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TVi, LB.ua targets of investigations

BY SVITLANA TUCHYNSKA
TUCHYNSKA@KYIVPOST.COM

Two criminal cases opened against large media outlets – TVi channel and LB.ua website – have stirred an

outrage among journalists and experts who say the investigations are attacks on free press ahead of the Oct. 28 parliamentary elections.

On July 19, about 100 journalists and activists protested in front of the

General Prosecutor's Office in Kyiv, demanding the cases be dropped and that the government stop pressure on independent media.

President Viktor Yanukovich issued a statement on July 19,

saying he is "concerned with the opening of criminal cases" against both media outlets. The president asked General Prosecutor Viktor Pshonka and State Tax Service Head Oleksandr Klymenko → 2

Body Snatchers

Corpses are in high demand internationally. Body parts are harvested for a host of medical and cosmetic surgeries. Ukraine is at the center of this trade, which is dogged by repeated allegations that human tissue has been removed without proper consent and is implanted without patients' knowledge, sometimes causing infections and even deaths. The global trade clearly lacks oversight.

Editor's Note: The International Consortium of Investigative Journalists is an independent global network of reporters who collaborate on cross-border investigative stories. To see video, graphics and more stories in this series, go to www.icij.com/tissue. This story was co-reported by National Public Radio (USA).

BY VLAD LAVROV, KATE WILLSON, MARTINA KELLER, THOMAS MAIER AND GERARD RYLE

On Feb. 24, Ukrainian authorities made an alarming discovery: bones and other human tissues crammed into coolers in a grimy white minibus.

Investigators grew even more intrigued when they found, amid the body parts, envelopes stuffed with cash and autopsy results written in English.

What the Security Service had disrupted was not the work of a serial killer but part of an international pipeline of ingredients for medical and dental products that are routinely implanted into people around the world.

The seized documents suggested that the remains of dead Ukrainians were destined for a factory in → 19

The Mykolaiv regional forensic medicine bureau, where the Security Service of Ukraine is investigating whether employees tricked relatives of dead people into signing consent forms to recover their tissue. Seized documents suggested that the tissue was to be shipped to Germany. (Kostyantyn Chernichkin)

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Which water to drink

Editor's Note: This is the final part of a four-part series on the safety of drinking water in Kyiv. It summarizes three previous parts that were dedicated to tap water, water from pumps and wells and water from bottles, and aims to help people make the best choice.

BY OKSANA GRYTSENKO AND
OKSANA FARYNA

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Most Ukrainians don't know whether the water they are drinking is pure, nor do they have a way to find out. And sometimes water suppliers don't want people to know.

"Unfortunately, it's a question of big money," said Anna Tsvetkova, water and sanitation program coordinator at MAMA-86, a Ukrainian environmental nongovernmental organization. "Those who pay usually have influence on the results."

Kyiv residents have three main water options: they may drink it from their kitchen taps, draw water from pumps or wells or buy it in plastic bottles.

Test results that the Kyiv Post commissioned from independent laboratories show there is no ideal choice, but rather advantages and disadvantages with each source of water.

Tap water

Tap water is the cheapest and most convenient option. Assuming a person drinks 900 liters a year, the cost is only Hr 134. The problem lies in outdated tap water purification systems and, consequently, the low quality of water.

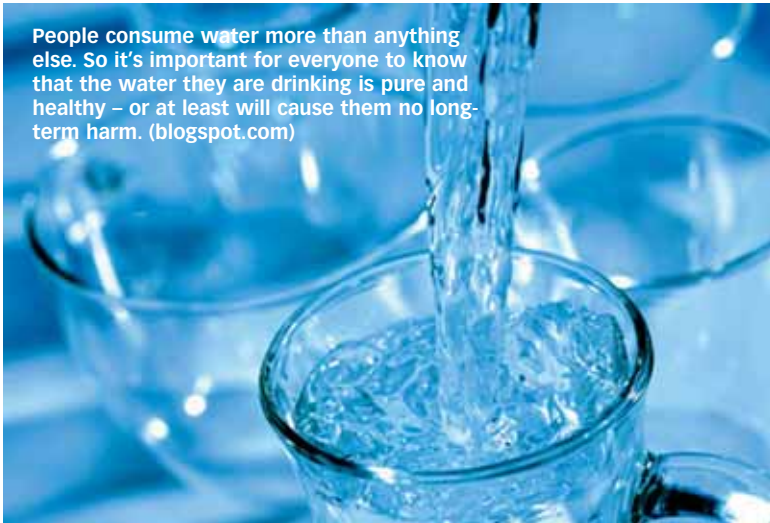
Two of three samples checked by the Kyiv Post contained excessive amounts of chlorine, whose byproducts may cause cancer. The water, however, is considerably safer with use of coal filters that remove chlorine, but those cost money – ranging from Hr 150 to Hr 600, not including regular replacement costs.

Pumps and wells

Unlike with tap water, pumps draw from aquifers that don't contain dangerous chlorine and are free. The water is also praised for being natural and having the right amounts of mineral salts, making it physiologically sound.

One disadvantage is inconvenience. Another is the variable quality of the

People consume water more than anything else. So it's important for everyone to know that the water they are drinking is pure and healthy – or at least will cause them no long-term harm. (blogspot.com)



water. And only half of the 204 pumps located in Kyiv are now functioning.

Water from three pumps checked by the Kyiv Post found that one sample had excessive levels of iron and all of them had problems with hydrogen sulfide, an unpleasant smelling gas which some experts consider to be harmful.

Experts say this water should be left in an open container for several hours, allowing the hydrogen sulfide to evaporate. It is also better not to keep this water in plastic bottles more than 24 hours, as harmful bacteria may appear if it is stored in sunlight.

Well water also can be excessively hard and have too many organic substances.

Bottled water

Bottled water can be an optimal choice for those who don't want to bother with filters or haul water from pumps.

Getting bottled water delivered to home and office coolers, at a cost of roughly Hr 40 per 18.9-liter bottle, is becoming more and more popular for Kyivans.

The bottled-water market was estimated at 30-35 million euros in 2011, with a growth rate of up to 10 percent each year, according to the Bottled Water Association of Ukraine.

While producers claim bottled water is the safest and healthiest option, the Kyiv Post's independent check of the 14 most popular bottled water brands in Ukraine revealed that only four brands – Etalon, Alaska, Zhyvoi Istochnik and Slobidska – meet all sanitary rules and norms for the quality of drinking water.

While the other producers chal-

lenged the findings, experts say microbes could appear in water bottles because they are badly purified and are often kept in storage for months.

Most of the water samples checked also did not contain sufficient quantities of mineral salts. Others failed chemical tests. And for many residents, this option is too expensive, anyway – about Hr 1,900 per year.

"Of course I drink water from the tap. What other can I drink? I don't have money to buy water," one reader wrote to the Kyiv Post.

Caveat emptor

The state program "Drinking Water of Ukraine for 2006-2020" was designed to modernize water treatment plants and water pipes all around Ukraine, so that people had safe and plentiful drinking supplies.

"It is unacceptable to wait for better times when people are suffering without drinking water, or when it is of very poor quality," President Viktor Yanukovich said at a December press conference.

But officials of Kyiv water treatment company Kyivvodokanal doubt the government will have the money to enact the program. "These programs are not being run today as nobody gives us money," Volodymyr Kostyuk, the company's chief engineer said.

Violations of safe drinking-water standards are punishable by fines of less than Hr 500, providing no incentive for improvement, lawyers admit.

So, as with so much else in the nation, people have to take responsibility for themselves.

"Water is a food product which we

consume in large quantities, compared other products," said Anna Moskalenko of the Marzeyev Institute of Hygiene and Medical Ecology, which performed one of the Kyiv Post tests. If the water contains harmful substances, these can accumulate in the body over time and cause damage, she said.

Moskalenko drinks water from a pump because it is safer from a microbiological point of view, in her view, and does not contain chlorine.

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This project was funded by SCOOP, an international network of investigative journalists that receives funding from the Danish government. More information is available at i-scoop.org.

Part 1: What's In Your Water? (May 25)

Part 2: Pumping deep for a cool drink (June 1)

Part3: Bottled Water: Which Is Best? (July 13)

What do the authors of this series drink?



Oksana Grytsenko says: "I drink tap water but clean it with the help of a pitcher filter. It is made of coal and effectively removes dangerous

chlorine, the biggest disadvantage of tap water. I also change cartridges for it regularly."



Oksana Faryna: "I drink bottled water of a not very well-known brand because it is natural water from aquifers. It is treated only with the help

of a mechanical filter which keeps all useful salts and natural microflora in the water at the right level."

Authorities pressure leading journalists

→1 to review the legal grounds of the cases.

Other officials were not eager to talk.

Initially, they told protesters about a bomb threat to a nearby building and ordered them not to come closer. Later, two local court officers arrived and read aloud a two-week old ruling of the court that banned any mass gatherings in the downtown area, including outside the General Prosecutor's Office, till the end of August.

Journalists reacted to both warnings with derisive laughs.

"Those in power have to understand the absurdity of their actions, when it is obvious that opening criminal cases on those few independent media ahead of the elections is pure political persecution," said Artem Shevchenko, a journalist and anchorman at TVi.

The criminal case against Mykola Kniazhytsky, head of the TVi channel, was opened following inspections in April. In June, the tax service head

Klymenko declared a moratorium on all tax checks on media outlets ahead of the fall elections.

"A criminal case was opened against Kniazhytsky for the deliberate evasion of paying Hr 3.025 million in taxes," said Mykola Kovtunenکو, spokesperson for the State Tax Service's office in Kyiv.

According to Kovtunenکو, tax inspections found violations of tax laws that led to undervalued value-added tax obligations. The State Tax Service received a ruling of the court, allowing them to seize documents from the office of TVi, which they did on July 12.

TVi is an independent channel that has produced some of the nation's best and most critical investigative journalism. It has been under attack since at least 2010, when the channel was stripped of several of its frequencies.

"This tax credit appeared when we were buying equipment. Then the government had to pay back the VAT tax, which they did only partly. Now, they

say that it is not theirs, but our debt," Kniazhytsky said, explaining why he thinks the charges are absurd.

Jurimex, a law firm that represents TVi, claims the company received a ruling of the district administrative court on June 25 that dismissed back-tax claims against the channel.

While the authorities have been squeezing TVi for years, a criminal investigation into online news outlet LB.ua came as something of a surprise.

In late June, LB.ua chief editor Sonya Koshkina said she heard that the organization was being investigated for a story that ran on the website eight months earlier.

In November 2011, the website's photographer took a picture of Volodymyr Landik, a member of parliament from the pro-presidential Party of Regions. The photo shows Landik texting somebody in parliament and asking for help with his son, Roman, who was then on trial for assaulting a woman in Luhansk.

LB.ua published pictures of text messages where Landik apparently asks somebody for "back up" and positive coverage of the trial in the media. Landik immediately wrote to prosecutors, blaming LB.ua for invasion of privacy.

Why the prosecutor suddenly took interest in Landik's complaint eight months later is suspicious to many people. Even Landik said that he has since patched things up with Koshkina and decided to not pursue the case. Despite this, the prosecutor confirmed the case is open on July 18, after denying it only days earlier.

"Landik is being used as a tool to bring down the web page and me personally," said Koshkina, who is now in Europe and fears coming back to Ukraine.

Media in Ukraine are "partly free" and freedoms are declining, according to the 2012 Freedom House report. According to the report, the country suffered the deepest rollback in

democracy of any major country during the past two years.

The nation now has the same score as it did in 2004, during President Leonid Kuchma's authoritarian regime.

"These criminal cases and persecution are a clear-cut message to the regions, where screws on local media are very tight. The message reads – if we in Kyiv can do it, you guys can do whatever you want," says Mykhailo Volynets, an opposition member of parliament from the Bloc Yulia Tymoshenko who was present at the protest.

So far the top authorities are not willing to talk. No prosecutors spoke to journalists on July 19. "We were told that Viktor Pshonka is on vacation and his first deputy, Renat Kuzmin, went to the presidential administration," said head of the Media Front Trade Union of Journalists Natalia Sokolenko.

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Editorials

Gruesome trade

In Ukraine, a person's indignities don't end with death. As this edition's front-page story shows, human corpses are sources of valuable body parts and tissues. This material is recovered, sometimes with allegedly forged or illegally obtained consent from relatives. Then it's packed up and transported abroad.

Sometimes, the remains are used to save lives, such as in the cases of burn victims. The tissue helps the blind to see, through cornea transplants, and the lame to walk, through knee-repair surgery. But the trade is also driven by greed and vanity, including demands for penis enlargement, breast reconstruction and nose jobs – all aided with human tissue.

In this ghoulish trade, Ukraine is at the center of a poorly regulated industry.

The nation is a main supplier of human tissue. Out of 28 foreign establishments registered with U.S. Food and Drug Administration to export tissue, 20 are from Ukraine. It is all the more disgusting that the Ukrainian Health Ministry denies that any tissue from Ukraine gets exported.

To put it mildly, this is not the case. According to the U.S. FDA data, obtained under the Freedom of Information Act, since 2002 Ukraine's state-owned Biomed company and its German partner have collectively exported to the United States more than 1,000 shipments of tissue – mostly bones and skin.

Is it a wonder, then, that repeated Kyiv Post requests for information from the Health Ministry on why many of local morgues and hospitals have FDA registration were left unanswered?

While no one wants to ban implants from human tissue, much more control of the industry is obviously needed.

Specifically, every single case of consent that relatives of the dead give to donate organs should be audited closely. In many nations, such as the United States, the living are asked whether they are willing to be donors in death. For many, it is an act of generosity. But it should be the person's choice. In the drive for profits, it is wrong to pressure bereaved relatives into signing consent forms to harvest their loved ones. It is even criminal if forgeries and deception are involved.

