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Defenders In DC

Meet Ukraine's best friends on Capitol Hill



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U.S. Representative Marcy Kaptur (D-OH)



U.S. Representative Mike Quigley (D-IL)



U.S. Senator Rob Portman (R-OH)

The American flag flies above the U.S. Capitol building on June 16, 2021 in Washington, D.C. Ukraine enjoys bipartisan support in both houses of Congress, where senators and representatives have fought tooth and nail to increase financial and military aid for Ukraine and impose sanctions on Russia's Nord Stream 2 pipeline under the Baltic Sea.

See story on page 5



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Mailing address:
Kyiv Post, 68 Zhylianska St.,
Kyiv, Ukraine, 01033

Advertising
tel. +380 44 591-7788
advertising@kyivpost.com

Editorial staff
tel. +380 44 591-3344
news@kyivpost.com

Subscription & Distribution
tel. +380 44 591-3344
subscribe@kyivpost.com

Employment Advertising
tel. +380 44 591-7788
advertising@kyivpost.com

Adnan Kivan
Publisher

Brian Bonner

Executive Director/Chief Editor

Olga Rudenko | **Alyona Nevmerzhytska**
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Kobolyev's Naftogaz hid hefty bonuses paid to top executives

By Alexander Query,
Brian Bonner

QUERY@KYIVPOST.COM
BONNER@KYIVPOST.COM

Managing state-owned oil and gas company Naftogaz pays off, no matter how much money the company loses.

Despite losses of nearly \$700 million in 2020, Naftogaz's top management pocketed multimillion-dollar bonuses this year.

The extra money came as a reward for the company's \$5 billion legal victory over Gazprom in 2018. As part of the Stockholm arbitration court agreement, Gazprom and Naftogaz reached a settlement and dropped mutual claims involving a 2009 gas supply contract.

Overall, 40 Naftogaz employees shared in \$46 million in Stockholm bonuses, which represented 1% of the \$4.6 billion settlement (Gazprom paid another \$400 million in accrued interest.)

More than \$30 million of the bonuses that got paid in 2021 went to six top executives, led by \$12.7 million paid to Naftogaz CEO Andriy Kobolyev after his firing by the government on April 28, 2021, and \$10.4 million paid to Yuriy Vitrenko, former executive director and current CEO of Naftogaz.

In a July 1 letter to Naftogaz's supervisory board, Vitrenko, who replaced Kobolyev, called for greater transparency.

In the letter, obtained by the Kyiv Post, Vitrenko criticized the failure to break out individual salaries and bonuses of top managers, a decision adopted by the supervisory board when Kobolyev was in charge of the company.

"The absence of this part in 2020 report (which though has been published in 2019) negatively impacts the image of Naftogaz and creates the basis for unnecessary speculations," Vitrenko wrote.

Contradictions

Kobolyev refused to comment on July 6, but in a Facebook post after this Kyiv Post story was published online, he wrote: "My actual monetary compensation for my work in Naftogaz for the period after the extension of my contract in March 2020 amounted to zero hryvnias."

His claim of receiving no compensation contradicts the documents that the Kyiv Post reviewed.

While Vitrenko called for more transparency, when it comes to his own hefty Stockholm bonuses pegged at \$16 million overall by Naftogaz insiders, he was less than forthcoming.

"My compensation was smaller than \$16 million," Vitrenko said. "But I cannot give you a precise number. It will be a breach of my contract. I can be sued for that. Since I was not an executive board member, my remuneration was not public, and was not supposed to be public."

While "employee contracts are confidential, for executive board members there is a requirement to publish the remuneration," he said.

In his public declaration of 2020 income and assets, however,



Ex-Naftogaz CEO Andriy Kobolyev (L) and current Naftogaz CEO Yuriy Vitrenko both became multimillionaires from a successful \$5 billion Stockholm arbitration victory over Russia's Gazprom.

Vitrenko listed \$10.4 million in compensation from Naftogaz.

The company's 2020 financial report only discloses overall compensation of nearly \$25 million for 17 top officials that year without detailing the Stockholm bonuses.

Such non-transparency violates basic principles of good corporate governance for state-owned enterprises and sets a troubling example.

If Ukraine's largest state-owned enterprise, Naftogaz, with \$7 billion in revenue last year, doesn't adhere to basic transparency standards, questions are naturally raised about the other 3,500 state-owned enterprises.

Additionally, according to the Organization for Economic Cooperation and Development guidelines published in 2015, the six-member Supervisory Board of Naftogaz must ensure that "the remuneration of the manager is tied to the performance of the state-owned company and the information is properly disclosed."

Counting earlier bonuses, Kobolyev's Stockholm-related bonuses have been estimated at more than \$20 million. His base pay was \$230,000 in 2020.

The government fired Kobolyev on April 28, 2021, citing the more than \$1 billion gap in financial performance between what Naftogaz promised the government and what it actually delivered under his leadership. He had been CEO since 2014.

At the end of 2020, Naftogaz told the government it would have a net profit of nearly \$400 million. Instead, the state got nearly \$700 million in losses.

To make the switch from Kobolyev to Vitrenko, the Cabinet of Ministers fired the supervisory board for two days and installed Vitrenko, who Kobolyev, in turn, had fired about a year earlier, in May 2020.

Conflicts erupted between the two men who had once worked together in reducing Naftogaz corruption after the EuroMaidan Revolution that

ousted Kremlin-backed President Viktor Yanukovich in 2014.

Before the post-2014 reforms, Naftogaz was routinely costing taxpayers at least \$500 million monthly in losses. The company was a citadel of corruption, non-transparency, and insider deals.

Despite the 2020 losses, however, the company still managed to pay \$5 billion in taxes in 2020, making it the largest taxpayer of Ukraine, supplying 17% of state revenue.

Hefty bonuses

The supervisory board decided in 2018 to distribute the 1% bonus from the original \$4.6 billion Stockholm settlement to about 40 Naftogaz employees.

Naftogaz got paid \$2.1 billion worth of gas and, with accrued interest, another \$2.9 billion in cash from Gazprom.

According to the document that the Kyiv Post reviewed, the supervisory board approved these payouts to other top Naftogaz managers.

None was broken out in the 82-page 2020 financial report:

- Sergiy Pereloma, first deputy chairman of the board — \$2.3 million in total compensation, including base pay of \$270,000;
- Otto Waterlander, Naftogaz Group chief transformation officer and member of the executive board — \$2.2 million in total compensation, including base pay of \$322,000;
- Petrus Stephanus van Driel, Naftogaz Group chief financial officer and member of the executive board — \$1.7 million in total compensation, including \$270,000 in base pay;
- Yaroslav Teklyuk, director for legal affairs and member of the executive board — \$3.4 million in total compensation, including \$205,000 in base pay.

Excessive secrecy

In an earlier interview with the Kyiv Post, Clare Spottiswoode, the chair of Naftogaz's supervisory board, said that the supervisory board, at the request of the Naftogaz executive

team, decided not to break out compensation figures individually "because it is so politically sensitive."

Spottiswoode, a fan of Kobolyev, is challenging the April hiring of Vitrenko, who signed a one-year contract. The supervisory board was set to resign but agreed to return.

She defended the supervisory board's secrecy, even though she acknowledged it was a break from past transparency.

"Why should we expose them to a whole lot of that nonsense when the cost of their services is a tiny portion of the company's revenue?" she insisted.

Getting appointed to Naftogaz's supervisory board is also quite lucrative, with its six members led by Spottiswoode making \$230,000 yearly, although that figure is not explicitly listed in the 2020 financial report either.

Both President Volodymyr Zelensky, his predecessor Petro Poroshenko and ex-Prime Minister Volodymyr Groysman, have criticized what they labeled as excessively high compensation of top executives in state-owned enterprises.

Spottiswoode and others argue that, if competitive and market-based salaries are not paid to leaders, state-owned enterprises will not be able to attract top talent.

The issue is transparency, said Andriy Boytsun, an expert on corporate governance in state-owned enterprises who writes a weekly newsletter on the topic.

Boytsun told the Kyiv Post in an interview published on June 1 that there is no justification for withholding from the public the pay of top company officials.

"The people as ultimate owners should know how much management gets paid and why," Boytsun said.

While state-owned enterprises are required to disclose individual top salaries, the measure is poorly enforced.

"I cannot be happy with the progress as such until it's complete," he said. ❁

Notorious Blackwater founder wanted private army in Ukraine

By Illia Ponomarenko

ponomarenko@kyivpost.com

The latest scoop by TIME magazine has shed light on the shadowy world of America's private armies, with a trail leading back to Ukraine.

In a piece by Simon Schuster published on July 7, the publication revealed that none other than Erik Prince, the founder of notorious private military company Blackwater (now known as Academi), was seriously interested in recruiting Ukrainian combat veterans of Donbas as his new soldiers.

According to the magazine, Prince, who was close with the administration of former U.S. President Donald Trump, had made a range of questionable business offers to Ukraine's leadership.

These envisaged Prince building a munitions production line in Ukraine and getting involved in an "aviation defense consortium" of Ukrainian enterprises, particularly Motor Sich, one of the world's top aircraft engine manufacturers.

According to the story, Ukrainian authorities eventually backed down from the offer.

But the revelation spotlights the issue of private armies in Ukraine.

Russia's war in Donbas has produced tens of thousands of young, highly-skilled and educated combat veterans. Many of them want to make good money for what they do best — but not for the military. Naturally, many become sought-after by various armed groups around the world.

Meanwhile, Ukraine lacks the laws to govern the exploding industry. Experts say this breeds shadowy practices and rogue mercenary bands.

Booming business

Legal security firms are not about amassing hired guns to fight wars. In most Western countries, the activities of private military companies (PMCs) are strictly regulated — they are used for training, security and logistics support.

Still, PMCs represent one of the world's most booming industries, worth \$100 billion in 2003 and \$211 billion in 2019. ReportLinker, a U.S. analytics firm, expects it to reach \$420 billion by 2029.

