June 25, 2021



a priority for President Volodymyr Zelensky. It is designed to break the vicious circle of corruption that is damaging Ukraine's future. His re-election hinges on success

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Investigation: Huge quantities of Chinese cigarettes smuggled into Ukraine

By Anna Myroniuk myroniuk@kyivpost.com

Editor's Note: This investigation is a part of the "China Tobacco Goes Global" investigative project by the Kyiv Post, Organized Crime and Corruption Reporting Project (OCCRP) and 11 media partners worldwide.

Four years ago, a truck trundled into the Ukrainian port city of Odesa, carrying 12.5 million cigarettes in its trailer. It would have looked like an ordinary shipment of tobacco from Europe to Ukraine, which has one of the world's highest rates of smoking, if not for a few details that just didn't add up.



By Oleksiy Sorokin

thanks to legislation passed this ProZorro CEO Vasyl Zadvornyy. process has led to predictable results-

sorokin@kyivpost.com

The most expensive road in modern Ukrainian history will be built with no oversight.

Construction of the "Ring Road" beltway around Kyiv will be exempt from having to go through transparent procurement platform ProZorro,

month by the ruling 244-member Servant of the People party.

This allows state road agency Ukravtodor to singlehandedly choose a company to build the highly anticipated \$3.5 billion project.

"This means that everything that is connected to the beltway can be purchased arbitrarily," wrote "Not in ProZorro, and not constrained by any law at all."

This should hardly come as a surprise.

Sewing up Ukraine with modern roads under the "Big Construction" program is President Volodymyr Zelensky's most cherished project. Bending legislation to speed up the corruption, fraud & mismanagement. During Zelensky's presidency, Ukraine has doubled spending on road repairs, reaching into the pocket of the COVID relief fund and spending money Ukraine has won in international courts.

The Regina Blue and Regina

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Kyiv Post

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Government loosens oversight to speed up road construction projects

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Meanwhile, a tight-knit group of companies -- the Turkish Onur Group, and Ukrainian Rosdorstroy, Avtomagistral-Ug and Avtostrada- have banded together to create the National Association of Road Builders of Ukraine, dividing the country into spheres of influence, allegedly colluding on state-issued tenders, and keeping prices high.

As a result, the country has lost \$1 billion on road construction in two years "by conservative estimates," according to Yuriy Nikolov, an investigative journalist and editor for Nashi Groshi, a procurement watchdog. That's nearly 1% of the country's GDP lost mainly to artificially overpriced asphalt.

"There are dozens of rigged tenders, with inflated prices, each costing millions of hryvnas," says Nikolov.

Zelensky doesn't seem to mind as long as the roads get built and repaired.

The group of four Turkish and Ukrainian companies, known in the media as the "road repair cartel," secured its standing under Oleksandr Kubrakov, ex-head of Ukravtodor. Under him, the state road agency successfully passed provisions that have minimized competition.

Kubrakov didn't respond to a request to comment.

On May 18, Kubrakov was rewarded for his service and appointed

infrastructure minister. Now, with all procurement oversight lifted, Ukravtodor is about to dive into its most expensive project yet – the Kyiv beltway.

Big plan, big problems

Zelensky has said that he wants to be "remembered as the president who built good roads."

To meet this ambition, in 2019, Zelensky's office launched the "Big Construction" project, promising to build and repair 6,500 kilometers of roads in 2020 as well as build other infrastructure assets. By 2024, Zelensky has pledged to repair 30,000 of the nation's 170,000 kilometers, much of which remains in poor condition.

The crowning project is the Kyiv beltway. It is set to decrease the number of transit vehicles passing through the capital, which ranks among world cities with the worst traffic and air pollution. Apparently, Ukraine's online public procurement platform Prozorro, a post-revolution reform achievement. stood in the way. Zelensky's party got to work, adding amendments to get around it. The introduction of ProZorro has been pivotal for state procurement in Ukraine. The platform is simple – all interested contenders pitch their prices, the lowest wins. The bidding is transparent. The platform estimates that Ukraine saved Hr 150 billion (\$6 billion) on state procurement since introduction in 2016. Now the \$3.5-billion beltway project will be commissioned without it.

in Ukraine. international organizations for road

repairs in Ukraine. A native of Poland, Nowak was also charged there and is currently awaiting trial.

Nowak's case also ensnared construction firms. In April, the head of a Ukrainian road construction company Altcom was charged with bribing Nowak with some \$700,000.

According to Kyiv Post sources in the National Anti-Corruption Bureau of Ukraine, Turkish company Onur is also being investigated by the agency for allegedly giving bribes to Nowak. The company hasn't been charged yet.

Onur is benefiting from Ukravtodor's contracts even now. Zelensky even publicly encouraged officials to hire Onur for a local construction contract in 2019, calling it "a normal company."

The company denied wrongdoing in a statement.

"The suspicion itself doesn't stand and contains an absolutely incorrect interpretation of the circumstances," wrote head of Onur Ukraine Emre Karaahmetoglu.

Record spending

Bringing positive changes fast has been Zelensky's main promise. The president's inner circle has been eager to overlook violations to get results.

Ukravtodor's road construction

number of roads across Ukraine. The 2020 state budget put a record-breaking Hr 113 billion (\$4.2 billion) into road construction and repairs. That's 9% of the country's 2020 budget spending and nearly 3% of its GDP.

In 2021, the state allocated less funds – Hr 81 billion (\$3.3 billion) – on roads.

At the same time, the number of companies permitted to take part in Ukravtodor tenders was limited.

In 2020, Ukravtodor, and the Infrastructure Ministry to which the agency is subordinate, passed provisions that regulated who can be permitted to take part in state procurement tenders through the Prozorro platform.

According to the provisions, to take part in a tender, a company must have completed at least 50% of a similar project in the past three years. This means that to build a 100-kilometer road, a company must have completed a 100-kilometer road in the past.

Onur defended the rule, writing "You cannot expect an inexperienced company to build 100 kilometers of high-quality roads in a very short time, with no experience, equipment, personnel or working capital."

Simultaneously, Ukravtodor began enlarging procurement offers, selling large portions of roads in a single bid "We as an association took part in drawing up these recommendations," said Artem Hrynenko, head of the All-Ukrainian Road Construction



The Infrastructure Ministry says their reasoning for excluding the beltway from ProZorro was that the system doesn't allow for the

in developing countries. The company abandoned the construction of a 400-kilometer motorway in Romania after completing only 54 kilometers for 1.25 billion euros.

Bechtel also has a shady record

so-called EPC+F contracts, meaning

paying a company to do the full proj-

ect from engineering to construction,

but EPC+F format in Prozorro

is impossible," says Oleksandra

Azarkhina, head of the reform team

the new tender regulations for the

project, Azarkhina says they aren't

developed yet. Ukravtodor aims to

"create an ideal tender procedure"

It would have to be done by

August - that's when the first part

of the beltway is scheduled to be up

In June, Ukravtodor signed a mem-

orandum with the largest U.S. con-

struction company Bechtel, which

declared its intention to participate

in the beltway project. Ukravtodor

says that it's not yet final that Bechtel

company contracted for the project

will attract foreign investments and

cheap loans. Ukraine lacks the funds

website, Bechtel tops the list of U.S.

companies penalized by courts, pay-

ing nearly \$1 billion in fines in 33

According to the Good Jobs First

to complete the project alone.

separate cases since 2000.

The agency hopes that a foreign

based on international practice.

Answering the question about

"We understand the criticism.

for a fixed price.

at Ukravtodor.

for a tender.

will build the road.

Shady oversight

Anti-corruption activists have raised concerns about potential theft in the upcoming project. The reason: Ukravtodor is known for corruption. The agency's former head, Slawomir Nowak, is one notorious example. He was appointed in 2016 to give a fresh start to Ukravtodor after years of corruption and negligence.

There was no fresh start. Nowak was fired in 2019 and charged with corruption a year later.

He is accused of giving away lucrative contracts for bribes and embezzling the funds allocated by has become the epitome of this policy

In November 2019, Kubrakov, a lawmaker from Zelensky's Servant of the People party, was appointed to lead Ukravtodor. His main goal was to oversee the construction of a record

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Road construction cartel allegedly rules over Ukraine's infrastructure projects

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Association. "This removed small companies that have no experience and hindered the companies with the proper experience to carry out complex and large projects."

The companies that remained were the same ones that received lucrative offers in the past. They formed the National Association of Road Builders. Anti-corruption activists accuse them of colluding on procurement tenders to keep the prices of road construction high.

The cartel

The four companies – Onur, Rosdorstroy, Avtomagistral-Ug and Avtostrada – have won over 60% of all road repair tenders in 2020–2021.

The four companies have divided Ukraine into spheres of influence, inflating the prices of construction material and subletting each other procurement offers after allegedly colluding on procurement tenders.

"It's a cartel," says Nikolov from Nashi Groshi. "They create an illusion of fair competition."

This is how the illusion works.

In February, Avtomagistral-Ug won the contract to repair a road in Dnipropetrovsk Oblast for Hr 420 million (\$15.5 million). The company offered to build the road 6% cheaper than the initial price, beating its main competitor, Rosdorstroy. In an unprecedented event, Ukravtodor published the winner's estimated cost of construction material. The cost of asphalt was 10% higher than the average price in Dnipropetrovsk Oblast. The price of angular rock was over 50% higher than the market's average and Avtomagistral-Ug's price of concrete was 20% above the market.

Despite it being the cheapest offer, Ukraine lost at least \$2 million on one road.

To inflate the price of a contract, according to Nikolov, the companies buy material through affiliated companies at above-market prices. These prices of materials are written down in the procurement bid to justify the high cost of the overall project.

Ukravtodor gives these companies a pass. All cartel members have been entrenched in this system, all benefit from it.

In 2019, only two companies – Onur and Avtomagistral-Ug – competed for a procurement offer in Zaporizhzhia Oblast worth Hr 643 million (\$23.8 million). The companies placed a similar price, with Onur beating its competitor by Hr 120 (\$4).

Shortly thereafter, Onur sublet the road project to Avtomagistral-Ug.

Onur denied participating in collusion.

"There can be no conspiracy or secret agreements. This is illegal. Therefore, we will never participate in such things," wrote Karaahmetoglu.

Azarkhina of Ukravtodor says the problem lies in a Soviet-style system where bidders must write down the cost of each of the materials used, each block placed and so on.

"The companies are forced to

write down a 1% profit rate, but I doubt that companies work for that rate," Azarkhina told the Kyiv Post. "Overall, for purchasers it shouldn't matter how much the bidder spent on a ton of concrete, what matters is the final price to construct a kilometer of a road."

In December, Kubrakov said that the price of one kilometer has decreased from \$920,000 in 2019 to \$762,000 in 2020.

Azarkhina says Ukravtodor is set to launch a reform of tender price formation, clearing the need for bidders to write in detail prices for materials and work hours. The reform mimics tender procedures of the EBRD and the European Investment Bank and is expected to be presented to the public in late June.

Losing billions

Ukraine's budget isn't enough to cover Zelensky's major road projects. In 2020, the country's budget was \$46.8 billion.

To make up for budget shortfalls, Zelensky's government has been spending money from the COVID relief fund on overpriced asphalt.

In April 2020, Ukraine went into lockdown. The pandemic forced the government to introduce a nationwide lockdown while it desperately searched for money to tackle the pandemic.