In this, Ukraine's health authorities are going the wrong way. Instead of requiring clear, written consent, they announced plans in April to change the law so that automatic consent is presumed for everyone. If that happens, the current flow of body parts abroad will increase, feeding the growing multimillion-dollar industry constantly in demand of more dead bodies.

There are other problems with this trade, including the possibility of infections and even deaths for transplant recipients. The story is laudably chronicled in a four-part series by the International Center for Investigative Journalists. The non-profit organization is based in Washington, D.C., but relies on journalists worldwide – including, the Kyiv Post's Vlad Lavrov, we are proud to say.

Such journalism is becoming increasingly rare in this age of declining advertising revenue and smaller newsroom budgets. But, as shown by the four-part series, governments and businesses don't always act in the public's interest. And it has long been the role of good journalism to bring these instances to everyone's attention, which, it looks, might lead to the specific results. On July 17, Interpol secretary general Ron Noble pledged to track illicit trade in human tissue in response to the story. This is progress, already, but authorities globally need to follow through with action.

Doublethink

Many journalists came out to protest outside the General Prosecutor's Office on July 19, demanding that authorities drop the criminal cases against the independent and investigative TVi channel and the popular LB.ua news site.

Speaking against oppression of the media, denouncing the government and promoting free speech is noble. The sad part is that many of these protesters go back to their newsrooms and do what they do every day – give in to censorship that has become common in most outlets in Ukraine.

It is no secret among journalists and experts that some topics – such as President Viktor Yanukovich's property and his family's business interests – as well as thorny corruption issues are off limits in most TV newsrooms and in newspapers. Journalists are strongly advised to cover some people flatteringly, while warnings are issued to not cover some public figures, including top businesspeople and officials.

One prominent news outlet has the coverage policy of “good or nothing at all” involving one minister because the chief editor is a close friend. Other media outlets are owned by oligarchs who don't want any enemies in government.

Just watch the news on biggest national TV channels – you will find mostly positive coverage of the government, a tiny dose of criticism to spice things up, criminal news and, often, obviously paid-for stories.

Many journalists were among the first to speak up publicly in 2004 at the rise of the Orange Revolution. They refused to lie or mislead. We hope that many of TVi and LB.ua defenders take a close look at what they do at work every day.



NEWS ITEM: Russian President Vladimir Putin showed up four hours late for a July 12 meeting in Crimea, keeping Ukrainian President Viktor Yanukovich waiting while Putin spent time with bikers. The disrespect is at odds with Putin's statement at the meeting: “Russia treats the Ukrainian culture and Ukrainian language with respect. In Russia there are more than three million Ukrainians. And if we take also families, then this figure is two to three times more. A lot of friendly relations and historical ties bind us to pay attention to the humanitarian component of today's meeting.”

Back Story: One growth industry is outsourcing



I once stood in front of a printer for several minutes waiting for a fax to emerge.

When I have a problem with my hardware, software – some would say even Tupperware – I call for the IT specialist. What he does is magic, and, realizing my limitations, he tells me I don't want to know how he made the simple fix.

By and large, IT folks want people like me to stay computer illiterate. Call it job security. Still, I was an “early adopter,” as they say in marketing.

In the mid-'70s, United Press International went overnight from clunky teletype machines where we typed our stories by punching holes in yellow tape to a small-screen computer terminal that was a basic word processor, and a finicky one at that. News copy often mysteriously disappeared from the screen.

Then came the early '80s, when I lugged a 30-pound (14 kilo) “portable” Radio Shack computer around. It looked and felt like a fully packed suitcase. Finally, in about 1985, I graduated to a real portable, a RadioShack 100, with 16k memory. That's a speck of dust in today's gigabyte world.

Technology and machines baffle me. Unaided, I cannot operate more than a corkscrew, and in business today, my lack of prowess should be considered a disability.

I was reminded of all this by a recent conversation with Vladimir Sharov, managing director of Global Logic in Ukraine. Sharov gave me an hour-long lesson on the basics of his business.

I was interested because the Kyiv Post/East Europe Foundation Conference this November is in the planning

stages, and one area we will focus on is growth industries in Ukraine, and information technology is, along with agriculture and energy, at the top of the list.

A futurist once told an audience I was in years ago that to be personally competitive, we should all learn Mandarin Chinese. I didn't, and to my knowledge the doors of opportunity have not been slammed shut in my face. I don't lose sleep over it. However, I think I should get to know more about the IT world.

It's not about everyone knowing what buttons to push, whether in social media or some other aspect of cyberspace, but that everyone in management knows that the buttons need to be pushed. In today's world, no one wants a musty appearance when it comes to the miracles of technology.

The Global Logic office is like several hot technology venues I have seen in Ukraine: People constantly bustle about in an informal, village atmosphere. There's not a tie or high heel to be seen. Various mini-conversations keep the place abuzz.

Sharov said there are nearly 200,000 programmers in Ukraine, and the country still represents less than two percent of the worldwide outsourcing market. Sizable outsourcing takes place in India and China as well. He believes that Ukraine has definite advantages over these and other countries, due in part to Ukraine's engineering culture.

I recently had reason to look for a programmer for the Kyiv Post. It's easier to find an honest road policeman in Ukraine than it is to locate a self-proclaimed geek who can sit in front of a computer, tapping keys like a concert pianist performing Rachmaninoff's Concerto No. 2. They often seem to be in a trance.

Good programmers are relatively expensive compared with other technology workers, and they are in demand. People in the industry tell me there is a constant tug-of-war among companies for qualified people, driving up employment costs. Some companies dip down into the school system to spot promising employees early. They often → **24**

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Time to make English a regional language in Kyiv



KATYA GORCHINSKAYA
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If you can't change the wind, adjust your sails. And that's exactly what I think Kyivans should do, with the backing of the Kyiv Post, about the new law on languages. They should use it to make English a regional language.

The law was designed by the pro-presidential Party of Regions to upgrade the status of Russian language in Ukraine on the eve of the parliamentary election. But there is no reason why we can't use it to our advantage and upgrade the status of English in at least one region – Ukraine's capital city.

In a nutshell, I suggest launching a campaign to grant English official status if the minority language legislation is signed into law by President Viktor Yanukovich. This law states that people in Ukraine are allowed to choose their language of communication. Under this law, they are generously granted the right to use any language in their social and private lives. We might as well use this right for English.

There is more! The law claims that the state facilitates the development of multi-linguism, learning the languages of international communication – particularly those which are official in the United Nations and other international organizations. Of course, English is one of them.

There are two main obstacles to making this campaign work, as far as the text of the law goes – but neither is insurmountable, lawyers say.

Obstacle 1

The law states that 10 percent of people have to speak the language for it to become regional. But typically for Ukrainian legislation, a loophole exists that bypasses this requirement.

If 10 percent of the residents of a particular territory sign a petition that they want a certain language to become regional, and then the local council votes to support the petition, the language comes into use as regional.

But actually, even less than 10 percent is ok if the local council supports such a decision anyway.

But even if it turns out that making English a regional language in Kyiv is too ambitious a goal, it's possible to make it work on a smaller territory, such as an individual district in Kyiv. My vote goes for the Pechersk district, where most central government organs are located.

It's possible to apply the law this way because



Activists hold banners in support of the Ukrainian language in the center of Kyiv's capital, near European Square, on July 4. Demonstrators were protesting parliament's July 3 passage of a law that allows for official use of the Russian language in regions where it is widely spoken – nearly half of the nation. (Kostyantyn Chernichkin)

it gives no definition "territory" where "a regional language" can be introduced. So, any community can become such a territory, in theory. Even if the residents of my house that has 10 flats in it decide to proclaim themselves as such a territory, they can.

Obstacle 2

The other problem is that the law defines 18 languages that can become regional. Some of them are far more exotic for much of Ukraine's population than even English (like Gagauz or Ruthenian languages).

These are the languages that automatically got onto the list because of the European Charter for Regional or Minority Languages, which Ukraine signed up to. The treaty is designed to protect minority languages that are not official in a particular country.

But the law gives no explicit prohibition of using another language for the purpose, so English can be made a regional language if residents of a territory choose to do so. Bingo!

Advantages

The law allows for parallel use of the regional language in all spheres of life along with and sometime instead of the national language. It also requires that the officials living and working on the territory where a regional language is used have to speak the language.

For any reader of this article, there is no reason to explain how fantastic it would be for officials in Kyiv to be legally obliged to speak and conduct their business in English.

Of course, it would be wishful thinking to expect that one would be able to write their applications and file their tax declarations in English, but a legal requirement like that, followed by pressure from the citizens, can eventually change the hiring policy in the rigid Ukrainian government. In other words, it would eventually help to modernize government by bringing a younger, new English-speaking generation to power. This alone is reason enough to make English a regional language throughout Ukraine!

Looking further into the future, English will have to become available at schools as the language of teaching, even if small groups of parents start to demand it for their children.

The threat of Russian taking over Ukraine as a language would vanish. Activists and patriots would, hopefully, keep Ukrainian alive. The country would change within a generation.

Kyiv Post editor Katya Gorchinskaya can be reached at gorchinskaya@kyivpost.com.

VOX
populi

WITH
SVITLANA TUCHYNSKA



Why are you on European Square, joining the protest against parliament's passage of the law elevating the official status of the Russian language?



Anna Yushchenko,
student.

"I disagree both with the law and with how it was passed in parliament. It is a slap in the face. I

am also very shocked with how apathetic the majority of people are. They just do not care."



Leonid Brovchenko,
retired major

"When they introduced bilingualism in Belarus, the Belarusian language

just disappeared. The same will happen in Ukraine if this law is implemented. I like Russia. I have many friends there. But they have to understand we are an independent country now, and we will protect our language."



Maya Khmelnytska,
retired

"I come over almost every day to support the strikers. All citizens of Ukraine must

know the Ukrainian language. I speak Russian in everyday life, but I love Ukrainian and I know it."



Andriy Purek,
teacher

"Language is the soul of the country. Russia is pushing for us to reduce the usage of Ukrainian

and spread Russian. It is all a part of their plan to hold Ukraine under their control. Ukrainian lawmakers are not patriots of Ukraine. This is a shame."



Mariya Sheremeta,
agronomy student

"I come here to be with protesters often and also was protesting outside the

parliament when they passed the law. The Russian language is in Russia and Belarus. It is international. Ukrainian is only here, in Ukraine. We should nourish and support it."

Financial hangover from Euro 2012 will last long



JED SUNDEN

Why were poor Ukrainians subsidizing vacations for rich Swedes, Germans and Spaniards?

All across Kyiv, you can spot billboards paid for the Party of the Regions showing new stadiums and high-speed trains, with the tagline "championships come and go, but the achievements remain."

No doubt the recent 2012 Euro was a great success. Hundreds of thousands of foreign tourists came to Kyiv, Donetsk, Lviv and Kharkiv. They were met with open arms by Ukrainians. Ukrainian cities put on huge parties. Great football was played.

But as long as the Party of Regions is asking,

perhaps it makes sense to ask about the real achievements of Euro 2012.

Judging from historical evidence, one result is easy to guess. Though the official figures have yet to be released, it is clear by the historical record – as well as by the jubilation of Union of European Football Associations' president Michel Platini – that his non-profit organization made a lot of money.

As the organizer, UEFA collects the bulk of the revenue for broadcast rights, ticket sales, sponsorship and even some on merchandise while its only expenses are payments to the teams taking part [Editor's Note: UEFA actually spent millions of euros on other expenses in the host countries]. In 2008, UEFA showed a 235 million euro profit, almost all due to the games held that year in Austria and Switzerland.

Additionally, the tourists who arrived are probably also winners. They were given free parties, cheap beer and a stunning concert by Elton John. Even better, for three weeks, all foreigners were untouched by the petty corruption that plagues Ukraine in normal

→ **Benefits of football games weren't worth all money spent**

times. No policemen were stopping foreigners on Khreshchatyk and demanding bribes for not carrying a passport.

Even better, Ukraine proved it could be efficient so long as Ukrainian laws were ignored. Normal visa procedures were halted and other basic rules were simply ignored.

But how did Ukraine do?

In one of the first post-tournament interviews, Infrastructure Minister Borys Kolesnikov stated that 1.8 million visitors came to Ukraine, spending → **24**

Businesses cool to yet another tax-change plan

BY KATYA GORCHINSKAYA
GORCHINSKAYA@KYIVPOST.COM

Less than two years after Ukraine adopted a tax code hailed as a huge improvement, President Viktor Yanukovich is proposing a major makeover.

Once again, the business community is complaining that it was not consulted.

So far, however, the mood among businesses is mixed. Some see talk of another major tax overhaul as official acknowledgment that the current system isn't working.

Almost half the economy is still in the shadows. Rules are applied at the discretion of tax inspectors, who retain too much power.

On the other hand, the newer version fails to impress.

Tax collectors on July 12 presented their radical concept of reform, which would constitute a revolution, rather than an evolution, of the system.

The payroll tax will be reduced by nearly half. The value-added tax rate will be slashed by even more. Most privileges will be canceled.

So far, so good.

But it fails to address some of the biggest problems that still plague businesses.

Even before the concept was unveiled, experts jumped all over it. They warn that the new tax system will cause bring less revenue with its unrealistic expectation that businesses instantaneously come out of the shadows. The underground economy may account for \$150 billion a year in economic activity.

"I was very surprised when I saw this document," says Ildar Gazizullin, an economist at the Kyiv-based think tank International Centre for Policy Studies. "This is a strange spontaneous act on behalf of the tax service. The President's office should react to it sharply and negatively."

There is only one piece of good news in there, says Oksana Prodan, who heads a business association and is a former activist of the so-called Tax Maidan, a series of peaceful protests against the previous tax changes. She said the move to slash the single social payment (akin to the Western payroll tax) to 18.6 percent from 37.6 percent is a big plus.

The burdensome current rate is one of the main reasons why many employers don't hire employees officially and don't disclose 100 percent of salaries.