The business has a dark side, illus-



Fighters of Ukraine's 113th Territorial Defense Brigade hold maneuvers near Kharkiv on May 18, 2021. Ukraine has thousands of war veterans in search of employment but no legislation regulating private military companies.

trated by Blackwater, which gained notoriety for killing 17 and injuring 20 civilians in a shooting spree in Baghdad in 2007.

According to TIME, Prince came to Kyiv in late February 2020 to meet Igor Novikov, then an adviser to President Volodymyr Zelensky.

Prince reportedly proposed to create a new private military company that would hire Donbas veterans. Ukraine has nearly 400,000 people who acquired veteran status in Donbas, although many of them got it for non-combat missions in the rear.

Many combat-hardened vets have already worked for numerous Western security contractors, says Taras Chmut, a retired marine and the chief editor with the Ukrainian Military Portal news website.

"The market is growing," he says. "And Western investors are interested, and it is probably promising to them. Our guys want less money than Poles, Czechs, or other European contractors. So it may be an advantage in terms of business."

Many also ended up on the dark side.

According to the Security Service of Ukraine (SBU), at least 125 Ukrainian nationals were recruited to the Wagner Group, the notorious Russian mercenary army linked to the Kremlin and involved in conflicts in Syria, Libya, the Central African Republic and elsewhere.

No legislation

Curiously, Ukraine's parliament registered a bill called "On military consulting business" at the same time when Prince reportedly started sniffing around Ukraine, in February 2020.

The draft law, submitted by Olha Vasylevska-Smagluyk, a lawmaker with Zelensky's ruling 248-member Servant of the People faction, intended to legalize private security contractors.

According to the bill, such companies would be subject to strong oversight and banned from direct participation in any fighting.

Their activities would only be allowed outside Ukraine's territory and they would be limited to providing security, consulting or training services to foreign governments and companies.

The bill triggered strong controversy. Many feared it would legalize

private armies for oligarchs. The lawmaker who submitted it is an associate of one of them, oligarch Ihor Kolomoisky.

Ukraine's law enforcement and the SBU fiercely opposed the idea. A year and a half after its inception, the bill is still gathering dust in the Rada committees, with no chance of advancing.

But in practice, PMCs have already been active on Ukrainian soil, either registered overseas or disguised as simple security firms.

In late March, the SBU busted the premises of the DBC Corp., a U.S.-registered security contractor founded by former soldiers the paramilitary Donbas Battalion. According to the SBU, the group had stockpiles of military-grade weapons and was training its personnel for combat at its bases near Kyiv.

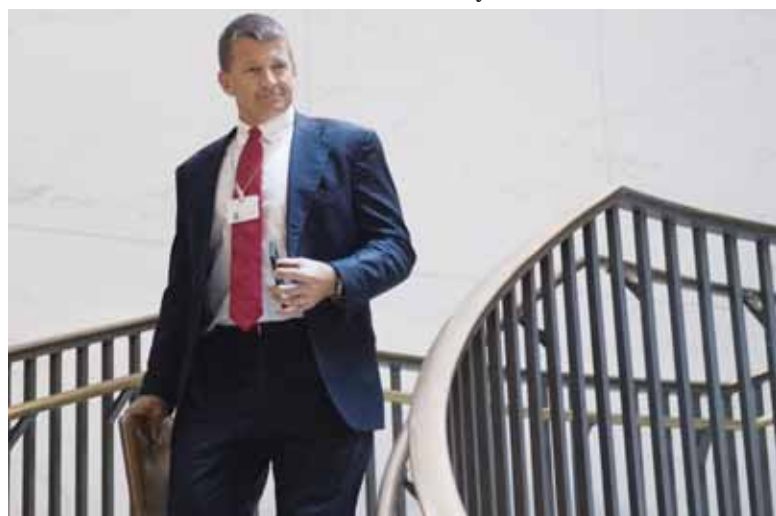
Numerous media reports tied the group to Kolomoisky, for whom the DBC reportedly fought in corporate

wars. The group's founder, former lawmaker Simeon Semenchenko strongly denied participating in mercenary activities.

Prince's reported overture is a reminder that Ukraine still needs to properly regulate this industry before it's too late.

"This phenomenon does exist," said Chmut. "And it needs to be ingrained in the law and common sense. Guys should not have to work in semi-legal companies, which involves personal risks and no guarantees of decent pay rates and working conditions, social security, and many other things down to body recovery."

"There's a thin line between an effective business, the Ukrainian projection of power and interests around the world, and the creation of officially trained and armed private armies in the hands of oligarchs who can deploy them in the country," he added. ☹



Erik Prince, former Navy Seal and founder of private military contractor Blackwater USA, arrives to testify during a closed-door House Select Intelligence Committee hearing on Capitol Hill in Washington, D.C. on Nov. 30, 2017.

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EDITORIALS

Smoke and mirrors

Naftogaz lost a lot of money in 2020. But it may have lost something even more precious – its credibility.

While Ukraine is already struggling to shake off the traditional opacity that comes with the country's Soviet past, Naftogaz, which claims to be "a pioneer" in corporate governance, seems to avoid transparency.

Despite losses of nearly \$700 million in 2020, Naftogaz's top management this year pocketed multimillion-dollar bonuses, which may not have been a problem if the management wasn't trying to hide it.

More than \$30 million of the bonuses that got paid in 2021 for the year 2020 went to six top executives, led by \$12.7 million paid to Naftogaz CEO Andriy Kobolyev after his firing by the government on April 28, 2021, and \$10.4 million paid to Yuriy Vitrenko, former executive director and current CEO of Naftogaz.

It's part of the \$46 million, or 1% of the \$4.6 billion settlement that Gazprom paid to Naftogaz in 2018 as the result of the Stockholm arbitration, shared in bonuses among 40 company employees.

It's a well-deserved reward after the company's legal battle against Gazprom, and it's not unusual to pay top executives well when they show good results.

But why not disclose it in the company's financial report, instead of raising doubts about the management's intentions? Instead, the company reported the general amount of 2020 payments, without revealing who is paid what. It then paid out the Stockholm bonuses in 2021 – to ensure that they would only be detailed in next year's financial report, if at all.

Clare Spottiswoode, the chair of Naftogaz's supervisory board, has a bad relationship with transparency. She told the newspaper that the supervisory board, at the request of the Naftogaz executive team, decided not to break down individual compensation of top executives in 2020 because this information is "politically sensitive." Given that stance, it's doubtful that the Stockholm bonuses would have been broken out next year for the public to see.

After the Kyiv Post's publication on this topic on July 6, Spottiswoode gave a detailed response to the newspaper, in which she stated that the remuneration was disclosed, but that the bonus payments were not, because they should be part of next year's financial report.

In turn, Kobolyev took to social media to claim he didn't receive any compensation, saying that his compensation since March 2020 "amounted to zero hryvnias." He also promised to reveal more, soon, but is yet to do so.

Meanwhile, Naftogaz's recent decision to avoid using Ukraine's opensource procurement system Prozorro to buy pipelines and equipment raises even more suspicion of the company's strategy. A strategy the Kyiv Post will closely follow, to see through the company's smoke and mirrors.

True colors?

President Volodymyr Zelensky on July 6 said he would not fire his Deputy Chief of Staff Oleh Tatarov in response to a petition for his dismissal. Tatarov was charged in December with bribing a forensic expert.

Explaining his refusal, Zelensky argued that "nobody can be forced to do something that is not envisaged by legislation."

But what's the point of petitions, an official tool managed by the administration, if the president's response to them is that no one will "force" him to do something?

This bureaucratic, annoyed answer just shows that Zelensky doesn't care about the feedback from the society.

In December, Zelensky also dismissed the charges against Tatarov by saying that the alleged crime took place before his presidency. This excuse doesn't stand up to scrutiny. Appointing an official who had been involved in corruption before and thinking he will be clean this time is naïve at best.

Moreover, ex-lawmaker Maksym Mykytas, a suspect in a related theft case, has testified that Tatarov gave a \$600,000 bribe to employees of the High Anti-Corruption Court in 2019, when Zelensky was already president.

Whether or not Tatarov is guilty is up to a court to decide. But in all civilized countries a public official charged with a crime must be suspended or fired until he or she is proven innocent.

In December, the President's Office said that some of Tatarov's powers related to law enforcement had been allegedly suspended but he kept carrying out his other functions.

This was ridiculous: One can't suspend an official partially. The nature of his job allows him to obstruct investigations as long as he is affiliated with the president's office.

Moreover, there is overwhelming evidence that the alleged "partial" suspension was a lie: Multiple sources have told the Kyiv Post and other media that Tatarov keeps influencing law enforcement.

Tatarov's interference with law enforcement has already yielded results: His case has been destroyed by Prosecutor General Iryna Venediktova, a Zelensky protégé.

By responding in this way, Zelensky showed that he ignores corruption in his inner circle and has no respect for society. He doesn't even think that he owes the people an explanation for why Tatarov is so important to the administration that it is ready to fight for him.

Zelensky spurned not only the public opinion but also the law: The 2014 lustration law forbids Tatarov from holding state jobs because he was a top police official under ex-President Viktor Yanukovich.

Tatarov has been investigated for persecuting protesters during the EuroMaidan Revolution, which ousted Yanukovich. While Zelensky stages publicity stunts by shedding tears for protesters killed by Yanukovich's regime, he shows his true ideals by covering up for an official who cracked down on them.

The lesson is clear: Corruption and disrespect for the law and the public opinion are exactly what brought down Zelensky's predecessors Yanukovich and Petro Poroshenko.



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Ukraine's Friend & Foe Of The Week



Gitanas Nausėda, the president of Lithuania
The Baltic leader this week was just unstoppable in his vocal support of Ukraine's aspirations towards NATO and the European Union, as the deterrence of Russia's aggression in Europe and beyond.



Francois Fillon, the former prime minister of France
Fillon this week ended up where many politicians indicted of corruption are today – in Russian shady businesses, specifically in the board of Zarubezhneft, the major Kremlin-controlled oil extractor.

