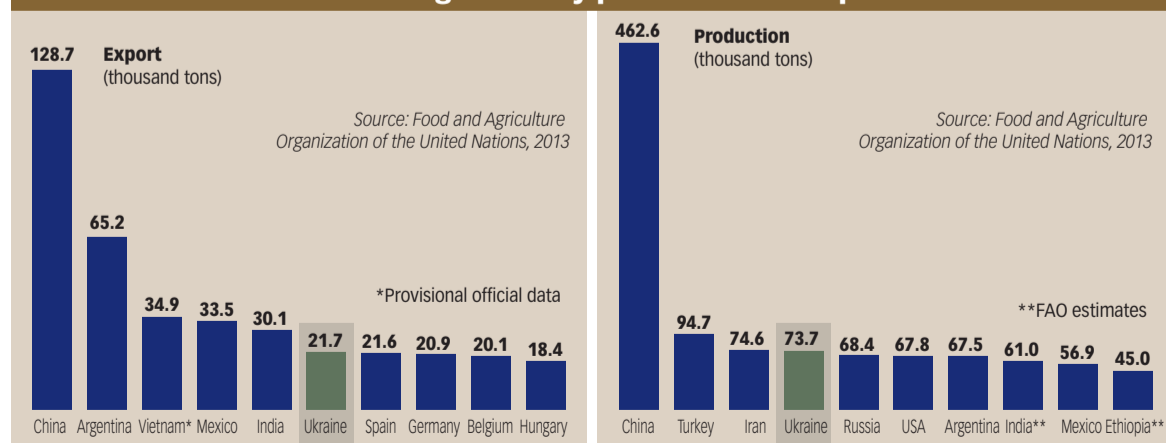
To enter new foreign markets, Kormotech hires a distributor or launches a sales team in the targeted countries. Visiting international trade fairs also helps.

"When a new player comes, it's already difficult," Blystiv said. "But when we say that we are from Ukraine, the attitude is... to a certain extent cautious," he said of Western perceptions of Ukrainian goods. "No one is waiting for us there — the Polish market is aggressive, saturated with other players," he added.

Blystiv said the company was able to hold its own on the Polish market because of product quality, good branding and competitive pricing. Since its founding, the factory has introduced international standards of production because of the lack of local legislation on pet food production, Blystiv said.

"In fact, we're a European company, but just located 30 kilometers away from the border," Blystiv said of his factory, which is in Lviv Oblast, next to Ukraine's border with EU member Poland. ■

World's 10 largest honey producers and exporters



Ukraine produces and exports the largest amount of honey in Europe every year, but local producers still struggle to establish brand names that will sell well in Western markets. (United Nations)



Acting Ukrainian Agriculture Minister Maksym Martynyuk speaks with the Kyiv Post in his office on Oct. 20. (Oleg Petراسиuk)

2017 harvest good, but will fall short of 2016's record

BY JOSH KOVENSKY
KOVENSKY@KYIVPOST.COM

It was a good harvest in Ukraine.

The Ministry of Agriculture expects 62 million tons of corn and wheat to be harvested by the end of the season. That would make this year's harvest the second-best ever, after last year's record, when the nation's farmers gathered 66 million tons.

But it was, nonetheless, disappointing as grain harvests have been on a rising trend since 2013.

Bad weather

The government blames lower yields this year on bad weather.

Maksym Martynyuk, acting agriculture minister, said that the result is still good "thanks to the fact that the weather was not bad everywhere." He said that the country's central steppe had received less precipitation in winter than expected. Dragon Capital investment bank also noted low rainfall. It wrote in a recent research note that it expects a 15 percent decline in corn yields compared to last year because of a lack of precipitation in July-September.

"The latest 2017 harvest estimates are still above Ukraine's average for the past five years of 60 million tons," the bank wrote.

But Dmitry Churin, an analyst at Eavex Capital, argued that weather did not play as decisive a role as many argue. Instead, he said that years of record harvests had led to the soil being overfarmed.

"The land cannot deliver high-

er results every year," Churin said. "After three years, it's very hard to have the same harvest yield."

Another factor is that many farmers were forced to add less fertilizer during planting season, in large part due to the shutdown of the Cherkasy Azot plant. The plant, which belongs to exiled billionaire oligarch Dmytro Firtash through his Ostchem plant, has faced difficulties over debt and access to natural gas. Firtash is fighting extradition to the U.S. from Austria on corruption charges that he denies.

"The agroproducers tried to reduce their fertilizer distribution into the land, and that could be one of the reasons," Churin said.

There are no other big domestic fertilizer suppliers, forcing farmers to import more expensive fertilizers from abroad.

Fewer exports

Profits from this year's harvest likely won't be as towering as many in Kyiv would like. The drop in production is likely to lead to a lower volume of exports over the coming six months.

Dragon Capital wrote that it expected grain exports, from now until June, to drop by as much as 12 percent in comparison with last year, hitting around 40 million tons.

A little more than 20 million tons goes to domestic Ukrainian consumption.

Other areas could see an uptick. Poultry production is spurred by Myronivsky Hliboprodukt's expansion of their Vinnytsya production plant. "But (MHP) will have cost pressures," Churin said. "Feed cost will be higher for MHP because of

the lower harvest."

Martynyuk said that other areas of potential expansion and investment could help increase future harvests.

Foreign investors are interested in Ukrainian agriculture, but "generally those with whom I've talked on the official level in the last year are not European investors," Martynyuk said.

He said that the Iranian government and Saudi Arabia had expressed interest in increasing their investment in Ukraine.

One potential agreement with Iran would see Tehran lease thousands of hectares of agricultural land in Ukraine. The food produced by these farms would go back to Iran as part of a joint venture with Ukrainian companies.

Martynyuk said the amount of grain produced in Ukraine could reach 100 million tons per year, requiring multimillion-dollar investments in more storage terminals and elevators. ■

Ukraine's grain harvest

2012	46.2 million tons of grain
2013	62.9 million tons of grain
2014	63.8 million tons of grain
2015	59.8 million tons of grain
2016	66 million tons of grain
2017 (projected)	62 million tons of grain

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GREY AGRICULTURAL MARKET IN UKRAINE: what measures should be undertaken in order to solve this problem?



Alexander Shemiattkin
Partner

The existence of grey (shadow) agricultural market in Ukraine is nothing new, but during the years of 2015 and 2016, the shadow schemes had increased considerably.

According to experts, the grey agricultural market in 2014 constituted 25-30%, while currency earnings returned to the country. In 2015, this figure increased up to 35-40%. At the end of 2016, the shadow schemes constituted about 50% of all market transactions with grain, oil and other crops while a significant share of currency earnings did not return to Ukraine.



Inna Taptunova
Senior Of Counsel

Pursuant to market participants and experts, the total amount of unreturned currency earnings for 2014-2016 made up over USD 3-3.5 billion.

It should be noted that one of the reasons for its existence and the steady growth of a shadow agricultural market has been the issue of hidden land lease. Significant shares of arable lands are not registered and not reflected in the registers, and, therefore, no payments are made for such usage of arable land. It should also be noted that no one pays taxes on salary (Personal Income Tax and Unified Social Contribution), tax on income from sold products, Value Added Tax on supplies on the customs territory of Ukraine.

Such shadow schemes negatively affect the state budget of Ukraine as well as the bona fide players of the agricultural market, and, therefore, the existent situation requires urgent counteraction.

The measures of verification of origin of grain which are applied by the tax authorities in practice, lays down an additional burden on diligent exporters of agricultural products. Such measures complicate, interfere and even suspend the normal business activity of real participants of the agricultural market while the illegal activity of shadow participants remain untouched. The arrest of ships with grain of great traders in seaport of Ukraine in 2015, is another example of the results of application of such measures. Yet, the steady growth of shadow agricultural market during 2014-2016 explicitly indicates that these measures are non-working and may not solve the problem of the grey agricultural market. Moreover, they encourage the corruption in the tax authorities since these issues are under their control.

Ukraine is not the only country who faces the problems of illegal (shadow) schemes of export of agricultural products.

In the Russian Federation, shadow business schemes in the grain export market allowed intermediaries to profit from VAT, while the budget lost about 65 billion rubles per year¹. The Russian Federation decided to solve this problem by the active participation of the Federal Tax Service. In May of 2017, large exporters and traders signed the "Charter in the Sphere of Agricultural Products Turnover", promising to cooperate only with diligent market participants. By the middle of August 2017, this document was signed by about 450 companies.

The document is aimed at ensuring that all participants in agricultural products turnover bear a tax burden in good faith so that all trade transactions are carried out in transparent ways and exclude a multistage process of resale of agricultural products in order to create an intolerant attitude towards companies evading taxes.

Yet, the Russian Federation has a strong vertical of executive authority that allows controlling the fulfillment of political decision by the state authorities.

Due to Ukraine's political system and high level of corruption (in tax authorities as well) which has consistently increased during the last years², needs to seek a solution for the problem of shadow agricultural market in the other plane.

The most crucial change is to make all participants of export agricultural market to pay their taxes and to return the currency earnings to Ukraine. Therefore, the origin of agricultural products (and grain as well) and the registration of arable land are not key topics at the moment.

By that logic, we must seek a solution to the grey agricultural market problem. We believe that this may be achieved by means of changing the order of application of a zero rate of VAT for exportation of agricultural products (grain as well) from Ukraine.

If the exportation of products is the first event (stage) and payment will be done afterwards, the export transaction shall be subject to 20% VAT with its subsequent reconsideration to 0% VAT upon the receipt of currency earnings for the exported products. Diligent exporters will have the possibility to use the input VAT accumulated during the purchase of agricultural products while the shadow players will have to pay 20% VAT when exporting agricultural products abroad.

The mechanism of application of a 20% export VAT with its further reconsideration to 0% VAT (upon the return of currency earnings) shall work automatically excluding the possibility of manual control from the tax authorities' side.

Even in the case of currency earnings not being returned to Ukraine in full, the state budget will have additional 20% VAT on shadow schemes of grain export. Moreover, a 20% rise in the cost of the illegal shadow schemes of grain export may affect the attractiveness of their application and encourage the players of agricultural market to get out of the shadow.

This also should restore the fair competition on the agricultural market and let the diligent exporters to work without intervention from the tax authorities to their normal business activities.

¹www.agroinvestor.ru/markets/article/28455-zernovoy-nds-manevr/furl/

²The corruption Perceptions Index of 2016 increased for 2 points comparing with the index of 2015 and for 4 points comparing with the index of 2013 according to the Worldwide Rating prepared by Transparency International organization.

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Ukraine's agricultural sector beset by raiders, fraudsters

BY VERONIKA MELKOZEROVA
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The lack of a free land market in Ukraine has led to weak protection of property rights, corporate raiding, forgery and shady deals in the agricultural sector.

But there is little incentive to reform the sector, as special benefits given by the state and low rent prices for agricultural land have made farming one of the most profitable sectors.

Agriculture has become the target of corrupt officials and corporate raiders, Maryan Zablotskiy, the deputy head of the Ukrainian Agrarian Association, told the Kyiv Post on Oct. 23.

"Now the agro and IT businesses are the main drivers of Ukraine's economy," Zablotskiy said. "Both spheres are growing fast, earn a lot of money, and have started to attract the attention of Ukrainian law enforcers, as well as raiders."

Raiders seized from 1,000 to 3,000 hectares of land in 2017, Ukraine's Deputy Prime Minister Stepan Kubiv said during a cabinet meeting on Sept. 13.

"In 2017 alone, the Prosecutor General's Office, along with the National Police, have investigated more than 44 cases of raiding in the agricultural sector," Kubiv said. "But in reality there is a lot more going on."

The problem has gotten so bad that many farmers have even started to form armed self-defense groups to protect their businesses.

Source of cash

According to President Petro Poroshenko, the agriculture business accounted for 12 percent of Ukraine's gross domestic product in 2016–2017.

"The agrarian business has become a source of cash that goes straight to the state budget and ensures the strength of the Ukrainian hryvnia," Poroshenko said on May 27.

Ukraine's Ministry of Agrarian Policy and Food reported on Oct. 20 that Ukraine's agricultural sphere attracted 233 investment projects worth a total of Hr 37 billion (\$1.42 billion) in 2017. In the first six months of 2017 alone, agrarian enterprises earned more than Hr 500 million (\$18 million) in profits, the State Statistics Service reported. In 2016 the figure was Hr 97 million (\$3 million) over the same period.