Prodan says that even the reduction of the value-added tax is not perceived as a positive move. It will be cut from 20 to 7 and 12 percent for domestic products and imports, respectively.

But the new concept suggests a turnover tax rate of 2.5 percent on top of the VAT. Add the profit tax on top, and you get a clumsy and expensive system that does not exist anywhere else in the world, says Prodan.

Achil Pekar, a grain trader from Dubno in western Ukraine, explained on his Facebook page how the turnover tax will affect him. "I make \$10 per ton of rapeseed. So, this 2.5 percent of turnover tax translates into \$8 for me. And then, you pay VAT, profit tax and others," he wrote.

Then, there is the problem with the proposed 3 percent pension tax on

New tax reform concept Main proposals by the State Tax Administration

Tax	Suggestion	Change
Value Added Tax	12% for monopolies, import, 7% for the rest	Down from 20%
Single social tax	18.6% shared equally by employer and employee	Down from 37.6%
Personal income tax	20%, 15% or 10%	Currently 15 and 17%
Turnover tax	2.5 %	Currently not used
Development of viticulture duty	Cancel	
Special electricity tax	Cancel	
Payment to pension fund from currency purchases	3%	Currently not used

Source: Presentation by the State Tax Administration

hard currency purchases. Basically, it will become an additional tax on all imports, which will drive prices up, said experts.

Also, this indirect import tax and the two different rates proposed for VAT will get Ukraine in trouble with the World Trade Organization. Such tax discrimination is not allowed under WTO rules.

Anna Derevyanko, director of the European Business Association, says that the WTO would mirror the move by introducing some sort of sanctions against Ukrainian-made goods.

Furthermore, what surprised business groups is that once again the new tax concept was created without their inclusion or a public debate. Prodan says her tax experts were invited to attend the July 12 presentation, but not included during the preparation stage.

Gazizullin, the economist, says that much of the tax authorities' effort misses the main problem. He says surveys have consistently shown that the principle problem in Ukraine is not the taxes themselves, but their administration.

"The rates usually rank as number two, three or four in priority," he says. "If you ask any business whether they would prefer to have their VAT refunds without delays, or to have their profit tax reduced, the answer is obviously [the former]."

Another big issue is that the new

tax concept suggests abolishing the simplified tax system, which is currently used by about four million self-employed people and small business owners. The actual presentation file distributed among business associations before the ideas were made public contains a question mark opposite the phrase "simplified taxation system."

Prodan says it's clear it will cease to exist because the concept suggests cancellation of all so-called "special regimes."

It was this issue that sparked mass protests in 2010 when tax authorities cancelled the simplified system before succumbing to publish pressure and reinstated it.

However, EBA's Derevyanko points out that the concept says privileges will be reduced, not canceled. "So, we can conclude that there will remain a certain level of favoritism," she says.

Gazizullin says some things in the new concept are good: for example, an understanding that taxes should be higher for mining of natural resources.

"The good thing about the new concept is that the tax authorities recognize that there are plenty of problems with the current system," adds Derevyanko.

Kyiv Post editor Katya Gorchinskaya can be reached at gorchinskaya@kyivpost.com.

Experts: IT tax cuts fail to address persistent problems

BY MARYNA IRKLIYENKO
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Information technology – one of Ukraine's most promising sectors – stands to see certain taxes slashed in what lawmakers and government claim will foster growth for a sector seen as strategic for the national economy.

However, industry players say that although the new legislation will somewhat improve profit margins for IT business owners, it failed to address the main issue of eliminating shadow employment, a step needed across Ukraine's economy to bolster its strained pension fund.

Instead, parliament only July 6 reduced the corporate income and value added tax for Ukrainian software developers to 5 percent, down from 25 and 20 percent, respectively. Legislators also sought to cut personal income tax rates for employees working in the IT industry from 15 to 5 percent. The measure, included in a previous version of the legislation, was rejected by Yanukovich.

Still missing from the legislation are measures which would cut Ukraine's heavy payroll taxes, which keep the IT industry, as well as the nation's economy overall, in the shadows. Keen not to pay payroll taxes in the 34-50 percent range, many employers in Ukraine pay the lion's share of employee salaries under the table. They only show a small portion of what is paid to tax officials.

The new IT industry legislation was backed strongly by wealthy Deputy Prime Minister Sergiy Tigipko, his wife who heads an IT industry investment group, as well as lawmaker Viktor Yanukovich Jr., the president's son. Yanukovich Sr. is expected to sign the legislation into law within weeks. The changes are to come into effect in 2013 and stay in force for the next 10 years.

While some industry insid- →7



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Payroll tax cut key to bring business out of shadows

→ **6** ers are cautiously optimistic, they unanimously point out that the new legislation overlooks the biggest headache they and most Ukrainian businesses face: a payroll tax that few claim they can afford to pay, which forces them to use two sets of accounting books.

Many analysts are also criticizing the IT law for introducing yet another set of industry-specific tax breaks. They point to more than a decade of experience in which such favoritism served more as loopholes inviting abuse, rather than efficient ways to attract investment.

Experts say tax collection and administration need to be overhauled to lessen corruption -- starting with social and pension taxes, the main components of a cumbersome payroll tax.

"Before you give some industry a huge cut from the budget pie [as tax preferences] it would make much more sense to give them the fruit hanging much lower," said Alexei Kredisov, managing partner with Ernst & Young, an international auditing and consulting firm. "Start with the banal improvement of the investment climate."

Despite all the challenges, Ukraine's IT industry can immodestly be considered one of the nation's most positive economic developments. With exports of outsourced work valued at approximately \$1 billion per year, Ukraine is considered the world's fifth largest IT outsourcing destination.

The core expense burden that IT companies face lies in employee salaries and, therefore, corresponding payroll taxes. "The main distinction of the IT sector is that around 80 percent of an [IT] product's cost is comprised of salaries," said Taras Vervega, president and managing director of SoftServe Europe, one of Ukraine's largest software development companies that



Taras Vervega

is based in Lviv. Therefore, he says "adoption of this law with the changes that were made, shows that the government doesn't quite understand the essence of support of the sector and what its main problems are."

One of the reasons for such a strong correlation between the cost of an IT product and labor costs is the comparatively higher salaries paid to IT specialists. According to Vervega, average salaries in the Ukrainian IT industry are about four times higher than the average salary in the country, reaching Hr 10,000-12,000 monthly.

Consequently, salaries make the bulk of IT company expenses. High corporate social taxes of 36.76 percent combined with 15 percent personal income tax, force many IT companies to look for ways to avoid paying all the fiscal dues, which is why the use of shadow schemes is common. Often, salaries are paid in envelopes or private entrepreneur contracts are used to avoid registering an employee as a staff member.

"Companies are forced to do so, because otherwise they would be uncompetitive on the market," said Vervega.

He argues that a lower salary tax would make the system more transparent and therefore increase state budget revenues and pension fund contributions.

Bohdan Kupych, general manager of Kvazar-Micro, an international IT company with a large presence in Central and Eastern Europe, says the new law is a "one step in the right direction," but it's far from being enough.

"It's not just tax [that's the problem], it's helping small businesses, helping entrepreneurs in the technology sphere," he said. "[At the moment], many people choose to do that outside of the country. So they take the innovation outside and it doesn't stay in Ukraine."

Meanwhile, experts are skeptical about the very idea of giving tax benefits selectively. Ildar Gazizullin, senior analyst at the International Centre for Policy Studies, a Kyiv-based think-tank, says similar practices of tax breaks in metallurgy and agriculture sectors proved to be mostly ineffective. Owners of businesses in both sectors failed to reinvest additional profits kept into modernization and upgrades.

Instead, according to Gazizullin, increased transparency in how government spends social taxes is needed to encourage employer and employee to come out of the shadows and pay taxes.

"Business doesn't trust the government in how it uses collected money," Gazizullin said. "Usually, cutting taxes is not a solution... You have to do more than that."

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Government hopes to sell dollar-denominated bonds to households

BY JAKUB PARUSINSKI
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Ukraine's government is looking to tap private foreign currency savings by issuing retail bonds to individuals, a move seen as an attempt to raise cash amid difficult capital markets.

The cash-strapped government this week raised \$2 billion through a Eurobond issue. But with a 9.25 percent yield, the 5-year dollar bonds proved to be Ukraine's most expensive issue in twelve years.

The state is also vying for cheaper financing by offering bonds to households. Experts note that, if successful, it could bring large private currency reserves out of the shadows, patching up stretched government finances in the short-term while helping citizens earn attractive returns.

Seen as desperate by some, the domestic bond plans reflect the fragile fiscal position of President Viktor Yanukovich's government months after boosting social expenditures in a bid to win back disgruntled voters ahead of the Oct. 28 parliamentary elections.

The Finance Ministry plans to issue at least \$200-300 million through an issue of dollar-denominated retail bonds this fall, according to news agency Interfax-Ukraine. The bonds are expected to have a two-year maturity and nominal value of \$500. The coupon will be paid semi-annually, though the yield has yet to be determined.

Taras Kotovych, analyst at investment bank ICU, said the return should be somewhere between the 9.25 percent on dollar-denominated bonds and the 7.5 percent offered on average by commercial banks on dollar deposits. In a note to investors, ICU wrote the issue could attract demand, but predicted the maturity would be too long for most retail investors.

A further problem, the investment bank added, is that many citizens could shy away from giving their money to the government. Trust is weak as citizens still remember how their savings disappeared when a Soviet bank went bust more than two decades ago.

Nonetheless, the retail bonds could present an interesting opportunity for some individual investors. Figures suggest the amount of foreign currency outside the domestic banking system could be as high as \$80 billion, or close to half the country's gross domestic product. Given fairly attractive yields, part of those shadow reserves could finally earn some interest.

"Remaining cut off from external markets, the government continues to explore unconventional sources of domestic foreign exchange funding," reads a report by Kyiv-based investment bank Dragon Capital. "We think government borrowings from households will be limited to several hundred million dollars this year, but may potentially become a substantial

source of funding in the medium term."

The government is struggling to keep the ship afloat before the fall election. The result has been unorthodox policy, from currency exchange restrictions to the creation of devaluation-insured bonds.

A politically sensitive currency peg to the dollar is bearing down on international reserves, which fell from \$38.2 billion in August 2011 to \$29.3 billion last month. According to estimates by the International Monetary Fund, maintaining the current policy could cause a further drop to \$24.4 billion by year's end.

The IMF last year froze disbursement of multibillion-dollar low-interest loans to Ukraine amid lackluster reforms. This, together with an impasse in natural gas price negotiations with main fuel supplier Russia has strained Kyiv's cash position. While the bond issue was successful it came at a high cost, and analysts expect a deal with either Russia or the IMF after the elections.

To unlock its loans, the IMF wants Ukraine to increase gas tariffs for households which are heavily subsidized. The imprisonment of former Prime Minister Yulia Tymoshenko has also not helped, in effect putting Yanukovich's administration on the verge of international isolation.

Kyiv Post staff writer Jakub Parusinski can be reached at parusinski@kyivpost.com.

Advertisement

HEALTHADVISER

Shelf Life Myths Erode As Plants Upgrade to Euro Standards

During the last two months thanks to EURO 2012 many Europeans had a chance to discover Ukraine -- a country of open and friendly people and... a wide range of tasty fresh dairy products on the market. While talking to Ukrainians one of my German friends was surprised with a story stated by one local lady. She said she doesn't believe in 21 to 30 days shelf life for natural dairy product. In Germany my friend is used to having fresh dairy products with shelf life more than 30 days and no one questions the natural aspect of such products.



Taras PYLYPETS
Quality Assurance
Director Danone Ukraine

In fact, Germans pride themselves on their "Bio + Natural" culture. Why then would Ukrainians be so sensitive to this subject, one might ask? To answer this question we need to go back in Ukrainian history to the 1960s until the late 1990s during which current habits of dairy consumption in Ukraine were created.

Between 1960-1980s, fresh dairy products in Ukraine were produced at small and big plants localized in each town and city. Practically every small town had its own dairy plant with milk supply from neighboring areas. Big cities had two or three dairy plants. Equipment used at these plants was standard throughout the country: mainly open milk processing in bath and tanks with manual cleaning afterward. Fresh dairy products in those days were also very standard: milk, sour cream, kefir, riazhenka (fermented baked milk) and curd (or curd mass). From a food safety perspective, this Soviet dairy system was designed to produce only short shelf life products. For some products, shelf life was stated in hours, not days. Consumers back then were buying dairy products daily in small designated shops. They hunted for the freshest product to increase the chance of product consumption before expiration. In choice consumers were dependent on frequency and efficiency of the dairy products supply to a particular shop.

Then the "wild" 1990s came to Ukraine. It was a period of massive privatization of Ukrainian industry including dairy. There was also a huge turmoil in Ukrainian politics and very limited control of State authorities on the quality and food safety of all food products, not just dairy. The structure of local dairy production in every town collapsed - some dairy plants went bankrupt. They opened their sales areas to everyone who could reach it in time to get fresh product. This move triggered a need to extend dairy products' shelf life beyond the Soviet 5-7 day window. And that's how we came to a 14 day shelf life for fermented dairy which is still applicable to a wide range of dairy products in 2012.

Why only 14 days? The answer is simple. That was the maximum shelf life dairy products were able to survive on partially modernized but still old Soviet equipment. At the same time dairy producers didn't want to invest more in equipment modernization. It was felt 14 days were enough to distribute and sell products in the majority of consumption areas all over Ukraine. That's how current Ukrainian dairy industry was born.

The other sign of those "wild" 1990s was business people hunting for maximum profit. Some dairy producers introduced a "know how" of dairy products made from palm oil and other non-milk ingredients. Others were "smart enough" to play with shelf life increase by either artificially preserving their products (without declaring it on the label!) or advancing a production date by 2-4 additional days (resulting in product "from tomorrow" appearing on a store shelf in case of mistakes). The poor state control over dairy producers in Ukraine lasted till late 2000s. It was devastating to the dairy category, creating a strong negative image in the eyes of Ukrainian consumer.