The government of Prime Minister Denys Shmyhal amended the 2020 state budget, cut spending on regional development, social benefits and transferred the money won in international courts to create

Results of President Zelensky's Big Construction project in 2020



President Volodymyr Zelensky said he wanted to be remembered as the president who built good roads. He started the Big Construction program to build and repair Ukraine's ailing infrastructure. As of September 2020, the total amount allocated for this purpose reached \$4.4 billion.

a Hr 66 billion (\$2.4 billion) COVID relief fund.

According to Shmyhal, the money was to be used to buy necessary equipment for medical facilities and raise salaries for medical staffers tasked with fighting COVID. The government received the power to singlehandedly allocate COVID funds.

In the end, the Health Ministry received less than a quarter of the sum. while Hr 26.2 (\$950 million) or 40% of the fund was spent on road construction.

Kubrakov defended that decision, saying that building roads will give a positive impetus to Ukraine's economy. ture will give Hr 2.5 worth of GDP increase," said Kubrakov.

However, despite the amount of money spent on roads, there's no evidence to assume that the roads have become better. Ukraine doesn't have any agency that assesses the quality of roads built by Ukravtodor.

According to Nashi Groshi, in May, the severely understaffed State Audit Service found that Onur spent 15% less asphalt on a road in Poltava Oblast than was agreed in the contract. The local authorities subtracted those funds from the initial contract.

"Ukrainians usually think that yes, they steal, but at least they are building roads," says Nikolov. "Well, we don't even know if these roads will last."

"Each hryvnia spent on infrastruc-

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OF ODCH OF LET UVULA

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CEO of UA Transmission System

Operator



ANDRIAN PROKIP Energy Expert at Ukrainian Institute of the Future

GEORGII GELETUKHA

Chairman of the Board of the Bioenergy Association of Ukraine



STANISLAV KAZDA Strategy Director at Regional Gas Company



Organizers:

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EDITORIALS

No summits with Russia

The Kremlin's diplomatic theater with the democratic world looks increasingly deplorable these days.

The long-awaited Russian-American summit in Geneva on June 16 resulted in nothing but Russian President Vladimir Putin getting a new platform for cocky ranting against the West.

Die Zeit, the German broadsheet, has recently published Putin's op-ed, a typical specimen of Kremlin propaganda, in which the Russian president again decried "the American-organized armed coup d'etat in Ukraine of 2014."

Now, fresh media reports say that German Chancellor Angela Merkel suggested inviting Putin to the upcoming European Union summit. This would be the first meeting of its kind since Russia invaded Ukraine in 2014 and was slapped with mild international sanctions.

The initiative reportedly gained support from President Emmanuel Macron of France.

"We need to have a discussion about how to get away from this negative spiral," Reuters quoted a senior EU source as saying. "But we need to advance united."

No one has explained how shaking hands with Putin and smiling at him in photo ops can stop the Kremlin from attacking neighboring countries, undermining Western democracies, assassinating political opponents and waging proxy wars around the world.

This spineless appeasement is quickly becoming the policy of the West's leading powers.

Offering peace and dialogue does not work on those who directly oppose peace and dialogue. Putin enjoys when Western powers clamor for his attention. His propaganda does its best to paint Russia as a Cold War-era superpower that the U.S. has to reckon with.

Any overtures the West makes always result in Putin's mockery and the legitimization of the Kremlin's vicious actions. "Yes, I'm a bad guy, I do what I want and you can't tell me anything" is the message that Putin always snidely puts forth in Western press appearances.

After all these years of wars, election infringements, cyberattacks and murder, it should be pretty obvious that summits are not working.

A street thug cannot be scared away by calls for dialogue and reason. He understands only one language: displays of power and resolve.

And this is exactly what Britain did this week by sending its destroyer across the territorial waters of Kremlin-occupied Crimea and showing the middle finger to Russia's impotent rage.

Europe must say no to these useless summits if it wants to actually oppose the Kremlin. To do otherwise is to give up and succumb to the temptation of "business as usual."

The latest events suggest that this is just what France and Germany want to do.

Kingmaker's downfall?

Multiple sources are saying that Interior Minister Arsen Avakov will be sacked soon.

President Volodymyr Zelensky and his allies are said to want him out because of disloyalty. He has refused to vote for some of the National Security and Defense Council's decisions. Zelensky has also hinted that Avakov could be fired due to his failure to successfully resolve the 2016 murder of Belarusian journalist Pavel Sheremet.

Getting rid of Avakov would be a great gift to Ukraine. Avakov has survived two presidents as a kingmaker and has dutifully served as a pillar of Ukraine's lawlessness and kleptocracy. Due to his shady dealings with presidents and oligarchs, this grey cardinal has been entrenched in power since 2014 - far longer than a democratic government would tolerate.

His son and allies have been charged in graft cases and escaped punishment due to his influence. Video footage recorded by the Security Service of Ukraine clearly implicates both the minister and his allies. One of them, Avakov's ex-aide Vasyl Petrivsky, has even been convicted of graft.

Avakov has also ruined Ukraine's stillborn police reform by refusing to fire tainted officers. He has sabotaged investigations into crimes against protesters during the 2013–2014 EuroMaidan Revolution that ousted pro-Kremlin President Viktor Yanukovych.

But there is bad news: Avakov may be replaced with Zelensky's notori-

NEWS ITEM: A dust storm hit Kyiv on June 22 amid high temperatures. On the next day, Kyiv experienced an average daily temperature of 27 degrees Celsius - the highest-ever temperature for that day in Dust storms and nearly 70 years. COVID aside, it's a nice summer **NEWS ITEM:** On June 4, international experts on the commission for choosing the chief anti-corruption prosecutor vetoed the candidacy of Andriy Kostin, a high-ranking member of President Volodymyr Zelensky's party. Kostin was seen as the Zelensky administration's preferred candidate for the job. The selection process was suspended for two weeks after he was vetoed, and there are fears that the authorities may try to cancel the results of the selection. lt's okay, l already selected this guy singlehandedly! I still think EuroMaidan was a coup A-WAS21 **NEWS ITEM:** I honestly In a recent op-ed for Die Zeit, Rusthought they sian President Vladimir Putin claimed forgot about me! once again that the EuroMaidan Revolution, a popular uprising that ousted the pro-Russian President Viktor Yanukovych in 2014, was "a coup organized by the West." This false narrative is central to Russian propaganda's stance on Ukraine.

> NEWS ITEM: The National Security and Defense Council on June 18 has imposed sanctions on Dmytro Firtash, one of Ukraine's most powerful oligarchs. Firtash has been living in Vienna since 2014, fighting off a U.S. extradition warrant. The

ous deputy chief of staff Oleh Tatarov, according to the Kyiv Post's sources. There is a sad irony in this: Tatarov is as much a symbol of corruption and lawlessness as Avakov.

Tatarov was charged in December with bribing a forensic expert but the case has been destroyed by Prosecutor General Iryna Venediktova, who is loyal to Zelensky. Former Ukrbud CEO Maxim Mykytas, a suspect in a theft case, has also testified that Tatarov gave a \$600,000 bribe to employees of the High Anti-Corruption Court in 2019.

Despite being a corruption suspect, Tatarov has kept his job and is influencing the very anti-corruption bodies that are supposed to investigate him. Tatarov handpicked members of the commission for choosing the chief anti-corruption prosecutor, according to Radio Free Europe/Radio Liberty.

Moreover, the 2014 lustration law forbids Tatarov from holding state jobs because he was a top police official under Yanukovych.

Both Avakov and Tatarov must be fired and investigated immediately. It's a matter of values and principles. They and people like them are the reason why Ukraine has failed to transform from one of Europe's poorest and most lawless countries into a Western liberal democracy.

It's time for Zelensky to decide: is he with the Ukrainian people or with those who view the nation as a playground for self-enrichment and impunity?



U. S. has charged Firtash with bribery and racketeering.

See these features online at Kyivpost.com

Ukraine's Friend & Foe Of The Week

Boris Johnson



The United Kingdom prime minister didn't take kindly to Russia's threats of bombing foreign ships that got too close to the Black Sea around Ukraine's Crimean peninsula, illegally annexed by the Kremlin in 2014. "These are Ukrainian waters and it was entirely right to use them to go from A to B."



Antony Blinken The U.S. secretary of state is the architect of what is shaping up to be a hapless American foreign policy under Joe Biden. He said the U.S. has no better friend than Germany. What? All this coming on the heels of the pointless July 16 summit with Vladimir Putin.

Feel strongly about an issue? Agree or disagree with editorial positions in this newspaper?

The Kyiv Post welcomes letters to the editors and opinion pieces, usually 800 to 1,000 words in length. Please email all correspondence to chief editor Brian Bonner, at **bonner@kyivpost.com**. All correspondence must include an email address and contact phone number for verification.

Sergii Leshchenko: Avakov puts personal interests first in siding with Firtash, Fuks

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in removing the oligarchs' privileges and impunity.

But a strange new alliance in the government stands against the deoligarchization campaign.

Razumkov revolts

Two members of the Security and Defense Council, Vekhovna Rada speaker Dmytro Razumkov and Interior Minister Arsen Avakov, didn't support the sanctions against pro-Russian oligarchs Firtash and Fuchs.

This is not the first time that Razumkov has sabotaged the issue or aligned against the president. He also didn't vote for the council's decision to impose sanctions on pro-Russian lawmaker Taras Kozak and TV channels controlled by Vladimir Putin's friend Viktor Medvedchuk. Razumkov also didn't support the radical reset of the Constitutional Court that Zelensky suggested. The head of the Rada also doesn't want the Security Council to be responsible for the proposed "register of oligarchs." He wants to bury the issue.

His reasoning is clear. Razumkov expects to receive support from the oligarchs in the next election. He is already a frequent guest on the TV channels of Rinat Akhmetov and former President Petro Poroshenko, where he receives warm treatment and softball questions. Considering that Firtash owns Inter TV channel, his opposition to sanctions is not surprising.

Firtash: Long overdue

When it comes to imposing sanctions on Firtash, there is only one question: Why it took so long?

Firtash has been evading U.S. criminal bribery charges in Austria for seven years, buying all the Austrian politicians around so as not to fall into the hands of American justice.

After Joe Biden's election as U.S. president in 2020, the Atlantic Council think tank stated that "the U.S. (should) ratchet up the pressure on Austria to extradite Firtash until the request is satisfied." In an editorial, the Washington Post wrote: "The U.S. Department of Justice can reopen cases against key Ukrainian oligarchs, including Dmytro Firtash and Igor Kolomoisky, who played an important role in blocking reforms and promoting Russian interests in Ukraine."

against Biden. At the request of Firtash's lawyers, Ukraine's ex-Prosecutor General Viktor Shokin filed an affidavit in Austrian court testifying to the oligarch's innocence and the fact that Biden – then the U.S. vice president – had demanded a case against Burisma, the company that employed his son Hunter Biden, to be closed in Ukraine. Firtash also hired Giuliani's close allies, lawyers Victoria Toensing and Joe Digenova, although he had no success with them. Washington still demands his extradition, and he continues to

spend millions to avoid it. At the same time, Firtash established a wide range of connections among the Austrian political elite: he lives in a Viennese villa owned by Alexander Schütz, a major donor to Chancellor Sebastian Kurz's governing Austrian People's Party. The oligarch's main defense lawyer is the former Austrian Minister of Justice Dieter Bomdorfer. Firtash also hired former Austrian ruling party leader Michael Spindelegger, offering him the position of head of the virtual Agency for Modernization of Ukraine.