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Ukraine's allies in US Congress remain committed to its interests

By Igor Kossov and Liliane Bivings
kossov@kyivpost.com
bivings@kyivpost.com

When Joe Biden won the U.S. presidential election in November, Ukrainian leaders grew excited.

Perhaps now, they thought, the country's biggest ally against Russia would be squarely in Ukraine's corner. Biden and Secretary of State Antony Blinken's promises of support stoked hope that the U.S. would crack down on Russian attempts to weaken and isolate Ukraine.

But soon, these hopes were shaken when the Biden administration waived sanctions on the main consortium building the Nord Stream 2 pipeline through the Baltic Sea. Many also saw Biden's subsequent meeting with Vladimir Putin as wishy-washy, leaving Ukraine's future uncertain.

Fortunately, Ukraine has several dozen advocates from both the Democrat and Republican parties in both houses of the U.S. Congress. These lawmakers have pressured the American government to increase military and civilian aid to Ukraine



Oleg Petrasjuk

From left, United States senators Rob Portman, Jeanne Shaheen, and Chris Murphy address reporters at a briefing near the Office of the President in Kyiv on June 2, 2021. The bipartisan congressional delegation visited Ukraine on June 1-2 to show bipartisan support for Ukraine's fight against Russian aggression and the country's progress on reforms.

and sanction companies working for Russia against Ukraine's interests.

The Kyiv Post has put together a list of them.

Congressional Ukrainian Caucus

The Congressional Ukrainian Caucus, or the CUC, was formed in June 1997, six years after Ukraine

declared its independence.

From the outset, its mission has been "to organize an association

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U.S.-UKRAINE BUSINESS COUNCIL (USUBC)

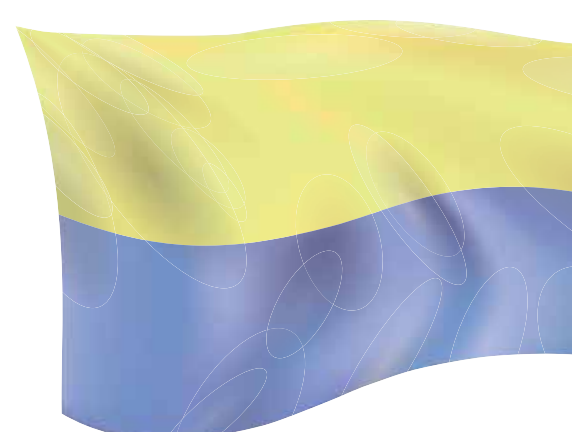
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In celebration of the 30th Anniversary of Ukraine's
INDEPENDENCE DAY, AUGUST 24, 2021



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U.S.-UKRAINE BUSINESS COUNCIL (USUBC)

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Washington, D.C.



Ukrainian Congressional Caucus fights for stability, against corruption

page 5 →

of members of Congress who share a common concern for building stronger bilateral relations between Ukraine and the United States.”

And if the Biden administration has disappointed its Ukrainian allies lately, representatives in the House Ukrainian Caucus have been working hard on Capitol Hill to secure more security funding for Ukraine and to make sure that Nord Stream 2 is never filled with gas.

On July 2, a House panel, led by Democratic Rep. Marcy Kaptur of Ohio’s 9th district, passed an amendment to repeal the U.S. State Department’s waiver on Nord Stream 2 sanctions.

“These sanctions are mandatory, not discretionary,” Kaptur said after the amendment passed. The House panel passed it unanimously on a bipartisan basis. The bill will go to the House floor for a full vote before the end of session in September.

In June, the House passed a bill to increase funding for the Ukraine Security Assistance Initiative from \$250 million in 2020 to \$275 million in 2021.

According to Kaptur, these funds are critical “to deter further Russian incursions on Ukrainian sovereignty and protect Europe’s eastern flank from Kremlin aggression that has already caused the deaths of over 14,000 and the displacement of millions more.”

The CUC is also fighting corruption in Ukraine. On June 22, CUC leadership released a letter, suggesting that Austria’s judiciary had been

corrupted by Dmytro Firtash, one of Ukraine’s wealthiest businessmen. The co-chairs demanded more be done to force the extradition of the Ukrainian oligarch from Austria to the United States.

Marcy Kaptur (D-OH)

Marcy Kaptur visited Ukraine for the first time in 1975 on a “family visitation” visa with her mother to find her grandparents’ village Kaptur and her mother drove much of the way from Paris by car; in Ukraine, they traveled by train to dive deeper into the country where the roads were impassable. Since then, Kaptur has returned to Ukraine numerous times.

“Some of the greatest trips of my life have been to Ukraine,” Kaptur told the Kyiv Post.

Since that first trip, Kaptur, the longest-serving female member of Congress, has remained a staunch supporter of Ukraine. In the eighties, even before co-founding the CUC, Kaptur was involved and supported a Congressional commission set up to recognize the Holodomor, a Soviet genocide of Ukrainian people.

In 1997, Kaptur co-founded the CUC. Kaptur says of the decision to create the caucus that while very little attention was paid to Ukraine at the time, she knew from her travels how vital Ukraine was for world history.

“I didn’t want (Ukraine) in the hands of people who would exploit it and I didn’t want history to repeat itself,” she said.

Over her more than 30-year career in Congress, Kaptur grew



U.S. President Joe Biden speaks with Congresswoman Marcy Kaptur (D-OH) as he arrives at Cleveland Hopkins International Airport in Cleveland, Ohio, on May 27, 2021.

confident of Congress’s ability to support Ukraine.

“Administrations come and go, but Congress is an equal branch of our government and Congress has been fighting for Ukraine for 30 years,” she said.

As a member of the House Defense Committee, Kaptur was also part of the coalition that increased Ukraine’s security assistance by \$10 million in the State Foreign Operations bill.

If anyone doubts Biden’s commitment to Ukraine, Kaptur remains confident that the U.S. president knows how much Ukraine means to our country and to liberty around the world.

“I have high hopes for the Biden administration and for what we can do together— Congress and the executive branch,” she said.

Brian Fitzpatrick (R-PA)

Representative Brian Fitzpatrick, a Republican member of Congress from Pennsylvania’s 1st congressional district, first came to Kyiv in 2015 as an FBI officer.

As a specialist in anti-corruption at the FBI, the agency sent Fitzpatrick to Ukraine as part of the efforts to establish good governance in the country following the EuroMaidan Revolution. During his time in Ukraine, he helped to set up the National Anti-Corruption Bureau of Ukraine (NABU), considered the most effective and independent anti-corruption body.

The member of Congress has been publically vocal about his opposition to the former Prosecutor General of Ukraine, Viktor Shokin, who was ousted in 2016 by Ukraine’s parliament, saying that Shokin “was not cooperative with the FBI’s anti-corruption efforts in Ukraine and posed a hindrance regarding investigative matters.”

In 2016, Fitzpatrick left the FBI to run for Congress where he serves as co-chair of the CUC. He has received several awards and speaking invitations from various Ukrainian groups.

“The US is a beacon of democracy across the world,” Representative Fitzpatrick said at the time. “Our foreign policy has to reflect that and continue to empower the Ukrainian people as you all seek your own reforms for prosperity, equality, and transparency.”

Mike Quigley (D-IL)

In 2019, Congressman Mike Quigley, a Democrat from Illinois’s fifth congressional district was appointed to serve as co-chair of the CUC, after many years as a member.

“Through several visits to Ukraine, my position on the House Intelligence and Appropriations Committees, and my representation of a prominent and active Ukrainian-American community, I’ve seen firsthand the importance of a strong U.S.-Ukraine relationship,” Quigley said of his appointment to co-chair in 2019.

Last year, Quigley, along with Kaptur, sent a letter to President Volodymyr Zelensky, calling on the Ukrainian president to proceed with a “consensual approach” in talks with wind- and solar energy producers in the wake of a months-long dispute with green energy producers that threatens foreign investment.

Andy Harris (R-MD)

Representative Andy Harris, a Republican congressman from Maryland’s 1st district, has been a member of Congress since 2010, and currently serves as co-chair of the CUC. Harris’s mother comes from Ukraine and is largely his inspiration for supporting Ukraine.

Harris has remained firm in con-

demning Russia’s aggression in Ukraine since the 2014 annexation of Crimea as well as the war in the Donbas, sponsoring the House resolution, “Calling on the Russian Federation to stop the violence in Ukraine” in 2017.

Despite his vocal support for Ukraine, in 2019 Harris repeated unsupported claims that then-Vice President Biden pressured the Ukrainian government to fire its top prosecutor to squash an investigation into Hunter Biden’s business activities in Ukraine.

“I don’t think anything was done wrong in the Zelensky phone call,” Harris said, adding: “If I had someone running in a race who had gone and bragged about a \$1 billion quid pro quo, getting a prosecutor fired who was in charge of potentially investigating his son’s company.”

These allegations have been widely debunked.

In 2020, Harris also denied that then-President Donald Trump tried to pressure President Zelensky to investigate President Biden during the 2020 elections.

Allies in the Senate

Ukraine has allies in the U.S. Senate as well, particularly among ranking members of the important Senate Foreign Relations Committee.

Recently, committee members introduced and approved the bipartisan Ukraine Security Partnership Act. This draft law provides for grants, loans and military training aid to Ukraine through fiscal year 2026.

The act would authorize \$300 million in foreign military financing, of which \$150 million would be subject to conditions. It also contains

USA at a glance

Government type: **Federal presidential republic**

President: **Joe Biden** | Vice President: **Kamala Harris**

GDP, PPP: **\$20.93 trillion (2020)**
GDP per capita, PPP: **\$63,420 (2020)**

Total area: **9,833,520 square kilometers** | Population: **327.2 million**

World Bank’s Doing Business Ranking: **6** | Credit ratings: **S&P — AA+ (stable), Fich — AAA (negative), Moody’s — Aaa (stable)**

Main economic sectors: **information technology, pharmaceuticals, healthcare, construction, retail, manufacturing, banking, insurance, automotive**

Trade: **\$5.78 billion (2020)**

Exports from Ukraine to US: **Ukraine exports ferrous metals, ores, slags, sunflower oil, dairy products, wood and wooden products, furniture, toys. \$980 million**

Imports to Ukraine from US: **Ukraine imports cars, tractors, fuel, locomotives, pharmaceuticals, chemicals, plastics, printed materials, optical devices, seeds, fish, meat products. \$2.95 billion**

US foreign direct investment: **\$881.4 million (as of Dec.31, 2020)**

Sources: World Bank, International Monetary Fund, State Statistics Service, Embassy of Ukraine in the United States of America



US lawmakers push government to help Ukraine against Russian aggression

page 6 →

provisions to assist with Ukraine's political and economic reforms.