Let's come back to 2012 and look at the variety of dairy products on Ukrainian shelf and also at the purchasing habits of Ukrainian consumers. It's a huge change. On a Ukrainian fresh dairy shelf today we have all the products from the past (milk, kefir, sour cream, riazhenka, curd) plus a wide variety of yoghurts, cheese deserts, pro-boitik drinks and other products of the so called "modern dairy market". The vast majority of these products is produced in Ukraine by local or international dairy companies. The purchasing habit of the Ukrainian consumer has changed as well. While a large segment of the population tends to purchase dairy products daily at small shops/open markets, the growing trend belongs to product purchase in big shopping malls where consumers seek convenience and better value in products. And for these shopping mall points, product shelf life is a key. Most of them are national chains with complicated logistics and distribution systems that together with supply systems of plants require days not hours to bring product from dairy plant filling line to a store shelf. These days the Ukrainian system of dairy products production and supply to the market is pretty much the same as in Europe and that's why my German friend was so surprised to learn from a Ukrainian lady about the long shelf life of natural dairy products.

To conclude: During the last three years, the Ukrainian dairy producing industry is on a track to a clean and civilized behavior toward consumers. Less and less frequently you can see in the media or hear from the State that ingredients in dairy products are not declared. Ukrainian consumers became more demanding and attentive to what is stated on the dairy product label. These actions in the foreseen future will surely destroy the myth of "not natural long shelf life dairy products" and restore the credibility of Ukrainian dairy producers to the same level my German friend has toward European her dairy. This will also eliminate mental barriers, allowing all Ukrainians to enjoy full taste and health benefits from modern dairy products as in the rest of Europe.

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Residential homes remain a black hole for energy

BY OLGA RUDENKO
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The increasing cost of natural gas imports from Russia has been a major thorn for consecutive Ukrainian governments, both draining the budget and causing geopolitical problems. But there is little progress on cutting down on gas consumption in a nation that is notoriously energy inefficient in fueling its industry and heating homes.

While billionaire oligarchs have in recent years reduced gas use at their industrial factories, officials continue to drag their feet in economizing and attracting investment that would make heating apartments more efficient. Central heating and tap water heating consumes nine billion cubic meters of gas each year, more than 15 percent of the country's total gas use.

Heating stations receive de facto subsidized gas, partly from domestic sources, for a third of the \$450 per 1,000 cubic meters that Ukrainian gas monopolist Naftogaz pays for Russian imports. But this comes at big cost. Limited profit margins for domestic hydrocarbon producers reduce incentives for investments that could help wean the national economy off its dependency on Russia.

Experts claim Ukraine could take a big step in the right direction by boost-



Built in Soviet days, Ukraine's centralized and dilapidated apartment heating system is not only inefficient, but brittle and prone to accidents. In one of the most extreme examples, pipes that were to pump hot water to heat apartments in the eastern Ukrainian city of Alchevsk froze and cracked in the winter of 2006. Residents living in hundreds of buildings were left freezing during the cold snap. Authorities responded by erecting tents with wood-burning stoves. In some cases warm air was pumped into buildings (above) using special trucks. (UNIAN)

ing the efficiency of how gas is burned. The obvious steps are to modernize dilapidated Soviet household heating systems, better insulate houses and gradually replace gas with alternative energy sources.

A handful of solutions have long

been discussed. Legal barriers and vested interests profiting from the status quo remain an obstacle, though.

The single largest financial investor in Ukraine, the EBRD, has for years monitored domestic energy efficiency problems. It set up the Ukraine Energy

Efficiency Program (UKEEP) in 2007 and loans money to local companies for energy efficiency projects.

A handful of residential heating companies that adopted modernization programs financed by the EBRD reported savings of up to 85 percent. Such isolated success stories have shown the way to broader success, but remain marginal.

The EBRD has repeatedly pledged to help Ukraine finance broader upgrades and modernize centralized communal heating systems that date back to Soviet days. But companies are not always interested. Serhiy Maslichenko, a senior manager for energy efficiency issues at the EBRD's Ukraine office, said recently a city council from a regional city that he would not name inexplicably rejected a loan.

"At first, we were amazed with that decision," Maslichenko said. "But later we heard that some of the city council deputies were supplying mazut to the heating company and would have lost their client because of the new equipment."

Lack of proper strategy and political will is holding the country back, says Vasyl Stepanenko, president of Zaporizhia-based Ecological Systems company. "Ukraine's current energy strategy defends the interests of energy companies, not citizens," he said. → 12

Major steps to improve energy efficiency of residential apartments

- 1) Develop a long-term energy strategy that includes state and municipal energy efficiency, matching the European Union energy strategy;
- 2) Cut gas usage by 50 percent by improving insulation of residential buildings. This involves installing better insulated windows and more efficient radiators, insulating walls, the roof and replacing ventilation systems that allow 25 percent of heat to escape;
- 3) Central heating stations must replace natural gas with alternative resources, like biomass, garbage and coal, albeit burnt using more ecologically friendly methods. Gas-burning boilers will only be required to heat apartments during cold snaps. Low housing density areas should use heat pumps installed on roof tops for central heating. These operate on the same principle as a refrigerator and can cool or heat apartments for much of the year.
- 4) Install heat pumps for individual buildings' tap water heating needs. Hot water supplied to households for personal use currently accounts for 40 percent of gas used by local heating companies, meaning the switch to electricity-powered pumps could generate significant savings.

Source: Zaporizhia-based Ecological Systems company.

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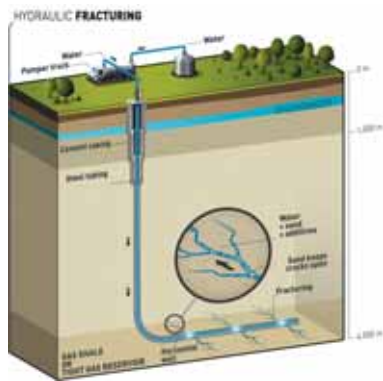


Unconventional drilling for gas could contaminate Ukraine's drinking water

BY FEDOR ZARKHIN
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Ukraine's government hopes drilling for unconventional gas will ease the nation's dependence on increasingly expensive Russian gas, but the required drilling method has raised environmental concerns among scientists and politicians.

Royal Dutch Shell and Chevron won tenders in May to explore for unconventional gas in eastern and western Ukraine. If successful, the exploration



Hydraulic fracturing, or "fracking," is a stimulation technique used to increase the amount of natural gas that can be extracted from shale. This method of gas extraction has raised environmental concerns serious enough to be banned by several European countries, although in America development of shale gas has helped lower prices considerably. (skifergas.dk)

could lead to industrial gas extraction by 2018-19. That, in turn, could reduce Russian political influence on Ukraine by making it less dependent on Russian gas imports.

But the method of drilling – hydraulic fracturing – has been banned by several European countries because of its supposed environmental hazards. Other countries have placed a moratorium on hydraulic fracturing until more information is available.

The added fear of using hydraulic fracturing – also called fracking – in Ukraine is that it could pollute drinking water supplies in a nation that is already facing a shortage.

The process involves injecting millions of liters of water mixed with chemicals and sand at high pressures into rock formations that contain trapped natural gas. The water pressure and the chemicals open up cracks in the rock to free up gas and make it possible to trap it. The "flowback" – the water and chemicals pumped back up to the surface – is then stored for reuse or cleaning.

According to U.S.-based investigative news agency ProPublica's reports, benzene, lead and formaldehyde – all carcinogens – are just some of the chemicals used.

Martin Stute, a hydrologist at Columbia University in New York City, named four ways ground water could be contaminated: spills during transport; overflows from storage pits after heavy rains; improper cement sealing of the pipe carrying the liquid; if liquid



In this June 25 file photo, a crew works on a drilling rig at a well site for shale based natural gas in Zelienople, Pa. (AP)

rises around the bore through the space created by the drilling.

As for whether it is possible to frack without contaminating groundwater, Stute said the jury is still out.

"I don't think we really know enough yet, because the scientific community has not studied that issue long enough," he said. "And we have to rely on what industry is saying. Of course, they are biased."

The minister of ecology and natural resources, Eduard Stavitskyj, told

Dzerkalo Tyzhnya that the ministry is doing thorough work on the ecological aspects of the projects and that Shell and Chevron's proposals had separate sections on ecology.

But concerns about the environmental impact of fracking have been raised by legislators in western Ukraine, where Chevron is expected to drill. Legislators in Lviv oblast, for example, have cried foul that they have not been included in negotiations between Ukraine's

government and Chevron despite being representatives of the region's population.

Although the U.S. Environmental Protection Agency has linked contamination of water supplies to fracking, Shell's Ukraine spokesman, Anna Dumanska, said that fracking is safe "under the condition that all drilling norms are adhered to and wells are built safely."

Shell prefers to spend more money and time on the process than to have to face the consequences of lax enforcement of the company's own regulations later on, she said.

Chevron project manager Greg Hild, who specializes in geology, said that in the U.S., Chevron uses safety measures that go beyond those required by law, and is working towards developing ever-safer technologies.

"The risks can be managed to near zero," he said.

One industry source told the Kyiv Post that Russia has lobbied hard to block the use of unconventional gas exploration technologies in order to preserve its dominant position as a gas supplier in the region.

Keith Smith, Senior Associate of the Center for Strategic and International Studies claimed in a report this month that some European environmental organizations that oppose the use of fracking are funded with Russian sources.

Kyiv Post staff writer Fedor Zarkhin can be reached at zarkhin@kyivpost.com.



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Private sector carrying burden of lucrative biomass market alone

BY MARK RACHKEVYCH

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Brazil uses sugar cane residue. Southeast Asia uses rice husks. So why can't Ukraine use wood byproducts and straw to produce electricity from biomass?

Ukraine's abundant agricultural and forestry waste make biomass the most promising alternative energy source after small hydro, experts say.

If the country's biological byproducts, residue and waste products are managed properly, biomass could become a steady year-round source of energy. That means no seasonal fluctuations, as in the case of solar energy.

"Biomass is one of the four most unrealized investment opportunities that Ukraine offers," says Dave Young of the European-Ukrainian Energy Agency, a green business association.

Around 15 percent of Ukraine's territory is covered by forests that offer plenty of convertible by-products and waste, mostly in the north and west of the country, reads a position paper co-authored by Young. Already an emerging global agricultural powerhouse with 42 million hectares of agricultural land, Ukraine's agricultural sector can harness biomass from crop residues like sunflower husks, livestock manure, or from energy crops like willow.

"Half of Ukraine's economic potential from biomass stems from agricultural residues," said Edward Klaeger, chief executive officer of Alter Energy Group, a Swiss corporation engaged

Biomass energy potential in Ukraine

Fuel type	Energy potential (Million tons of coal equivalent)
Grain straw	3.3
Corn husk	7.3
Sunflower husk	4.5
Wood residuals	2.0
Municipal Solid Waste	1.9
Fluid fuel (biodiesel, bioethanol)	2.8
Energy crops	13.6
Peat	0.6
Total	36

Source: Bloomberg 2011

in biomass development in northern Ukraine.

Altogether, Ukraine has the potential to produce 24 million tons of oil equivalent from agriculture, forestry and organic waste, according to a February European Bank for Reconstruction and Development presentation.

Currently, however, less than 1 percent of fuel consumption is based on biofuel, the EBRD says.

Part of the reason is that Ukraine lacks the proper logistics chain to collect, deliver and store biomass, which isn't profitable if it needs to be transported over long distances, said Yuri Kubrushko of IMEPOWER, an energy advisory group.

"Also there should be long-term guaranteed contracts in place to ensure that there is a steady supply of requi-

site volumes required at a biomass plant," Kubrushko said.

Corruption and complicated procedures to obtain the biomass green tariffs – the rate at which the government agrees to purchase the electricity – are also holding the market back, said AEG's Klaeger.

Power purchasing agreements can only be signed after a biomass plant is built and commissioned, contrary to North American and European markets where the off-take is used to secure funding, he added.

Currently, only two biomass projects receive the green tariff out of 58 renewable projects overall. Biomass from animal and municipal solid waste doesn't qualify, despite having been included in a bill voted by parliament on July 4. Moreover, the bill offers no

information on the green tariffs' long term prospects, Klaeger said.

Despite a bold government plan to have renewable sources account for 10 percent of energy use by 2030, the situation regarding biomass remains unclear.

"Biomass isn't even part of the newly published 2030 Ukraine Energy Strategy," said Klaeger. "Ukraine lacks a strategy for utilization of its biomass sources."

Meanwhile, the World Bank's International Finance Corporation has more modest expectations. The IFC said that 7 percent of Ukraine's energy supply in 2020 will come from renewable energies, with 4.2 million tons of oil equivalent coming from bioenergy.

On the export side, at least one company is banking on the potential of biofuel consumption in the European Union. The 27-member bloc is targeting a 20 percent share of renewable energy in its overall energy mix by 2020.

London-listed Active Energy Group with operations in western Ukraine has this year started exporting timber biomass to Poland, which is still behind on EU targets. Poland needs to have 15 percent of its energy mix from renewables by 2020, up from 8 percent today.

"The potential in timber biomass is absolutely huge," said Richard Spinks, chief executive officer of Active Energy Group. "Ukraine has the same potential in biomass as it does in agriculture of feeding itself and the rest of the world."

Spinks said his company has secured large amounts of timber and pellets through contracts with the state forestry agency and defense ministry.

Currently, Spinks is exporting 8,000 tons of biomass a month, to Poland and through Mykolayiv's three ports to supply Turkish and Italian customers. He has plans to scale up to 80,000 tons a month and build an \$11 million biomass-fired electric power station in western Ukraine.