Firtash seems to be already a burden for his Ukrainian partners Yuriy Boyko and Serhiy Lyovochkin. He is totally dependent on Russian President Vladimir Putin. He bought his chemical plants with money borrowed from Russian billionaire Arkady Rotenberg and Gazprombank, and Firtash's bail of 125 million euros was paid by Vasily Anisimov, another Russian oligarch.

Firtash's career in gas transportation skyrocketed some 20 years ago with the help of Russian mafia kingpins Semion Mogilevich and Sergei Mikhailov, nicknamed Mikhas.

Given this past, Firtash not only deserves sanctions from Ukraine, but also a criminal investigation by law enforcement agencies. And it is strange that Avakov, the interior minister, has done nothing in this matter and did not even vote for sanctions against Firtash.

Avakov's game

Avakov hasn't felt confident lately. The media writes about his possible resignation of the minister in autumn and even about a reset of the entire government in order to dump Avakov.

Avakov is the longest-serv-

As a result, NASH channel avoided sanctions, but the real reason may be quite different. For a long time, the former Party of Regions lawmaker and a close friend of the late Viktor Yanukovych Jr., Vilen Shatvoryan, was related to this channel. After Yanukovych's escape, he found protection in Ukraine with the help of Avakov.

Pavel Fuks

As for sanctions against Avakov associate Pavel Fuks, this businessman is part of the interior minister's vast but hidden sphere of influence.

"I have known Pavel Fuks for 25 years, since back in Kharkiv, when he was just an ordinary guy. Now we meet more often because he moved to Kyiv, he used to live in Moscow. Sometimes he calls me and we meet," Avakov once said in a 2018 interview.

Journalists filmed Fuks' cars coming to the Interior Ministry several times; Fuks said he was taking up a "private matter" on the visits.

The key to Avakov-Fuks' relationship may be the history of the redistribution of former President Viktor Yanukovych's assets. Some of them, such as gas licenses, were issued to former Minister of Energy Eduard Stavytsky, who fled to Israel, and the company Golden Derrick.

When Yanukovych fled, 19 of these 30 licenses were reissued to the firms believed to be controlled by Fuks. And when the National Security and Defense Council imposed sanctions against 19 of these companies in March, it was curious to see how Avakov behaved. While the meetings are closed to the public, this is how the Dzerkalo Tyzhnya newspaper described it, based on the insiders' accounts: "Pavel Fuks' friend, Interior Minister Arsen Avakov, asked - very carefully some clarifying questions designed to identify the (companies') beneficiaries. Who but Arsen Borisovich knows how business assets could be transferred in a close circle?"



Ukrainian oligarch Dmytro Firtash reacts prior to a public hearing at the Austrian supreme Court in Vienna on June 25, 2019.

And where did the other 11 out of the 30 Golden Derrick licenses go? According to Ekonomichna Pravda news site, they were allegedly registered to the companies linked to Avakov.

Namely the company called Angro Invest, linked to the aide of Ihor Kotvitsky, a former lawmaker from the People's Front party. Kotvitsky is Avakov's closest proxy and business associate.

The possible participation of Avakov and Fuks in the distribution of the Yanukovych-Stavytsky gas legacy could have been the reason for Avakov's hesitation at the meeting of the Security Council that put sanctions on the companies that owned the precious gas licenses. And this is a direct conflict of interest, an additional reason for Bankova to think about whether such a minister should keep his position. Fuks has denied that he has anything to do with Golden Derrick.

Interestingly, Fuks also owns the debt of the Kyiv Subway for the train cars it bought. Fuks bought the debt from a Russian bank and Yanukovych's associates. In 2017, the metro almost stopped, when a court froze its bank accounts.

After the death of Kharkiv Mayor Hennady Kernes in December, Fuks has been trying to present himself as the one who saved the city from the fate of Donetsk and Luhansk in 2014 – from becoming another region under Russia's control. He now says that he acted as a mediator for another oligarch, Ihor Kolomoisky, and managed to cancel the separatist congress attended by Yanukovych. Now Fuks wants to determine who will rule Kharkiv after Kernes. He and Avakov are betting on the current acting Mayor and Secretary of the City Council Ihor Terekhov. That's obviously not what Zelensky's administration wants.

Fuks and US

But Fuks has even more serious troubles in the United States. American investigative journalist Scott Stedman reported a few months ago that prosecutors in the Southern District of New York were looking into Rudy Giuliani's ties to Ukrainian oligarchs. They questioned witnesses about their joint work and the money transferred to Giuliani from various Ukrainian sources, including Fuks. The FBI has a copy of the contract between Fuks and Giuliani, dated 2017. At the same time, Giuliani never declared Fuks as his client at the U.S. Department of Justice.

Fuks is prohibited from entry to the U.S. He got into a conflict with a lobbyist from whom he bought a ticket to Trump's inauguration in 2017.

When the issue of sanctions against Fuks was considered at the meeting of the Security Council on June 18, for Avakov it was a moment of truth - what to choose, public interest or private? He made his clear choice: Forget the public's interest.

So now it's clear to Zelensky and the world that the deeply unpopular Avakov is against the president's deoligarchization drive. This means that Avakov is simply unreliable. His replacement is only a matter of time.



Being in Austrian exile hasn't stopped Firtash.

In Ukraine, his company sued the Constitutional Court to repeal a law that prevented him from getting back the money arrested by the National Anti-Corruption Bureau of Ukraine.

Firtash continues to control the monopoly on the production of chemical fertilizers in Ukraine, for which Ukrainian farmers sometimes pay more than the fertilizer that the oligarch sells abroad. Also under Firtash's control is the natural gas sales network, the so-called regional gas distributors, which cover 70 percent of the market. And there are initiatives to "forgive" their debts to the state of hundreds of millions of dollars.

In the U.S., Firtash tried to be useful to Donald Trump's lawyer Rudy Giuliani by adding a missing puzzle in his conspiracy theory ing minister in the country's history. Appointed 7.5 years ago as an interim in the spring of 2014, he survived government reshuffles under Poroshenko and retained his seat under President Volodymyr Zelensky. Any potential for reform, if it ever existed, has long been exhausted.

Avakov is also very selective in the issue of deoligarchization. Thus, at the end of 2018, during Poroshenko's time as president, the Security Council considered the issue of imposing sanctions on the pro-Russian TV channel NASH. But it was removed from consideration after Avakov's speech. He said that sanctions could not be imposed on NASH if they were not imposed on Medvedchuk's channels as well, which were then defended by Poroshenko.

Corporate Social Responsibility



In partnership with LORÉAL UKRAINE

Dragon Capital spends millions to revive Kyiv School of Economics

By Liliane Bivings bivings@kyivpost.com

When Tymofiy Mylovanov took over the Kyiv School of Economics in 2016, the school was, in his words, "in disarray." Mylovanov had to restructure the de-facto bankrupt school's debt and cut personnel by 30%. With a bad reputation, the school had trouble attracting donors.

Without proper financing, the school was having a hard time expanding. With no permanent location, KSE lived off grants and rented office spaces in Kyiv.

The plan according to Mylovanov, a former economy minister and a current adviser to President Volodymyr Zelensky's administration, was to find a permanent location for the school by 2023. In order to do so, KSE's administration would have to attract millions in financing. The \$300,000 they were raising yearly after Mylovanov's arrival wasn't enough.

Fiala to the rescue

Among the interested investors, one emerged victorious. After originally agreeing to partially finance the purchase of a school building, Thomas Fiala, CEO and founder of Dragon Capital, Ukraine's leading private equity firm, decided to finance the entire project.

"It's the usual Ukrainian story where the investor says 'why don't I just finance everything?' Mylovanov remembered about Fiala's decision to finance the purchase. In total, Dragon Capital invested \$5 million in the purchase and construction of a 4,441 square-meter school building.

KSE's success story is related to a larger global trend where corporate social responsibility (CSR) criteria have come to play a more central role in decisions about how companies allocate their financial investments. Dragon Capital is one of the companies that jumped on the bandwagon. According to Fiala, the 2014 EuroMaidan Revolution that ended President Viktor Yanukovych's rule was a wake-up call to expand the firm's CSR program. "We didn't want Ukraine to risk slipping into authoritarianism like its eastern neighbors," Fiala told the Kyiv Post. In 2020, Dragon Capital's CSR spending amounted to \$5.8 million, the vast majority of it going to KSE and other universities in Ukraine. In addition to educational institutions, the firm gave to think tanks, namely Ukraine's leading anti-corruption organization, Antac, the military, as well as other non-profit organizations in the country.



The Kyiv School of Economics school building located at 3 Mykoly Shpaka St. in Kyiv on June 18, 2021. Dragon Capital, Ukraine's leading private equity firm, invested \$5 million in the purchase and construction of the campus

Capital purchased Ukrainska Pravda, Ukraine's largest newspaper, the second media company in the firm's portfolio after creating Novoe Vremya in 2014.

To Fiala, it makes economic sense for businesses to spend 5-10% of their revenue on CSR projects that will make Ukraine a more democratic place with a free economy and rule of law. With a better economy, businesses will make more money. "You can do CSR purely for egoistic



university endowment investment model during his 30+ years at Yale University, in deciding to create an endowment at KSE. During Swensen's tenure, he grew the endowment from \$1 billion to over \$30 billion.

Mylovanov says they plan to invest \$1 million of the endowment towards fixed income instruments in Ukraine, such as eurobonds to support the Ukrainian economy. The rest they will diversify in different work at the firm, including its chief economist, Olena Bilan.

KSE is a shining example in a country where the university system is often associated with corruption and inefficiency. The school's success then begs the question of whether or not it has the potential to transform the university education system at large.

Mylovanov doesn't seem to think so. "Ukraine's universities are unreformable," he said. KSE tried out a joint masters program with two Ukrainian universities and according to him, "they failed." Professors at the other universities were copying notes and publishing others' work as their own. The majority of Dragon Capital's education lending and donations have gone to KSE and the Ukrainian Catholic University in Lviv, both private universities, as well as the Kviv Mohvla Academy, one of the best research universities in Ukraine. Fiala said that Dragon Capital chooses whom they invest in very

In April of this year, Dragon

reasons as a businessman," Fiala told the Kyiv Post.

Self-preservation

If anything, CSR programs are good for self-preservation.

"In a country where there is such a big gap between the rich and poor, it's wise for businesses to spend money on building a school rather than buying expensive houses or airplanes or yachts because it can provoke pushback from the population," Fiala said.

If KSE was once in trouble, Dragon Capital's investments, along with the hundreds of thousands of dollars Mylavanov has raised in addition from companies like Farmak, Nova Poshta, and Investment Capital Ukraine, it is now shaping up to be a leading, Western-style institution in Ukraine.



Tomas Fiala, CEO of Dragon Capital.

The school is registered in the United States, meaning it can issue American diplomas. Its staff is also made up primarily of professors with Western Ph.D. degrees.

\$2 million endowment

This fall the school will open its first bachelor's degree program and by the end of the year it will have an endowment of \$2 million, a little more than \$1 million of it donated by Fiala himself.

Mylovanov suspects Fiala was inspired by the late David Swensen, who is credited with perfecting the internationally traded funds.

When it comes to attracting more money, Mylovanov is militant in only taking money from donors who are serious about bettering Ukraine through education, even at the expense of taking money from interested donors.

To him, socially responsible fundraising is less about taking as much money as possible and more about taking money from sources students will be proud of. "We need to have donors who care about the kids because otherwise they will sense insincerity and they'll get demotivated and offended," he said.

Fiala may have passed Mylovanov's test. But producing a powerhouse of economists that might one day work at Dragon Capital wouldn't hurt business for Fiala. Several KSE alumni already

carefully, choosing to work with people they know and who have a good track record. So far, they haven't been disappointed, he said.