Landowners

It has been 15 years since parliament placed a moratorium on agricultural land sales in Ukraine. Most of the agricultural land in Ukraine is effectively in private ownership: During privatization in the 1990s, about 7 million Ukrainians, all former workers on Soviet collective farms, were granted land plots.

The private landowners are hardly wealthy landlords. Without the right to sell their land, they can only work it themselves or rent it out, Dmytro Lyvch, a project manager with the



Oleh Tsvyakh, acting head of the State Land Cadastre of Ukraine, reacts during a Regional Development Council meeting on Oct. 24. Prime Minister Volodymyr Groysman suspended Tsvyakh and threatened to jail him if law enforcers prove that Tsvyakh is involved in raidership schemes in the agricultural sector. (UNIAN)

EasyBusiness think tank, told the Kyiv Post on Oct. 25. "Most of these people are seniors, who simply can't actively control what is being planted on their land. Everybody else is just fighting for the right to use their land," Zablotskiy added.

The land is worth fighting for. About 28 percent of the world's black soil, the most fertile on the planet, is found in Ukraine. More than 30 million hectares of land in Ukraine are suitable for agriculture. However, Zablotskiy said only 22 million hectares are officially being used as farmland.

"The other eight million hectares are being cultivated and used for farming businesses by people who haven't registered their rights to use this land," Zablotskiy said.

Cheap land

Land is the basis of any agricultural business. According to experts, entrepreneurs can rent a plot of agricultural land for 7–50 years for about \$80–100 per hectare, per year.

That makes Ukraine's rich land cheap in comparison to neighboring Bulgaria and Poland (\$100–300 per hectare, per annum) and Western Europe, where prices start at \$500, Lyvch said.

Zablotskiy said that the cheap rent is the main reason why mostly private farmers oppose a land market in Ukraine, as it is cheaper for them to rent than buy.

Lyvch said that market experts estimated the value of agricultural land in Ukraine to be around \$1,000 per hectare, cheap in comparison to Poland, where the price is \$5,000.

Experts say a functioning land market would cause land prices in Ukraine to rise to \$4,500–\$5,000 per hectare within 10 years.

"Critics of the land market said that such prices will kill small farms in Ukraine, as people can't afford to pay such money," Lyvch said. "But I



Maryan Zablotskiy, deputy head of the Ukrainian Agrarian Association. (Kostyantyn Chernichkin)

think quite the opposite – it makes the small farm businesses stronger and more competitive."

Nevertheless, many farmers say they would simply be unable to afford to buy the land they rent, and they are afraid that were the moratorium to be lifted, landowners would sell their land to their wealthy foreign competitors.

Ivan Yarmoluk, the vice president of the Ukrainian Farmers and Land Holders Association, told the Kyiv Post on Oct. 24 that if he bought the land he rents, he wouldn't be able to afford the machinery to work it.

Raiding

Thieves understand the land's value: Vasyl Burlaka, the head of the Farmers and Private Landowners Association of Poltava Oblast, told the Kyiv Post on Oct. 10 that farmers have even started forming self-defense squads to protect their property from raiders.

"The main goal of these attacks is to seize the land," Burlaka said. "The local authorities and State Land

Cadastre of Ukraine have been taking away land from small farmers in favor of agro holdings. We've counted more than 50 cases in 2017."

On Aug. 2 an armed group tried to steal a combine harvester at the Prolisok farm in Poltava Oblast and seriously wounded the farm's director, Oleksandr Skydan.

On Aug. 29 armed men in camouflage attacked the head of the Svitank Farm, Oleksiy Gotvyanitsya, and his family. The men did not identify themselves. They showed a bizarre court order that allowed them to search Gotvyanitsya's house. During the search, they handcuffed him and his wife, the farmer's daughter, Yulia Gotvyanitsya, wrote in her statement to the local police.

"Nobody has yet been punished," Burlaka said. "So we're not counting on the authorities and law enforcers anymore. We will protect our land by ourselves."

During a meeting of Ukraine's Regional Development Council on Oct. 25, Poroshenko and Prime Minister Volodymyr Groysman suspended the acting head of the State Land Cadastre, Oleh Tsvyakh, and even threatened to put him in jail if law enforcers found evidence that he had been involved in wrongdoing.

The warning to Tsvyakh came after Serhiy Lytvyn, the head of Vasylkivskiy District of Dnipropetrovsk Oblast asked Poroshenko "to pursue the State Land Cadastre and dismiss those of its staff who act as cover for land schemes in the regions."

No protections

The lack of a functioning land market provides fertile ground for fraudsters. There is also little protection of owners' or tenants' rights, Zablotskiy said.

There are numerous ways to slip out of a rent contract, he said, and the legislation and rules for drawing

up such contracts frequently change. a result, old rental contracts are not in line with the new regulations, often used as an argument in the courts to cancel rental agreements.

"We've also seen numerous cases of the forgery of signatures, the theft of electronic accounting keys, shady deals, and other raiding attempts," Zablotskiy said.

Raiders often attack at harvest time, Zablotskiy said. "They make a claim to a land plot, drive a combine there, harvest the crops and then run away," the expert added.

Smaller farms are both victims and raiders. There are also professional raiders who act on behalf of local law enforcers and the authorities, Zablotskiy said.

With rents rising, there have also been cases of a tenant refusing to pay more money by falsely claiming they are the victim of a raid.

"When a powerful competitor appears and offers more money to a landowner, the tenant starts a discrediting campaign against him, and claims the new bidder is a raider," Zablotskiy said.

Still profitable

With the richness of the land and cheapness of rents, Ukrainian farming is profitable. Until 2009, farm businesses didn't have to pay land tax, value-added tax, profit tax or wage taxes, Zablotskiy said.

But since then, the government has forced farmers to pay wage taxes and increased the land tax. A special value added tax was also canceled for most agrarian enterprises in 2017.

But while the government has taken away benefits, it has also given some. On Feb. 8, the Cabinet of Ministers approved subsidies for the development of agricultural enterprises and stimulating agricultural production in 2017, with priority given to poultry and egg producers. The more that an enterprise produces, the more it gets from the state.

The Kyiv Post reported on Aug. 31, that according to the State Fiscal Service, the government already spent \$74.6 million on direct subsidies to agricultural producers in the first six months of 2017.

Four poultry-producing companies that belong to the Myronivsky Hliboprodukt agroholding, owned by Yuriy Kosyuk, an oligarch and friend of Poroshenko, received \$31.6 million in government subsidies. The other \$37.7 million was split between some 700 companies.

More secure

Even though the agricultural sector is on the rise, it requires modernization, Lyvch said.

"Only about 20 percent of companies use smart farming technologies in Ukraine, or invest in modern machinery, fertilizers and other ways of working the land more efficiently," Lyvch said. "Those who are against the land market prefer the old, inefficient ways, and make a profit from the low land rents."

Farmers who buy their land will feel more secure and will be ready to invest money, he said. ■

Ukraine can boost annual output by \$15 billion with land reform



SATU
KAHKONEN

Land reform – lifting the moratorium on agriculture land sales – is the most powerful measure the government can take to boost economic growth and job creation, particularly in rural areas.

More than 70 percent – some 43 million hectares – of Ukrainian territory is classified as agricultural land. And that land is exceptionally fertile: Ukraine has one-third of the world's black soil. But despite this abundance, agricultural yields in the country are only a fraction of those in other European countries whose land is not of the same quality. This is because land users have little incentive to invest in land management, as neither land owners nor users know if, when or how the moratorium will be lifted. Moreover, getting credit is difficult and costly as land cannot be used as collateral.

Meaningful reform must include providing incentives for long-term investment and proper land management, access to credit and transfer of land to its most productive uses. The resulting boost to agricultural productivity could add \$15 billion to annual output and increase annual gross domestic product by about 1.5 percentage points. And it would boost public revenue – up to \$2 billion from the one-time sale of state land and \$250 million annually from land leases – freeing precious budget space for schools, hospitals and infrastructure.

It would also allow land owners to get a fair return on their most valuable asset.

Today, rental prices for agricultural land in Ukraine are a fraction of their market value. Indeed, some 4.5 million small land owners, often retirees, currently receive 10–20 percent of annual income from renting out their land at rates about a tenth of the level in European Union countries, and well below developing countries like Argentina and

Brazil. This is unfair to landowners and is strangling the livelihoods and future prospects of the country's rural population.

The economic case for lifting the moratorium is clear. But unless this is done transparently, the risks may outweigh the benefits. In a country that has seen enormous public wealth disappear through corruption and theft, and with public institutions charged with the prevention of this kind of malfeasance yet to demonstrate their effectiveness, many fear that any change will lead to concentration of land in the hands of the elite. Thus, fair and transparent reform of Ukraine's land market would demonstrate to Ukrainians – and the world – that the country can ensure that its unique natural resources can benefit all of its citizens.

The good news is that such an outcome is possible if the government follows through on actions it is taking on several fronts.

First, making land markets transparent: Building public trust in agricultural land markets will require information from registry and cadastre to be integrated and accurate. Prices – at least at the aggregate level – for land rental and sales should be public. Transactions need to be transparent. Measures, such as the use of e-services in the cadastre and mandatory e-auctions for rental of state land, should be extended to sales.

Second, informing land owners of their rights: To use their land most effectively, land owners need to be aware of their rights. One way to achieve this would be to upgrade the technical and operational capacity of the parliamentary ombudsman for human rights with the establishment of a land ombudsman. That would help provide land owners unbiased legal advice on questions regarding their land rights, and help access the judicial system and get redress if these rights are violated.

Third, increasing access to finance for farmers: Nearly two decades ago the Peruvian economist Hernando de Soto published "The Mystery of Capital," in which he identified the link between property rights and economic development. His simple



A tractor driver works a Kyiv Oblast field on Oct. 23. (Oleg Petrasjuk)

but groundbreaking observation was that worldwide, trillions of dollars of "dead capital" were frozen because poor people did not enjoy full ownership of their land, including the ability to leverage its value to borrow capital. In Ukraine, the moratorium on land sales has prevented land owners from using their most valuable asset as collateral, making it impossible to access credit to expand production or start a new business. With a strong regulatory environment, transparent land sales markets would help much-needed rural investment and enable banks to extend credit to family farmers and rural smaller businesses. Work on instruments to fast-track development of rural financial markets is already progressing, including working with farmers' associations to train farmers with no history of credit or recordkeeping on how to put together viable business proposals.

Land reform will be challenging, but the rewards promise to be transformative. Moreover, given Ukraine's potential as a commodities exporter, reform would improve food security globally. Fortunately, the government has taken important first steps in the right direction. It has made land reform a priority and begun critical preparatory measures. So, for the sake of the Ukrainian people and the country's economic prospects, I hope the authorities and politicians have the vision and courage to lift the moratorium this year, so that Ukraine's potential will finally be tapped.

Satu Kahkonen is the World Bank country director for Belarus, Moldova and Ukraine. This article was first published in *Ukrainska Pravda* and is republished with the author's permission. ■



A man holds a poster which reads "we won't let you steal our land" during a June 7 rally in Kyiv against creation of a private agricultural land market. (Volodymyr Petrov)

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Vested interests blocking agricultural land market

BY JOSH KOVENSKY
KOVENSKY@KYIVPOST.COM

There's no chance that Ukrainians will be able to buy and sell agricultural land this year. The creation of a market is stalled yet again, potentially costing the nation \$50 billion in new investment in the sector.

With lawmakers unable to reach an agreement, Prime Minister Volodymyr Groysman will likely extend the 15-year moratorium, set to expire in January, for another year. As campaigning for the 2019 presidential and parliamentary elections begins, prospects for creating an agricultural land market have dimmed.

There's plenty of powerful interests — and massive cash from agroholdings to political parties — to block the reform. As it turns out, local farmers, medium-sized agricultural firms and massive agroholdings are not particularly interested in changing the situation.

One option for compromise could be a plan under which the government privatizes some parcels of state-owned agricultural land.

For many agroholdings, the ban equals profit.

"It's cheaper to pay rent than to buy land and pay interest," Mikhail Sokolov, a lobbyist for agroholdings, said in his Lypky office. "It's not cheaper by 20 or 30 percent, but two to three times cheaper. The majority of our members are against lifting the moratorium."

Maksym Martynyuk, the acting agricultural minister, said the main beneficiary of the moratorium is agribusiness. "Agribusiness will seriously optimize its operational expenses as long as the moratorium exists."