Jim Risch, a Republican senator from Idaho, a supporter of Trump and opponent of Biden was lead sponsor of the bill.

In a recent op-ed for the Washington Post, he attacked Biden for not being tougher on Putin, pointing out that the Russian leader's disregard of international norms has intensified in the first half of 2021.

"Dialogue for the sake of dialogue will only grant Putin the validation he craves," he wrote, in reference to Biden's summit with Putin. "Honest dialogue cannot take place until Putin's actions demonstrate his willingness to engage in good-faith diplomacy."

Bob Menendez, the Democratic senator from New Jersey and the committee chair co-sponsored the legislation. He has been an outspo-

ken ally of Ukraine for a long time, during the presidencies of Barack Obama and Trump.

"As Putin continues to escalate the situation along the border with Ukraine, we are speaking with one voice in reaffirming our steadfast support to the people of Ukraine and our commitment to protect our national security interests and our closest partners," he stated in March, when Russia's latest massive troop buildup on the borders of Ukraine was beginning.

Menendez previously sponsored the Ukraine Freedom Support Act of 2014, which was also co-sponsored by 14 other senators and passed to address Russia's invasion of Ukraine. It envisaged U.S. support for Ukraine to restore its sovereignty and territorial integrity and deterrence of Russia's further destabilization of Ukraine and other countries.

Unlike Risch and some fellow Republicans, Menendez praised



Rep. Brian Fitzpatrick (R-PA) speaks during a House Intelligence Committee hearing on April 15, 2021 in Washington, D.C. The hearing follows the release of an unclassified report by the intelligence community detailing the U.S. and its allies will face "a diverse array of threats" in the coming year, with aggression by Russia, China and Iran.

Biden's summit, saying the onus is now on Putin to back down from his "malign activities" in Ukraine.

Other senators who participated in the bill's introduction included Rob Portman (R-OH), Chris Murphy (D-CT), John Barrasso (R-WY), and Jeanne Shaheen (D-NH)

Shaheen, Portman and Murphy traveled to Ukraine in June to meet with President Volodymyr Zelensky, Prime Minister Denys Shmyhal and other top officials and civil society heads to reaffirm American support.

The bipartisan committee said it would continue looking for ways to stop the imminent completion of

Nord Stream 2 and try to prevent the pipeline from becoming operational.

Ted Cruz, a Republican senator from Texas, introduced an amendment trying to force the State Department to determine whether 20 ships, including the Akademik Cherskiy, Umka and Erreit should be sanctioned for helping build Nord Stream 2.

More recently, Cruz has moved to block all State Department nominations to pressure the Biden administration over Russia's pipeline. Thirteen nominees have been held up indefinitely unless the administration decides to reverse its waiver

on sanctions on the Nord Stream 2 consortium.

Even so, Cruz had previously spread debunked conspiracy theories about supposed Ukrainian meddling in the 2016 U.S. presidential elections, in aid of Trump, a fellow Republican.

Cruz, Shaheen Barasso and Tom Cotton (R-AR) considered a sanction bill against the companies involved in the construction of Nord Stream 2 as early as 2019. After the legislation passed in December 2019, construction halted temporarily but later resumed, in light of Russia's determination to get it done at all costs.

Advertisement

GREEN HYDROGEN CAN BE UKRAINE'S SUPERPOWER



It is increasingly clear that Ukraine's efforts to prevent the launch of Nord Stream 2 are faltering. Too many large economic interests are at stake. While Ukraine seeks financial support and security assurances from the EU, its best long-term answer to Nord Stream 2 lies not in reliance on the EU for assistance but in fostering the development of a green hydrogen industry to replace the use of gas in Europe. This is a massive strategic opportunity for Ukraine and it is there for the taking if only the nation has the vision to seize it.

The EU is firmly committed to decarbonization. Gas is a transition fuel whose use is destined to be phased out. The only candidate to replace gas in industries such as aluminum, steel, chemicals and cement, which account for 19% of global carbon emissions is hydrogen. Green hydrogen, produced through electrolysis using renewable energy, will be Europe's industrial fuel of choice in the future.

Ukraine is ideally positioned to become one of Europe's major green hydrogen suppliers. With its large land mass and Black Sea coast, the country has massive untapped potential for onshore and offshore wind and solar energy. Its transit pipeline infrastructure, at risk from Nord Stream 2, can be repurposed to deliver green hydrogen that could ultimately make Nord Stream 2 obsolete.

In late June, German Ambassador to Ukraine Anka Feldhusen, in the context of discussions on Nord Stream 2, urged Ukraine to begin preparing its gas transmission system for the transit of hydrogen. Noting that Germany was committed to complete phasing out fossil fuels by 2045, she noted that German use of gas would drop sharply after 2032 and German industry would shift entirely to hydrogen over 15 years.



For those who follow this issue, this is not news. In July 2020, the European Commission issued its European hydrogen strategy report. This document serves as a roadmap for the development of full-scale green hydrogen infrastructure in Europe to replace natural gas. Ukraine was uniquely mentioned as a priority partner for green hydrogen development.

The development of green hydrogen will trigger a global investment boom. BloombergNEF estimates that over \$11 trillion will be invested in the hydrogen economy and that green hydrogen will be a \$2.5 trillion per year business by 2050. It is estimated that, by then, green hydrogen could account of 24% of global energy consumption.

Green hydrogen will create a whole new class of global energy suppliers. Chile has a national hydrogen strategy that aims to leverage its solar potential and Pacific Basin geography to become one the top three global exporters of green hydrogen by 2040.

For Ukraine, green hydrogen can bring billions of dollars of investment, tens of thousands of jobs and a stable flow of taxes into the Ukrainian budget. At a geopolitical level, developing Ukraine into an exporter of green hydrogen to Europe would fundamentally change the nature of its strategic importance for and partnership with the European Union.

Capturing this opportunity will require sustained commitment from investors and from the Ukrainian government. Industry is ready to supply the vision and capital, but only if government shares its goals and prioritizes the strategy. Industry does not need handouts or subsidies, but it does need a stable and predictable environment in which to build this future.

At VR Capital, we believe in this path for Ukraine and want to be part of it. Through our Kyiv-based subsidiary, Elementum Energy, we have already invested over \$500 million in building renewable energy projects in Ukraine.

Just a few weeks ago, we hosted an inaugural opening for our latest project, the 40 megawatt Dnistrovsky wind park in Odesa region, and we have already broken ground on a further 60 megawatt expansion.

Unfortunately, the road for renewable energy in Ukraine has been rocky so far. Green energy has become a game of political football, with rules changing constantly and contractual tariffs not being respected. What seems to be lost in these debates is the long-term value that renewable energy can deliver for Ukraine, if only the industry is allowed to work.

Policy and predictability matters. Ukraine can have a future in which green energy not only allows our children to breathe clean air but forms the basis for a massive new green hydrogen economy in Ukraine that provides jobs, export revenues and a geopolitical trump card. On the other hand, it may end up with nothing but a lost decade spent sorting out international arbitration claims from investors whose contractual rights were violated. Already, the first set of claims have been filed.

Vladimir Putin's bet is that Ukrainians will always be too absorbed in internal conflicts to seize any strategic opportunities. We believe this cynical attitude is wrong. Embracing green hydrogen would be the way to prove this.

Richard Deitz is the founder and president of VR Capital Group, one of Ukraine's largest western investors.

US still Ukraine's greatest military backer but more can be done

By Illia Ponomarenko
ponomarenko@kyivpost.com

Ukraine has spent more than seven years defending Russia's aggression. The United States has been its best friend throughout.

Since 2014, Washington has spent nearly \$2.5 billion to provide Ukraine's military with everything from secure radio sets to tank killers and even warships.

Despite the leadership changes in the White House and the work of pro-Russian lobbyists, Ukraine still enjoys broad bipartisan support in Congress and annual defense assistance.

Yet, despite this generosity, Ukraine's defense community still has a long wish list.

The country desperately needs to replenish its aging air force with more advanced American jets, even used ones. It can also use American anti-ship missiles and a modern air defense grid to defend vital infrastructure.

Costs may be high. But many experts believe that helping plug holes in Ukraine's defense is justified, as it effectively prevents the Kremlin from unleashing more aggression against Europe.

Defense Ministry



A U.S. military serviceman carries walks toward a Bell Boeing V-22 Osprey tiltrotor aircraft during the Sea Breeze maneuvers near Odesa on July 6, 2021.

Perspectives optimistic

Even though Ukraine has not seen shipments of major weapons like Javelin anti-tank missiles in 2021, U.S. security assistance has been

bountiful. This year, Ukraine has already received \$275 million for security alone.

The aid includes supplies that troops in Donbas greatly need:

medical kits, drone jammers, counter-artillery radar systems, secure radio sets and electronic warfare equipment.

The U.S. is also helping Ukraine resurrect the naval power it lost during the 2014 invasion of Crimea.

According to President Volodymyr Zelensky, the country expects to acquire its first Mark VI patrol boats from the U.S. as soon as 2022.

According to a 2020 contract, the U.S. is building the boats from scratch and intends to provide Ukraine with six fully armed vessels as part of a nearly \$600 million defense assistance package. Ukraine has the option of buying ten more.

The new gunboats are expected to guard Ukraine's littoral waters, joining the two Island-class patrol boats previously donated by Washington. Soon, the U.S. Coast Guard will supply three more Islands and Ukraine is already preparing the crews to man them.