Cautious investing unfortunately leaves many Ukrainian universities out of the corporate social responsibility spending spree.

Kyiv Post | June 25, 2021

BUSINESS FOCUS 7

Women's Business Chamber of Ukraine promotes gender equality, fights bias

By Alexander Query query@kyivpost.com

In a country where women make up more than half of the population, Ukraine's executive boards are full of men.

Men lead 60% of companies in Ukraine, no improvement since 2017, according to a study published in April by the United Nations Development Program.

In response, female leaders have decided to take the matter into their own hands through numerous initiatives to boost women's entrepreneurship in the country.

The Women's Business Chamber of Ukraine, which already boasts 300 members since it was launched in 2019 in the western city of Lviv, is one of them.

Gender-based discrimination in the workplace is a major issue in Ukraine, Natalya Karpenchuk-Konopatska, the chamber's president said on June 23.

Women need more economic power in Ukraine, a mantra she expressed during the First Women's Economic Forum in the country held in the western city of Lutsk on June 17. "Our poverty has a female face," she said at the forum.

Public initiatives

Gender inequality in Ukraine's labor market is striking: the country ranks 59th out of 153 countries according to the International Gender Gap Index report 2020 published by the World Economic Forum. Women only own 11 companies

out of Ukraine's 330 largest enterprises or 3% of this market, a massive gap highlighted in a report published in March by the analytic agency YouControl.

That is far too few for Karpenchuk-Konopatska, who believes women need access to business education and training to develop professionally.

The aim of the chamber is "to promote the development of women's economic opportunities, to develop women's entrepreneurship and careers, and to protect women's labor rights," she said.

The Women's Business Chamber of Ukraine, which already has 10 branches across Ukraine, opened its first office in Kyiv in December and plans to expand to other cities around the country.

The organization works at the national and local level to put businesswomen in contact with foreign business associations and organizations as well as international companies.

Since its launch in 2019, the chamber has already held 170 events including women's business forums, international business meetings and collective discussions on the topic.

The central goal in these initiatives is to instill confidence in businesswomen's ability to create a business or lead a company.

A survey conducted in 2015



among 10,000 Ukrainian businesswomen by American researchers from the University of Phoenix in the U.S. showed respondents tend to lack confidence in this sector. Almost 40% of respondents said they doubted their abilities when opening their own business in Ukraine.

Promoting such training could help avoid obstacles in the field of entrepreneurship and ensure economic development on the ground, the American researchers emphasized in their study.

Foreign help

While educational programs in entrepreneurship are one solution to the problem, local female leaders also need more money.

Banks, local funds, and investors should turn their attention to women by providing them with financial assistance in the form of seed capital to start their own businesses.

Such projects help entrepreneurs overcome financial barriers in Ukraine, which are considered one of the biggest obstacles.

This is where an initiative such

as the "businesswoman award," initiated by the French-Ukrainian Chamber of Commerce and Industry, comes into play.

The country's first award for women entrepreneurs was launched in 2019 in the wake of the Me Too movement, Maud Chicheporte-Joseph, the head of the French-Ukrainian chamber, told the Kyiv Post on June 24.

"The CCI decided to create a women's committee and women decided to support and promote other women," she said.

The contest aims to support Ukrainian women's entrepreneurship and honor women who have recently founded their own small and medium-sized company in Ukraine.

As part of the award, women entrepreneurs receive a \$3,660 (Hr 100,000) check and benefit from the consulting services from French companies.

This award brings them enough visibility to sign potential contracts to boost businesses in Ukraine and abroad, she said.

"It brings them confidence, visibil-

ity and even contracts," Chicheporte-Joseph said. "A few French brands already expressed their interests in this year's applications."

She didn't specify which ones, as this year's winner is set to be announced at the beginning of July.

Three winners will be selected out of 100 applications by a jury of businesswomen at the head of French companies in Ukraine, including dairy product leader Danone and distribution network Auchan.

The jury chooses the finalists based on what business plan the candidate has drawn up, what goals they've set for the next three years, their financial plan, and a personal interview.

The number of applications is growing every year, especially in information technology, Chicheporte-Joseph said.

Yet female leaders represent only 20% of the French-Ukrainian chamber's members overall.

"But I have committed myself to finding more feminine voices," she said. "Because whatever the topic is, you can always find a female expert." ©

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Empower women, advance scientific knowledge to shape the future

As a leader in the beauty industry, L'Oréal has a longstanding commitment to contribute positively to the needs of society, using its expertise as a force for good. As such, the company is constantly looking for ways to empower women, advance scientific knowledge, and support vulnerable communities.

The Fondation L'Oréal is the corporate foundation of the L'Oréal Group. It was founded in 2007 to support women across the world, helping them to fulfil their potential in two major areas that sit at the heart of the Group's DNA: scientific research and inclusive beauty.



fering, as well as the negative effects of reconstructive surgery.

In Ukraine, the "Beauty for a Better Life" program was launched in 2017. The project aims to teach women who have suffered from domestic violence or gender-related abuse the basics of hairdressing skills to help them build a path to a better life. The training course is taught by highly experienced practitioners specially trained in MA-TRIX brand products. In February 2021, L'Oréal Ukraine started their 5th season of the program in two cities: Kyiv and Lviv. Within five months, from February to June 2021, 74 participants will be trained in groups in compliance with all sofety measures. The program pro-

Building momentum on gender equality in science

At a global level, we collectively face major challenges – climate change, a loss in biodiversity, and risks to our health. These challenges facing humanity are unprecedented in scale. It is clear that science is and will be one of the keys that enables us to address those issues, as it has always been at crucial moments throughout history. However, women continue to face significant obstacles in making their full-fledged contribution to scientific solutions.

Women account for less than 30% of researchers. This percentage falls by more than half when it comes to executive positions. Established in 1998 and managed by the Fondation L'Oréal in partnership with UNESCO, the "For Women in Science" program seeks to improve the representation of women in scientific careers, strong in the conviction that the world needs science, and that science needs women.

The L'ORÉAL-UNESCO program "For Women in Science" has been active in Ukraine since 2018. In April 2021 L'Oréal Ukraine launched its fourth season of the program in Ukraine.

The program targets young female professionals involved in research across STEM (Science, Technology, Engineering, Math) areas by recruiting from institutions of higher education, research centers at these institutions, or the National Academy of Sciences. Applicants must have a scientific degree, publications in journals indexed in Scopus International Scientometric Databases and/or Web of Sci-



ence, and be socially engaged in promoting science.

Applications for the fourth season of the Ukrainian L'Oréal-UNES-CO Award "For Women in Science" will be accepted via the platform https://www.forwomeninscience.com/ for three months starting in April 2021. Ten finalists will be invited to participate in interviews held by honorable members of a jury from September to October 2021. The three winners will be announced in November 2021.

The panel of judges are leading scientists in Ukraine – members of academia and recognized experts in STEM fields who have an impeccable scientific and ethical reputation. Each of the three Laureates will be offered a cash prize of Hr 150,000.

BEAUTY FOR A BETTER LIFE

Convinced that beauty is at the core of reconstructing lives and an important element of social inclusion, the Fondation L'Oréal also developed an outstanding free training course in beauty professions for people from vulnerable groups. The Fondation provides access to beauty and wellness treatments in medical and social settings, supporting people exposed to physical, psychological, or social suf-

in groups in compliance with all safety measures. The program provides more than 500 hours of training both online and offline.

Solidarity of local teams

Employees' solidarity is an integral part of corporate social responsibility, especially in times of social distancing. Therefore, as part of Social Responsibility Day — Citizen Day, held online in 2020 with the joint efforts of employees, the company donated Hr 250,000 to the charity fund "Tabletochki" to cover the cost of medicine for children with cancer, as well as provided educational webinars for more than 60 people.

In March 2021 the L'Oréal Paris team launched its first large social programme "Stand Up" to fight against street harassment. L'Oréal Paris aims to end street harassment in public spaces. L'Oréal Paris together with Hollaback, an NGO based in New York that is a global leader in the movement to end harassment, and the United Nations Population Fund in Ukraine (UNFPA) have launched the "Stand Up Against Street Harassment" educational program in Ukraine. The

program aims to teach one million men and women all over the world what to do if you experience or witness street harassment. To get access to the online training go to **stand-up.ukraine.com**.



Ksenia Schnaider influences global fashion trends with recycled jeans

By Liza Semko semko@kyivpost.com

Designer Ksenia Schnaider didn't have sustainability on her mind when she and her husband, Anton, created the clothing brand Ksenia Schnaider in 2011. Ten years later, they are now global trendsetters in sustainable fashion.

The couple upcycles denim, a process also known as creative reuse, to transform unwanted materials into new products. They also participate in social projects, stand up for equal rights and ecology, and collaborate with other responsible brands.

Many celebrities have come around to her style, wearing upcycled demi-denims, including American model Bella Hadid and Canadian singer Celine Dion.

Re-worked clothes

About five years ago, Schnaider bought three pairs of jeans in a second-hand store to make a sample of new jeans, called demi-denims – a mixture of skinny jeans and wide shorts – and brought them to France. Her plan was to show the upcycled jeans to buyers with the intention of growing their business.

Buyers immediately fell in love with the reworked jeans. Vintage denim didn't scare them away.

Upon returning home from France, Schnaider started to search for used jeans in local second-hand stores in Kyiv to fulfil numerous orders from abroad.

While second-hand clothing is popular in Ukraine, a pair of her jeans runs about \$400, making them unaffordable for most people here. The brand has mainly taken off abroad, especially in Asia, where people like unusual clothes, she said. "There was no need to explain to them why it was so expensive," Schnaider says.

Reworked clothing is more expensive than clothing made of new



Ukrainian designer Ksenia Schnaider poses for a photo with a patchwork denim jacket in the company's factory on June 10, 2021.

denim, because it is hand-made and takes more time to produce. Sewing each pair of jeans takes four-five hours, but most of the time is spent preparing the denim. It can take two days to unstitch, wash, buy, and cut the denim, Schnaider said.

This year, the brand's summer collection consists mainly of patchwork and swatch jeans, shorts, vests, T-shirts, tops, pants and sweatshirts. Amid the quarantine, the company couldn't order new fabric from abroad and instead shifted to using unused fabric pieces they had lying around their studio.

"We moved, and a lot of fabric scraps and samples had been accumulated. We put everything into the collection," Schnaider said.

In total, the brand upcycles up

to five tons of jeans per year. "If someone had told me earlier that we would be upcycling that many tons of jeans per year, I wouldn't have believed it," she said.

Responsible factories

The company doesn't only upcycle denim but also makes garments from new fabric, choosing manufacturers responsibly as well.

Schnaider says that the company would rather choose organic cotton worth \$15 per meter than cheap cotton for \$2 per meter.

"If we are a sustainable brand, then we have to go the whole nine yards," she said.

For example, the company works with ISKO, a famous Turkish denim manufacturer. Schnaider says that ISKO is unusually transparent, showing the entire manufacturing process, including the polluted wastewater that comes out of dyeing the fabric. The company filters the water before pouring it into fields.

Two years ago, Schnaider announced her company's collaboration with ISKO. The brand made its garments from ISKO organic cotton, recycled cotton and recycled polyester from plastic bottles.

Collaborations with brands

When choosing brands for collaboration, Ksenia Schnaider seeks socially responsible partners.