He said many individual landowners who rent out parcels are pensioners with little ability to negotiate with large agrofirms. Beyond big business, Ukrainians who work the land feel protected by the moratorium.

"Many of these people remember the early 1990s, when privatization steps were being taken, and are worrying about how it could be done," said Oleksiy Pavlenko, the agricultural policy minister under former Prime Minister Arseniy Yatsenyuk.

Vested interests

The moratorium bans the sale and purchase of farmland that wasn't previously privatized by the government.

Political wave

Many of the fears that Pavlenko describes coalesce around one aspect of the debate: whether legal



Agrarian Party chief Vitalii Skotsik emerges from a tractor in Rivne Oblast in July 2016. The Agrarian Party, the fifth largest in Ukraine by local council representation, supports a long process of reform before opening the land market to trading. (Ukrinform)

entities should be allowed to purchase land. But what sounds like a scholarly debate has been used to arouse fears that the land of average Ukrainians will be stolen en masse.

Sokolov said that if legal entities were banned from buying land, only those with "hot money and cash" would be able to do so.

"This is ex-prosecutors, judges, the police, etc. Because they have a lot of free money in cash, and have ways to legalize this money," Sokolov argued.

That position is echoed by the Agrarian Party, a national group with 3,105 seats in local councils. Despite having no seats in the Verkhovna Rada, Ukraine's parliament, it is the fifth largest party nationally.

As the headline of one party newspaper reads: "We will not let the land be stolen: the fight continues!"

Vitaly Skotsik, the party's chief, told the Kyiv Post during an interview at his office inside the National Academy of Agrarian Sciences that the rhetoric is not divisive, but accurate.

"Land reform here was started in 1990, and it is not even close to being finished, unfortunately," Skotsik said.

The Agrarian Party supports a three-stage approach that would see the government itemize all agricultural land, evaluate the land and set definite physical borders on plots, as well as completing the land cadastre and creating an independent land regulation committee.

Critics argue that the plan would take years.

Skotsik, a charismatic English speaker, touts connections with top U.S. politicians, displaying a photo of himself with U.S. Speaker of the House Paul Ryan, a Wisconsin Republican, on his desk.

"We are preparing ourselves to be in the Ukrainian parliament by the next elections," Skotsik said. "We'll need to perform immediately, and therefore we are working with colleagues in the U.S. to be ready."

A Justice Department lobbying firm shows that Skotsik hired U.S. company Meadowood Management LLC for representation in Washington, D.C. Meadowood is a Wyoming registered firm with no apparent experience, apart from concurrent representation of Radical Party member of parliament Serhiy Rybalka.

Corporate records show that Meadowood is controlled by Yuri Vanetik, a Republican Party donor and attorney. The contract states he will "highlight the party's message for land use reform" and to advocate agrarian interests in Ukraine.

Fatherland funding

The Agrarian Party receives most of its funding from agribusinesses.

Hr 13.4 million out of the party's Hr 15.3 million in financing comes from legal entities, most of which seem linked to agriculture.

When asked if cash from agribusiness affected the party's political positions, Skotsik replied, "absolutely."

"It affects the political position because we have to protect them and develop tax legislation and other things, and that is normal," Skotsik said.

The same effect extends elsewhere.

Yulia Tymoshenko, the former prime minister and current leader of the 19-member Batkivshchyna Party faction in parliament, was an ardent supporter of land reform in 2008. She wanted liberalization along similar lines as a current proposal by Bloc of Petro Poroshenko member Oleksiy Mushak. Now, Tymoshenko opposes ending the moratorium, warning of "hunger and a lack of drinkable water."

Since 2008, her party has relied more on agribusiness, according to public disclosures. Some of the party's biggest backers are agriculture-connected legal entities, including Agrokontakt, the party's single biggest visible corporate financier.

State benefits

The state owns around 25 percent of farmland in Ukraine.

The sector is ridden with waste and corruption. One popular scheme involves taking a 100-hectare land parcel, and signing a contract with a company to farm 10 hectares of the field, while the company in fact gains access to the entire parcel.

A portion of the excess profits go as a kickback to the manager of the state-owned enterprise, while the private company's tax burden is significantly lessened.

"The individuals who are responsible for the management of state and communal land are benefiting from these schemes," Denys Nizalov, a professor at the Kyiv School of Economics, said. "And they get private benefits rather than state and communal benefit for this land."

One compromise — which has some support within government — would see Ukraine privatize its state farmland, owned in part by the Ministry of Agrarian Policy, as well as other entities like the National Academy of Agrarian Sciences (where Skotsik's party is based) and the Interior Ministry.

Martynyuk has had the opportunity to launch a pilot program on privatizing 10,000 hectares of ministry land, which has been around since 2015.

But the minister has yet to enact the proposal.

Nizalov argued that only allowing state land to be privatized would fail to open the market, in spite of benefits like lowering corruption on state land and letting land prices float.

"We would extend the moratorium for selling private land with all of its negative consequences, including the violation of constitutional rights of landowners and limiting their access to working capital," he said. "That's close to the definition of reform without reform." ■

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Mriya takes slow steps to recovery

BY YULIANA ROMANYSHYN
ROMANYSHYN@KYIVPOST.COM

If successful, Mriya's case might serve as an example of how skillful management can bring a company through technical default despite turmoil in Ukraine's economy.

Ternopil-based Mriya Agro Holding is now on the path to repay its \$1.1 billion in debts to foreign creditors after reaching an agreement with them. The agroholding is increasing land productivity, buying new equipment, and adopting technology solutions to recover.

However, the company remains at risk of raider attacks from its former owners, the Huta family, suspected of embezzlement of foreign loans.

Still in debt

Simon Cherniavsky, the CEO of Mriya, took over in February 2015, shortly after Mriya defaulted and its former owners fled the country.

Founded in 1992, Mriya went public on the Frankfurt Stock Exchange in 2008. In August 2014, the previous owners of the company that controls 177,000 hectares of land in western Ukraine, the Huta family, failed to repay creditors. The ex-owners left the company in technical default. They are suspected of allegedly transferring the money to offshore firms in Cyprus, which became known after the leak of the Panama Papers. An arrest warrant for Mykola Huta, the former CEO, has been issued by Interpol.

Since then, Cherniavsky's new team, appointed by

Simon Cherniavsky, the CEO of Mriya.



A stork flies over a grain field of Mriya agroholding, based in Ternopil Oblast, on July 31. (Courtesy of Mriya)



Mriya's creditors and bondholders, have been trying to preserve the company, taking back land from the previous owners through the courts, restructuring and paying debts, and restoring the holding's image.

As one of the signs of recovery, Mriya was accepted back to the American Chamber of Commerce in Ukraine in September.

"It's a positive story that doesn't have an ending," Cherniavsky said. The company has to finish debt restructuring and return money to creditors, he said.

In May, Mriya agreed to restructure debts with the International Finance Corporation. They split the debt into secured and unse-

cured parts. Cherniavsky said the restructuring should be finished by May.

IFC regional manager Jason Pellmar confirmed that the IFC agreed on restructuring principles developed by Mriya and its creditors.

"The new company's management has been focused on reviving the company and ensuring that it continues to operate," Pellmar said in an email.

Technology solutions

When the ex-owners left the company almost in default, Mriya was deep in debt and lost some of its land and machinery.

Cherniavsky was shocked to see the conditions in 2015. "I remember being absolutely astonished with the degree of fraud that was going on," he said.

To recover, the holding started purchasing new equipment to replace stolen items. The company said the Huta family took about 1,100 units of equipment. The company spent

\$25 million on new machinery and plans to meet the shortage by 2020, according to Mriya chief operating officer Andriy Hryhorov.

Apart from that, the company improved the controlling GPS system on machinery to minimize theft and optimize efficiency, Cherniavsky said. The trucks are equipped with the fuel sensors that monitors consumption and unsanctioned stops. On a field, the agronomists use tablets to get the data they need in farming.

The GPS system was introduced by the Huta family, although they did not use the data efficiently, Cherniavsky said.

"It was all completely superficial," he added.

Still at risk

Concentrated on recovery, Mriya remains at risk of raiders attacks from the previous owners.

Alexander Paraschiy, head of research at Concorde Capital, said the threat puts the company's recovery in danger. "Of course, its finan-

cial are getting better, its EBITDA (earnings before interest, tax, depreciation, and amortization) is increasing and so is its ability to cultivate more land," Paraschiy said.

"But the key risk for its operations is a possible continuation of attacks from former shareholders who have good connections to power brokers in Ternopil regions, the core region of Mriya's operation."

In April, Mriya regained control over 10 companies with 5,000 hectares of land through the court from the previous owners. Cherniavsky expects to return several more hectares.

"But obviously the more time goes by, less likely those leases will still be valid," he said.

According to the open register of private companies, Ivan Huta, a former owner, founded another agricultural company in December 2015. The firm, based in Ternopil Oblast, specializes in crop production.

"I think it's pathetic that he is allowed to continue to farm," Cherniavsky said.

Kyiv Post couldn't reach Ivan Huta for comment.

Future potential

After debt restructuring, the company might be ready for sale. Cherniavsky estimates Mriya's assets at \$150 million, with potential growth to \$250-\$350 million.

Paraschiy said it's too early to discuss a potential sale as it won't happen in the next five years.

As Mriya recovers and improves its image, Cherniavsky sees challenges ahead in finding foreign investment. He said that the absence of the rule of law and lack of privatization of state-owned enterprises prevent new investors from coming.

"Unfortunately, I think Ukraine is behind the curve in terms of getting results and achieving the milestones, even the KPI (key performance indicators) the president (Petro Poroshenko) put in front of himself one-two years ago," he said. ■



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Nov. 11



Scorpions

The "Wind of Change" is coming to Kyiv. German rock band Scorpions, formed in 1965, will be here to perform this and their other best hits, such as "Rock You Like a Hurricane," "Still Loving You" and "Send Me an Angel." Scorpions have a long history and known to be the first Western rock band to play sold-out shows five days in a row in Soviet Leningrad (now St. Petersburg) in 1988.

Scorpions. Palace of Sports (1 Sportyvna Sq.) Nov. 11. 7 p.m. Hr 1,390 - 1,990

Friday, Nov. 3

Miscellaneous

Fragile State (art exhibition). Pinchuk Art Center. 12 - 9 p.m. Free ☺
Nomad. She is no Mad (art exhibition). Tryptykh. 11 a.m. - 7 p.m. Free ☺
Feel the Mood (art exhibition). America House. 12 - 9 p.m. Free. Bring ID ☺
Playing the Past (interactive photo exhibition). Izone. 10 a.m. - 8 p.m.

Free ☺
Olga Yakubovskaya. Water (art exhibition). Nebo. 11 a.m. - 7 p.m. Free ☺
International Biennale (art exhibition). Center of Visual Culture. State Scientific Library of Ukraine. 12 - 8 p.m. Free ☺☺
Kill Bill (art exhibition about advertising). America House. 12 - 9 p.m. Free. Bring ID ☺
Indigoterra (photo exhibition). Art

14. 12 - 7 p.m. Free ☺
Zoom In and Zoom Out (art exhibition). Ya Gallery. 10 a.m. - 7 p.m. Free ☺
Ubik Litvin. Contemporary Architecture Photography (photo exhibition). TsUM. 10 a.m. - 10 p.m. Free ☺

Photo Kyiv (photo fair). Toronto-Kyiv. 12 - 7 p.m. Hr 60 - 100 ☺

Clubs

Person of Interest (DJ set). Mezzanine. 11 p.m. Hr 180-230 ☺
House Party. Khvylovy Bar. 10 p.m. - 4 a.m. Free ☺

Movies

Julie and Julia (drama, comedy). America House. 6:30 p.m. Free ☺

Shows

Kadnay (electro-pop, indie-pop). Stratum. 8 p.m. Hr 200-350 ☺
Funkey Show Band. Dr. Winestein. 8 - 10 p.m. Free ☺

Theater

Didona ta Enei (opera). Mystetsky Arsenal. 7 p.m. Hr 350-1,500 ☺
La Traviata (opera by Giuseppe Verdi). National Opera of Ukraine. Hr 20 - 400 ☺

Saturday, Nov. 4

Classical music

Amadeus - Gods' Favorite. Tetiana Andrievska (piano) playing music by Mozart. National Philharmonic of Ukraine. 7 p.m. Hr 70-250 ●
The Battle of Orchestras. Zhovtnevy Palace. 7 p.m. Hr 250-590 ●

Live music

The Most Beautiful Music From Movies. Cinema House. 8 p.m. Hr 120-420 ●
Bangladesh Orchestra. Irish Party. Docker's ABC. 10 p.m. Hr 100 - 750 ●

Clubs

Michael Mayer (DJ set). Closer. 11:55 p.m. Price to be announced later ●
DJ set by Pronique from Berlin. Forsage. 10 p.m. ●
Atlas Club Third Birthday Party.