U.S. aid has not passed by the forces on the shore. In February, Ukraine welcomed a new shipment of 20 Humvees and 84 airboats for its marines and special operations forces.

Interruption scare

On June 18, U.S. media reported that \$100 million in defense aid to Ukraine, which included lethal weapons, was frozen by the administration of President Joe Biden.

The rumors brought back bad memories from 2019, when former U.S. President Donald Trump put a hold on \$400 million in Congress-approved military aid to Ukraine to force Kyiv to dig up dirt on Biden.

In a statement, the White House denied freezing aid and said that the \$100 million had been prepared as an additional aid package in the event of Russia's full-fledged invasion of Ukraine, which was luckily avoided during the Kremlin's spring military buildup near Ukraine's borders.

According to the latest news from Congress, strategically important U.S. aid will keep flowing into next year.

On July 1, the Ukrainian mission in Washington D.C. said an appropriation bill for the fiscal year 2022 included at least \$481.5 million in assistance to Ukraine, \$28.5 more than in 2021.

So far, it is known that \$125 million can be spent on Ukraine next year as part of the Foreign Military Financing program alone. Total spending on Ukraine in 2022 is expected to amount to at least \$275 million.

More to come

Other military assistance projects, which have been under discussion for years, are still collecting dust.

Ukraine's fleet of military aircraft are so old that the Air Force might simply go defunct by 2030.

In recent statements, Air Force command said it wants to replace its old Soviet fighters with F-16 Block 70/72s.

Yet the U.S. government has never shown any readiness to give or lease its F-16s to Ukraine. Nor is it ready to provide Harpoon anti-ship missiles, which the Ukrainian navy said it desperately needs.

Other items on Ukraine's wish list, like Patriot surface-to-air missiles, may be out of the question due to their extreme cost.

Despite record-high security spending, which reached over 5% of its gross domestic product, Ukraine is still greatly dependent on foreign security assistance, experts say.

"To get on our own feet, we still have to build up a navy, fully renovate our air force, replace all air defense systems, start operating new missile defense grid," says Mykhailo Samus, the deputy director with Kyiv-based think tank Center for Army, Conversion, and Disarmament Studies.

"It is highly desirable to totally replace the control and communications system. We're not even talking about ground hardware."

The expert estimates the price tag to be as high as \$100 billion. In 2021, Ukraine's Ministry of Defense budget will barely reach \$4 billion. Ukraine needs to use every chance it can get to acquire modern hardware — assistance, loans, or leasing.

But, Samus said, it should not be forgotten that a U.S. president once signed the Budapest Memorandum of 1994, under which Ukraine gave up its nuclear weapons in exchange for "security assurances."

"Ukraine is far from being the country on the security of which the U.S. spends a lot of its taxpayers' money, compared to others," the expert said.

"But Ukraine is suffering from Russian aggression...so the U.S. should be at least taking care of Ukraine's sovereignty and independence. The U.S. bears direct responsibility, because we ceased real nuclear weapons, and the cost of it was a little higher than \$300 million a year." ❄️

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FLEX Ukraine



Ukrainian students take tests to apply for the Future Leaders Exchange (FLEX) Program that would enable them to attend a local high school in the United States while staying with a host family.

Ukrainians studying in US serve as cross-cultural envoys to enrich both lands

By Asami Terajima
terajima@kyivpost.com

Mariya Tytarenko, a Lviv-based journalist and poet, remembers her time as a Fulbright scholar and assistant professor at the Pennsylvania State University in 2008 less for the knowledge she acquired and more for the connections she made.

What shocked Tytarenko most was how these connections led to constant new growth opportunities.

As an assistant professor, Tytarenko held lectures, seminars and events about Ukrainian culture, media and literature. But she devoted most of her time to learning more about literary journalism that brings hidden realities to light.

At the time, she saw nothing of the sort in Ukraine, which had great need of it. Determined to make the most out of her time in the United States, she traveled across the country, meeting influential people at conferences.

Her experience opened many doors. Her works were published on the front page of a magazine and she had her own animated poem. She is now a professor at the Ukrainian Catholic University.

Tytarenko says she was "an ambassador of Ukrainian culture, Ukrainian media and Ukrainian social-political life."

The Fulbright Program offers grants for non-U.S. citizens to study, teach and conduct research in the

United States.

The oldest and most prestigious international exchange program funded by the U.S. government is designed to increase mutual understanding between Americans and people from all over the world.

All fees, including the living cost and airfares, are covered by the program. Fulbright supports academic exchanges with 155 countries worldwide.

Candidates who are able to demonstrate why they have to be in the U.S. to pursue their interests and have a clear goal are awarded the grant, according to Jessica Zychowicz, director of Fulbright in Ukraine. She said the acceptance rate is lower than 10%.

While Fulbright also provides scholarships for Ukrainian students to pursue a master's degree or doctorate degree program in the United States, Zychowicz said it's not all about broadening educational opportunities but about expanding participants' cultural horizons as well.

Zychowicz said the program is also a "gift" for Americans because the ultimate goal is for them to also understand the world better. "Who can be better teachers than really interesting, excited and curious Ukrainians with great talent?"

"They really are diplomats for Ukraine, teaching Americans what Ukraine is about," she told the Kyiv Post.

Paying tribute

There are other educational pro-

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«GOLDEN PARACHUTES» FOR TOP MANAGERS IN UKRAINE



Kateryna Tsvetkova,
Counsel, Attorney at law

The Labor Code of Ukraine, adopted in the Soviet Union in 1973, is the country's main labor law. Despite numerous changes, this document is rather outdated and does not sufficiently regulate dismissing employees.

Labor disputes are usually emotional, even more so when the director, chief accountant or other senior employees are dismissed. In case of dismissal, top managers often expect to receive additional rewards, bonuses and other incentive payments. Let us examine what kind of payments can be claimed by a top manager in Ukraine upon dismissal.

Mandatory payments

When dismissing any employee, the employer is obliged to settle full payment owed to the employee on the day of the dismissal. This payment includes the relevant salary and compensation for unused leave. If such payments are not made on time, the employee may sue the employer for the average salary during the entire period of delay until the date of actual payment.

Upon termination of the employment contract on certain grounds specified by the law, the manager must be given severance pay. The amount of severance pay depends on the grounds for dismissal.

The largest severance pay available to managers amounts to six monthly salaries. The manager receive this amount when dismissed on grounds prescribed by paragraph 5 of part 1 of Article 41 of the Labour Code. When this happens, the employer is not obliged to establish the employee's fault or explain the reasons for dismissal. Currently, this is the largest "golden parachute", directly provided by the legislation of Ukraine. Its size serves as a counterweight to the business owner's right to fire a manager at any time without warning.

At the discretion of the employer

In Ukraine, the salary structure includes incentive and compensation payments in the form of payoffs, rewards and bonuses, which are not provided by the law.

The amount and terms of bonus payments may be set out in the collective agreement, as well as internal company policy. Moreover, the payment of additional bonuses for achieving certain performance indicators may be set out directly in the employment contract with the top manager.

As a rule, company policies envisage that the payment of rewards and bonuses, which are not mandatory by law, are at the discretion of the employer. The company's internal documents may also require the company's profitability to be a mandatory condition for the payment of rewards to employees.

The case law of the Supreme Court confirms that the decision to pay rewards and bonuses to the top manager is the exclusive prerogative of the business owner.

For instance, in court case No.753/6075/17-ts, the Supreme Court confirmed the absence of grounds for recovering a reward from a former employer in favour of the chief accountant. The payment of the bonus had not been agreed on by the general meeting of participants and the director of the company, which is mandatory under the regulations on remuneration and rewards.

In case No. 201/532/20 one of the dismissed managers of a bank asked the court to recover bonus payments of more than UAH 500,000. The court rejected the employee's claims and stated that according to the Regulations on variable remuneration, the decision of the employee's manager shall be the grounds for the payment of all types of remuneration, meaning that only the manager can decide whether to pay the non-mandatory bonus. The court also stated that it could not assume the function of determining bonuses instead of the body entrusted with such powers, and could not interfere in the economic activity of the bank.

By mutual consent of the parties

The labour legislation does not prohibit the parties from agreeing on dismissal compensation or other bonuses that the law does not cover. Such an agreement predominantly takes place during the negotiated resignation (paragraph 1 of part 1 of Article 36 of the Labour Code). In this case, employers and top managers, as a rule, enter into a written agreement on termination of employment. Such agreements state the grounds and date of dismissal, the terms of employee's handover of responsibilities and the return of valuables, and also may establish additional payments and compensation.

Conclusions

When dismissing a top manager, as well as any other employee, the employer is obliged to cover their full unpaid salary and compensation for unused leaves. The payment of additional bonuses and rewards, which are not directly established by the law, depends on the employer's decision and employment contracts with top managers. The payment of additional bonuses, which are not provided by the law, may be envisaged in a separate written agreement between the parties.

Apple enters Ukraine to keep imports, smugglers in check

By Daryna Antoniuk
antoniuk@kyivpost.com

In December 2019, a 51-year-old Ukrainian was caught at Kyiv's Boryspil Airport trying to sneak 26 brand new iPhone 11s into the country in his pants. Customs officials detained the smuggler and seized the phones.

It happens all the time. People smuggle Apple devices to resell them at lower prices than official distributors. For consumers it means getting less reliable devices, without warranty or even packaging.

Nearly half of all Apple devices in Ukraine are brought unofficially and go untaxed, according to Apple's official distributor ASBIS Ukraine.

To try to end it, Apple opened an office in Ukraine in June. Now, the company will take over the imports of Apple devices to Ukraine, and distribute them to retailers.

The company is also considering opening its first Apple Store in Ukraine, according to Oleksandr Bornyakov, deputy minister of digital transformation.

Why smuggle iPhones?

It costs nearly \$1,500 to buy the newest iPhone 12 Pro in Ukraine – almost \$200 more than the \$1,313 in New York, a state with one of the highest sales taxes. Prices vary in other countries as well: in Dubai, the latest iPhone costs nearly \$1,260, in Estonia – \$1,202; in India, customers pay nearly \$1,740 for the same smartphone, in Brazil – \$2,100.