Recently, the brand took part in a campaign with designers Bevza and Litkovskaya for Rizni.Rivni (Different.Equal) that supports the LGBTQ+ community. Each brand designed one article of clothing and distributed 100 items around Ukraine for free.

For the campaign, Ksenia Schnaider developed a denim jacket. One can fill in an application on the website and get it for free if the applicant pledges to support equal rights for LGBTQ+ people.

Another brand, Have A Rest, asked Ksenia Schnaider to collaborate on a suitcase. Together they made a decision to make eco-friendly suitcase Holo Trip, which is made from recycled plastic bottles and the leftovers of damaged suitcases.

Eco-initiatives

The company also organizes eco-initiatives to encourage people to be more ecologically responsible. In 2019, Ksenia Schnaider launched a challenge to clean up garbage in Ukraine. According to its rules, participants had to collect a bag of garbage, take photos and exchange it for a bag of clothes and cosmetics.

"We thought there would be 50-100 people, but it turned out to be about 1,000," Schnaider said.

Last year the company rolled out a campaign with the nonprofit organization No Waste Ukraine. Ksenia Schnaider transferred \$40 from the purchase of each item from the summer 2020 collection to the organization for eco-disposal of medical masks.

She and her husband try to be environmentally conscious in their daily lives as well. They are used to recycling their garbage. "I feel that at this point, recycling is just a part of life now," Schnaider said. •

WHERE TO BUY: Ksenia Schnaider. 24 Mykhailivskyi Alley. https://www.kseniaschnaider.com/

Maryna Saprykina: CSR is now essential to success

By Natalia Datskevych

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Across villages in Ukraine's western Ivano-Frankivsk Oblast, one can see storks nesting on bird-friendly electricity poles. Over the past decade, Prykarpattyaoblenergo, a company that provides electricity to a half-million consumers, has installed more than 860 metal nests, helping storks and preventing potential power outages from collapsing nests.

For Maryna Saprykina, head of the Kyiv-based Corporate Social Responsibility Development Center, this example is her favorite, representing the perfect balance between business and nature. "I really love it. This is an incredible example of CSR," said Saprykina.

As the head of the organization, which currently unites about 40 companies in various fields, Saprykina has one major goal – to bring sustainability-oriented thinking into the minds of business people. New global market trends contribute to her mission. Before, CSR projects relied on the goodwill of companies. Now it's often a key requirement voiced by investors, clients, employees, and local communities. "The CSR concept has been transformed," said Saprykina.

Western countries' recent elevation of environmental concerns also makes Saprykina hopeful. When a Dutch court obliged oil giant Shell to cut its carbon dioxide emissions by 45% before 2030 in May, Saprykina was impressed. "The ruling set a precedent," she said.

Investors, in some cases, won't even consider new fossil-fuel projects in Ukraine.



Maryna Saprykina, head of the Corporate Social Responsibility Development Center, speaks during the 'Business and Universities: Future of work' forum at the i-Hub coworking space in Kyiv on Nov. 11, 2019.

According to Roger Cox, lawyer for Friends of the Earth Netherlands, a Dutch environmental organization, Shell's "unique case" may influence other large polluters in the future. "This is a turning point in history," said Cox, the Guardian reported.

Key trends in Ukraine

After 13 years, Saprykina sees what is on the CSR agenda of Ukrainian market players.

Today's top priorities include creating an attractive workspace and investing in education, especially in the IT sector. Saprykina sees that these "companies need extraordinary features," so that newly hired employees will stay for a long time. "This is something that we've never seen before," she said.

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Going Beyond What is Required



The pandemic has forced every one of us to question nearly every aspect of our lives: how we live and work, and how we connect with our communities and the planet. It has also exacerbated and highlighted existing inequalities and inequities. access to vitally important therapy to eligible rare disease patients when this access is limited at a certain stage of their life. Additionally, the program is helping build the capacity of the Ukrainian healthcare system to properly diagnose, refer and manage rare disease patients, and is contributing to worldwide understanding of the rare diseases.

Supporting communities

In the frame of our long-termed social strategy, Sanofi continues to support vulnerable communities in Ukraine. Even though the pandemic year 2020 had made corrections in CSR plans of many organizations, we kept dedication to our mission – to serve our best to the communities where we live and operate.

latest found themselves in difficult life situations because of pandemic, to organizing educational workshops and masterclasses or online city tours for underprivileged kids.

Protecting our environment

For several years, Sanofi has been implementing a global environmental protection program, Planet Mobilization. Today, the company is amplifying its actions to further reduce the environmental footprint of its products and activities. Among the global KPIs are reducing its greenhouse gas emissions by 55% by 2030 and contributing to better resource conservation. For this, Sanofi plans to remove all pre-formed plastic packaging for its vaccines by 2027. The company is also committed to eco-design all its new products by 2025, use 100% renewable electricity and set a target of a carbon-neutral car fleet, both by 2030.

At each step of our activities in Ukraine, we seek to reduce the direct and indirect impacts on our activities on the environment. As a part of ecological strategy Planet Mobilization, Sanofi started planting trees on the territories of the Ukrainian hospitals. This year, we have planted 1442 saplings in 13 regions of Ukraine, making 66 hospitals greener and contributing to a more comfortable outdoors environment for the patients. Over the last years we have also achieved around 20% reduction in CO2 emissions and fuel consumption by sales force vehicles due to the implementation of an eco-driving program, while the waste sorting program in the office allowed us to recycle 2,500 kg of paper and 1,100 kg of plastic in 2020-2021.

Building an inclusive workplace

Finally, because the backbone of our commitment to society has always been our people, our CSR strategy pushes us further to build a workforce that fully reflects the society we live in and the patients we serve. Working Flexibility, Employees Environment and Social Connection are things that gain more and more practical sense in Sanofi. Recent examples include the Wellness Marathon, immediately organized during the Covid-19 lockdown, with a series of physical, psychological, and emotional well-being classes to support employees in Ukraine in pandemic time. Another step by the company is to introduce hybrid ways of working to adapt to the "new normality" while ensuring safety of our employees as a paramount importance.



We at Sanofi, a global biopharmaceutical company focused on human health, stay strongly committed to the Corporate Social Responsibility strategy and embed it even more into our mission to transform lives and our vision for a better future.

Rooted in a long-term strategy, Sanofi's social commitment is based on four essential pillars: access to medicines, support for vulnerable communities, preservation of the environment, and inclusion and diversity of its employees.

CSR is Essential to Sanofi's Strategy in Ukraine

Sanofi, as a leading international healthcare company in Ukraine, is making a sustained contribution to meeting health challenges in the country by bringing a diversified portfolio of medicines and vaccines for a wide range of diseases that threaten the lives of people. At the same time, we know that providing health products and services is just one part of the solution. For this reason, our strategy spans the continuum of care from prevention to diagnosis and treatment, including disease monitoring and education.

Providing access to healthcare

Chronic conditions remain the leading cause of death in the world and in Ukraine in particular, placing enormous pressure on individuals and healthcare systems¹. 1.23 million people in Ukraine are diagnosed with diabetes, while an estimated 3.5 million more have diabetes but have not yet been diagnosed². Given the urgency of the problem, aggravated by the Covid-19 pandemic, Sanofi aims to address this growing health concern by raising awareness about the prevention, diagnosis and treatment of diabetes; providing education of healthcare professionals and patient empowerment; delivering innovative treatment solutions that meet the needs of the patients, improving their daily lives and help them to manage their condition.

Twenty patients with rare diseases are currently receiving free therapy through Sanofi Genzyme Humanitarian Program in Ukraine. The mission of the program is to provide



According to the recent data, about 10,000 children annually receive the status of an orphan and those deprived of parental care in Ukraine. These figures enable Sanofi, as a responsible corporate citizen, to go beyond what is required of a pharmaceutical company, finding possibilities to support and encourage the children who are in need. In 2020-2021, the company initiated a charity donation of corporate iPads to orphans and students from underprivileged families to allow access of children to education, providing them with such necessary equipment for distance learning in times of COVID-19 pandemic.

The company's employees are the key driver of many charitable projects implemented in Ukraine. Along with the company's CSR ambition, they are highly committed to support local communities - starting from helping elderly people with primary needed goods and stuff, when the "While this pandemic has put many companies under test for its commitments, and to CSR in particular, in Sanofi it is precisely the pandemic that showed us even more the need and purpose for sustainability. We have not only demonstrated the sense of unity, mutual support, and unprecedented stamina during this crisis, but also have proactively engaged in various local CSR activities, particularly those that can offer immediate help and assistance to the most vulnerable populations. Because at Sanofi, we always strive to do the right thing, going beyond what is required ". — said Adrien Delamare-Deboutteville, Country Lead Sanofi Ukraine.

¹https://www.who.int/news-room/fact-sheets/detail/noncommunicable-diseases; https://www.who.int/news-room/fact-sheets/detail/diabetes

²https://moz.gov.ua/article/health/chi-mozhna-uniknuti-diabetu-i-jak-otrimati-likibezoplatno-u-razi-hvorobi

If women in Ukraine love working in tech, why are there so few?

)REAL

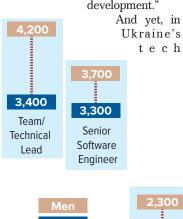
By Daryna Antoniuk antoniuk@kyivpost.com

Ukrainian Victoria Repa, 28, founded the tech startup BetterMe at age 24, only a year after starting a career in information technology.

Five years later, Repa heads a 130-person firm that develops health and fitness apps downloaded by nearly 80 million people worldwide.

While Repa often finds herself to be the only woman in the room with male investors or CEOs, she doesn't feel she has faced sex discrimination. In fact, ambitious female entrepreneurs like Repa challenge the stereotype that IT is mainly a place for men.

"It is not hard to be a woman in IT. This industry appreciates the knowledge and the desire to grow," said Romana Madai, a senior JavaScript Engineer at Ukrainian tech firm Intellias. "Gender has never influenced my achievements or career



try's 200,000 tech specialists are women, according to surveys, up from 7% in 2011.

industry, only 22% of the coun-

Local IT firms want to close this gap – for many reasons. Companies with higher gender diversity grow faster and deliver higher financial returns, according to numerous surveys. However, discouraged by bias and salary disparities, many women avoid the IT profession.

"We would like to hire more women for technical positions, but there aren't enough of them on the market yet," Repa told the Kyiv Post.

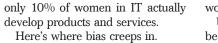
Unequal environment

Just as it is for men, IT can be a good career choice for Ukrainian women. They can easily earn almost \$2,500 a month – five times the average salary. More than money, the work environment values freedom and innovation, according to a survey by the Ukrainian tech media Dou.ua.

"I have always dreamed of working without strict workplace rules or dress codes," Madai said. "In addition, I feel that I am keeping up with the times and can afford everything I want."

In IT, men often end up in executive or engineering roles while women can be found more frequently in administration, human resources and public relations.

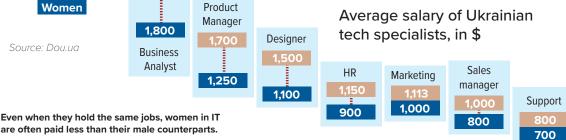
According to research by Dou.ua in 2019,



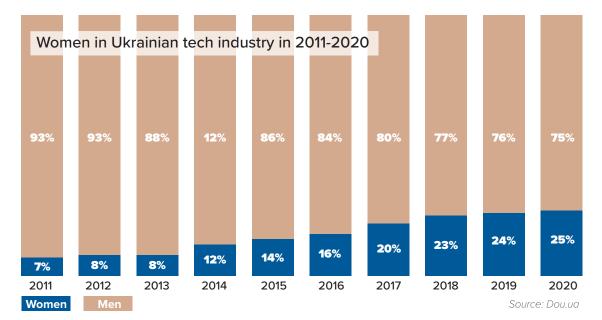
Because most CEOs in tech companies are men, they tend to hire people who are "similar to them in interests, outlook, and gender," according to Elena Mazhuha, the investment manager at the Ukrainian fund Genesis Investments.