Atlas. 11 p.m. Free ☺
DJ Ravin. Indigo Club. 11 p.m. Free ☺
Rhythm Büro: Stroboscopic Artefacts. Dovzhenko Film Studios. 11:55 p.m. Hr 349-450 ☺

Miscellaneous

Fragile State (art exhibition). Pinchuk Art Center. 12 - 9 p.m. Free ☺
Nomad. She is no Mad (art exhibition). Tryptykh. 11 a.m. - 7 p.m. Free ☺
Feel the Mood (art exhibition). America House. 10 - 6 p.m. Free. Bring ID ☺
Playing the Past (interactive photo exhibition). Izone. 10 a.m. - 8 p.m. Free ☺

International Biennale (art exhibition). Center of Visual Culture. State Scientific Library of Ukraine. 12 - 8 p.m. Free ☺☺

Kill Bill (art exhibition about advertising). America House. 10 - 6 p.m. Free. Bring ID ☺

Indigoterra (photo exhibition). Art 14. 12 - 7 p.m. Free ☺

Zoom In and Zoom Out (art exhibition). Ya Gallery. 10 a.m. - 7 p.m. Free ☺

Ubik Litvin. Contemporary Architecture Photography (photo exhibition). TsUM. 10 a.m. - 10 p.m. Free ☺

Photo Kyiv (photo fair). Toronto-Kyiv. 12 - 7 p.m. Hr 60 - 100 ☺

Ulchnaya Eda. November (street food festival). Platforma. 11 a.m. - 11 p.m. Hr 75 - 100 ☺

Alcomarket. Vsi Svoi. 10 a.m. - 8 p.m. Free ☺

Movies

Good Time (crime, drama, thriller). Kinopanorama. 3 p.m. Hr 50 ●
East Side Sushi (documentary). America House. 2 p.m. Free ☺

Shows

Celeste (metal). MonteRay. 6 p.m. Hr 200 ●
Felix Shinder and Dengi Vpered (Odesa gangsta folk). Caribbean Club. 7 p.m. Hr 200-350 ●
Brazzaville (indie pop). Freedom. 9:30 p.m. Hr 500-1,000 ●
The House of Mysterious Adventures (show, musical, circus). VDNH. 5 p.m. Hr 250-2,499 ●

Theater

Giselle (ballet). National Opera of Ukraine. Hr 20 - 500 ☺

Sunday, Nov. 5

Classical music

Candlelight Concert. Music by Tchaikovsky, Mozart, Dvorak, Ravel and others. Cinema House. 8 p.m. Hr 120-390 ●

Miscellaneous

Fragile State (art exhibition). Pinchuk Art Center. 12 - 9 p.m. Free ☺
Nomad. She is no Mad (art exhibition). Tryptykh. 11 a.m. - 7 p.m. Free ☺
Indigoterra (photo exhibition). Art 14. 12 - 7 p.m. Free ☺
Playing the Past (interactive photo exhibition). Izone. 10 a.m. - 8 p.m. Free ☺
Olga Yakubovskaya. Water (art exhibition). Nebo. 11 a.m. - 7 p.m. Free ☺
International Biennale (art exhibition). Center of Visual Culture. State Scientific Library of Ukraine. 12 - 8 p.m. Free ☺☺
Ubik Litvin. Contemporary Architecture Photography (photo exhibition). TsUM. 10 a.m. - 10 p.m. Free ☺

Ulchnaya eda. November (street food festival). Platforma. 11 a.m. - 11 p.m. Hr 75 - 100 ☺

Alcomarket. Vsi Svoi. 10 a.m. - 8 p.m. Free ☺

Granica (sound and video performance). Port Creative Hub. 6 p.m. Free ☺

Monday, Nov. 6

Classical Music

Roman Kofman. Gidon Kremer (violin). National Philharmonic of Ukraine. 7 p.m. Hr 100 - 600 ●

Live Music

Muse Cover Show. Music Renaissance. Atlas. 8 p.m. Hr 120 - 450 ●

Miscellaneous

Playing the Past (interactive photo exhibition). Izone. 10 a.m. - 8 p.m. Free ☺
Nomad. She is no Mad (art exhibition). Tryptykh. 11 a.m. - 7 p.m. Free ☺
Olga Yakubovskaya. Water (art exhibition). Nebo. 11 a.m. - 7 p.m. Free ☺
International Biennale (art exhibition). Center of Visual Culture. State Scientific Library of Ukraine. 9 a.m. - 5 p.m. Free ☺☺
Zoom In and Zoom Out (art exhibition). Ya Gallery. 10 a.m. - 7 p.m. Free ☺
Ubik Litvin. Contemporary Architecture Photography (photo exhibition). TsUM. 10 a.m. - 10 p.m. Free ☺

Movies

Oscar Shorts 2017 Animation. Zhovten. 5:55 p.m. Hr 65 ●

Shows

NastyaZnykae (soul, acoustic). 8 p.m. Caribbean Club. Hr 120-390 ●
King Dude (metal, punk). MonteRay. 8 p.m. Hr 350-600 ●

Nov. 10



Paul Manandise

He left France and moved to Ukraine to be with his Ukrainian wife. Now Paul Manandise lives in Kyiv, sings in Ukrainian and is working on a new album. His songs are a bridge between Ukrainian lyrics and French romantic sounds.

Paul Manandise. Caribbean Club (4 Petliury St.) Nov. 10. 8 p.m. Hr 180-850

Photo Kyiv (photo fair). Toronto-Kyiv. 12 - 7 p.m. Hr 60 - 100 ☺

Theater

Madama Butterfly (opera). National Opera of Ukraine. Hr 20 - 400 ☺

Clubs

R'n'B Boom. Forsage Club. 11 p.m. Hr 30-50 ●

Movies

Good Time (crime, drama, thriller). Kinopanorama. 3 p.m. Hr 50 ●
Oscar Shorts 2017 Animation. Zhovten. 5:55 p.m. Hr 65 ●

Shows

Pyogenesis (metal). MonteRay. 7 p.m. Hr 444-999 ●
Barahtha (pop-rock) Docker Pub. 7 p.m. Hr 70-500 ●

Theater

The Man from Earth. ProEnglish Theatre Hub. 7 p.m. Hr 120 ●

Tuesday, Nov. 7

Classical Music

World Classics. Capris Classic Quartet. Actor's House. 7 p.m. Hr 50-100 ●

Live Music

Jazzy. Golden Hits. Architect's House. 7 p.m. Hr 120 - 350 ●

Miscellaneous

Kill Bill (art exhibition about advertising). America House. 12 - 9 p.m. Free. Bring ID ☺
Feel the Mood (art exhibition). America House. 12 - 9 p.m. Free. Bring ID ☺
Playing the Past (interactive photo exhibition). Izone. 10 a.m. - 8 p.m. Free ☺
Nomad. She is no Mad (art exhibition). Tryptykh. 11 a.m. - 7 p.m. Free ☺
Fragile State (art exhibition). Pinchuk Art Center. 12 - 9 p.m. Free ☺
Indigoterra (photo exhibition). Art



Benjamin Clementine

Benjamin Clementine is a ballad singer with a backstory, from Catholic schoolboy in London to homelessness in Paris. Singing on the streets of Paris, he caught the eye of a producer, and that is how his music career kicked off. Now Clementine is known in France and abroad for his avant-garde singing and poignant lyrics.

Benjamin Clementine. Zhovtnevy Palace (1 Instytutska St.) Nov. 12. 7 p.m. Hr 700- 2,000

Blockchain seen as boost to transparency, owners

BY BERMET TALANT
BERMET@KYIVPOST.COM

Ukraine is moving its land registry onto blockchain technology to protect ownership rights and reduce fraud.

The transfer of all land ownership records onto a blockchain-based platform will be completed by the end of the year, Acting Minister of Agrarian Policy and Food Maksym Martyniuk said in an interview with the Kyiv Post.

Blockchain technology came into the spotlight with the rise of Bitcoin and other virtual currencies, but it has generated interest in other sectors, especially public registries and supply chains.

This technology stores data in interlinked chains of blocks using cryptography which makes it highly secure for digital transactions and keeping records. It is also resistant to unsanctioned modification of databases since any changes will be visible across the network.

The change is meant to give landowners more control over their property and protect them from raiders.

"The system generates a unique hash code for every transaction with a land plot, which can be used to verify data with the State Land Cadastre. This is additional security for land owners. At the moment the user identification uses an e-signature or bank ID," director of the State Land Cadastre department Ihor Slavin explained.

In the past, typical raidership schemes abused flaws in the State Land Cadastre which contains information about the lawful owners of the land plots. As of October, the State Land Cadastre has 18.8 million land plots registered.

"Changing the records, unfortunately, was largely practiced by staff of the service [State Service for



A field in Kyiv Oblast on Oct. 23. While there is no functioning land market in Ukraine, the country wants to make the register of land ownership rights more secure by introducing blockchain technology. (Oleg Petrasiiuk)

Geodesy, Cartography and Cadastre], only they generally had the authority to change the information," Martyniuk said.

The Ukrainian government picked Bitfury Group, a Dutch-registered tech company, that piloted the first blockchain land-titling registry in Georgia earlier this year.

The modernized State Land Cadastre isn't the first time that Ukraine has employed a blockchain-based innovation in public services. OpenMarket (CETAM), an e-procurement system for seized property, switched to blockchain in September.

Collision

Moving State Land Cadastre

to blockchain is only the beginning. The government plans to apply the same technology to the State Registry of Real Rights Over Immovable Property, administered by the Ministry of Justice, too.

At the moment, the data between these two registries are not synchronized, which has legal ramifications and creates room for fraud.

"When a transaction is registered by a notary in the State Registry of Property Rights, it is supposed to be automatically synchronized with the data in the State Land Cadastre. But it doesn't occur," deputy business ombudsman Yaroslav Gregirchak, who recently released a report on raidership attacks in Ukraine, said.

"The data exchange between the registry and cadastre now occurs once a day when StateGeoCadastre receives a file with all transactions from the Registry of Real Rights," Slavin said.

This contradiction caused disputes over ownership rights as well as misuse for illegal seizures of land plots.

The Ministry of Justice claims that it is the primary source of ownership rights to land plots in Ukraine. However, lawyers and banks also request extracts from the State Land Cadastre, Gregirchak said in an interview with the Kyiv Post.

The issue was recognized by the Cabinet of Ministers. In July it adopted a resolution that provides for the mechanism of real-time exchange of

data about land plots between the two registries using cryptography.

"I believe that the problem is not in a lack of transparency as it is in the lack of administrative approach," Grigochak said. "Perhaps, there would be more order if one state agency ran one comprehensive registry of land ownership rights."

Auctions for land

Ukraine banned sales of farmland in 2003. Although the lifting of moratorium, which expires on Jan. 1, is one of the key requirements of the International Monetary Fund to advance a \$17.5 billion loan program, the ban is likely to be extended.

As a result, the main way of transferring property rights over a land plot is by lease.

The agricultural land market in Ukraine is depressed because the sales ban limits access to credit. Banks are reluctant to accept land as a collateral and rental prices are a fraction of those in European countries: \$37 per hectare in Ukraine versus \$219 in Germany, \$279 in Bulgaria and \$672 in Netherlands, the World Bank noted.

About 75 percent of Ukraine's agricultural land in private ownership, and 25 percent, or over 10 million hectares, belongs to the state and is distributed by the State Service for Geodesy, Cartography and Cadastre (StateGeoCadastre.)

In June, Prime Minister Volodymyr Groysman ordered the StateGeoCadastre to lease state lands only through auctions. Martyniuk, the acting agricultural minister, told the Kyiv Post that the decision would put an end to "all schemes of the semi-legal distribution of land."