"We're aiming for more vertical integration," said Spinks.

Klaeger's Alter Energy Group is also considering building a biomass plant to process 120,000 metric tons of wood pellets yearly for export to the EU and a certain amount of chips for the local market or district heating systems.

But if the government is serious about harnessing renewable energy sources, it needs to upgrade the energy grid. Experts say the overall grid capacity of around seven gigawatts isn't enough to meet expanding energy projects in the next ten years.

"Ukraine needs significant upgrades to its infrastructure to meet its energy targets," said Klaeger. "Under Ukraine's green tariff, there is no allowance for the cost of connecting to or upgrading the grid. This allows for infrastructure upgrades at little or no cost to the state but comes at the expense of the investor."

Kyiv Post staff writer Mark Rachkevych can be reached at rachkevych@kyivpost.com.

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ENVIRONMENTAL AWARD FOR 2011 NEW SERIES ENERGY-EFFICIENT SOIL ROLLERS WITH ECO SYSTEM

The Environmental Award for 2011 goes to Bo Svensson and the project team at Dynapac Construction Equipment for the development of a new series of energy-efficient Soil Rollers with a completely new engine management system called ECO. It will assist Atlas Copco customers to save fuel, and hence reduce the environmental impact and costs.

"The Atlas Copco Safety, Health and Environmental Council congratulates Bo Svensson and his project team for the achievement, this will be a strong contribution to reach the Group goal to increase customer energy efficiency by 20% by 2020" says Andrew Walker, Chair of the Safety, Health and Environmental (SHE) Council and President of the Compressor Technique Service division. The environmental achievement is reduced fuel consumption for the customer, not only resulting in lower CO2 emissions, but also reduced energy costs as well as an improved working environment for the operators.

The new ECO system reduces fuel consumption and noise emissions by keeping the engine running at the lowest level possible while meeting required needed output. The average saving of fuel consumption is 10-15% compared to the previous solution. The lower engine speed and the lower running speed of the cooling fans reduce the noise emissions from the machines, which is a positive effect for the machine operators and people working around the machine. The product has been tested in the market with good results and will be officially launched in September this year.



Activ Solar, with top-level ties, becomes giant in solar power

BY YURIY ONYSHKIV
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In just two years, the lightning-speed work of one company has turned Ukraine from a nation with almost no capacity to generate solar power to one with two of Europe's largest solar power plants.

The dominating company is Vienna-based Activ Solar, which has been linked to President Viktor Yanukovich and close associates.

Its spectacular success has raised questions about transparency and whether Ukraine is open to other competitors needed to boost solar power production in the nation.

Developers of two of Europe's largest solar power plants in Crimea and Odesa Oblast, Activ Solar is linked to Andriy Klyuyev, a pro-presidential politician serving as national security chief, and his lawmaker brother Serhiy.

Both Activ Solar and the Klyuyevs have repeatedly denied any ownership, despite a trail of documents and other evidence pointing to strong links. For instance, the Klyuyev brothers' relatives serve as top managers of the company.

Yet Activ Solar officials claim "there is no direct or indirect relationship between" the company and any government officials.

"Christian Dries, an Austrian businessman and the owner of Austrian company Diamond Aircraft Industries, is the majority shareholder of Activ Solar. The remaining shares are owned by the Activ Solar management," the company said.

The company added: "Activ Solar is a company with high business standards. Ukraine's government or officials have not lobbied for its interests in any manner."

However, during a visit to Greece last October, Yanukovich said: "I made a proposal to the president [of Greece] during our conversation about turn-key construction of solar power stations on the territory of Greece. We have this capability and are ready to do it at any time."



On April 27, President Viktor Yanukovich (far right) toured the Perovo solar power plant on Ukraine's Crimean peninsula. Vienna-based Activ Solar built the solar power plant and describes it as Europe's largest. (Photograph courtesy of www.president.gov.ua)

While Yanukovich never mentioned Activ Solar by name, it is Ukraine's dominant solar power player. Moreover, the Ukrainska Pravda online news site has produced copies of a Ukrainian Foreign Ministry letter dated April 25, which states that Ukraine's embassy in Greece had initiated a meeting between the management of Activ Solar and interested Greek private structures regarding cooperation in solar energy.

The president's office was not immediately able to explain why officials had lobbied the interests of Activ Solar.

The company claims to be foreign-owned and to have a domestic solar technology manufacturing business in Ukraine. But it has also imported large amounts of solar power technology from abroad — all to build and resell solar power plants.

The business

According to Ukraine's State Agency on Energy Efficiency and Energy Saving, only 0.17 percent of all electricity produced in Ukraine came from renewable energy sources last year. Officials expect this figure to go up to 0.5 percent this year.

Compared to the well-developed European Union renewable energy market, however, Ukraine has a long way to go.

According to Ukraine's newly published 2030 energy strategy, Ukraine aims to generate 10 percent of its energy from renewable energy sources by 2030, decreasing the nation's reliance on traditional energy sources, like fossil fuels and nuclear energy.

Ukraine ranked 30th in a renewable energy attractiveness index created by Ernst & Young, an auditing and busi-

ness consultancy firm, in May. On the solar energy index alone, it is placed 21st.

The report says that in order for Ukraine to meet the target it needs to fix "complex permitting procedures and inadequate grid."

The company

In Ukraine, Activ Solar has been leading the charge. Plants that it has developed account for 99 percent of the nation's solar energy generating capacity.

At the beginning of 2011, there were less than seven megawatts of solar power capacity in Ukraine. As of July, there is 270 megawatts developed by Activ Solar. That's enough to meet the needs of approximately 68,000 households.

Activ Solar claims to have pumped \$1.6 billion into Ukraine's energy

sector.

Two plants built by Activ Solar are ranked number three and number eleven by capacity in the world. With 105 megawatt peak capacity, Crimea's Perovo was the world's biggest solar power plant until rivals in India and the U.S. overtook it. It remains number one in Europe.

The company's plans are ambitious. This year Activ Solar aims to top 2011's outcome, but would not speculate on the specifics. The company also said they secured a pipeline of solar projects in the U.S. and are also exploring opportunities to develop solar power parks in the Black Sea region, South Africa and South America. Moreover, they said their strategy "is to develop and build solar power stations and not to own them."

The company claims that it builds solar power plants for resale to strategic investors. Finding out who owns the solar power plants that Activ Solar has built is challenging. Ownership is partially hidden behind offshore companies.

Family ties

Activ Solar is headed by CEO Kaveh Ertefai, son-in-law of Serhiy Klyuyev. Andriy Klyuyev's son Bohdan is the company's business development manager. Ownership of Activ Solar has recently been reshuffled.

Information from the Austrian company registry published last October by respected Ukrainska Pravda shows Activ Solar's shareholders previously included Ertefai, Liechtenstein-based P&A Corporate Trust and Slav Beteiligung GmbH.

Slav Beteiligung GmbH has been jointly owned by the Klyuyev brothers through another Austrian company. But now the sole shareholder is the Liechtenstein-based trust.

Responding to Kyiv Post questions, Activ Solar said: "Slav owned an empty shell called Active Solar Holdings GmbH. Mr. Ertefai bought this shell, renamed it as Activ Solar and founded the company which is in operation today." Activ Solar also said → 12

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CAN UKRAINE AFFORD RENEWABLE ENERGY?

The UN has declared 2012 as the International Year of Sustainable Energy for All, and its Advisory Group on Energy and Climate Change has recommended universal access and a 40 percent increase in energy efficiency in the next 20 years.

The recently circulated draft updated Energy Strategy of Ukraine designed until 2030 has been criticized by parts of the business community, who criticize low targets for renewable energy sources (RES) and for being too focused on the interests of large energy suppliers including state-owned entities. Nevertheless, even though the objective (5 %) is few times as modest in comparison with 20 % set by the EU, it should be regarded as a positive incentive provided that it is achievable and realistic. Moreover, one should not forget that the current part of RES in the total of energy generation is very low (0,17 % in 2011) even though the existing state support policy for RES has been set in 2009. Furthermore, policy design choices in the RES field remain controversial on the global level. Ukraine faces in this regard specific challenges which are linked to its developing condition, and like any developing country it needs to attract investors, who in fine look for stable and pragmatic policies which generate profits.

How does Ukraine promote res development

Ukraine supports RES development with a combination of demand-pull and supply-push policies.

On the demand-pull side, Ukraine established feed-in-tariff ("green tariff") for RES which aims at setting guaranteed electricity purchase prices and is coupled with some other state guarantees such as guaranteed grid access and purchase of the electricity by the Wholesale electricity market. Varying tariff rates are set for different renewable energy technologies depending on the costs of developing those technologies in order to compete with energy produced from conventional sources. Thus investors can obtain a reasonable return on their RES investments and benefit from planning guarantees.

On the supply-push side, Ukraine adopted special financial incentives, such as possibility of import duties and VAT exemption for RES technologies, special rates of land lease tax for energy lands, exemption from income profit tax under certain conditions of reinvestment into RES.

Ukraine has also put in place local content requirements for the works and materials employed in RES projects as a pre-condition for approval of the Green Tariff. This is intended to support local manufacturers and in the long-run to attract international players to re-locate a part of production to Ukraine.

Which challenges lie ahead ukrainian res policy in the view of global trends

Government support for renewable energy may be in conflict with World Trade Organization rules, if it includes subsidies that have the potential to disadvantage foreign producers and distort competition.

One case currently before the WTO, which can have direct impact on the Ukrainian policy concerns local content provision of Ontario's feed-in-tariff program. For instance, under such provision, if a company producing solar power wants to receive the price guarantees and grid access granted by the FIT, it needs to ensure that 60 percent of the equipment used to produce that energy, including solar panels and respective services comes from Ontario.

Japan and the EU, who are joint claimants in this case argue, that this is a prohibited subsidy and violates non-discrimination obligations under the WTO treaty. Indeed, although local content requirements have been used in the past, especially by developing countries as trade related investment measures in order to promote industry development, they are generally considered contrary to WTO rules.

The decision of the first instance in this case is currently pending and WTO judges announced recently that they would postpone their ruling till November 2012 due to the complexity of the issue.

The high stake of the decision is evident. Indeed, if pull policies are not combined with push policies, in countries like Ukraine, where local content rule has been part of the state commitment to grant green tariff, there may be political pressure to end them, as the Ukrainian public would be much less willing to accept expensive support measures for RES production and higher electricity prices if this is not combined with the growth of jobs and investment in Ukraine.

Can Ukraine guarantee stability and attractiveness for investments

Frequent changes to legislation have been a defining feature of RES development policy in Ukraine. Already in 2011, the entry into force of the corresponding provisions of the law was first postponed allowing a first group of projects to proceed unhindered. On July 5, 2012, draft law № 10183 received preliminary approval from the Verkhovna Rada in the first reading which abolishes requirement to use 30% (from 2013) and 50% (from 2014) of Ukrainian raw materials, labor and services in the cost of photovoltaic solar modules. On the other hand, the draft proposes to lower green tariffs for solar energy, introducing instead a green tariff for biogas. As to the wind energy, local content rule is remained as foreign producers have already started to delocalize part of their production in Ukraine.

Overall flip-flopping on key policy issues such as the local content rule and feed-in tariffs is a disincentive for investors who require a stable regulatory environment over several years in order to plan and implement RES projects. They may also be discouraged by a feeling that RES investments in Ukraine are not a level playing field, with seemingly better connected competitors breezing through the approval process for the Green Tariff and certification of the local content requirement which unfortunately contains a significant subjective element.

For example, in order to benefit from exemption from import duty and VAT on RES equipment, the investor must seek for authorization directly from the Ukrainian Cabinet of Ministers and very often decides to not use the procedure which appears to be cumbersome and time consuming.

Another mainly technical hurdle for RES investment may be posed by the issue of grid connection. The Strategy for 2030 points out the necessity to either upgrade or replace 30 % of electricity distribution network, while financing sources remain unclear. It the necessity to coordinate the construction of the networks with programs for RES development but at the same time underlines that insufficient distribution capacities will entail selectivity with regard to projects for RES construction and involvement of RES owners into financing the construction distribution capacities.

In a nutshell, investors will have to ask for approval of their RES projects, notably with regard to the possibility to get connected to the grid.

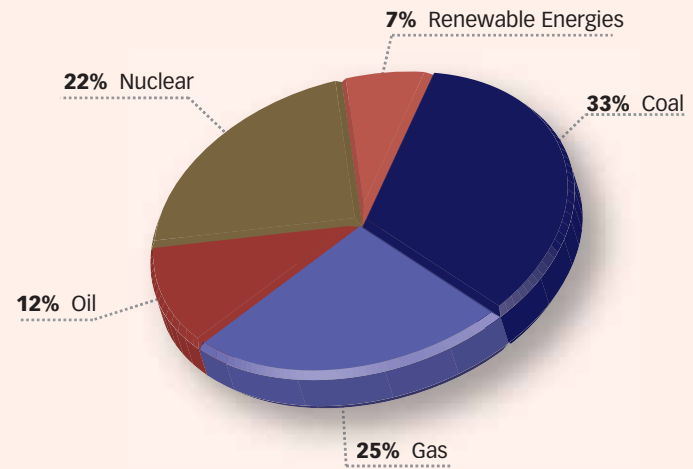


Volodymyr
MATENCHUK

Ukraine's high hopes for alternative energy

The nation now fills most of its energy needs from coal-burning and thermo-electric power generators, nuclear power plants, natural gas and oil. Less than 1 percent of Ukraine's economy is currently powered up by cleaner and potentially less expensive alternative energy resources. But experts say the right government policies could lure in investments which could, in turn, increase this number to 7 percent by 2020.

Ukraine's Possible Energy Supply by Source, 2020



Source: The World Bank, International Finance Corporation, Swiss Confederation

One company stands out in development of solar power in Ukraine

→ **11** that Liechtenstein-based trust is managing the shares of company owners.