"We often say to ourselves 'I'm not ready yet,' 'I have to get the skills first,' while men just go and learn in the process," Repa said.

Surveys show that men still get paid between 5% to 24% more than



World in Ukraine: Canada



Women are slowly gaining ground in Ukraine's IT sector, going from 7% of the workforce in 2011 to 25% in 2020.

women for similar performance.

Usually, men's salaries are higher because they have more opportunities to climb the career ladder. Female employees, in turn, stay in low-paid positions longer or face subtle barriers, said Valeriya Ionan, the deputy minister for European integration in the Ukrainian Ministry of Digital Transformation.

In addition, men generally have more experience in tech, which translates to higher income. Only 12% of women in tech have worked in the industry for over 10 years.

Need to change

For years, big tech kept silent about the number of women the sector employed. When U.S. behemoths like Google, Facebook and Apple released their gender diversity reports in 2015, less than 20% of their technical employees were women.

Ukrainian tech firms are aware of the disparities and have become vocal about the number of women they employ and promote. Although Ukrainian tech companies do not have gender quotas, they said they are trying to create a more welcoming environment for women.

The percentage of women working in Ukraine's largest IT company EPAM has climbed to 22% from 16% a few years ago. The country's second-biggest tech comexpert responsible for finding new talents at EPAM Ukraine.

Ukrainian tech companies that spoke with the Kyiv Post have similar approaches: they organize anti-biased training programs for employees, encourage women to speak up and launch IT courses for children and teenagers. Many companies try to make applications gender-neutral and teach their employees how to stay impartial during interviews.

Among Ukraine's 100 richest people, only three are women. Among all startups that apply for grants from the state startup fund, few are founded by women, according to Mazhuha. "The last time I judged this competition, only one in 10 startups was presented by a female founder," she said.

Deep-rooted problem

Gender inequality is a problem ingrained in "culture, education and economics," said Vitaly Sedler, CEO of Intellias.

Out of the 16,000 students graduating from Ukrainian universities with IT degrees every year, only 20% of them are women, according to the research by the Ukrainian Center for Economic Strategy. This disparity exists despite findings that Ukrainian males and females perform equally in mathematics and science.



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pany SoftServe said that, among its 10,000 employees, 35% are women, with nearly half of them in management.

At Intellias, a Ukrainian company that employs over 1,800 people, 26% of tech specialists are women, 17% of them work in executive roles. At Beetroot, Ukrainian-Swedish company with nearly 500 employees, 39% of techies are women, 40% of them work in management. At Genesis, a tech company that employs over 1,500 people, the number of male and female specialists is almost equal - 53% and 48% accordingly. Bias remains. "We fight biases all the time, especially those that say IT is an industry for males. We want people to think that the IT industry is for creative and smart people," said Natalia Kolyadko, an Among the reasons why girls lag behind in these industries is the lack of role models who work in science and tech, according to Oleksandra Slobodian, an analyst of the Ukrainian think tank Cedos. For years Ukrainian girls have been told that a "woman's place is in the kitchen, with her children," said Nataliya Limanova, cofounder of a school called GIOS that encourages children to learn math.

Hiring more women in IT is seen as good for business and a way to meet the high labor demand in the local tech industry. Ukrainian IT needs about 50,000 tech graduates every year to continue its 20% growth. Local universities currently provide only a third of this number.

"There are so many things for us to do...After all, who can stop us, except ourselves?" Repa said.



BUSINESS FOCUS 11

Saprykina outlines **CSR** trends that will shape workplaces

page 8 --->

As the IT industry grows by an annual 20% in Ukraine, job search sites are full of vacancies from tech companies.

Another popular CSR trend in Ukraine is equality. The Black Lives Matter protests in America heightened awareness, according to Saprykina. "Many companies started to talk about inequality in general," she said.

Hiring people with physical disabilities is also a priority for many companies.

French retailer Auchan, with 26 stores in Ukraine, says 5% of its 6,000 employees have special needs - either suffering from hearing loss, cerebral palsy or other limitations. According to Zlata Kostyuk, CSR specialist at Auchan, the company assesses potential candidates based on their skills. "Work experience, age, gender, religious or political views do not influence the choice," said Kostyuk, governmental platform Diia Business reported.

an increase in domestic violence in Ukraine, prompting companies to respond.

The COVID-19 pandemic led to

StarLightMedia, Ukraine's largest broadcasting group of six TV stations including ICTV and STB, owned by billionaire oligarch Victor Pinchuk, provides a space for victims to store essential items while searching for a new place to live.

The holding also has a project to support families called Zirochky (Stars). According to the company's 2020 report, employees are offered free parenting classes, discounts on laboratory tests during pregnancy and even paid leave for fathers.

"The borders between personal life and work have blurred, and companies have started to actively support not only moms, but also fathers," said Saprykina. "It's a new trend.'

Saprykina's CSR center is also currently preparing an index of family friendly enterprises.

Without exception

Coca-Cola and Pepsi, the world's

top plastic polluters, according to the report published by Break Free From Plastic organization in December 2020, may even be coming around. "Those companies set very ambitious global goals on recycling plastics years ago," said

However, these companies have also been accused of making little progress globally. According to Anna Cummins, co-founder of US based 5 Gyres Institute, an environmental organization, soft drink and cigarette companies continue to "pump out packaging that damages people's health, wealth and environment."

Future focus

Looking ahead, the CSR Center has a number of different youth programs. Among them is Career Hub, a platform which offers educational programs and internships, including in international companies operating in Ukraine. It has already helped to create 45,000 vacancies in different industries like agriculture, banking, media, IT, and law.

For instance, in 2020, KredoBank increased the number

of participants in its internship program from 20 to 40 students. According to Viktor Halychynskyi, the bank's spokesperson, as a result, the bank will have "a high-quality candidate pool of young employees and we can offer them a job," United Nations Population Fund reported.

But Saprykina said that youth in rural areas, in particular, aren't aware of opportunities in Ukraine. She is keen on letting them know.

"This is our mission: to keep young people in Ukraine," she said.

Advertisement

Corporate social responsibility is not just an obligation but a strategic business factor



When it comes to next-generation businesses, corporate social responsibility is not a mere obligation but rather a useful business tool, which can seamlessly integrate with the company's strategy and operations. Corporate ethics, process transparency, and responsibility to clients and employees not only allow businesses to make a positive impact on the society but also help them effectively solve their business problems.

the society by providing equal opportunities in education and sports to all children regardless of physical ability or socioeconomic status.

In Ukraine, the foundation implements three integrated programs:

"Yes, I can!" aims to support children with disabilities and special educational needs by involving them in sports activities;

"New Physical Culture" develops and promotes physical education in schools to encourage children to be physically active;

"Sports Mentor" strives to provide all children, regardless of their social background, with opportunities to realize their talents and follow their dreams

It is essential to understand that every community has its specific needs, which can vary significantly. For this reason, each program must be adapted to the local peculiarities while at the same time staying in line with the main goals and strategies. One good example of such local adaptation is the program "Boost4Best" launched by Parimatch Foundation in Cyprus in collaboration with the Olympic Committee. Having realized that Cypriot athletes had not excelled at high-performance sports for quite a while, Parimatch Foundation offered future champions a great opportunity to train and pursue a professional sports career, which will surely help the nation win more Olympic medals.

efforts promote the health and well-being of hybrid workplace model: work groups can choose to work remotely or on site, depending on their preferences

> Benefit Cafeteria, another effective project aimed at increasing job satisfaction, offers a personalized range of incentives to each employee: for example, one can get a gym membership, extended healthcare coverage, and additional child-care benefits, among many other options.

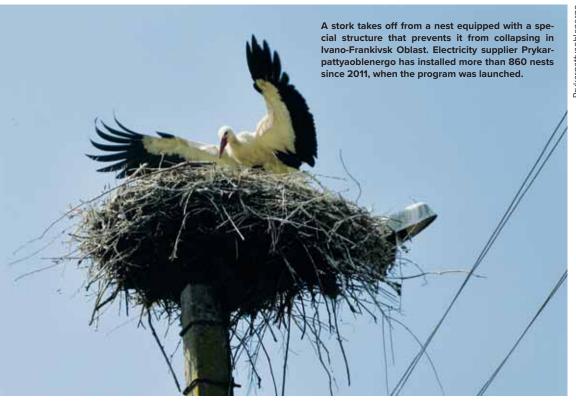


Parimatch Tech also places a lot of value on corporate volunteering and allows each employee 16 hours of working time annually to take part in volunteering projects. According to the company's beliefs, corporate volunteering benefits the company, society, and especially the employees, since they have a great opportunity to network, gain knowledge from other spheres, and, most importantly, make a contribution to societal well-being.

Foundation, Katerina Belorusskaya, emphasized that the foundation works with the relevant government organizations and responsible businesses since this is the only way to carry out long-term and socially significant projects.

The application prototype will be created by the students of Parimatch Tech Academy, another CSR project of the company, whose participants get their training free of charge. This will also save a significant portion of the state budget funds, since the company will cover the cost of program prototyping.

To conclude, CSR is a powerful driver of innovation. A number of business cases proving this point were presented by local and international companies at the recent business conference PM GO: Go Global. It is noteworthy that the conference itself was also a part of Parimatch Tech corporate responsibility strategy as it was open to the general public. This is by far not the only time the company has made its contribution to the development of the business community and the IT industry while at the same time doing social good. In December 2020, the international charitable organization Parimatch Foundation and Parimatch Tech hosted an open product conference, where the visitors could donate money to support inclusive football classes for children from Kyiv, Kharkiv, Poltava, and Lutsk within the "Yes, I can!" program. The examples of world's most powerful companies clearly demonstrate that when a business seeks new ways to become socially responsible and environmentally friendly, it comes up with innovations which eventually strengthen the brand equity, boost employee motivation, and often multiply the company's revenue.



Saprykina.

Running a socially responsible business has grown into a worldwide social trend. According to the 2020 Global RepTrak reputation study, the majority of consumers prefer to buy goods and services from socially conscious and proactive companies.

Parimatch Tech has been putting a lot of effort into realizing its CSR strategy and upholding the values that unite several thousand of its employees into a single team.

Social impact: The work of Parimatch Foundation

The international charitable organization Parimatch Foundation appeared in 2019 as a part of Parimatch Tech global CSR strategy. This is a not-for-profit entity run by a team of professionals, who strive to implement real, systemic change. The foundation helps local communities in the countries where the company operates. Parimatch Foundation's

Taking care of the people: Innovations to increase comfort and safety of Parimatch Tech employees

Parimatch Tech regularly makes it onto the list of Ukraine's best employers. First and foremost, this implies that the company and its employees share similar values. To be fulfilled at work, people need good working conditions, fair pay, enough space for growth, and proper work-life balance. These values have been the fundamental principles of cooperation between Parimatch Tech and its employees, while the company's top management constantly strives to implement innovative methods to improve the workplace environment and strengthen the team.