Apple products are more expensive overseas because of taxes, according to Vitaliy Melnychenko, director of ASBIS. Official distributors in Ukraine pay a 10% tax on the value of a good surpassing 1,000 euros if shipped by air and 500 euros if by car along with 20% tax of the total price of a device. Logistics and distribution also add to the final price.

Smugglers, in turn, can bring iPhones in their pockets and sell them 20–30% cheaper than an



U.S. tech giant Apple entered Ukraine to control stores of local dealers and import its products directly to the country. Before that, Apple worked with a distributor that sold Apple tech through authorized local retailers.

Kostyantyn Chernichkin

official retailer, according to Vadim Lisyuk, CEO of Ukrainian electronics retailer Citrus.

The disparity in prices is the mainstay of smuggling, according to Ukraine's former customs chief Max Nefyodov.

Many Ukrainians travel to countries where iPhones are cheaper and find ways to bring electronics to Ukraine and sell them illegally.

According to the law, a person traveling abroad is only allowed to bring two phones and two laptops for personal use back to Ukraine tax-free. But it is hard to distinguish legitimate transportation from illegal imports, experts say.

It creates unfair competition in the market where retailers who sell

Apple products legally lose customers and profits.

"They earn more by selling accessories for Apple devices than actual devices," according to a Ukrainian retailer Moyo.

If Apple had similar prices for its products in different countries, smuggling wouldn't be such a profitable business, according to Nefyodov.

"But instead of levelling the prices, many companies, including Apple, choose to fight smuggling with the help of lawyers and law enforcement," he said.

Why now?

For many years Apple didn't have an office in Ukraine, and instead

worked with an official distributor – ASBIS Ukraine. The company imported Apple tech and sold it through authorized local retailers – Citrus, Comfy, Eldorado, Foxtrot, Moyo, Rozetka and others.

With the opening of an official office in Ukraine, Apple can import its products without an intermediary, but ASBIS told the Kyiv Post that it will continue working with the company in Ukraine, serving as the link between Apple and local retailers.

Apple was hesitant at first to enter Ukraine – it registered its limited liability company at the IQ business center in Kyiv in July 2020 and has been recruiting Ukrainian specialists in different cities since. The company was talking to Ukraine's government for over a year before entering the country, according to Minister of Digital Transformation Mykhailo Fedorov.

With a \$2 trillion capitalization – more than the gross domestic product of Italy or Canada – Apple is one of the world's largest companies. A company like that does not open offices "in small and risky markets," according to Dmytro Derevitsky, co-owner of Allo, a Ukrainian retailer who once competed to be the official distributor of Apple in Ukraine.

"The fact that Apple has considered us as a market means that Ukraine is moving in the right direction," Derevitsky said.

To understand Ukraine better, Apple hired consultants here, according to Bornyakov. After analyzing the local market, the company asked Ukrainian authorities to allow Apple retailers to give customers digital warranties instead of the paper ones required by Ukrainian law.

On July 1, the Ukrainian parliament adopted a law, allowing Ukrainians to receive either digital or printed warranties, according to Bornyakov.

What will (and won't) change

Apple's iconic logo is ubiquitous in Ukraine. Small retailers use it freely without the company's permission. Experts said that Apple's representatives in Ukraine will fight businesses that violate its intellectual property rights and sell illegal goods.

However, Ukrainians shouldn't expect immediate changes.

"We need a systematic battle against the 'gray' market," Lisyuk said.

"With the involvement of state regulators," Melnychenko added.

An Apple Store won't open in Ukraine soon, as well, according to experts. Ukraine's market remains too unstable for the company's taste.

However, some things are already changing. In March, for example, Apple announced that it will work with unofficial repair shops and give them licenses to fix its devices. Backed by Apple, these services will be more reliable because they will follow official repair manuals and use authentic parts and technology.

Since July, Apple's support team has been serving local customers in the Ukrainian language, along with Russian and English and Apple Music will soon promote more Ukrainian artists, according to Bornyakov.

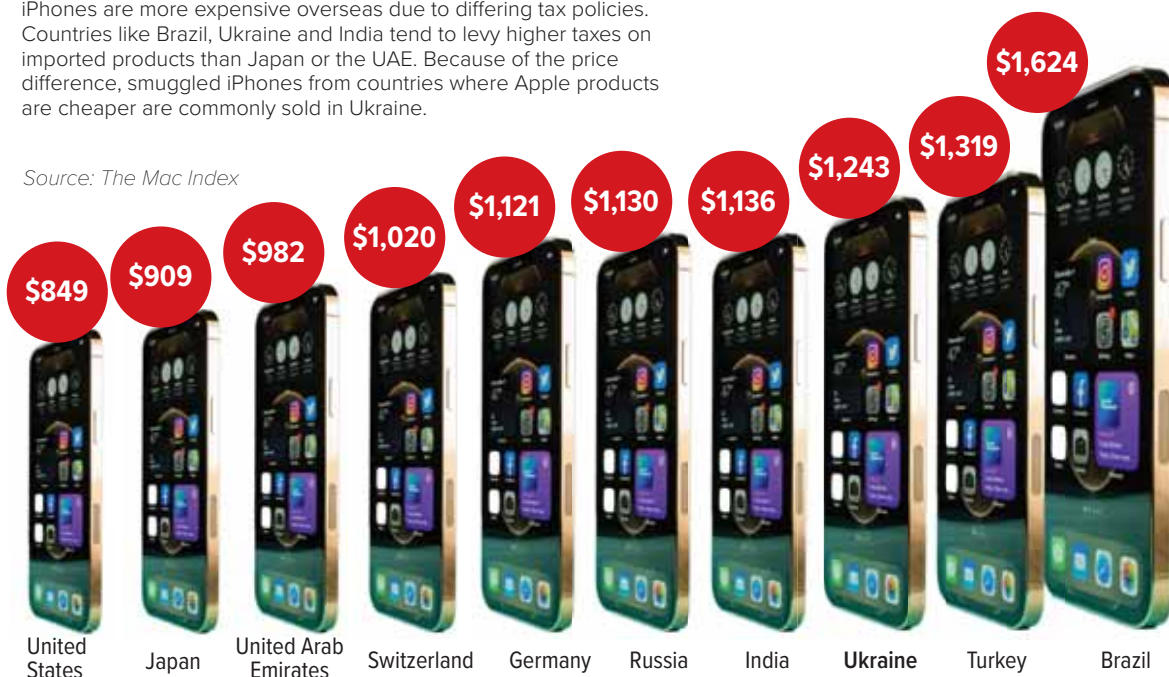
Among other plans is to teach smart voice-assistant Siri to speak Ukrainian and to launch Apple's heart rate monitor app that is now unavailable in the country.

"We want Ukrainians to have the same services as Americans do," Bornyakov said.

Prices for iPhone 12 (128GB) in 10 countries

iPhones are more expensive overseas due to differing tax policies. Countries like Brazil, Ukraine and India tend to levy higher taxes on imported products than Japan or the UAE. Because of the price difference, smuggled iPhones from countries where Apple products are cheaper are commonly sold in Ukraine.

Source: The Mac Index





Educational opportunities in US bring Ukrainians closer to roots

page 9 →

grams like Fulbright that help Ukrainian students find their way to the United States.

Founded in 2015 in the aftermath of the EuroMaidan Revolution, Ukraine Global Scholars is a non-profit organization that helps students find scholarships in boarding schools and universities abroad.

The majority of students go to study in the United States, according to UGS President Julia Lemesh.

The founders of UGS envisioned a program where after completing degrees at top-notch educational institutions, students come back to Ukraine to contribute to the country.

While being accepted to the program doesn't necessarily guarantee a scholarship anywhere, it increases

the students' chance of finding one because they have already been accepted by a reputable organization, Lemesh said.

The program's acceptance rate is below 7%, 50 out of more than 750 applicants are chosen each year. Once a candidate is selected, UGS will cover their application fee for universities and required tests like the SAT and TOEFL.

All services are offered for free to participants of the program as long as they agree to come work in Ukraine for at least five years after graduation. Otherwise, they will need to pay \$10,000. UGS also asks participants to complete 16 weeks of internship for a Ukrainian company.

The organization is still young but Lemesh is eager to see the impacts



Fulbright scholar Olha Khomenko does a presentation about Ukraine's history at Harvard University in April 2019.

it can have in Ukraine. So far, UGS has helped 129 students receive full scholarships in boarding schools or universities, which in total adds up to more than \$33 million.

Rediscovering identity

Polly Chesnokova, a sophomore student at Dartmouth College, pictured herself going to an American university even before she stepped foot in the U.S.

The 18-year old grew fond of the American education system ever since completing the Future Leaders

Exchange (FLEX) Program where she stayed with a host family in the U.S. and attended a local high school there.

After being accepted by the Ukraine Global Scholars Program in 2019, she now volunteers as a mentor to help the next generation of students succeed. "It's like a big college access program for Ukrainians" where UGS volunteers including a team of professional editors work with students when applying to universities.

The organization is all about "giv-

ing back to Ukraine" and takes care of students even after getting into university. "That's what makes UGS magical" and "you feel like family," she said.

Living in a multicultural environment, Chesnokova said her Ukrainian identity became stronger. "I rediscovered how important my personality and my background are as a Ukrainian" and began valuing it more.

"I am not sure exactly how (the future) will look like but I am sure time will tell," she said excitedly. 🇺🇸

Advertisement



After its rebranding and reconstruction, the new hotel offers 90 rooms with a restaurant and a conference hall. We spoke with a general manager of the Radisson Hotel City Centre Odesa Olga Michenko about the bright future of the hotel industry and how the addition of a hotel from a respectable chain would affect Odesa.

Why did Radisson choose Odesa to open its new hotel?

Odesa is Ukraine's gem. It's hard to find a city as attractive for tourists as Odesa. The city has everything — a unique culture, beautiful architecture, access to the sea, developed infrastructure and a unique atmosphere. The city also offers delicious local cuisine.