Ukraine ranked 63 in the latest World Bank Doing Business survey for the ease of property registration: a seven-step procedure that takes 23 days on average. ■

Ukraine looks unable to stop, solve killings

Okuyeva from page 3

comprised mostly of Chechens who had fled Kadyrov's regime to the West. In 2015, Osmayev became a commander of the battalion after the death of Brigadier General Isa Munayev in the Battle of Debaltseve.

Who was Okuyeva?

Okuyeva was born in the southern Ukrainian city of Odesa to a Chechen father and Polish mother and had lived in Moscow and Grozny, the capital of Chechnya, the home of her parents. She returned to her hometown in 2003 because of the war in Chechnya. There she studied medicine and worked as a doctor in the surgical department at an Odesa hospital, where she met her future husband Osmayev.

As Russia's war erupted in the

Donbas in 2014, Okuyeva joined the volunteer Kyiv-2 Battalion. She was officially listed there as a paramedic, but eventually took part in battles, including in Debaltseve and Chornukhino. Later she worked as a spokesperson for the Chechen Dzhokhar Dudayev Battalion, made up mostly of Chechens who had fled Kadyrov's regime.

In summer, Okuyeva contacted ATR TV channel with an idea for her own show, "The Heroes of the Caucasus," referring to the republics of Chechnya, Ingushetiya and Dagestan, a conflict-ridden region considered to be the longest active war zone in the world.

"I was amazed by her talent," said Khrystyna Bondarenko, the chief executive producer at ATR, adding that Okuyeva handed in a flawless scenario for the pilot and tirelessly

searched for archive video.

For Okuyeva, the TV show was part of her fight, according to Bondarenko, who learned about Okuyeva's murder as she was working on a promotion for Okuyeva's show on Oct. 30.

The pilot of the show aired on Nov. 1. It was the only episode that Okuyeva finished.

"She didn't seem a very open person at first, but when you started talking to her, she always impressed you with a sincere smile," Bondarenko recalls. "Every time she came to our newsroom, she was with Adam. They were always together. And always in light body armor and without security."

Suspected organizers

In a short video interview with LB.ua, Osmayev, sitting on a hospi-

tal bed, said that the attack on him and his wife was ordered by the same people as the attempt in June: Russia's security forces.

Ukrainian investigators are pursuing two main theories: a hit by Russian intelligence services, or a revenge attack by Chechen Republic fighters. Both have been critical of Kadyrov's regime.

"Kadyrov's fighters are traitors," Okuyeva said in 2014. "There is nothing worse than a national betrayal and abetting the occupiers. These are the people who went to serve long-time murderers, the executioners of their people, who are forced to destroy their people."

However, Chechen strongman Kadyrov blamed the Ukrainian intelligence services for the murder instead.

"In Kyiv, they perfectly knew that (she) was mercilessly killed by the

Ukrainian intelligence services," Kadyrov wrote in his Telegram social medium channel.

Next steps

Vyacheslav Tseluiko, an expert of Center for Army, Conversion and Disarmament Studies, doubts that Ukraine can do much to prevent such attacks in future.

"It's up to the terrorists to pick the victims, place, time and methods, and the country can't be proactive in terms of securing lives, because it lacks the resources — mostly human," Tseluiko said.

"Probably, the only person who's protected enough is the president. The only thing that might help restore the image of Ukraine's law enforcement is well-planned operational activity and exposing terrorist groups." ■

Indictment: Manafort laundered millions of dollars in payments from Yanukovych

Manafort from page 1

out of power on Feb. 22, 2014.

"You know he has killed people in Ukraine? Knowingly," wrote his daughter Andrea in a hacked text.

Ukrainian prosecutors say they are interested in questioning Manafort in two investigations, one related to embezzlement in the Justice Ministry that implicates ex-Justice Minister Oleksandr Lavrynovych. Manafort comes up as a potential recipient of \$12.7 million of the \$2 billion in allegedly illegal payments made by Yanukovych's party in the "Black Ledger." But his name has not come up in connection with the investigation of the murders of 100 EuroMaidan Revolution demonstrators.

The lavish lifestyles of Manafort and Gates — who are presumed innocent and who deny the charges — leap out from the U.S. indictment: \$6.4 million on homes, \$900,000 for antique rugs, \$840,000 on men's clothing and almost \$200,000 on four Range Rovers.

Manafort's wealth contrasts with the finances of the voters he convinced to elect Yanukovych in 2010. In Ukraine, the average wage remains \$300 a month and retirees live on \$100 a month. Manafort now faces up to 80 years in prison, if convicted.

The indictments were brought by the team of U.S. Special Counsel Robert Mueller, who is investigating possible collusion between the 2016 presidential election campaign team of U.S. President Donald J. Trump and the Russian government. Manafort served as campaign manager for five months.

Trump campaign foreign policy adviser George Papadopoulos pleaded guilty to lying to FBI agents about his ties to Russian officials. The plea revealed that the Trump campaign knew the Russians possessed hacked emails from the Hillary Clinton campaign.

Anders Aslund, an economist and a senior fellow at the Atlantic Council, is disappointed that the Manafort indictment isn't more detailed, however.

"I'm surprised that the U.S. hadn't found out about this until now," Aslund told the Kyiv Post. "But the indictment is only about economic crimes. There's nothing about the harmful activities he did while in Ukraine."

Even Manafort's children were alarmed at his activities in Ukraine, according to phone texts hacked from Manafort's daughter's iPhone in late February and released on the dark web.

"His work and payment in Ukraine is legally questionable," Manafort's daughter Andrea wrote in one of the 300,000 texts leaked.

Trump "has now hired one of the world's greatest manipulators," she wrote in another text, while calling her father "abusive" and without a "moral or legal compass" in others.

Kevin Downing, Manafort's attorney, maintained his client's innocence in a statement, calling the money laundering allegations "ridiculous" and saying that his work for



Paul Manafort, ex-campaign manager for U.S. President Donald J. Trump and ex-adviser to Ukraine's Party of Regions under ex-President Viktor Yanukovych, leaves a Washington, D.C. federal courthouse on Oct. 30. Manafort is accused of multimillion-dollar money laundering and tax evasion. For a decade in Ukraine, he helped legitimize Yanukovych to Westerners. Yanukovych fled power during the EuroMaidan Revolution in 2014. (AFP)

the Party of Regions "was seeking to further democracy and to help the Ukrainians come closer to the United States and to the" European Union.

Manafort and Gates are under house arrest in the U.S., awaiting trial. Manafort, who has applied for 10 passports in the last 10 years, has pleaded not guilty, along with Gates.

How influential?

Accounts differ on the amount of power that Manafort wielded over Yanukovych.

The 67-year old political consultant entered Ukrainian politics in 2005 through a contract with System Capital Management, the firm belonging to billionaire oligarch Rinat Akhmetov, who backed Yanukovych. SCM spokesman Evgeny Buzikin said that Manafort "helped create the group's corporate communications strategy."

In 2007, at the Davos Economic Forum in Switzerland, Akhmetov called Manafort was not just a consultant, but his "great friend."

One former top U.S. diplomat, who requested anonymity due to a lack of authorization to speak publicly, said that "Yanukovych got some advice from Manafort on his areas of expertise, which was not domestic Ukrainian politics. It was how to talk to and how to be heard by Western audiences and Western governments."

Others contended that Manafort had more influence. Aslund argued that Manafort was "completely in charge of Yanukovych," controlling key policy decisions like "advising Yanukovych to speak Ukrainian for the 2010 campaign."

But the former U.S. diplomat said that while "people at senior levels in the Party of Regions listened to him on certain issues," he was but one adviser in a team that included Ukrainians and Russians.

"He's clearly good at what he

does," the ex-diplomat added. "He was clearly a smart man with a range of questionable clients."

The texts reveal one exchange which suggests Manafort may have played a key role in the 2014 EuroMaidan Revolution by convincing Yanukovych to order police to massacre 100 demonstrators days before Yanukovych fled to Russia.

"Do you know whose strategy that was to cause that?" Manafort's daughter Andrea wrote to her sister, Jessica, in March 2015.

She continued: "To send those people out and get them slaughtered, as a tactic to outrage the world and get focus on Ukraine."

"Don't fool yourself," she wrote.

"The money we have is blood money."

Foreign agents

The indictment alleges that Manafort and Gates failed to register as foreign agents, in part because they were operating on behalf of a Brussels-based nongovernmental organization called the European Center for a Modern Ukraine.

Calling the center "a mouthpiece for Yanukovych and the Party of Regions," prosecutors allege that Manafort and Gates had an "informal agreement" with the center to lobby on the Ukrainian government's behalf.

Federal prosecutors allege that

Manafort and Gates worked as agents of the Ukrainian government through the center but failed to register in the U.S. as such, a violation of the Foreign Agents Registration Act. The pair hired two D.C. lobbying firms — Mercury and the Podesta Group — to work on their behalf and allegedly under their supervision.

The center doesn't seem to have registered on the E.U.'s Transparency Register, which would deprive it of access to top EU officials, said Albi Alla, an attorney at Alber & Geiger in Brussels.

The center's founder, former Ukrainian Foreign Minister Leonid Kozhara, declined to comment, but told 112 TV channel on Nov. 1 that the center was created "to tell the truth about Ukraine in the European Parliament and other E.U. institutions. And the center was quite successful."

One of the center's apparent functions was to pay U.S. journalists and bloggers for favorable coverage.

A 2013 BuzzFeed investigation revealed that the center paid U.S. bloggers at the U.S. far-right website Breitbart News Network, among other outlets, for positive coverage of the ruling Party of Regions during the 2012 parliamentary elections.

Libertarian activist George Scoville allegedly oversaw the cash transfer and invited bloggers to a conference with former Central Election Chief Mikhail Okhondovskyy, who was later found to have received from the Party of Regions on the "Black Ledger."

Scoville did not reply to requests for comment. Breitbart editor Steve Bannon replaced Manafort as manager and chief strategist of the Trump campaign in August 2016.

Skadden

The indictment tells a story in which

more Manafort on page 16

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Son of Avakov, nation's top cop, accused in major theft

BY OLEG SUKHOV
SUKHOV@KYIVPOST.COM

The National Anti-Corruption Bureau of Ukraine on Oct. 31 arrested the son of Interior Minister Arsen Avakov, who is arguably the nation's second most powerful person after President Petro Poroshenko.

The arrest is the NABU's most high-profile anti-graft raid since the detention of State Fiscal Service Chief Roman Nasirov in March and ex-People's Front party lawmaker Mykola Martynenko in April.

Avakov's son Oleksandr, ex-Deputy Interior Minister Serhiy Chebotar and IT firm TurboSEO's CEO Volodymyr Lytvyn are accused of embezzling Hr 14 million in a case related to the supply of overpriced backpacks to the Interior Ministry. The suspects deny the accusations and believe them to be a political vendetta by the NABU.

The three suspects were released without bail on Nov. 1. Experts say this case, like many others, will not lead to any results due to the massive political influence on the judiciary.

Until independent anti-corruption courts are created, such cases will inevitably be buried by Ukraine's corrupt and politicized courts, anti-corruption activists say.

The Oleksandr Avakov case is also seen as a result of an ongoing power struggle between Avakov and Poroshenko, who wants to control the powerful minister.

Meanwhile, the backpack supply scheme is just the tip of an iceberg, with numerous media investigations into Avakov's alleged corruption still being ignored by law enforcement agencies.

Igor Lutsenko, a lawmaker from the 20-member Batkivshchyna Party, said on Facebook that Avakov should be suspended from his job during the investigation.

But Anastasia Krasnosilka, an expert at the Anti-Corruption Action Center, told the Kyiv Post there's

"zero chance" that Avakov would be suspended or would step down.

Political interference

Kyiv's Solomyansky Court was initially reluctant to consider the case on Oct. 31, saying its working day was over. On Nov. 1, it made a bizarre decision to release the suspects without any bail, which was seen by critics as a sign of political interference in the judiciary.

Moreover, the ruling cannot even be appealed due to legal technicalities.

The hearing was attended by dozens of camouflaged supporters of Avakov, who were disparagingly called "titushki", or pro-government thugs, by his opponents. Lawyer Yevhenia Zakrevska said it was pressure on the court.

Anti-corruption prosecutor Oleksandr Snegiryov said at the hearing that titushki and police had prevented NABU detectives from searching Avakov's offices in Kharkiv. National Guards and police were also brought to the NABU building in Kyiv.