According to the company, since the 2008 sale, Slav has not been a shareholder. It had dropped its solar energy investment plans after the onset of the global financial crisis. "Kaveh Ertefai sourced seed investors for Activ Solar. In 2009, Mr. Christian Dries invested in the company," the company wrote.

Yanukovych link

P&A Corporate Trust also owns British-based company Blythe (Europe) Ltd, which in turn owns a 35 percent share of Tantalit, according to Ukrainska Pravda.

Tantalit owns 129 hectares of the luxurious estate north of Kyiv called Mezhyhirya, where Yanukovych lives and admits to owning only a small plot. The nominal director of Tantalit is a lawyer who completed Viktor Yanukovych Jr.'s 2010 income declaration.

Speaking on condition of anonymity to avoid offending authorities, several Ukrainian analysts said the company appears to be owned or backed by



Andriy Klyuyev

Yanukovych and the Klyuyev brothers. Its success is rooted in this backing, they added.

Outspoken Ukrainian economist Andriy Novak said that Activ Solar's "secret is simple: Exploitation of financial and lobbying opportunities of its owners, who as it is known, are the Klyuyev brothers."

Novak nevertheless praised investments into renewable energy for helping to "decrease Ukraine's energy dependence on Russia."

Serhiy Dyachenko of Kyiv-based think tank Razumkov Center said non-transparent procedures do not give all companies equal access to enter the market, obtain permits, financial support and green tariffs. "Activ Solar solves these issues better than others," Dyachenko said.

"Without the blessing of the Klyuyevs and Yanukovych, it is impossible to make a serious and successful entrance onto this market," Novak added.

Analysts point out that to make a real impact for national energy security, capacity needs to be boosted to much higher levels for solar power and other forms of alternative energy. For this to happen, Ukraine needs to attract huge levels of foreign investment. This won't happen unless fair rules are established for all players, the analysts said.

Kyiv Post staff writer Yuriy Onyshchuk can be reached at onyshchuk@kyivpost.com.

Experts: Vested interests impede energy efficiency

→ **8** "It protects electricity companies, which have a strong lobby. Citizens are not well represented on the government level and their interests are not properly taken into account."

The expert is sure that energy efficiency improvements should start from homes, not heating companies. Getting the heat from neighborhood gas or heating oil powered boilers to poorly insulated houses results in losses of up to 90 percent, he said. He pointed to Poland, which began with an expensive modernization of heating stations. But after rebuilding apartment houses, some stations were no longer needed.

The EBRD also has a program to finance improvement of insulation at residential apartments. Its chances of success are limited because while citizens own their apartments, ownership of the building and its surroundings are fuzzy from a legal standpoint. Only 17

percent of all apartment buildings legally belong to people who live in them. Their ownership is registered through a so-called Apartment House Co-owners Associations, or OSBB in Ukrainian.

The EBRD plans to cooperate with local banks in Ukraine to grant OSBBs loans to improve insulation. Stepanenko said insulation could produce massive savings. The EBRD estimates that insulating all Ukrainian households would cost 60 billion euros. A massive development plan like in the European Union, Stepanenko said, would allow Ukraine to wean itself off of natural gas-based heating. Ukraine, he says, could use alternative energy sources, like sewage and garbage energy.

The German city of Magdeburg, he said, covers 55 percent of its heating energy demand from garbage. It took Sweden 10 years for 68 percent of buildings' heating to come from biomass.

Recently Stepanenko's Ecological Systems took part in developing a municipal energy plan which is expected to be approved by the city council soon. The five-year plan that could be prolonged is focused on modernizing 10,500 buildings in Kyiv. The estimated cost in just three Kyiv residential testing areas is Hr 2.5 billion.

A project to replace natural gas used for heating tap water with heat pumps in Kyiv buildings would cost another 1.5 billion euros, but would save 1.5 billion cubic meters of natural gas per year, which is worth of \$675 million at current prices.

"The money needed is rather big, and in Ukraine we're not good at attracting investors," said Stepanenko.

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Consortium with Russia, others seen as likely for gas pipelines

BY JAKUB PARUSINSKI
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Ukraine's prized gas transportation system has been at the heart of ongoing talks with Russia. The sale of a stake in the asset – which was previously off the table in any negotiations – will soon come, some experts believe.

The pipelines currently pump the lion's share of Russian natural gas to European markets and are key to Ukraine's energy independence.

But the futility of the current gas talks became clear during the July 12 presidential meeting in Crimea between Vladimir Putin and Viktor Yanukovich. Putin kept his Ukrainian counterpart waiting for five hours, spending time with a group of Russian bikers called the Night Wolves instead.

"President Putin exceeded the limits of delay. He visited the bikers and their friends, and thus showed his priorities," a frustrated Ukrainian Emergencies Minister Viktor Baloha wrote on his Facebook page.

Since taking power in 2010, Yanukovich has been trying to get Russia – its main fuel supplier – to lower its price on gas, for which Ukraine currently pays \$425 per 1,000 cubic meters. In April 2010, Ukraine and Russia signed the Kharkiv Accords. Russia offered Ukraine a \$100 discount per 1,000 cubic meters in exchange for letting Russia's Black Sea Fleet stay in Sevastopol to at least 2042.



Vladimir Putin and Viktor Yanukovich during the July 12 presidential meeting in Crimea. (president.gov.ua)

Little progress has been made since then.

The two sides met repeatedly, with Ukraine balking at Russian demands for a stake in domestic state gas monopolist Naftogaz or gas transportation system in exchange for a better price.

"The issue of [a pipeline network] sale has never been on the agenda. We dismissed it immediately," Energy Minister Yuriy Boiko told journalists earlier this year.

However, a consortium that gives Russia a stake in managing the pipeline appears to be on the agenda. A publicly commissioned audit by Baker Tilly is expected to put a price on the asset soon.

"We expect a Russian gas deal [after the Oct. 28 parliamentary elections], which will trade a lower gas import price and a reduced current account deficit for a Gazprom stake in the gas transit system," noted Alina Slyusarchuk, a Morgan Stanley analyst.

But some worry that a consortium with Russia will jeopardize Ukraine's promise to abide by the European Community's energy rules, which in turn could give Ukraine a legal basis to withstand Russian pressure.

Ukraine has promised by 2015 to meet the European gas directive, an accord not liked by Russia, said Oleksandr Chalyi, a former deputy for-

eign minister and career diplomat who heads Ukraine's affiliate of international auditing and business consulting major Grant Thornton.

But Dmytro Marunych, director of the think tank Energy Studies Institute, expects a German company to join the consortium with Ukraine and Russia. Germany's presence is seen as helpful in curbing any bullying by Russia.

Marunych said that the best option for Ukraine is to renovate its Soviet-built pipelines on its own. But it is unlikely to be able to raise the billions of dollars needed alone, he said.

Russian leverage over Ukraine is becoming stronger, with new and planned pipelines circumventing its former colony. Nord Stream carries fuel beneath the Baltic Sea from Russia to Germany. Currently at 55 million cubic meters, the route's capacity may be doubled, Gazprom head Alexei Miller recently said. From the other side, South Stream will run under the Black Sea, providing 63 million cubic meters through Central Europe. Initially seen as prohibitively expensive, with total costs estimated at up to \$30 billion, the pipeline is now expected to be commissioned by 2015.

If completed, these projects will have the capacity to transport 173 million cubic meters, just below the Ukrainian gas pipeline's output capacity of 178 million cubic meters.

"This will affect the volumes of gas transit through Ukraine's gas transporta-

tion system in the future. We are dealing with it today. But in principle they do not change the strategic importance of Ukrainian gas transport system on the market," Chalyi said. "It is the biggest route and indispensable in the winter."

The Ukrainian pipeline's value is heightened by its integration with underground storage centers located near Ukraine's border with the European Union. The storage allows for large volumes of gas to be swiftly pumped westward to meet demand during bitter-cold snaps.

But Marunych and Chalyi say realities of the trade make a Ukraine-Russia consortium likely.

"Russia will have a surplus of capacity and will no longer depend on Ukraine," Marunych said. "In fact, Ukraine has almost nothing to lose by allowing Russia to join a consortium. It should have set it up five years ago."

Chalyi said a consortium should manage the asset, but insisted the nation "must remain the sole owner."

As Ukraine hopes for cheaper Russian gas, the nation is also trying to develop shale gas and other alternative sources of energy. Also, creation of a liquefied natural gas terminal is now seen by the government as a strategic investment. However, its initial production potential is low and, as Marunych noted, "it is still lacking an investor."

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Winds of change lift windmills in Ukraine

BY OKSANA FARYNA
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Not since windmills were first used to grind cereals has wind energy seen such robust interest in Ukraine. Starting from a tiny base, wind power generation has surged in recent years, mainly due to a very attractive green tariff that has attracted the interest of investors.

However, unclear and unstable legislation is still holding back a large-scale boom in wind power that could bring the nation cleaner, less expensive energy. Hence, less than 0.2 percent of the nation's energy needs come from wind power, although there are hopes it will supply 15 percent by 2030.

Domestic wind power capacity grew 73 percent to 151 megawatts in 2011, according to the Ukrainian Wind Energy Association. This year should see similar growth, with 37 megawatts of new capacity already added in the first half of 2012 and over 60 megawatts expected in the second.

This rapid growth is driven by the green tariff, introduced in 2009, which guarantees attractive prices for producers selling electricity produced from renewable energy sources. For wind power plants with a capacity of more than two megawatts, this tariff is 11.3 euro cents for one kilowatt per hour, two to four times higher than for traditional sources.

"Since the green tariff was introduced, many companies which were more or less involved in traditional energy business and faced difficulties importing traditional fossil fuels or other problems have taken interest

in renewable energy sources, including wind," said Andriy Konechenkov, head of the Ukrainian Wind Energy Association.

Prior to 2011, all new wind farms in Ukraine were installed under a government program and financed from the state budget. Now, the green tariff and other factors have tilted the balance toward private investment.

According to the association's report, Ukraine's three biggest wind parks were privately financed over past year. Wind Park Novozavskiy (37.5 megawatts commissioned in 2011) in Donetsk Oblast and Wind Park Ochakivskiy (25 megawatts) in Mykolayiv Oblast were both developed by the Wind Parks of Ukraine group. Novorosiyskiy Wind Power Plant (3 megawatts) in Kherson Oblast was launched by Vindkraft.

This year, Wind Parks of Ukraine increased the capacity of Novozavskiy to 57.5 megawatts, and began construction of a new ambitious project in Krasnodon, Luhansk Oblast. According to news agency Interfax-Ukraine, the plant will count 160 wind turbines for total capacity of 400 megawatts, costing nearly 700 million euros and occupying a land plot of 17,000 hectares. The first 10 turbines will be launched in the first half of 2013.

Also, as Interfax-Ukraine reported, three companies from Wind Parks of Ukraine group received permits from the Council of Ministers of Crimea to draft land-utilization projects to build four wind power plants in Crimea with an overall capacity of 237 megawatts.

To meet growing demand, Germany's biggest turbine producer, Fuhrlander,

opened a plant in Kramatorsk, Donetsk Oblast, earlier this month.

In 2011 the European Bank for Reconstruction and Development made its first investment in wind power generation in Ukraine, providing 13 million euros of debt financing to Eco-Optima. The EBRD is in talks with Wind Parks of Ukraine to provide them with a 48.8 million euro loan, jointly with the Clean Technology Fund, to expand the already operational Novozavskiy Wind Park.

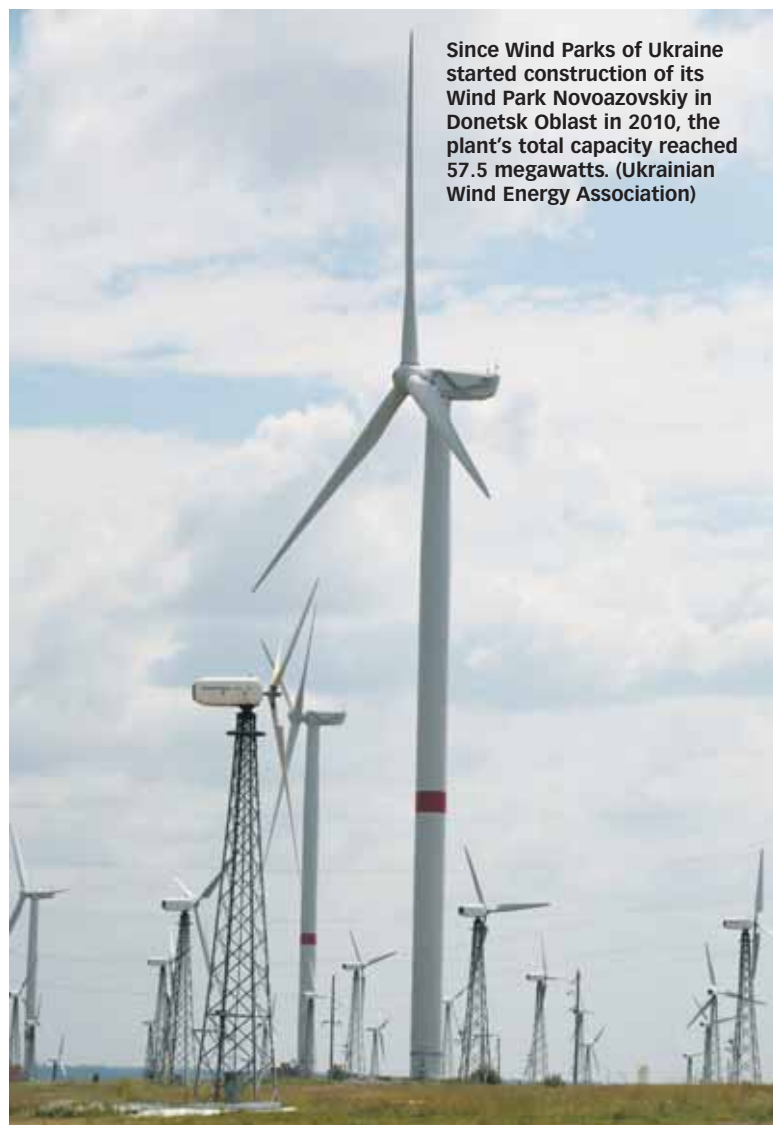
"This is a part of the bank's general renewable energy strategy aimed to decrease the country's dependence on traditional energy sources," said Anton Usov, press officer at the EBRD, adding that all projects financed by the bank also have a strong business component.