But at the same time, Odesa is a major hub of Ukraine's business life. In 2021, Ukraine signed several bilateral agreements with the United Arab Emirates for a total of \$3 billion. Now, Odesa is a popular spot among UAE businesspeople from.

We also shouldn't forget that Ukraine seeks to join NATO, and a



Star hotel takes starcity to another level. What first Radisson in Odesa has to offer

lot of military drills are held in Odesa, including the ones by the legendary Sea Breeze division.

The pandemic has encouraged Ukrainians to explore local tourism. Has the flow of tourists to Odesa increased?

The world has adapted to the pandemic somewhat. Ukraine has started vaccinating people, and there's a hope that everyone will be able to get their jobs. Moreover, herd immunity is developing. Therefore, we are optimistic about the future and hope for the return of the domestic demand already this season.

Foreign markets are still cautious, but the situation might change for the better in the fall. However, the spur of interest in Odesa among domestic tourists is undeniable, and I think it's going to remain that way when the pandemic is over.

Do you think that Radisson's opening will affect the city itself?

It certainly will. When such a large international brand as Radisson comes to Odesa, the city becomes an even more desirable tourist destination. It gives more confidence to both foreign and Ukrainian travelers. Therefore, the star hotel located at Deribasovska "star street" — it's an unbelievable synergy that would affect locals, tourists, and business positively. This would be a positive signal to investors, and other global businesses would follow Radisson's footsteps.

Every hotel of the Radisson chain is special. What would be the highlight of Radisson Hotel City Centre Odesa?

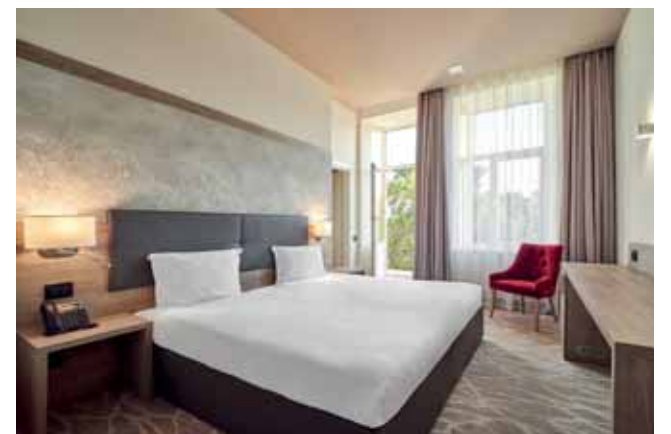
The highlight is Odesa itself! The hotel will be located on the legendary Deribasovska street which is glorified in music, literature, and folklore. The hotel's magic location is nestled among the main Odesa sights — the Potemkin Stairs, the Odesa city garden, Passage and the Opera Theater. Our guests can take a promenade to feel the city's vibes and atmosphere.

The hotel also has a special Odesa courtyard — green, elegant and cozy. Here, the guests can rest after a long day, rejuvenate and enjoy the pleasant conversation or, on the contrary, enjoy the silence.

The restaurant's menu integrated typical Odesa cuisine. We are trying to localize the menu, since southern Ukraine produces delicious fruits and vegetables. Our guests can enjoy the remarkable

taste of the local peaches, apricots, and "Mikado" tomatoes.

Last but not least, there are the people. Odesa's locals have a unique worldview, they are unapologetic optimists. Our welcoming, cheerful, and open-minded staff will help the guests feel the character of the people of Odesa.



What are the brand's plans? Do you plan to open more hotels in Ukraine, and if so, in which cities?

Radisson Hotel Group has been interested in Ukraine for a long time, it's an extremely promising market for us. More and more foreigners are exploring Ukraine, they come here for vacations and business trips. Ukrainians have started seeing their country differently, too. A vacation in Odesa now can compete with a weekend in Kraków, Budapest, or other European capital in terms of service and atmosphere. That's why we would like to expand our chain of hotels. First, we would like to open a Radisson Red hotel in Lviv.

In Kharkiv and Dnipro, we want to open Radisson Blue and Radisson brands of hotels that would be the best fit for entrepreneurs and businesspeople. Also, we plan to open another hotel in Kyiv. This time, it will be a premium-class hotel, the Radisson Collection brand.

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Volodymyr Petrov



People ride rented electric scooters on the sidewalk of Khreshchatyk Street on May 10, 2021 in Kyiv. Since the scooter use is not regulated by Ukrainian law, riders are free to choose where to ride — on roads, sidewalks or bicycle lanes.

Scooter chaos prompts Kyiv to start regulation

By **Agatha Gorski**
1agatagorski@gmail.com

Launching electric scooter sharing in Kyiv, a city with neither the suitable infrastructure nor regulations, was a time bomb. And it exploded.

Since they first appeared on the capital's streets last year, the number of available scooters has grown to 4,000, becoming more common around Kyiv than sketchy Apple stores.

Amid road traffic frustration and limited access to public transport during the COVID-19 lockdowns, scooters have become the go-to tools to get around the city.

But as their popularity has grown,

so have injuries and accidents.

Just one Kyiv trauma center in Shevchenko District gets an average of six patients with scooter injuries every month, according to traumatologist Oleh Kyrlyuk. Kyiv has 14 such state trauma centers and dozens of private clinics.

As the number of scooters in the city is expected to grow to 7,000 by the end of the year, Kyrlyuk says his trauma center is bracing itself.

"With more scooters on the roads, we will be seeing more injuries," Kyrlyuk told the Kyiv Post.

On June 24, Kyiv authorities finally took the first steps regulating scooters by getting all seven services operating in the city to sign a mem-

orandum that introduces new rules.

But as the document is more advisory than mandatory, the need for national legislation and punishment for violations persists.

Confusion and danger

One of the secrets behind scooters' popularity in Kyiv is how accessible they are. Anyone can install an app, add online payment and start renting in minutes.

Actually riding the scooters is not as simple since it's not clear where exactly they're allowed.

Unlike cars, motorcycles and bicycles, scooters are not classified under Ukrainian legislation. "We can't determine where they should

be used," Bogdan Lepiavka, chairman of non-profit U-Cycle, told the Kyiv Post.

One of the many confused scooter users is Alexey Chemerys, who recently collided with a car on a road. He says he wasn't sure where he could ride his scooter and "even when the police came to an accident, they could not answer this question."

The lack of classifications means users are free to choose where to ride — on roads, sidewalks or bicycle lanes. But since lanes are rare in the city, riders are mostly left with the first two options. Most tend to pick the safer choice of sticking to the sidewalks, which, is still dangerous for pedestrians. Meanwhile, the

braver ones whoosh along the roads, risking accidents or damaging cars.

Sofia Marchenko says her car was rammed by a scooter user at a red light. The rider left a big dent and fled the scene, leaving Marchenko on the hook for repairs. "I was quite angry about it," she told the Kyiv Post.

Another critical issue is the scooters' speed, which can reach that of a small motorcycle, 30–35 kilometers an hour. Newbies appear to struggle with controlling their scooters at high speed, putting both themselves and pedestrians at risk.

Katya Solovyova says she lost con-

Kyiv needs law & infrastructure to manage 4,000 scooters on its streets

page 12 →

trol on her first scooter ride and ended up in the emergency room with a broken leg. "If it is your first time, you have to be careful," she says.

But the whole city cannot rely on riders being careful, which is why Kyiv wants to regulate scooter use.

Approaches to regulation

The new rules came in the form of a memorandum prepared by the Kyiv City State Administration and signed by all seven scooter rental services operating in the capital. The list includes Bolt, Kiwi, Scroll, BikeNow, Zelectra, Jet and Vzhooh.

"Scooters are currently not regulated on the national legislative level,

and while this law is absent, the city stepped up to the plate," Anna Danylenko from Kyiv administration's transport infrastructure department says.

The nearly 80-page document addresses some of the biggest concerns. The maximum speed has been brought down to 20 kilometers per hour.

It also introduced restrictions on where scooters can be used. They will automatically shut off when entering certain pedestrian-only areas, government building properties and zones around churches and graveyards.

Scooters will also be parked at 5-10 locations each morning, instead of being scattered across the city.



Volodymyr Petrov

Scroll is one of seven electric scooter sharing services that operates in Kyiv. All the companies have signed a memorandum developed by Kyiv authorities to regulate the scooter use in the capital.

Many experts saluted the document for at least setting some boundaries. However, this should be just the first step, according to Lepiavko, since without a national law, there is no mechanism to punish those who break the rules.

The memorandum doesn't concern private scooter owners. Lepiavko explains that users can buy scooters in stores that do not adhere to the memorandum's speed limits, ride in the restricted areas and have no accountability, since it's not legally binding.

Legislation has been the European approach to dealing with scooter injuries – with countries like Germany, the Netherlands and Poland banning imports of scooters that can go faster than the local speed limits.

Lepiavko says Ukraine should take the same course. But apart from regulating speed, he believes building infrastructure like cycling lanes and increasing people's awareness of traffic laws are key to safe scooter use.

According to Lepiavko, in all countries where the scooter sharing

service has popped up, accidents have increased. How safe the streets become after regulation is introduced depends on the approach the authorities have taken.

"In countries with the highest level of safety, the legislation is directed at the molding of citizens' behavior," not restrictions. This is the direction Ukraine should lean towards, Lepiavko says.

"We have to develop the suitable infrastructure for this type of transport because it is already here, and it won't be going anywhere." 🇺🇦

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McDonald's relies on local farmers, bets on growth

By Daryna Antoniuk
antoniuk@kyivpost.com

For food delivery services to succeed in Ukraine, there is but one unwritten rule to follow: have McDonald's on the menu. The fast food chain serves 100 million orders annually in Ukraine.

For McDonald's, deliveries have been a life vest since the pandemic started. The profit of its Ukrainian branches dropped by \$12 million last year — to \$23 million — as 20% fewer people visited its brick-and-mortar restaurants. But the damage could have been worse if it wasn't for deliveries, according to Yuliya Badritdinova, CEO of McDonald's Ukraine.