Lawmaker Sergii Leshchenko said on Facebook that the NABU had been ready to charge Oleksandr Avakov in early 2017, but Chief Anti-Corruption Prosecutor Nazar Kholodnytsky had been dragging his feet on approving the notice of suspicion for him. Kholodnytsky, who is accused of being influenced by the Presidential Administration and denies the accusations, authorized it only now amid a conflict between Poroshenko and Avakov, Leshchenko added.

The backpack case was investigated by the military prosecutor's office starting from 2015 and was transferred to the NABU in 2016. However, first military prosecutors and then Kholodnytsky blocked it until now, Oleksandr Lemenov, an anti-corruption expert at the Reanimation Package of Reforms, told the Kyiv Post.

Avakov withdrew National Guard



Oleksandr Avakov, son of Interior Minister Arsen Avakov, sits at a hearing on his arrest at Kyiv's Solomyansky Court on Nov. 1. (Volodymyr Petrov)

troops and police from a protest tent camp in front of the Verkhovna Rada on Oct. 31 in what some interpreted as either reluctance to protect Poroshenko's interests or desire to use the troops to protect his son. Poroshenko has been unhappy with Avakov for failing to prevent his opponent Mikheil Saakashvili's re-entry into the country in September and disperse protesters in front of the Rada, according to sources cited by the Ukrainska Pravda online newspaper.

"Poroshenko wants to keep Avakov on a hook to force him to be 'friendly,'" Lemenov said.

Pervasive corruption

Video footage has been published on the Internet where Oleksandr Avakov and Chebotar discuss an allegedly corrupt scheme to supply backpacks to the National Guard in Chebotar's office. Since the National Guard is involved in the war with Russia, the case is seen as an example of war profiteering.

Meanwhile, in a video recorded by the Security Service of Ukraine and recognized by courts as genuine, Chebotar, the Interior Ministry's State Secretary Oleksiy Takhtai and

state firm Spetsvervis CEO Vasyl Petrivsky, an ex-aide to Avakov, negotiate a corrupt deal to sell sand at a rigged auction in Chebotar's office.

In the video, Chebotar says that Avakov is also aware of the deal and is worried that the sand has not been sold yet. Petrivsky has pled guilty and has been convicted in a theft case for selling the sand. Avakov denies graft accusations, while Chebotar has resigned amid graft scandals.

The video about the sand scheme appears to be part of the same footage as the video that features discussions on backpack supplies.

The NABU is also investigating Avakov's deputy Vadym Troyan over video footage where people resembling Troyan and Chebotar discuss corrupt revenues from the traffic police and extorting money from businesspeople. Troyan denies accusations of corruption.

Troyan's house was searched in July as part of a bribery case. The Security Service of Ukraine and prosecutors said that three associates of Troyan had been arrested for extorting a Hr 1.5 million bribe, while he had nothing to do with the bribery. The statement was seen by Troyan's critics as an effort to let him

escape punishment.

The Novoye Vremya magazine has published an investigation on alleged tax evasion in natural gas production projects by Avakov — accusations that Avakov denies.

Meanwhile, Avakov's top ally and lawmaker Ihor Kotvitsky is under investigation by the NABU over an undeclared transfer of \$40 million to Panama.

In 2015 Leshchenko also published a document according to which Avakov is identified as Italian company Avitalia's president as of April 30, 2015. Ukrainian law bans ministers from simultaneously working as business executives. According to Avakov's property declaration, the minister owns 100 percent in Avitalia.

Previous investigations

Avakov was accused of large-scale corruption when he was governor of his native Kharkiv Oblast in 2005 to 2010.

In 2012 the Prosecutor General's Office charged Avakov with abuse of power and illegally privatizing land worth Hr 5.5 million. Avakov then called the case political persecution by then President Viktor Yanukovich and his allies and fled to Italy.

After Avakov became interior minister in February 2014, the case was closed, and the investigators who were pursuing it were fired.

In 2008 Avakov's ally-turned-opponent Gennady Kernes, now mayor of Kharkiv, accused Avakov of killing his business partner Oleksandr Konovalov and seizing his assets — a claim denied by Avakov. He was investigated in the case but it has seen no progress.

In April 2014 hardline nationalist Oleksandr Muzychko was killed during a standoff with the police. The police said he had been shot for resisting arrest, while the Rivne and Lutsk city councils passed resolutions recognizing it as a political murder and blamed it on Avakov, who denied the accusations. ■

Manafort faces years in prison if convicted

Manafort from page 15

Manafort used the center to hire two U.S. lobbying firms to work on behalf of the Ukrainian government.

Some of that work caused a scandal in 2012, when U.S. law firm Skadden, Arps, Meagher, & Flom LLP sent a team of four lawyers to Kyiv to write a report on whether the Yanukovich government's prosecution of political opponent Yulia Tymoshenko met European standards.

Skadden attorneys Gregory Craig and Cliff Sloan did not reply to emailed requests for comment for this story. Both attorneys held high level positions in the Obama Administration — Craig as the administration's first White House counsel, and Sloan as the State Department's

envoy on closing Guantanamo.

The Skadden report led to a probe in Ukraine of former Justice Minister Oleksandr Lavrynovych on suspicion of embezzling Hr 8.5 million (\$1.06 million at the 2012 exchange rate) to pay the firm.

Serhiy Vlasenko, Tymoshenko's attorney, told the Kyiv Post in August 2016 that the first thing he told the Skadden team was that there was a "corrupt element in your work here."

"They said, 'we did everything legally, because their official honorarium was worth Hr 95,000. (\$11,875 at the 2012 exchange rate),' Vlasenko said.

But the indictment alleges that the report was worth far more.

"Manafort and Gates used one of their offshore accounts to funnel \$4

million to pay secretly for the report," prosecutors allege.

Skadden returned \$567,000 to the Ukrainian government in June, saying that the money was kept for "future work" that was never done.

Family affair

The \$75 million that Manafort and Gates allegedly got from the Party of Regions for their work afforded Manafort a lavish lifestyle in the U.S.

Manafort's daughter's texts reveal that financial transactions detailed in the indictment are intertwined with some of the former campaign manager's personal issues.

Arguments over a potential divorce led Manafort's daughter to write that "he has too many skeletons, he can't have a public divorce," while calling

his "work and payment" for the Party of Regions "legally questionable" in a subsequent text.

"I hope dad never gets paid," she wrote in another text, referring to late payments from the deposed Yanukovich administration.

The indictment alleges that from 2008 to 2014 Manafort wired a total of \$12 million to buy personal items without paying taxes on the income.

While still working with the Party of Regions in 2012, Manafort bought property worth \$6.4 million.

One condominium at 377 Union Street in New York appears in the indictment as a money laundering

concern. The property was first owned by Manafort and his son-in-law, Jeffrey Yohai.

The hacked texts reveal panic within the Manafort family about financial dealings surrounding the property, as well as another in Lower Manhattan.

In one text, Manafort's daughter writes of Yohai that it was "Disgusting that he is trying to leverage a property that's not his."

"Dad and Jeff are business partners," she added. "There's no sneaking \$1 million past the other one."

An attorney for Yohai did not reply to a request for comment. ■

The U.S. grand jury indictment against Paul Manafort and Rick Gates can be read at: <https://www.justice.gov/file/1007271/download>

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Why Kyiv Post doesn't send stories before publication

JOSH KOVENSKY AND BERMET TALANT

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The other week, a Kyiv Post reporter interviewed the Organization for Security and Cooperation in Europe's Representative for Freedom of Media. After the interview, two of the representative's advisers asked the reporter to send them the text before publication.

Our reporter refused, citing our longstanding editorial policy.

A couple of days later, another Kyiv Post reporter had a scheduled interview cancelled with the International Monetary Fund country director after telling a spokesperson he wouldn't send the text before publication. It was the first time the IMF had made such a request to the Kyiv Post, and the newspaper and IMF have agreed to meet and resolve the issue.

The problem isn't so much the hypocrisy of two international organizations — one that condemns censorship, the other that lends billions of dollars to build accountable governments — attempting to influence Ukraine's embattled free media.

It's that Ukrainian new media, mostly unprofitable outlets used as political weapons by their oligarch owners, participate in these independence-destroying procedures. Editorial independence among Ukrainian media is rare. So, sadly, approval of texts by a source before publication (or "uzhodzhenia" in Ukrainian) is still a common practice. We hear this demand for "approval before publication" all the time — from international organizations, private companies, embassies and government agencies.

Journalism vs. PR

A journalist interviews a source, writes a story and sends the draft to the source for approval. The source checks the text and adds corrections. At first sight, it seems like a good way to avoid misunderstandings and mistakes, but in reality it hands over editorial powers to the source. This is not journalism.

Experience has shown that once journalists hand over news stories, they lose control. The work could end up far from the source interviewed. It could land in a distant corporate



Journalists from Ukrainian outlets wait to be called on at a press conference by President Petro Poroshenko in March 2016. Many Ukrainian outlets are willing to sacrifice editorial independence to their sources by allowing them to approve what is written before publication. (Volodymyr Petrov)

headquarters or with a team of PR officials who don't merely want to correct factual mistakes, they want to rewrite or censor the piece.

On a practical level, journalism would grind to a halt if all interviews were held up, awaiting the approval of sources. But that's not the main reason why we refuse — and we always say no, or at least so far have found no reason to make an exception.

Most sources understand and relent after we explain. We don't even blame them for asking.

Editorial independence

But our readers, subscribers and advertisers tell us that they want the Kyiv Post to be commercially and editorially independent — and to tell the truth.

Our policy subjects us to criticism and pressure sometimes. We are refused interviews and information requests. Sometimes, we are even threatened with lawsuits.

"This is a very sensitive subject."

"All journalists send us texts. We have never heard of such editorial policy as yours."

"Your interviewee is a very important person whose words and ideas have to be conveyed correctly."

"We have had negative experience with media in the past."

"We just want to make sure the numbers are correct."

"It's the law." (No it is not.)

Perhaps we'd be a richer newspaper if we agreed to such requests. If advertisers could buy advertorials disguised as news stories, if politicians could pay to place positive stories, or "jeansa," maybe our finances would be stronger. But we don't think so. We want to believe that advertisers and subscribers have supported us all these years because of our fierce independence and quality journalism.

Correcting mistakes

To ensure accuracy, we suggest — as many of our sources do — recording the entire conversation along with us. In the age of the internet, mistakes are quickly and easily corrected. As for fairness, the Kyiv Post was one of the first outlets in Ukraine to get the other side of the story — and this remains our policy. We started this even before the explosion of PR professionals, who sometimes serve as obstacles to the source rather than helpful conduits.

Kyiv Post readers will get honest journal-

ism. They won't get perfect journalism. We make mistakes, but apologize for them and correct them. We've never been successfully sued for libel in 22 years. This is quite an accomplishment, given our investigations and the scale of Ukraine's corruption and the opaqueness with which public officials have operated for much of Ukraine's history as an independent nation.

Business model broken

The business model of journalism is broken, endangering the survival of this vital profession. Facebook, Twitter and Google first took the industry's content and distributed it freely. Then they sold targeted advertising around that content. And, as the scandal over how Russia used Facebook to spread lies and misinformation shows, Facebook, Twitter and Google don't check their facts. We do.

Journalism is trying to regain its financial strength with paywalls and other innovative efforts. Besides the weekly print edition, which sells paid advertising, the Kyiv Post is also in the business of organizing events as a source of much-needed revenue, including employment fairs, conferences, CEO breakfasts and dinners. We also edit materials for clients.

This model makes us dependent on the community, which is better than being beholden entirely to oligarchs and government grants.

The more high-quality stories we publish, the more reason people and companies will have to subscribe or buy advertisements in the Kyiv Post, which — at 40 people — is still a small operation.

Developing trust

We have regular conversations with our sources and develop trust. We openly send interview requests with outlines of the topics we want to discuss. Routine informational requests, such as those seeking statistics, history or clarifications, are handled quite efficiently by email or by phone. We want our sources to be prepared. In most cases, this is not a problem — we're interviewing a person because of his or her expertise, because they have knowledge beneficial to the public.

Those with something to hide, duck us. Those with nothing to hide, welcome us. President Petro Poroshenko is the top example of politicians in Ukraine who give interviews mainly to loyal journalists or, in the case of foreign journalists, uninformed ones. The best and most confident sources relish the verbal sparring that takes place during tough and enlightening interviews.

Another silly request is for a list of questions to be asked during an interview. A list of topics is fine. But the purpose of an interview is a live exchange, a face-to-face conversation, so often the next question depends on the last answer.