For instance, during the global pandemic, safety has become the top priority, so each Parimatch Tech employee now gets basic medical insurance. In addition, HR specialists have introduced a

Cooperation and partnership: Socially important initiatives call for synergy

To make a positive impact on society at the country level, one needs to cooperate with like-minded partners. A great example of such collaboration is the creation of SportYouth -adigital system that will store all of the current information on physical culture and sports. The project will be implemented by the Ministry of Education and Science of Ukraine, the international charitable organization Parimatch Foundation, and Parimatch Tech Academy. The system will have a separate application called "New Physical Culture", which will allow Parimatch Foundation experts to work with physical education teachers to improve their motivation and capabilities. While signing the memorandum, the chairwoman of Parimatch

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Shop for new books and meet Ukrainian authors at the 10th annual International Book Arsenal Festival at Kyiv's Mystetskyi Arsenal (10-12 Lavrska St.) on June 25-27, at 9 a.m. - 10 p.m. Entrance is Hr 50-100



Explore Ukraine: 7 beach vacation destinations

Arabat Spit, the longest sand spit in Europe, is a popular tourist destination, known for shallow sea, large comfortable beaches, recreation centers, salt lakes and thermal springs. The most popular resorts on the spit are the villages of Genichenskaya Gorka, Strilkove and Shchaslyvtseve. The spit separates lagoons named Svvash from the Azov Sea.



By Yana Mokhonchuk mokhonchuk@kyivpost.com

The pandemic hasn't prevented Ukraine's resorts from being overrun by travelers in search of the blue sea, cool evening breezes and sandy

beaches.

A man stands on Stanislavsky cliffs near the bank of the Dnipro-Buh estuary

on June 27, 2020. The Stanislavsky cliffs, which cover 660 hectares, offer a

striking panorama of the Black Sea. Tourists usually camp out in tents, as the

The Kyiv Post picked seven top destinations in southern Ukraine – from the wild desert island of Dzharylhach to the noisy yet comfortable Zaliznyi Port.

Dzharylhach

Nature connoisseurs will love this remote location with its snow-white sandy beaches surrounded by endless sea. Dzharylhach, the largest uninhabited island in Europe, is almost untouched by civilization. Deer stalk the tall grass, raccoons scurry about at night and dolphins leap out of the water at sunset.

There are two points of arrival on the island: near the 120-year-old lighthouse or next to the base camp at Hlyboka Bay, where a reed shelter is available to rent for about Hr 500 (\$18).

Living in a tent is the best option. There are no shops and restaurants on the island, but it's possible to catch and cook shrimp, crabs, fish and mussels.

City Life

With Elina Kent kent@kyivpost.com

Kyiv's Central Bus restoration project shows modernization and preservation can coexist

Bright white floors, large windows and thousands of carefully placed mosaic panels greet visitors walking into Kyiv's Central Bus Station on 1 Nauky Avenue.

Twenty-six columns support the station, covered with small green pieces depicting buses, cars and the outdoors. Two large murals on the third floor illustrate Moscow and Kyiv, both major centers of the Soviet Union, where the artwork was made 60 years ago.

When the station was bought by a private investor last year, the art was at risk of being destroyed. But Kyiv residents banded together, managing to protect and revitalize the station, proving that modernization and preservation are compatible.

With the consent of the new owner, the inner station was thoroughly renovated. On June 15, the second and third floors were completed and the station was reopened.

Fading away

The interior of the Central Bus Station was designed by artists Ada Rybachuk and Volodymyr Melnychenko in 1961, when the station's construction was completed.

Organizations in charge of Kyiv's bus stations have changed throughout the years. Most recently, authority was granted to the state enterprise Kyivpasservice in 2005.

The bus station also changed. The beautiful mosaics faded over time, gathering dirt and grime over the past six decades.

Some improvements have been

na Myronyuk



Getting to the island is complicated. Tourists need to catch a boat or yacht crossing from the Kherson Oblast port city of Skadovsk, a city of 17,000 people located 645 kilometers south of Kyiv. A round trip costs Hr 200 (\$7). Skadovsk can also be reached by a two-hour bus ride from Kherson for about Hr 120 (\$4). The Intercity train from Kyiv to Kherson will cost from Hr 408 (\$15).

Skadovsk

If Dzharylhach is too wild for you, staying in Skadovsk is a good alternative.

Due to its shallow water and high water temperature, Skadovsk is considered one of the best resorts built, including an underground tunnel and the Demiivska metro stration, which provide easier access than the older Lybidska station.

"Even so, approaching the bus station, you realize how much it needs modernization," Dmytro Ozhigov, marketing director of Kyivpasservice said in a press release. "Disordered advertising, chaotic layout of kiosks, the McDonald's looking like it was from the 90's."

Modernization

The State Property Fund put several bus stations up for auction. In 2020, the investment company Bastion Group LLC purchased the controlling stake of the Central Bus Station for Hr 230.9 million (\$8.4 million).

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Explore Ukraine: It's time to head south to seas

page 12 ->

in Ukraine for family holidays. It has an entertainment complex with a Ferris wheel with a view of the city, a water park and a dolphinarium. In the Skadovsk Regional Museum of History and Local Lore, tourists can learn more about the local nature. There are also many tennis courts and water activities in the city.

Most tourists cook on their own food in Skadovsk as the markets are full of cheap vegetables, fruits and seafood but local cafes offer lunch for about Hr 150 (\$6).

To get there, Kyivans can take the train to Kherson and then a bus to Skadovsk. There are also flights from the capital to Kherson, which start at Hr 915 (\$33).

Local hotels cost Hr 800 (\$29) per night on average. Locals with places for rent don't like to use online services and tourists will have to see what's available when they arrive. Nightly accommodations range from Hr 100 (\$4) for a single room to Hr 1,500 (\$55) for a whole seaside house.

Stanislavsky cliffs

Many people call this place the "Ukrainian Grand Canyon." It stretches all the way to the Dnipro-Buh estuary, offering a breathtaking view of the sea that feels like gazing off the edge of the world.

There is no infrastructure on the slopes of the mountains, so be ready to pitch a tent and wake up with the sun. But locals have created a campsite called Skelka Tour, which provides an area to set up tents, electricity for charging devices, wi-fi, showers and fireplaces. A place at the campsite costs Hr 100 (\$4) per person for one day. Skelka Tour also offers kayak tours and tents for rent. Kayaking for 4-5 hours on the Dnipro-Buh estuary costs Hr 500 (\$18) per person.

The most convenient option to get to Stanislavsky cliffs would be to drive or take the bus from Kherson to Stanislav village. The trip takes one hour and bus tickets cost Hr 46 (\$2).

Arabat Spit

Arabat Spit is the longest 100 kilo-

It is one of the most popular health resorts in Ukraine with numerous recreation centers, salt lakes, hot springs and other natural features.

Tourists mainly come to one of three villages in the area. The village of Genichenskaya Gorka contains nightclubs, a water park, an amusement park and a dolphinarium. The village of Shchaslyvtseve has a local windsurfing club, cafés, an amusement park and a disco place. Nature lovers choose Strilkove village.

Rooms go for Hr 500 (\$18) with amenities. A hotel room costs from Hr 600 (\$22) per night.

To get there, take the train to the Kherson Oblast port city of Henichesk, with 19,000 residents located 750 kilometers south of Kyiv. The train departs at 9:47 p.m. from Kyiv. The tickets go for Hr 323 (\$12). Then, take the bus from Henichesk to Arabat Spit for about Hr 20 (\$0.70).

Kobleve

Kobleve resort is located in Mykolaiv Oblast, 55 kilometers from Odesa and 75 kilometers from Mykolaiv. It is one of the largest resorts on the Black Sea coast, enchanting tourists with a pine forest, golden-sandy beaches and cool water.

Kobleve has many tourist attractions: The Nemo Dolphinarium, water parks, boat and yacht rides, youth discos and numerous activities such as skydiving, rafting, kitesurfing, windsurfing and diving.

There are various cheap eateries in the resort; lunch costs around Hr 80 (\$3). It is impossible to get hungry in Kobleve as the streets have transformed into real food courts offering shawarma, kebabs, pita bread and homemade local dishes.

The Kobleve winehouse, which produces around 20 million bottles per year, welcomes visitors to see the production and try locally made wine.

Kobleve is 524 kilometers south of Kyiv and the most convenient way to get there is by car. It's also possible to travel by Intercity train from Kyiv to Odesa; ticket prices start at Hr 467 (\$17). Buses from Odesa to Kobleve run every day and cost Hr 60 (\$2) on average. Visitors can stay at local hotels, prices start at Hr 500



People frolic on the beach at Zaliznyi Port village at sunset on August 12, 2020. Zaliznyi Port, located 100 kilometers away from Kherson, is famous for its sandy beaches, numerous bars, parties and endless fun.

Zaliznvi Port

Never-ending fun, parties and discos can be found in the village of Zaliznyi Port, located 100 kilometers from Kherson. Locals call it the "youth center" as life is bustling on the embankment of Zaliznyi Port: round-the-clock bars, crowded restaurants, amusement and water parks.

The nearby natural parks of Askania-Nova and the Black Sea Biosphere Reserve allow visitors to sample the treasures of regional nature.

Due to the large flow of tourists in Zaliznyi Port, new restaurants are popping up every year. Barbecue and grilled fish are cooked right on the beach for the tourists' enjoyment.

A room without amenities will cost Hr 100-150 (\$4-5). Prices for the hotel room start at Hr 550 (\$20); a room for two will cost Hr 450 (\$17) and up. The bus from the city of Kherson to Zaliznyi Port will start from Hr 117 (\$4).

Sanzhiika

The embodiment of calm, Sanzhiika or "Ukrainian Bounty", as it is usually known among tourists, is a little-known resort in Odesa Oblast. Wild deserted beaches and sun-soaked stretches of sand make Sanzhiika a place to find peace of mind.

Because of the undeveloped infrastructure, the choice of local eateries is very poor, offering mostly local seafood.

The most popular restaurants in Sanzhiika are "Villa Penta" and the cafe "Panorama" near the hotel "Sun Joy Hotel". Prices start from Hr 250 (\$9) for three meals per person. Small local markets offer products harvested locally.

For those, who are not satisfied with sleeping in tents, locals rent out rooms without a private toilet and a shower starting from Hr 250 (\$9) for two. Cottages with all amenities cost from Hr 1.500 (\$55) per day. Prices for hotel rooms start at Hr 800 (\$29) per night.

To reach Sanzhiika, travelers first need to take a train to Odesa and a bus to Sanzhiika. The bus ticket costs Hr 150 (\$6). @



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Here are seven beach resort areas in southern Ukraine that may be worth a visit this summer.



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Investigation: Ex-Border Service official's company smuggled cigarettes to Ukraine

page 1 —>

Red brand cigarettes in the truck had no tax stamps on them. The warning labels on their packaging weren't in Ukrainian. And in small letters on the side of the pack, they were marked: "For Duty Free Sale Only."

In other words, law enforcement suspected they were about to be smuggled through Ukraine.

Although Reginas, with their trademark gold or silver crown topping a large white R, aren't nearly as wellknown as brands like Marlboro or Lucky Strike, they've become some of the most smuggled tobacco products in Europe in the past few years.

The brand is manufactured by China National Tobacco Corporation, known as China Tobacco or CNTC, a Chinese state-owned company that produces nearly half of the world's cigarettes. For years it focused on the domestic market, but more recently Beijing has been aggressively pushing its cigarettes into countries around the world.

Some of these new markets are not legal ones, a joint investigation by OCCRP and the Kyiv Post has found.

Over the past seven years, China Tobacco's only factory in Europe, a few hours' drive north of Romania's capital, has flooded Ukraine with at least half a billion cigarettes. None of the Chinese brands are legally sold there, according to the State Fiscal Service and an association of the country's largest tobacco producers.