Stepping into the delivery business was a hard decision for McDonald's that for over 60 years, had served food inside its restaurants. How could it make sure couriers could keep French fries and burgers warm and fresh?

The company decided to launch delivery services in 2017. Its first partner in Ukraine was the Spanish delivery Glovo, followed by Ukraine-founded Rocket (Raketa). In 2020, these companies helped McDonald's avoid lay-offs and losses in profit, even allowing it to look towards future growth.

Despite the enduring pandemic, McDonald's Ukraine has ambitious goals ahead to invest \$42 million in new restaurants.

"Many places are waiting for McDonald's to come," Badritdinova said.

Working in volatile market

Unlike in the U.S., where over 13,800 McDonald's restaurants work as franchises, the 101 restaurants in Ukraine are owned by the company. The market is too small and volatile to open franchises, according to Badritdinova. The company also can afford to own all the restaurants.

McDonald's has invested nearly \$300 million in Ukraine since it entered the country in 1997. The company opens three to four



People hang out next to the McDonald's restaurant on Lva Tolstoho Square in Kyiv on July 8, 2021. McDonald's has 101 restaurants in Ukraine and serves 100 million orders each year.

restaurants a year and invests \$1–2 million in each, expecting to return investments in three to six years.

McDonald's doesn't own real estate in Ukraine — it rents buildings located in populated areas, usually at the intersection of the streets, or occupies space in big shopping malls like Ocean Plaza or Blockbuster Mall in Kyiv. Having a separate restaurant with a pickup area for delivery drivers has proved to be more reliable during the pandemic when shopping malls were closed for quarantine, Badritdinova said.

Ukrainian cities want to have at least one McDonald's, but opening a new restaurant is not easy, espe-

cially when it comes to obtaining a license for construction or installing electricity.

"Everything that requires interaction with government agencies is unpredictable and takes a lot of time," Badritdinova said. "I can't guarantee a manager in Europe when exactly I will open a restaurant because it often depends on how people feel in the government."

In the upcoming years, McDonald's plans to open more restaurants in big cities like Lviv, Odesa, Dnipro, Kharkiv and Kyiv but also in towns like Bila Tserkva, Lutsk and Khmelnytskyi. "If only government agencies worked faster and more efficiently, it would be easier to open more restaurants and invest more," Badritdinova said.

Fast food with local flavor

For a Ukrainian brought up on homemade syrnyky, pancakes made of cottage cheese, or potato pancakes deruny, McDonald's iconic Big Tasty may seem exotic. However, the ingredients for nearly 60% of dishes in local McDonald's are produced in Ukraine.

Burger buns with sesame seeds, for example, are supplied by Dnipro-based company Bimbo QSR, eggs — by agriculture company Ovostar, milk for the ice cream — by dairy plant BMK and the beef patties are supplied by a factory called OSI Food Solutions in Vinnytsia Oblast.

McDonald's works with local producers because it is safer and easier than importing, Badritdinova

said. For Ukrainian businesses, McDonald's is a big client and a renowned brand. But working with the company is demanding: McDonald's requires local businesses to prove that they supply high-quality products, pay transparent salaries and follow strict hygiene rules.

If there is no factory in Ukraine that satisfies McDonald's requirements, the company can ask foreign businesses to start production here. For example, to open a bakery in Dnipro, U.S. Bimbo QSR invested nearly \$20 million. Or it can import products like it does with nuggets, chicken patties, potatoes and coffee. A factory in Poland, for instance, supplies the potatoes used to make French fries "for half of Europe," including Ukraine.

Building brand

McDonald's is a cultural experience in Ukraine — not cheap fast food. The company's image is not spoiled by controversies around employee wages, tense relationships with the owners of franchises and staffing shortages like in the U.S.

Many Ukrainian students opt to work in McDonald's part-time while studying in university because the company offers flexible work hours and pays hourly.

A day-shift employee working 40 hours a week at a McDonald's restaurant in Kyiv makes nearly \$530 before taxes a month, slightly less than an average salary in Kyiv. Although working in McDonald's is

hard, according to Badritdinova, the company supports employee career advancement. Badritdinova herself headed McDonald's marketing department since 2013 before she was appointed CEO of the whole Ukrainian branch in 2019.

In the Ukrainian fast-food market, McDonald's doesn't have big competitors, apart from KFC that entered the country in 2012 and now owns nearly 35 restaurants. The main rival for local fast-food chains is homemade food that is still in vogue in Ukraine, Badritdinova said.

To win the support of local customers, McDonald's changed the design of its restaurants, introduced more sustainable packaging and plans to invest in plant-based burgers when the demand rises.

The company's laboratory in Germany analyzes consumers' tastes and adjusts recipes. There are also cooking tricks McDonald's uses to prepare its food. French fries, for example, are put into oil before freezing so that they are crunchy when cooked. There are also secret recipes for burger sauces and ice cream that no rival has managed to replicate yet.

One of the company's main rules is to follow customers' requests: to change its menu, adding healthier food or indulgent snacks, or to speed up serving. Delivering food is another way to follow clients' needs in times when more people work from home. "We want to be where our customer is," Badritdinova said.



McDonald's Ukraine CEO Yuliya Badritdinova poses for a photo at one of the McDonald's fast-food restaurants in Kyiv. Badritdinova headed McDonald's marketing department since 2013 before being appointed CEO of the whole Ukrainian branch in 2019.

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USAID's AGRICULTURE GROWING RURAL OPPORTUNITIES ACTIVITY IN UKRAINE (AGRO) Job Announcement Productivity and Market Access Team Lead

Background:

AGRO is a five-year activity funded by the United States Agency for International Development (USAID) and implemented by Chemonics International, a global consulting and international development firm. The purpose of AGRO is to accelerate the economic development of rural Ukrainian communities with the greatest need through a better governed agricultural sector that encourages more productive, modern, and profitable micro, small, and medium agricultural enterprises (MSMEs) that are successfully integrated into competitive markets both in Ukraine and internationally.

AGRO operates on the basis of the market system conceptual approach (<https://beamexchange.org>).

Position Description:

The Productivity and Market Access Team Lead will support implementation of activities under AGRO Objective 1 Productivity and Market Access in Target Value Chains Improved. S/he will lead the team of four people and manage an array of short-term technical consultants, subawards and contracts aimed at improving systemic constraints to productivity and market access for Ukrainian agricultural MSMEs, provide technical leadership and bring in global innovations to help Ukrainian agribusiness solve systemic constraints to growth.

Principal Duties and Obligations (Essential Functions):

- Oversee the development, update and implementation of the AGRO implementation plan as related to agri-MSME productivity, market access and rural development tasks, ensuring application of market systems development approach.
- Ensure that resources are planned timely and appropriately and in consultation with other team leads and are available to implement the tasks.
- Apply adaptive management approach to implementing the activities under Productivity and Market Access component;
- Oversee the achievement of relevant targets set forth in the AGRO Monitoring, Evaluation, and Learning (MEL) plan;
- Manage the Productivity and Market Access Team, provide overall guidance and conduct team staff performance evaluations.
- Provide oversight and quality control of scopes of work for short-term local and international consultants, requests for subawards and contracts implemented under AGRO Strategic Investment Fund (SIF) and other programmatic procurements.
- Support collaboration, learning and adapting and knowledge management efforts by promoting the capture and sharing of lessons learned, new innovations and best practices and participating in periodic meetings with USAID projects, other donors and government partners, and market actors.
- Closely work with AGRO Collaboration, Learning, and Adapting (CLA) Team to produce content for AGRO learning and dissemination materials (e.g., best practices, lessons learned, success stories etc.);
- Ensure preparation of high quality inputs to regular and ad hoc reports in line with the requirements of USAID Cooperative Agreement (e.g., quarterly and annual reports);
- Identify new programmatic opportunities related to MSME productivity and access to market in selected value chains, promote appropriate collaboration with the stakeholders, identify interventions and scale-up best practices in relevant sectors.
- Provide leadership for behavior change among the stakeholders, as well as communication tasks, ensuring interventions are geared towards system-level measurable impact and results.
- Advise AGRO Chief of Party (COP) on matters related to MSME productivity and market access.
- Contribute to collection and analysis of the relevant Monitoring and Evaluation (MEL) data.

Terms of work, SOW Timing and Reporting Relations:

One-year fixed term employment agreement with possible extension each work year up to the end of the Project implementation (November 14, 2024), subject to availability of respective tasks in the successive Annual Work Plans of the Project.

Productivity and Market Access Team Lead is a member of AGRO Senior Management Team and leads the Productivity and Market Access Team under a direct supervision of, and reports to the COP or DCOP or his/her designee, or other person(s) as designated by the Chief of Party.

Office location: Kyiv.

Required Skills and Qualifications:

- At least ten years' previous experience in agribusiness or leadership role on a donor funded agriculture development projects
- Demonstrated experience in achieving concrete results in agribusiness or agricultural development projects. Please note that providing "trainings" does not count as a result.
- USAID or previous donor experience is required.
- Proven ability to manage and implement work using tools such as MS Project or other Office 365 Suite of programs (Word, Excel, Outlook, PowerPoint, One-Note, Power BI, etc.).
- Well versed in project management professional norms (www.pmi.org) including mastery of work breakdown structure creation, scheduling, etc.
- Firm understanding of the market systems development approach (<https://beamexchange.org>)
- Superior interpersonal, public speaking, writing, presentation, and team building skills
- Undergraduate degree required; advanced degree preferred.
- Native speaker of Ukrainian.
- English sufficient for professional purposes and to understand written communications related to the work of the AGRO Activity such as emails.
- Demonstrated success working in a multinational, multilingual team under pressure and tight deadlines.

Application Instructions

Send electronic submissions to agro.hr@chemonics.com by July 19, 2021. Please submit your CV and cover letter with "Productivity and Market Access Team Lead" in the subject line; please do not forget to additionally indicate your name in the subject line of your e-mail. No telephone inquiries, please. Only finalists will be contacted. For more detailed information please visit: <https://www.kyivpost.com/classifieds/jobs/usaid-agriculture-growing-rural-opportunities-activity-in-ukraine-agro>

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