When it comes to highly sensitive subjects and insider information, we have a longstanding practice of discussing with the source what goes on the record and what stays off the record.

The Kyiv Post is a multilingual place. We can communicate with people in the language in which they are most comfortable — Ukrainian, English or Russian. All of these principles underpin our commercial and editorial independence. A free press is vital to the future of a democratic Ukraine. Today, unfortunately, many media outlets that aren't political tools of billionaire oligarchs have no business plan at all other than to apply for the next government grant.

The Kyiv Post's success depends on support from a community that wants better — that wants independent, fair and honest — not perfect, but honest — journalism. ■



Having a ball

A Viennese Ball was held in Kyiv for the first time in 12 years on Oct. 27. Guests gathered in the column hall of the Kyiv City State Administration for the event, which also included a charity auction. Twenty-six pairs of young men and women danced to the music of Austrian composer Karl Ziehrer. Among the guests were U.S. singer Mary Wilson, Michael Jackson's designer Keith Holman, Japanese Ambassador to Ukraine Shigeki Sumi, Indian Ambassador to Ukraine Manoj Kumar Bharti and others. (Andriy Skakodub)

Manafort indictment highlights contrasts in 2 criminal justice systems: Competence in US vs. corrupt uselessness in Ukraine

Stolen from page 1

Ukraine, but its efforts are ultimately fruitless due to the lack of independent courts in Ukraine.

"In the U.S., within a few months a special prosecutor brings concrete well-founded charges against Manafort, confirming cash flows through his offshore accounts," Daria Kaleniuk, executive director of the Anti-Corruption Action Center, told the Kyiv Post. "In Ukraine, more than a year after the 'Black Ledger' investigation began, the Anti-Corruption Prosecutor's Office can't bring charges against a single suspect for whom there is evidence collected by the NABU, and decides to send the 'Black Ledger' investigation to the graveyard of criminal cases: the Prosecutor General's Office."

Oleksandr Lemenov, an anti-corruption expert at the Reanimation Package of Reforms think tank, told the Kyiv Post that comparing U.S. and Ukrainian law enforcement was like comparing cheap Ukrainian Lanos cars to "a brand-new Ferrari."

"First, they have completely independent investigators and courts, and we don't," he said. "Second, they have more resources for investigations."

No charges

Ukraine's Prosecutor General's Office has so far brought no charges against Manafort.

The U.S. political consultant is

part of two investigations in Ukraine, according to Sergii Gorbatur, head of the in absentia cases unit at the Prosecutor General's Office. One is the investigation of embezzlement at the Justice Ministry. The second is the case of the "Black Ledger," according to which Manafort got \$12.7 million from the Party of Regions.

The "Black Ledger" documents list a total of \$2 billion in bribes and illicit payments allegedly handed out by the party. In the investigation, prosecutors have only filed notices of suspicion for ex-Party of Regions lawmaker Vitaly Kalyuzhny and his brother, while the National Anti-Corruption Bureau has filed a notice of suspicion for Central Election Commission chairman Mykhailo Okhondovsky.

Manafort's name also comes up in the investigation into the Justice Ministry's secret financing of a U.S. law firm to falsify a 2011 report justifying the politically motivated case against ex-Prime Minister Yulia Tymoshenko, Gorbatur said.

In that case, prosecutors have filed notices of suspicion for former Justice Minister Oleksandr Lavrynovych, his deputy, and the Justice Ministry's former accountant. Gorbatur said that Ukrainian prosecutors sought to get Manafort to testify in the case, but didn't succeed.

U.S. investigators say that Manafort lobbied members of U.S. Congress to persuade them that the Tymoshenko

case was lawful.

"We sent a request to the U.S. Department of Justice, informing them we needed to call Manafort in for questioning (as a witness), back in 2015, but got no response," Gorbatur said.

After Trump was elected U.S. president in 2016, Ukraine's Chief Anti-Corruption Prosecutor Nazar Kholodnytsky said there were no grounds to press charges against Manafort because his signatures were not present in the "Black Ledger."

"Ukrainian authorities are trying to forget (Manafort's) name so as not to anger Trump," lawmaker Sergii Leshchenko told the Kyiv Post.

Cases stalled

In June the "Black Ledger" case was sent from the NABU to Gorbatur's department. This was seen by critics as an effort to bury the investigation through heavy political influence on prosecutors. But Gorbatur said that the case "had not been lost yet."

"As soon as we uncover crimes and gather evidence, we will send more notices of suspicion," he said. "If we don't uncover crimes, there will be no notices and no arrests."

Moreover, in June the anti-corruption prosecutor's office suspended the investigation into Central Election Commission chairman Mykhailo Okhondovsky. The office claimed that it was necessary to prove not



Central Election Commission chairman Mykhailo Okhondovsky, a suspect in a bribery case, sits in Kyiv's Solomyansky Court on Dec. 21, 2016. (UNIAN)

only the fact that Okhondovsky took money, but also the fact that he used his position to act in the interests of the person giving the bribe.

Okhondovsky was charged by the NABU in December 2016 with receiving bribes worth \$100,000 in 2010 and \$61,000 in 2012 from the Party of Regions, based on the evidence of the "Black Ledger." A handwriting forensic examination had proved the authenticity of Okhondovsky's signature under the payment in the ledger, NABU detectives said.

Leshchenko and Lemenov accuse Kholodnytsky of stalling the Okhondovsky case due to pressure from President Petro Poroshenko, who needs Okhondovsky to remain in his job. Kholodnytsky and Poroshenko deny the accusations.

Judges of the Constitutional Court received \$6 million from the Party of Regions for decisions that helped Yanukovich usurp power, according to records in the Black Ledger. But

the Prosecutor General's Office has failed to charge any of the judges for usurpation of power or named them in any bribery cases so far.

No progress

Although the NABU is pursuing cases against top incumbent officials, they are going nowhere due to the lack of independent courts in Ukraine. In a shocking decision, Kyiv's Solomyansky Court on Nov. 1 released Interior Minister Arsen Avakov's son Oleksandr in a graft case without bail.

State Fiscal Service Chief Roman Nasirov was arrested and charged with graft by the NABU in March, and the investigation against him was completed in July. But the case has not been sent to trial yet, and Nasirov has not even been fired from his job. Ex-People's Front Party lawmaker Mykola Martynenko was arrested in a graft case in April but the case has not been sent to court so far. ■

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The parade of dachshunds in Kyiv invites owners or just fans of these dogs to join on Nov. 12 at 11 a.m. The meeting point is to be announced at facebook.com/dachshundsi-ukraine.



Popular writer leads Ukraine's cultural diplomacy in France

Made in Ukraine

WITH MARIYA KAPINOS
KAPINOS@KYIVPOST.COM

Ukrainians set several odd records

People love being the best at something. The Ukrainian Book of Records is proof. Every year since 1989, up to 400 new records are added. Some of them are quite surprising.

Oksana Shykalyuk's record is among them. In 2010, she set the record for having the longest natural eyelashes. They are 18.5 millimeters long, while the average length of a human eyelash is 10 millimeters.

Another hair-related record was set by Khrystyna Krechkivska, who could be dubbed Ukraine's Rapunzel. In June 2016 she set the record for having the longest hair in Ukraine, at 2.45 meters. The world record is held by Xie Qiuping from China at 5.62 meters, measured on May 8, 2004.

Nadiya Shcherban is in the Ukrainian Book of Records for having the largest natural breasts. Scherban puts her size K breasts down to genetics, saying all of the women in her family have been big-breasted.

Some Ukrainians had to be quite creative to get into the book. Designer Dmytro Parhomchuk from Lutsk set a record in 2015 by making a dress out of coffee beans. He used 26,667 coffee beans to sew the dress, which weighs 4.5 kilograms and has a matching purse and shoes, also made with coffee beans.

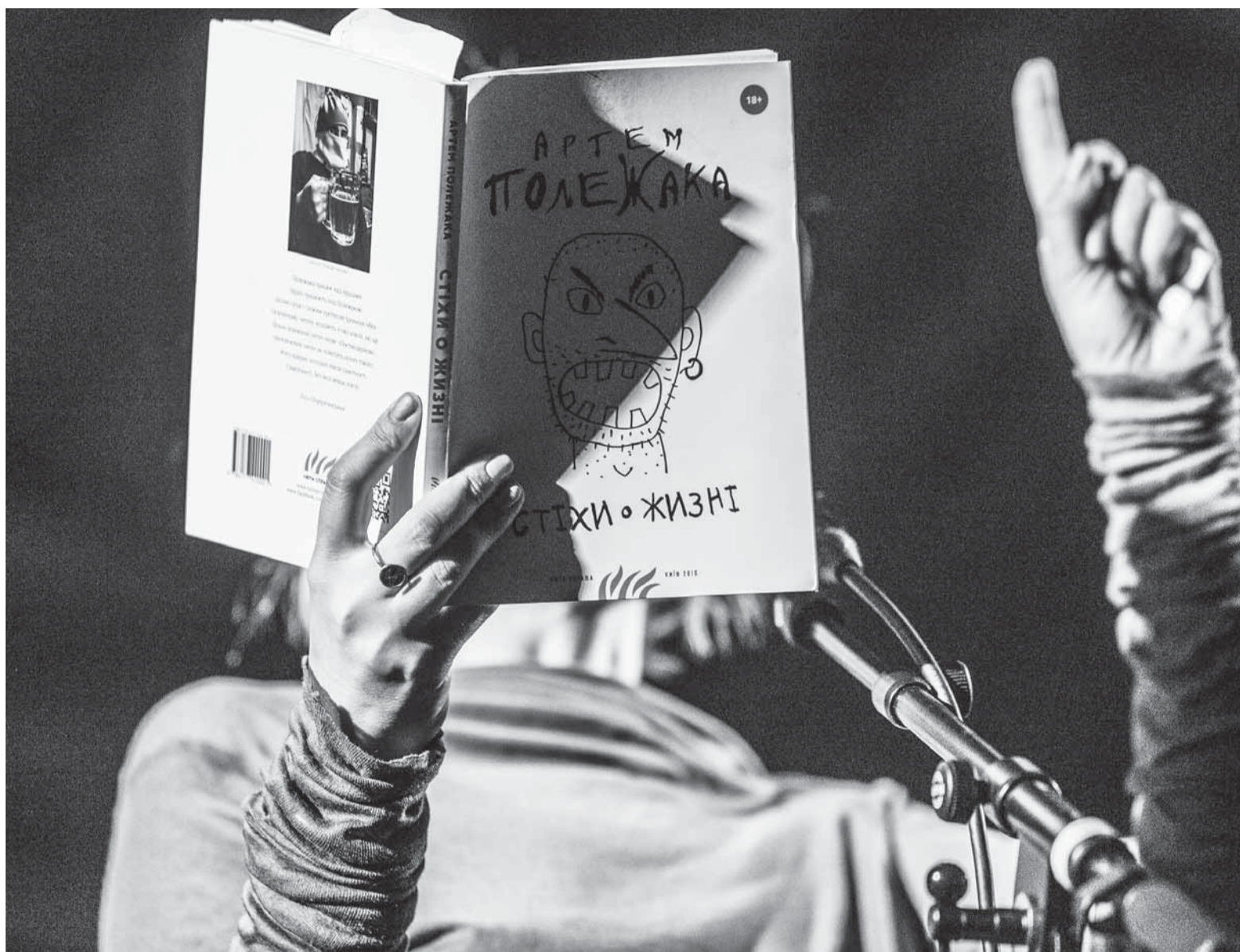
Tatyana Kaluzhna, a jeweler from Donetsk, in 2013 produced a miner's protective helmet from gold, silver and gems. It was recorded as the most expensive miner's helmet in Ukraine, with a value of \$43,000. That's enough to buy at least 25,000 regular helmets.

Other remarkable headwear: Kyiv residents in 2013 built a giant hat — 4.5 meters in diameter — from 150 kilograms of plywood. There was space enough inside to fit over 25 people.

The people of Khmelnytsky have their own record: In 2014, they released 18,000 Chinese lanterns into the evening sky. To light them up, the organizers handed out about 20,000 boxes of matches to participants.

Meanwhile, the people of Ternopil got themselves into the record book in 2014 by setting up a 210.6-meter-long barbecue. The record required

more Records on page 22



Irena Karpa, Ukrainian writer, singer and activist, reads poetry by Ukrainian poet Artem Polezhaka during her show "Poetry and Jazz on the Roof" at the Roof Club in Kyiv on Aug. 2. (Yulya Weber)

BY ALYONA ZHUK
ZHUK@KYIVPOST.COM

Ukraine's bureaucracy even follows its officials abroad.