The factory declared it was legally exporting the smokes to 14 different companies in Ukraine, according to Romanian data leaked to OCCRP. But reporters found that at least three of these firms are under investigation for large-scale cigarette smuggling.

Ukrainian law enforcement identified the firms as part of a tobacco trafficking ring that moved large quantities of cigarettes from Romania, Belarus, and the United Arab Emirates into Ukraine – and from there, often into European Union countries.

"This is the basics of smuggling globally," said tobacco control expert Luk Joossens. "You have international companies who export to locations where the end market doesn't seem to fit...consumer demand."

China is a signatory to the World Health Organization's Illicit Trade in Tobacco Products Protocol, which sets out rules to curb cigarette smuggling and counterfeiting.



and today it's still one of the biggest sources of cigarettes smuggled into the EU. Its location, combined with vastly lower tobacco prices than in EU countries, and the fact that smuggling tobacco, though illegal, isn't a criminal offense in Ukraine, make it a smuggler's paradise.

The Ukrainian investigation into cigarette smuggling ran from 2017 until late December 2020, when it was closed because investigators from the State Fiscal Service and Ukraine's Prosecutor's Office were unable to identify suspects to prosecute. It was reopened on April 29, a week after journalists started making inquiries into the case.

The law enforcement, however, don't seem to have connected important dots.

After the illegal Reginas were found in Odesa in May 2017, a director of the company that bought them, Duty Free Odesa, swore to the detectives she had never before brought Chinese cigarettes into the country.

That was untrue. Romanian export data shows that Duty Free Odesa had imported 12.5 million Regina cigarettes into Ukraine just a month earlier, in April 2017, a shipment that apparently went unnoticed by officials. A company with the same Dr. Allen Gallagher, a researcher with the Tobacco Control Research Group at the University of Bath.

Straight to the top

Both Duty Free Odesa and Travel Retail Ukraine are co-owned by Vadym Sliusariev, an influential former border official with ties to President Volodymyr Zelensky. Since March, he's been a member of the political council of the Servant of the People, Zelensky's party.

He's also been gaining a reputation for less savory activities.

In April, former Georgian President and former Governor of Odesa Mikheil Saakashvili publicly accused Sliusariev of being "the main smuggler of the Kharkiv Oblast," referring to an area on Ukraine's northeastern border that is known as one of the country's key smuggling routes.

Saakashvili argued that Sliusariev should have been put on the list of smugglers that Ukraine has imposed sanctions on. He suggested that Sliusariev had "some sort of immunity because of his political affiliations."

Sliusariev retired in 2015 as head of the State Border Guard Service's Department of Internal Security. Before that, he'd spent over 25 years working in various State Border Service departments in Kharkiv Oblast. nameplate. A man who opened the door declined to answer questions.

Attempts to reach Sliusariev through the Servant of the People party were also unsuccessful.

Duty-free cover-up

While Sliusariev officially became the co-owner of the two companies after they got involved in cigarette smuggling, their rise marched in step with his career at the Border Guard.

In 2012, Travel Retail Ukraine opened a duty free shop at the Hoptivka checkpoint along Ukraine's border with Russia. At the time, Sliusariev was serving as head of the internal security of the Eastern Regional Department of the State Border Guard Service which manages over 40 crossing points across Ukraine's border with Russia, including Hoptivka checkpoint.

In 2017, after retirement, Sliusariev became a co-owner of Travel Retail Ukraine. The same year, he also bought a company that owns a building located next to Hoptivka checkpoint and rented it out to the

Kharkiv Border Detachment that does not have its own, the RFE/RL program, Schemes, found out.

According to the reporters, Sliusariev's company also owns land plots next to Hoptivka checkpoint, which now houses grocery stores and insurance points.

Although OCCRP and Kyiv Post have not uncovered evidence that Sliusariev used these shops for smuggling, the cigarettes confiscated in the 2017 Odesa bust were marked "for duty-free sale only" – a common ruse for getting contraband cigarettes into Ukraine, according to a 2020 study by KANTAR, a data analytics and brand consulting company.

A detective who investigated the shipment said it was clear the smokes were never intended to be sold in a duty-free shop. He spoke to the Kyiv Post and OCCRP on condition of anonymity because he is not authorized to talk to the media.

"Duty-free shops, they do not sell such cigarettes," he said, explaining that shoppers in these stores wanted higher-end brands. "Why duty-free? Because it is customs-free. They are like, 'We are buying for ourselves.' But they do not sell these cigarettes."

Kostyantyn Krasovsky, head of the tobacco control department of the Institute for Strategic Studies of Ukraine's Health Ministry, explained that official oversight of duty-free shops is "very, very weak" in Ukraine, making them an ideal conduit for smuggling cigarettes.

"On the books, these cigarettes will be 'sold'," he said of the scheme. "But, in fact, these cigarettes, because they are much cheaper, are more profitable to sell to smugglers for cash. They will then ship them abroad, to Poland, Hungary, Romania, and so on."

They might also stay in Ukraine and be sold on the black market. Reporters found multiple packs of Regina cigarettes for sale at tobacconists around Ukraine and online, marked for "duty-free sale only."

Find the full version of this investigation online at www.kyivpost.com.

A key provision is that tobacco companies must ensure there is legitimate demand for their cigarettes on the local market before exporting. They are also supposed to look into their customers' backgrounds and make sure they are properly registered and licensed.

China Tobacco, it appears, has been doing neither.

CNTC did not respond to requests for comment. However, its subsidiary in Romania, China Tobacco International Europe Company, only said it complied with all relevant Romanian and EU laws.

Ukraine has long been infamous as a hub for cigarette smuggling,

owners and a director, Travel Retail Ukraine, imported almost 15.5 million Chinese cigarettes in July 2015.

But investigators don't seem to have looked into this linked firm at all, or to have noticed that the same people owned two companies that were both bringing large numbers of Chinese cigarettes into Ukraine – without a license to import them.

Law enforcement agencies OCCRP spoke to referred to Chinese cigarettes as "cheap whites" – a term for illegal cigarettes made in smaller production facilities and designed for illegal export – without acknowledging they are produced by the world's largest tobacco company at a time when it is expanding its international reach.

"Ukraine has long been one of the top sources of cigarettes that are smuggled into the EU," said Investigators working on the smuggling case stressed that they had no evidence Sliusariev was personally involved in smuggling. Sliusariev became a co-owner of the two firms between 2017–2018 after they had already gotten involved in smuggling. The other co-owner, Ksenia Yablukovska, acquired shares in the two companies back in 2015–2016 while they were importing China Tobacco cigarettes to Ukraine. She continues to co-own the companies with Sliusariev.

Reporters went to Dnipro, a city in Ukraine's central steppes where both Duty Free Odesa and Travel Retail Ukraine are registered. There was no sign of official business activity at the apartment building where they're officially registered — not even a



Vadym Sliusariev is a well-connected former border official with ties to Ukrainian President Volodymyr Zelensky.

City Life

Kyiv's Central Bus needed a lift and got one with willing investor, determined citizens

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Bastion Group LLC is owned by businessman Vladimir Ivchun. To buy bus stations in the capital, he had to agree to keep them active for at least five years and in the Kyiv region for at least 15.

The project to redevelop the Central Bus Station was given to MCube, a design and architecture company led by Ivan Margitych. The plan is to create additional services including a food court, recreation areas, a medical office and a hotel where guests can stay overnight.

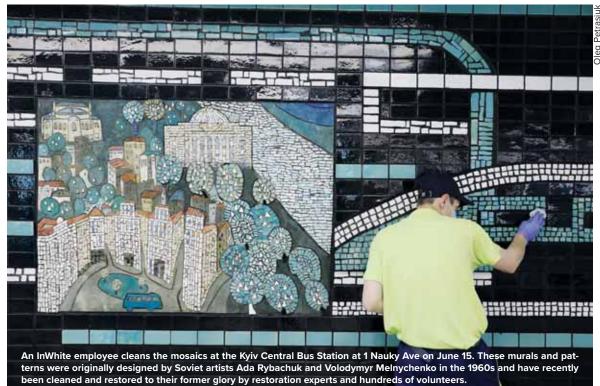
When the Ada Rybachuk and Volodymyr Melnychenko Cultural Heritage Preservation Fund (ARVM) found out about the purchase, it grew worried about the future of the artists' work.

"We made a case about the value of preserving it," Ivan Margitych told the Kyiv Post, "and they were open to the idea.'

After speaking with the fund and Melnychenko himself, the Bastion Group granted permission to restore the art in the station as long as the fund raised the money to do so."

"We gathered money constantly," Yulia Ralyuk of the fund told the Kyiv Post, "Lots of donations, lots of sponsors, but most of it was people giving out 200 or 300 hryvnias at a time.'

This is the preservation fund's biggest successful project, achieved with the help of the restoration company The Gurin Brothers, cleaning initia-



tive InWhite Solutions and hundreds 150 volunteers, who spent months of volunteers.

Working together

The restoration started in December 2020. The Gurin Brothers worked on the mosaics and murals. "After all these years it was very dirty," Anton Gurin told the Kyiv Post. "We needed to restore it to its original appearance; with the consultations of the original artist and photos, we restored it."

The company deployed more than

coming in on their own time, carefully placing mosaics onto columns and walls.

Even a former schoolteacher of some of the volunteers, who lived across the street from the bus station, prepared food for the people working on the restoration. "She's always asking how many people there are that day, and always ready to bring it to us. She says 'I can't physically help you out, but I will do what I can," Anastasia Lenyuk, one of the volunteers, told the Kyiv Post.

Twenty-six columns were restored, with six of them having to be completely rebuilt. Each mosaic was carefully placed, and cleaned.

InWhite previously washed numerous monuments around Kyiv, including the Stela Monument, the statues of Mykhailo Hruschevsky and Taras Shevchenko and the entrance to Kyiv's Independence Square.

But restoring the Central Bus Station was almost like working with jewels according to InWhite's director, Tatiana Dovydovych.

"Every mosaic, it's important to clean and stick individually," Dovydovych says.

Washing each mosaic with steam at 36-38 degrees Celsius, InWhite used the softest rags and neutral chemicals in spots only where it was sorely needed.

Visitors can see that the mosaics were treated with the utmost care. When walking into the bus station the green murals and mosaics shine like small emeralds.

"It's interesting because it's a completely new interior that is integrated with old mosaics," Gurin says, "It looks more modern. So you can come and see that you don't have to destroy but preserve."

Future precedent

Volodymyr Melnychenko Cultural Heritage Preservation Fund not only protected Rybachuk and Melnychenko's art, but revitalized it, proving that other Soviet buildings can be modernized while maintaining their art and history.

"These kinds of projects are only just starting to happen," Gurin said. "I think that we will do it more and more."

The fund doesn't plan to stop here. The group just recently opened a museum workshop alongside Melnychenko at his personal studio. "We gather people, volunteers, we tell them stories and they can actually speak to the artist," Ralyuk said.

Visitors can register for tours at the museum workshop on the ARVM's facebook page.





Alinea International is one of the Canada's leading international development organization. It executes projects for the Government of Canada, as well as the World Bank, United Nations, Asian Development Bank, Inter-American Develop-

In October 2019, Alinea International launched a new five-year project in Ukraine: Support Ukraine's Reforms for Governance (SURGe). SURGe is a technical assistance project in Ukraine, funded by Global Affairs Canada and implemented by

SURGe Project is looking for the following expert:

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