But the road ahead is still long.

"I would say Ukraine's potential for renewables, including wind energy, is huge," said Victor Kovalenko, head of climate change and sustainability services at international auditing giant Ernst & Young's Ukraine office. There are two main factors which restrain its development, he added.

For one, local investors find the typical payback periods – typically 8 to 10 years – too long for their taste. Meanwhile, foreigners are put off by the poor business climate and unstable legislation. "Where is a guarantee for investors that new authorities won't come and cancel the green tariff?" he asked rhetorically.

Konechenkov from Ukrainian Wind Energy Association said the main barrier for the industry is a so-called local



Since Wind Parks of Ukraine started construction of its Wind Park Novozavskiy in Donetsk Oblast in 2010, the plant's total capacity reached 57.5 megawatts. (Ukrainian Wind Energy Association)

component requirement. It demands that the share of Ukrainian raw materials, supplies and other costs is no less than 15 percent of total spending on wind projects. It will go up to 30 percent starting 2013 and 50 percent from 2014.

"It's a major barrier for two reasons,"

Konechenkov explained. Ukraine lacks enough high quality equipment to meet the 30 percent threshold, he said. Procedures to obtain the green tariff for plants built after 2011 are unclear, he added, so none succeeded.

Kyiv Post staff writer Oksana Faryna can be reached at faryna@kyivpost.com.

Ex-top cop Lutsenko spends prison time reading voraciously

BY OLGA RUDENKO
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Being a prisoner has its advantages. One of them is having lots of time to read.

Former Interior Minister Yuriy Lutsenko, serving a four-year prison sentence for an abuse-of-office conviction, is a case in point. He appears to be making the best of a bad situation.

Since his arrest in December 2010, Lutsenko has read 200 books in his 565 days of detention – better than a book every three days, according to his July 16 blog published by his press office.

"In prison, time is the only resource that is truly yours," Lutsenko wrote. "You can waste it for reminiscences, dreams, planning revenge or doing nothing. But the smartest is to use it for self-education."

According to the list, Lutsenko has been reading books of various genres, fiction and non-fiction, all in Russian or Ukrainian.

His spokeswoman, Larisa Sargan, told the Kyiv Post that the former min-

ister likes history books the most.

Lutsenko's list also includes a one- or two-sentence review and special marks to indicate whether he liked it or not.

His favorite authors of the past 18 months are Ernest Hemingway, Anton Chekhov, Samuel Becket, Russian detective star Boris Akunin and others. He also marked Ukrainian literature heavyweights Lina Kostenko and Yuri Andrukhovych.

He didn't particularly enjoy the works of Jean-Paul Sartre, Kurt Vonnegut, Aldous Huxley or John Steinbeck.

Lutsenko notes that Joseph Brodsky's poems are good to be read when it rains.

The former official's spokeswoman Sargan told Kyiv Post that Lutsenko has dozens of books stocked in his cell in Lukianivskyi prison. After he's finished, Lutsenko sends them back to his bookshelves at home.

His wife, Iryna, brings him several books of his choice every week. Her preferred ways of shopping are the "Ye" bookstore and a book supermarket at Bohdana Khmelnytskoho Street.

"In these stores, salespeople know

me and help me find books," she said in a written comment for Kyiv Post. "They always send greetings to my husband."

Lutsenko also gets books as presents during court hearings. He is able to read them until the light in the prison cells goes off at 11 p.m. Bad lighting is a problem, but Lutsenko's latest cell, his wife says, is much better than his previous one.

There was no mention of Fyodor Dostoyevsky's "Crime and Punishment," but undoubtedly Lutsenko is familiar with it.

While the protagonist in the novel committed murder, many in the West and in Ukraine believe that Lutsenko is simply the victim of political persecution for being an opponent of President Viktor Yanukovich and a leader of the Orange Revolution. The 2004 social uprising denied Yanukovich the presidency that year after the constitutional court claimed the elections were rigged.

Kyiv Post staff writer Olga Rudenko can be reached at rudenko@kyivpost.com.



Former Interior Minister Yuriy Lutsenko has been in jail since December 2010, during which time he says he has read 200 books while serving a four-year sentence on what some see as politically motivated charges. (Courtesy)

Protesters vow to keep up vigil against Russian-language law

BY SVITLANA TUCHYNSKA
TUCHYNSKA@KYIVPOST.COM

Roman Lakuda spent six days hunger striking by Ukraine House in the center of Kyiv. He is pale, moves and speaks slowly, and often loses the thread of conversation.

"I am sorry, it is just hard to concentrate," he says in Ukrainian, of course, because the whole strike started off to protest against a law that elevated the status of the Russian language. Many believe the law will shrink the use of the only official language in the nation of 46 million. Parliament adopted the law on July 3, but is yet to be signed by the speaker and the president.

Most of the strikers decided to stop the hunger strike on July 18. "We have seen that the hunger strike is a passive form of protest which proved to be ineffective," said Oksana Nezhyvenko, one of the leaders of the group of 10 young activists who remained on hunger strike until July 18.

Four activists decided to continue their hunger strike and say they will remain outside the Ukraine House until parliament drops the bill.

So far, the protest was not only ineffective, it also made several people very ill. Six of the activists had to be hospitalized for treatment. Moreover, protesters could not get medical treatment from either the state, or private clinics for reasons that seem to be tied to politics.

Nezhyvenko, a 26-year-old Vinnytsya native, went on hunger strike on July 8, five days after the law was approved in parliament.

After 11 days without food she is feeling unwell and fainting. Two other young men who have been on hunger



Leonid Brovchenko, 63 is the oldest hunger striker. He came to Kyiv from his native Vinnytsya and went on hunger strike on July 10. (Ganna Bernyk)

strike for 11-12 days display similar symptoms. A total of 17 people were on hunger strike in various times in the past two weeks. Around 100 others were protesting on the spot, many more checking in occasionally, donating supplies, chatting to protesters and the media.

The main subject remains the same. "As a law student I can say that this language law allows citizens of Ukraine to not know Ukrainian at all, not even study it at school," says Lakuda, a 21-year-old from Lviv.

Lakuda says most people who come to the camp are "movingly supportive".

"Some ask what we need and then bring us blankets, water and food for those protesters who are not on hunger strike," he says.

As Lakuda speaks to the Kyiv Post just before the announcement is made about the end of the hunger strike, a middle aged woman comes by with a jar of honey and asks who in the camp accepts donations.

"I thought maybe those on hunger strike can drink water with honey. I totally support these young people, despite the fact that I speak Russian in everyday life," she says in Russian.

Anna Yushchenko, a 20-year old, is back on the square straight from the hospital, where she was taken because she fell ill from hunger striking. She spent several days on intravenous therapy at home and had to give up on her hunger strike.

But the health problems are not the most shocking part of her story. When



Only four hunger strikers were left outside Ukraine House after July 18. Demonstrators are holding daily protests seeking parliament's repeal of a law elevating the status of the Russian language. (Sohei Yasui)

she fell ill, she was taken to the hospital by the municipal ambulance, but the doctor refused to treat her.

"He suggested that I start eating instead. Two policemen were in the hospital questioning me, others came to my home and spoke to my mother," Yushchenko says.

She adds that the police in the hospital asked her if she was a member of any political party, and whether she was paid to go on hunger strike.

After Yushchenko and other female protesters were denied treatment in municipal hospitals, activists called a private one which sent an ambulance to check on strikers. But several days later, even private ambulances refused to come to the Ukraine House.

"They said they do not have spare

[ambulances] at the moment and declined to send one later as well. We assume they received an order from the Health Ministry," Front Zmin, an oppositional party, said in a press statement.

Lakuda says that when a private clinic agreed to treat the protesters, they wanted to do it as quietly as possible.

"They sent a regular car, not an ambulance, to pick up a person and takes him or her to the hospital for a checkup," he says.

Activists are launching a broader anti-government campaign. They now plan a date for the next protest in Kyiv city center.

Kyiv Post staff writer Svitlana Tuchyńska can be reached at tuchyńska@kyivpost.com



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Going Out Guide

● – see address in the box below and on the pull-out map.

Comments and tips are welcome. Email the lifestyle team at ls@kyivpost.com

For tickets online, please visit kvytky.ua, parter.ua, freedomhall.com.ua, bilethouse.com.ua, karabas.com, or biletik.ua.

Powerboat racing

Formula 1 powerboat racing, one of the most spectacular international water sport competitions, will take place in the water zone of the Kyiv Sea near Vyshgorod in Kyiv Oblast this weekend. Nine teams from the U.S., China, Italy, Portugal, Sweden, Qatar and United Arab Emirates are set to participate. They will drive high-speed lightweight catamarans capable of going from standstill to 200 kilometers per hour in only 6 seconds.

The racing is expected to be watched by 300 million viewers in more than 100 countries. Inaugurated in 1981, this international competition is similar to F1 for cars and similar rules apply.

Formula 1 powerboat racing. July 20-22. 10 a.m. – 8 p.m. Vyshgorod. Free To get to Vyshgorod take bus #1, #397 at Heroiv Dnipro metro stop For details visit <http://f1h2o.50ua.com/>



July 20-22

Friday, July 20

Classical music

Instrumental Music Night. Works of Bach, Schumann, Ravel, Tchaikovsky (violincello, piano). House of Organ Music. 7:30 p.m. Hr 20-80 ●

Classics on Fridays. Te Deum Duo Playing Schubert, Debussy, Hubay (violin, piano). Master Klass. 8 p.m. Hr 40 ●

Movies

Best Summer Shorts (shorts festival). Zhovten. 1:50 p.m., 8 p.m. Hr 24-40 ●

You Instead. Zhovten. 12:05 p.m., 3:10 p.m., 9:40 p.m. Hr 25-35 ●

Live music

Kozak System. Docker Pub. 10 p.m. Hr 75 ●

Mad Heads UkrainSKA & Crazy Train. Docker's ABC. 10 p.m. Hr 75 ●

Angie Nears (rock covers). Art Club 44. 10 p.m. Hr 50 ●

Living On Venus (Poland). Divan. 8 p.m. Free ●

Clubs

Out Of Space. Green Theatre. 11 p.m. Hr 50 ●

Intelligent Party. Home. 10 p.m. Hr 20 for females, Hr 50 for males. Free before midnight ●

Venice Masked Ball. Crystall Hall. 10 p.m. Hr 100 ●

Techno Dance (DJ Spartaque). Saxon. 10 p.m. Hr 20-25 for females, Hr 40-50 for males ●

Shows

Rock Forum At Summer Sound (rock festival). Grybovka village at Odessa oblast. 12:01 p.m. Hr 70-965

Miscellaneous

ArteSfera Expo (modern art festival). Atmosfera 360. 10 a.m. Free ●

Karaoke (Volodymyr Sai art exhibition). Mystetskyi Arsenal. 11 a.m. Fee to be announced ●

Citius, Altius, Fortius! (art exhibition). Kyiv National Museum of Russian Art. 10 a.m. Hr 5-30 ●

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free ●

Some Moments (Maryna Abramova). Kyiv National Museum of Russian Art. Hr 5-30 ●

Firecrosser (art-project). Modern Art Museum. 11 a.m. Hr 5-15 ●

Formula 1 Powerboat Racing. Vyshgorod. 10 a.m. – 8 p.m. Free

Posters Of The Near-Communist Times (exhibition). National Museum of Taras Shevchenko. Through August 6. Hr 12 ●

Saturday, July 21

Classical music

Works Of Vivaldi (violin). House of Organ Music. 7:30 p.m. Hr 30-90 ●

Movies

Best Summer Shorts (shorts festival). Zhovten. 3:45 p.m., 8 p.m. Hr 26-40 ●

You Instead. Zhovten. 1:35 p.m., 9:40 p.m. Hr 25-35 ●

Live music

Mad Heads UkrainSKA & Karnavalnaya Zhara. Docker Pub. 10 p.m. Hr 100 ●

Red Rocks & More Huana (best rock covers). Docker's ABC. 10 p.m. Hr 50 ●

MJ Project (cover band). Art Club 44. 10 p.m. Hr 50 ●

Edvar Varpu (jazz). Divan. 8 p.m. Free ●

Clubs

Sex On The Beach. Home. 10 p.m. Hr 20 for females, Hr 50 for males. Free before midnight ●

Serge Proshe Showcase. Mantra. 10 p.m. Free for females, Hr 200 for males ●

Kiss Party. Egoist. 11 p.m. Free for females, Hr 25 for males ●

Shows

Rock Forum At Summer Sound (rock festival). Grybovka village in Odessa oblast. 12:01 p.m. Hr 70-965

Miscellaneous

Masquerade Bicycle Ride. 1 Yaroslaviv Val St. 6 p.m. - 6 a.m. Free

Touch Fest. Hotel Verhovyna. 10 a.m. Hr 350 ●

Retro Train (excursion). Kyiv central railway station. 11:32 a.m., 2:31 p.m. Hr 25

ArteSfera Expo (modern art festival). Atmosfera 360. 10 a.m. Free ●

Karaoke (Volodymyr Sai art exhibition). Mystetskyi Arsenal. 11 a.m. Fee to be announced ●

Citius, Altius, Fortius! (art exhibition). Kyiv National Museum of Russian Art. 10 a.m. Hr 5-30 ●

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free ●

Some Moments (Maryna Abramova). Kyiv National Museum of Russian Art. Hr 5-30 ●

Firecrosser (art-project). Modern Art Museum. 11 a.m. Hr 5-15 ●

Masquerade Bycicle Ride. 1 Yaroslaviv Val St. 6 p.m. - 6 a.m. Free

Formula 1 powerboat racing. Vyshgorod. 10 a.m. – 8 p.m. Free

'Slavic Gallantry' Tournament.