Irena Karpa, Ukrainian writer, singer, activist and the first secretary for cultural affairs at the Ukrainian Embassy in Paris, has seen the phenomenon first-hand. Having worked in her current role for two years, Karpa says significant progress has been made in Ukraine's cultural diplomacy. But

even in France, Ukrainian bureaucracy still slows the whole process down.

"It's weird that when you talk to each individual person at Ukraine's Foreign Ministry, they understand the bureaucratic insanity, but when the process starts, everything slows down," Karpa told the Kyiv Post. "There isn't one particular damaging official, but somehow it doesn't work. But we're still moving forward."

Karpa is probably the most uncon-

ventional person to work as an embassy official for Ukraine.

A popular Ukrainian writer and avant-garde musician, she once warmed up the audience at a Marilyn Manson show in Kyiv wearing a dress made of salo, or raw pork fat — a Ukrainian delicacy.

Today the 36-year-old still occasionally performs, but also blogs about living in Paris with her two daughters, who are 6 and 7 years old.

It's been two years since she left

Kyiv to lead the cultural diplomacy efforts of Ukraine's Embassy in France.

But until earlier this year, her hands were tied: There was no state funding for what she was trying to do. Now that it's changed, and she's starting to get things done.

Money arrives

A diplomatic breakthrough for

more Karpa on page 21

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Cultural diplomat Irena Karpa: Paris enjoys Ukrainian events

Karpa from page 20

Ukraine came in March, when the government passed a resolution on creating a positive image of Ukraine abroad. It allowed state financing of Ukraine's participation in foreign political and cultural events for the first time since 2012, when then-Prime Minister Mykola Azarov, an ally of fugitive ex-President Viktor Yanukovich, cut the funding completely, citing an economic crisis.

For 2017, Ukraine allocated Hr 70 million (\$2.6 million) to its embassies all over the world for cultural diplomacy. Karpa jokes that the Ukrainian Embassy in Paris is "the greediest one," receiving \$90,000 for two events.

One of them is "Un Weekend à l'Est," an annual festival in Paris, scheduled for Nov. 15–20. This year, the event will focus on Kyiv, and feature music shows, lectures and exhibitions, with Ukrainian writers, photographers, directors and musicians participating.

Karpa said she would like to invite popular electronic folk band Onuka to perform, but that's where the bureaucracy steps in: The allocated budget money can't be spent on anything but basic organizational needs, like rent and translations.

"It's a trap — there is money, but we can't spend it," Karpa said.

The thing is, Ukrainian legislation doesn't have thorough instructions that would include all possible items of expenditure, so diplomats are limited in the way they can spend budget money when organizing events. However, a detailed ruling that would solve this problem is in the works now in the Ukrainian government.

"The embassy has requested money for several important events. But it had to back out of some of them. Because the procedure for using the funds — the part about transportation and accommodation of artists, journalists and experts — is still reviewed by Ukraine's Justice Ministry," Karpa said.

Another problem, according to Karpa, is that all spending should strictly correlate with the pre-approved budget plan, so she can't throw an impromptu event, or commit to participate in an upcoming festival next year, because it's hard to say whether her department will get the money.

"Internationally, big events are vital, but to take part in those you need to be sure you'll have the money, and that you won't end up being considered a flake," she said.

Karpa said that hopefully she will be able to attract philanthropists to support cultural events. She said that she has hosted countless Ukrainian artists in her Paris apartment.

According to Karpa, even though Parisians are hard to impress, they still attend Ukrainian events.

"When Lviv Opera performed in Paris, city's Palais des Congrès was full, and it's 3,000 seats," she said.



Irena Karpa, lead singer of Ukrainian alternative band Qarpa, performs on the stage of Kyiv's Docker Pub on March 12. (Yulya Weber)

Being proud

Karpa combines her diplomatic job with writing books and leading the Ukrainian alternative band Qarpa.

She calls herself more of an artist than a manager, and says she feels most comfortable when she is on stage communicating with her audience. She also likes to sit on a cafe terrace and write fiction. However, as the mother of two kids, she doesn't have much time for that.

Right now, Karpa is working on a book, a new single with her band and a screenplay.

Kyivans take part in Zombie Parade

Nearly 100 people in Kyiv celebrated Halloween by taking part in a Zombie Parade on Oct. 28. People gathered near the monument to Yaroslav the Wise at the Golden Gate metro station wearing the costumes of zombies, ghosts, witches, evil clowns, and other dark forces in honor of the ancient autumn festival. They walked along Kyiv's streets, promising to "attack passersby, eat their tasty brains and spread the zombie virus." The parade ended peacefully and nobody was hurt. (Volodymyr Petrov)



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Attention complainers: This place welcomes your gripes

BY ANNA YAKUTENKO
YAKUTENKO@KYIVPOST.COM

Complaining is generally believed to be a sad, useless and unproductive thing to do.

However, for some Ukrainians, it's the only way — and a practical one at that — to improve their lives.

At least 1,000 of 4,500 submitters to Ukraine's Electronic Complaint Book say that filing an online grievance helped get their problems solved.

Kyiv resident Mariana Manko is one of them. When she brought her phone to a local mobile service center to fix it, the service refused to give her phone back. After her complaint was published on reaction.org.ua, the service center immediately returned Manko her phone, according to Alen Bobrov, the website's founder.

Bobrov launched the online complaint book in September 2012. Since then, more than 4 million people from Ukraine visited it.

When Bobrov started working as an intern at a TV channel five years ago, he was surprised how rarely journalists read letters from viewers.

"The letters were cluttering the tables up, but the journalists never had time to read it. It seemed that those letters were doomed to fail-



Got a complaint? Post it on www.reaction.org.ua. It might help solve the problem or at least make the complainer feel better by sharing the situation with others. (Oleg Petrusiuk)

ure," Bobrov recalled.

To get people's voices heard, Bobrov launched the website reaction.org.ua, where anyone can write up their problem and reach journalists.

Bobrov manages the website with two other people, while other freelancers join from time to time.

The website publishes complaints on various topics, but most Ukrainians grumble about corruption, unresponsive state officials and bad service in shops and restaurants.

"We help people make their problem disappear," Bobrov said. Sometimes merely publicizing the problem leads to a solution.

Those who want to have their story published in the electronic complaint book have to write the full description of the problem and leave an e-mail address and a phone number for journalists. Photos, videos or documents can be attached to posts. The administrators check complaints before publication and contact the person to get more details if needed.

Bobrov also distributes the complaints by email to journalists.

Problems all over

Bobrov said that the top complaint from Kyivans is a lack of hot water and heating in their apartments. The monopolistic water supplier Kyivvodokanal annually stops supplies of the hot water in summer, but many people write to Bobrov that they still don't have hot water, despite temperatures close to freezing.

Bobrov also said that Kyivans, who complain the most, often tell about problems with utilities, such as lack of lighting in corridors and broken elevators. Mobile services are another hot topic, with people complaining about bad connections or bad service.

People from Kharkiv, the second largest city in Ukraine with more than 1 million people 482 kilometers east of Kyiv, complain about corrupt officials and noisy music festivals.

People from Lviv, the western Ukraine of 723,000 residents 540 kilometers west of Kyiv, mostly complain about bad service in restaurants and cafes.

One complaint from Odesa, the southern Black Sea port city of nearly 1 million people 477 kilometers south of Kyiv, criticized a local official who refused to remove religious icons from his office, while people from the small town of Chernyatyn in Vinnytska Oblast complained that the head of a local school demanded that parents of children who study there should cut trees and bring wood to heat the school.

While people from all over Ukraine can submit a complaint, Bobrov already made a separate online book for Bila Tserkva in Kyiv Oblast and plans to create a separate entry for Lviv residents this year.

Bobrov said that, in small towns and cities, it takes national publicity for local authorities to solve problems.

"In the regions people take criticism more seriously, but at the same time there may be no free media who will write about this problem," Bobrov said. "We know that our website works, because the authorities don't like criticism, and when we start to push to one point they start to react." ■

To submit a complaint visit www.reaction.org.ua/napisati-skargu (the website is in Ukrainian) or write an email at reaction.ua@gmail.com

Made in Ukraine: Strange records

Records from page 20

300 kilograms of pork and 20 cooks to prepare the meat. The previous record was held by Kyiv, with a 160-meter-long barbecue — equivalent to the height of a 50-story building.

The city of Kherson is also in the book, for the largest number of people simultaneously drinking yoghurt. In 2014, 1,144 marathon runners set the record right after the run — promoting the health benefits of dairy products in the process.

Setting records sometimes requires a lot of bravery and strength.

Yevhen Kalinin from Odesa in 2014 followed U.S. actor Jean-Claude Van Damme's example and for almost 90 seconds managed to perform splits between two sports cars moving at a speed of 20 kilometers per hour.

Painter and zoo owner Oleksander Pylyshenko from Zaporizhzhya took 35 days to set his record. That's how long he lived in a cage with a pair of African lions. The living conditions were the same for Pysarenko and



Zaporizhzhya painter and zoo owner Oleksander Pylyshenko made it to the Ukrainian Book of Records by living in a cage with a pair of African lions for 35 days. (Ukrinform)



Ukrainian strongwoman Olga Liaschuk made it to the Guinness Book of World Records in 2014 by crushing three watermelons between her thighs in 14.65 seconds. (Kostyantyn Chernichkin)

the animals: They slept on wooden floorboards and had all their food given to them through the bars of the cage. During his stay, Pylyshenko completed 13 paintings and witnessed the birth of two baby

lions. Pylyshenko said he wanted "to demonstrate that understanding between human beings and lions is easy to attain."

Ukrainian strongwoman Olga Liaschuk skipped Ukraine's Book

of Records and went straight to the Guinness Book of World Records. She set her record in 2014, crushing three watermelons between her thighs in 14.65 seconds. ■



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The Operation of the United Nations High Commissioner for Refugees (UNHCR) in Ukraine invites qualified candidates to apply for the following vacancy in Kyiv:

Associate Durable Solution Officer (Housing Support)/NOB Contractual Status: UNOPS contract with initial date until 31.12.2017.

Possible extension beyond that date.

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- Manage the daily implementation of the project using preferably Gantt chart or similar system.

- Liaise with different experts (legal, housing, finance, town planning, livelihoods). Coordinate and redact the identification and raking of selection criteria.

- Draft the systematic pre-selection and selection process. Draft supporting documents and presentations to clearly present criteria and selection process for potential submission.

- Collaborate to maximize the awareness of municipalities on the potential selection process.

- Compile and review adequate documentation.

- Oversee proper records, correspondence of submission at different stages of the selection process and the consistencies of all documentation between English, Russian and Ukrainian languages.

Essential minimum qualifications and professional experience required

- English, Russian and Ukrainian is essential.
- Master degree in housing sector (Engineer, architect etc)
- Minimum 5 to 10 years working experience in housing, real estate or construction sector at mid-level or senior position.
- Proven experience in efficient project management under pressure and keeping tight deadlines.

Detailed Job Description can be found at: [http://unhcr.org.ua/attachments/article/72/02_Associate Durable Solutions Officer \(Housing support\)_NOB_Kyiv.doc](http://unhcr.org.ua/attachments/article/72/02_Associate Durable Solutions Officer (Housing support)_NOB_Kyiv.doc)

Interested qualified candidates meeting the requirements can send their **P11** (UN personal history form) and Cover letter to vacancy@unhcr.org, stating in the "Subject" the position you are applying for, no later than **COB 10 November 2017**.

P11 can be downloaded at: <http://www.ua.undp.org/content/dam/ukraine/docs/P11-%202012.doc?download>



The National Democratic Institute for International Affairs (NDI) is a non-profit organization working to strengthen democracy worldwide.

NDI-Ukraine is currently seeking a Program Officer for Women's Political Participation Program. The position will be based in Kyiv and require some local travel.

Interested applicants should submit CVs and motivation letters in English together with the contacts of at least three referees by email to the following email address:

ukraine@ndi.org

Deadline:

The deadline for the submission of the required documents has been extended to **November 27, 2017 (by COB)**. Only selected candidates will be invited for a **written test and an interview**.

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www.kyivpost.com/classifieds/jobs/womens-political-participation-program-officer-2

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