Martial Art Competition. Kyivska Rus Park. 2 p.m. Hr 80 ●

Posters Of The Near-Communist Times (exhibition). National Museum of Taras Shevchenko. Through August 6. Hr 12 ●

Sunday, July 22

Movies

Best Summer Shorts (shorts festival). Zhovten. 3:45 p.m., 8 p.m. Hr 26-40 ●

You Instead. Zhovten. 1:35 p.m., 9:40 p.m. Hr 25-35 ●

Live music

Ruki V Briuki (rockabilly). Docker Pub. 9:30 p.m. Free ●

Animals Session (classic rock). Docker's ABC. 10 p.m. Free ●

Soyuz 44 (jazz jam session). Art Club 44. 10 p.m. Free ●

Clubs

Mirages. Mantra. 10 p.m. Free for females, Hr 100 for males ●

St. Petersburg DJs Party. Green Theatre. Free for the first 200 guests ●

R'n'B Boom. Forsage. Free before midnight, Hr 20-30 after midnight ●

Miscellaneous

Touch Fest. Hotel Verhovyna. 10 a.m. Hr 350 ●

Retro Train (excursion). Kyiv central railway station. 11:32 a.m., 2:31 p.m. Hr 25

ArteSfera Expo (modern art festival).

'Slavic gallantry' tournament



July 21-22

held and some traditional rituals will be re-enacted.

'Slavic gallantry' tournament. July 21-22. 2 p.m. Kyivska Rus Park Hr 80 ●

val). Atmosfera 360. 10 a.m. Free ●

Karaoke (Volodymyr Sai art exhibition). Mystetskyi Arsenal. 11 a.m. Fee to be announced ●

Citius, Altius, Fortius! (art exhibition). Kyiv National Museum of Russian Art. 10 a.m. Hr 5-30 ●

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free ●

Some Moments (Maryna Abramova). Kyiv National Museum of Russian Art. Hr 5-30 ●

Firecrosser (art-project). Modern Art Museum. 11 a.m. Hr 5-15 ●

Formula 1 powerboat racing. Vyshgorod. 10 a.m. – 2 p.m. Free

'Slavic Gallantry' Tournament. Martial Art Competition. Kyivska Rus Park. 2 p.m. Hr 80 ●

Posters Of The Near-Communist Times (exhibition). National Museum of Taras Shevchenko. Through August 6. Hr 12 ●

Monday, July 23

Classical music

Romance Night. Works of Fomin, Glinka, Darhomyzhsky, Tchaikovsky, Rakhmaninov, Skoryk, Filippenko (piano, violin). House of Organ Music. 7:30 p.m. Hr 20-80 ●

Movies

Best Summer Shorts (shorts festival). Zhovten. 1:50 p.m., 8 p.m. Hr 22-40 ●

You Instead. Zhovten. 3:10 p.m., 9:40 p.m. Hr 25-35 ●

Live music

Honey Top (modern covers). Docker Pub. 9:30 p.m. Free ●

Nochnoi Kvartal. Docker's ABC. 10 p.m. Free ●

Mulholland Drive (pop rock). Art Club 44. 10 p.m. Free ●

Miscellaneous

ArteSfera Expo (modern art festival). Atmosfera 360. 10 a.m. Free ●

Karaoke (Volodymyr Sai art exhibition). Mystetskyi Arsenal. 11 a.m. Fee to be announced ●

Citius, Altius, Fortius! (art exhibition). Kyiv National Museum of Russian Art. 10 a.m. Hr 5-30 ●

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free ●

Some Moments (Maryna Abramova). Kyiv National Museum of Russian Art. Hr 5-30 ●

Firecrosser (art-project). Modern Art Museum. 11 a.m. Hr 5-15 ●

Posters Of The Near-Communist Times (exhibition). National Museum

Posters of the near-Communist times

A collection of 70 Soviet posters made by Ukrainian artistic couple Tymofiy and Tamara Lyashchuk is on display in the National Museum of Taras Shevchenko.

Its name "The Posters of the near-Communist Times" refers to the period of political and social reforms of Soviet communist leader Nikita Khrushchev, when the posters were created.

The exhibition features political, social and event posters and you can expect to see anything from the poster with the leader of the Cuban revolution Che Guevara to cinema and authors' posters.

Posters of the near-Communist times exhibition. Through August 6. National museum of Taras Shevchenko. Hr 12 ●



Through Aug. 6

of Taras Shevchenko. Through August 6. Hr 12 ●

(organ). House of Organ Music. 7:30 p.m. Hr 20-70 ●

Tuesday, July 24

Classical music

Music of French Composers. Works of Faure, Frank, Iber, Bozza, Messian, Dutilleux (piano, organ, flute). House of Organ Music. 7:30 p.m. Hr 20-80 ●

Movies

Best Summer Shorts (shorts festival). Zhovten. 1:50 p.m., 8 p.m. Hr 22-40 ●

You Instead. Zhovten. 3:10 p.m., 9:40 p.m. Hr 25-35 ●

Live music

Tres Deseos (latino party). Docker Pub. 9:30 p.m. Free ●

Chill Out (disco rock). Docker's ABC. 10 p.m. Hr 20 ●

Krem-Brlye. Art Club 44. 10 p.m. Free ●

Sami Svoyi. Divan. 8 p.m. Free ●

Theaters

Last Love (based on Isaac Bashevis Singer novel "Old Love"). Lesya Ukrainka Theater, new stage. 7 p.m. Hr 50 ●

The Vagina Monologues (modern play). Kinopanorama. 7:30 p.m. Hr 60-280 ●

Miscellaneous

Karaoke (Volodymyr Sai art exhibition). Mystetskyi Arsenal. 11 a.m. Fee to be announced ●

Citius, Altius, Fortius! (art exhibition). Kyiv National Museum of Russian Art. 10 a.m. Hr 5-30 ●

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free ●

Some Moments (Maryna Abramova). Kyiv National Museum of Russian Art. Hr 5-30 ●

Firecrosser (art-project). Modern Art Museum. 11 a.m. Hr 5-15 ●

Posters Of The Near-Communist Times (exhibition). National Museum of Taras Shevchenko. Through August 6. Hr 12 ●

Wednesday, July 25

Classical music

Works of Caccini, Scarlatti, Albinoni, Bach, Handel, Luzzi

Movies

Best Summer Shorts (shorts festival). Zhovten. 1:50 p.m., 8 p.m. Hr 22-40 ●

You Instead. Zhovten. 3:10 p.m., 9:40 p.m. Hr 25-35 ●

Live music

Dr. FeelGood (old school rock). Docker Pub. 9:30 p.m. Free ●

Rockin' Wolves (rock). Docker's ABC. 10 p.m. Hr 30 ●

RHCP Alternative Party. Art Club 44. 10 p.m. Hr 30 ●

Jazz Wednesday With Trumpeter Alexei Herman. Divan. 8 p.m. Free ●

Theaters

Family Dinner (comedy based on Marc Camoletti play 'Don't Dress for Dinner'). Lesya Ukrainka Theater. 7 p.m. Hr 20-200 ●

The Vagina Monologues (modern play). Kinopanorama. 7:30 p.m. Hr 60-280 ●

Shows

Red Hot Chili Peppers (rock). NSC Olimpiyskyi. 7 p.m. Hr 200-13200 ●

Miscellaneous

Karaoke (Volodymyr Sai art exhibition). Mystetskyi Arsenal. 11 a.m. Fee to be announced ●

Citius, Altius, Fortius! (art exhibition). Kyiv National Museum of Russian Art. 10 a.m. Hr 5-30 ●

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free ●

Some Moments (Maryna Abramova). Kyiv National Museum of Russian Art. Hr 5-30 ●

Firecrosser (art-project). Modern Art Museum. 11 a.m. Hr 5-15 ●

Posters Of The Near-Communist Times (exhibition). National Museum of Taras Shevchenko. Through August 6. Hr 12 ●

Thursday, July 26

Classical music

Works of Frank, Smetana, Widor, Stravinsky (organ). House of Organ Music. 7:30 p.m. Hr 20-70 ●

Movies

Best Summer Shorts (shorts fes-

tival). Zhovten. 1:50 p.m., 8 p.m. Hr 22-40

You Instead. Zhovten. 3:10 p.m., 9:40 p.m. Hr 25-35

Live music

Animals Session (covers). Docker Pub. 9:30 p.m. Free

Mama Mia (italiano disco). Docker's ABC. 10 p.m. Hr 30

Rock For Kids Charity Night. Art Club 44. 10 p.m. Hr 60

Druge Sontse. Divan. 8 p.m. Free

Theaters

Too Married A Taxi Driver (Ray Cooney's comedy Run For Your Wife). Lesya Ukrainka Theater. 7 p.m. Hr 20-200

Miscellaneous

Karaoke (Volodymyr Sai art exhibi-

tion). Mystetskyi Arsenal. 11 a.m. Fee to be announced

Citius, Altius, Fortius! (art exhibition). Kyiv National Museum of Russian Art. 10 a.m. Hr 5-30

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free

Some Moments (Maryna Abramova). Kyiv National Museum of Russian Art. Hr 5-30

Firecrosser (art-project). Modern Art Museum. 11 a.m. Hr 5-15

Posters Of The Near-Communist Times (exhibition). National Museum of Taras Shevchenko. Through August 6. Hr 12

Friday, July 27

Classical music

Works of Caccini, Carissimi, Bach,

Frank, Puccini, Reger, Webber, Glinka, Tchaikovsky (piano, organ). House of Organ Music. 7:30 p.m. Hr 20-80

Classics on Fridays. Works of Brahms, Haydn, Enesco (violin, piano). Master Klass. 8 p.m. Hr 40

Movies

Best Summer Shorts (shorts festival). Zhovten. 1:50 p.m., 8 p.m. Hr 22-40

You Instead. Zhovten. 3:10 p.m., 9:40 p.m. Hr 25-35

Live music

Antitela & Crazy Train (rock hits). Docker Pub. 9:30 p.m. Hr 75

Bangladesh Orchestra & Partizanskie Vytivki (Russian rock covers). Docker's ABC. 10 p.m. Hr 50

Wake Up (sexy cover band). Art Club 44. 10 p.m. Hr 50

Max Vatutin Trio. Divan. 8 p.m. Free

Theaters

Too Happy To Be A Father (comedy). Lesya Ukrainka Theater. 7 p.m. Hr 20-200

Shows

The World Next Door – 2012 (international music and contemporary art festival). Kerch. 10 a.m. Hr 500

Miscellaneous

Retro Train (excursion). Kyiv central railway station. 11:32 a.m., 2:31 p.m. Hr 25

Karaoke (Volodymyr Sai art exhibition). Mystetskyi Arsenal. 11 a.m. Fee to be announced

Citius, Altius, Fortius! (art exhibition). Kyiv National Museum of Russian Art. 10 a.m. Hr 5-30

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free

Some Moments (Maryna Abramova). Kyiv National Museum of Russian Art. Hr 5-30

Firecrosser (art-project). Modern Art Museum. 11 a.m. Hr 5-15

Posters Of The Near-Communist Times (exhibition). National Museum of Taras Shevchenko. Through August 6. Hr 12

Saturday, July 28

Classical music

The Chamber Ensemble 'Kyiv-Brass' Playing Albinoni, Bach, Handel, Handy, Gershwin, Bilousov (organ). House of Organ Music. 7:30 p.m. Hr 30-90

Live music

Red Rocks & Antitela (rock). Docker Pub. 9:30 p.m. Hr 75

Tabula Rasa & Tex-Mex Company. Docker's ABC. 10 p.m. Hr 50

VIA Zhyguli (retro). Art Club 44. 10 p.m. Hr 50

Planet Music Project. Divan. 8 p.m. Free

Shows

The World Next Door – 2012 (international music and contemporary art festival). Kerch. 10 a.m. Hr 500

Miscellaneous

Retro Train (excursion). Kyiv central railway station. 11:32 a.m., 2:31 p.m. Hr 25

Karaoke (Volodymyr Sai art exhibition). Mystetskyi Arsenal. 11 a.m. Fee to be announced

Citius, Altius, Fortius! (art exhibition). Kyiv National Museum of Russian Art. 10 a.m. Hr 5-30

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free

Posters Of The Near-Communist Times (exhibition). National Museum of Taras Shevchenko. Through August 6. Hr 12

Sunday, July 29

Classical music

Fire-crosser (art-project). Modern Art Museum. 11 a.m. Hr 5-15

Shows

The World Next Door – 2012 (international music and contemporary art festival). Kerch. 10 a.m. Hr 500

Live music

Chill Out (disco rock). Docker Pub. 9:30 p.m. Free

Karnavalnaya Zhara (rock hits). Docker's ABC. 10 p.m. Free

Soyuz 44 (jazz jam session). Art Club 44. 10 p.m. Free



Overnight bicycle ride

An overnight bicycle ride across some of the most mysterious place in the city will take place on July 21. Participants are supposed to wear fancy dress costumes on the ride. The tour starts near the Red Castle (the Baron's Castle) on 1 Yaroslaviv Val Street, close to Zoloti Vorota metro stop. The final destination is Lysa Hora (Bold Hill), in the modern-day Holosiivsky district.

To take part, contact the organizers at isbondarenko@avk.org.ua, or call (097) 699-1038
Masquerade Bicycle Ride. July 21-22. Start at 6 p.m. - 6 a.m. Free

Miscellaneous

Retro Train (excursion). Kyiv central railway station. 11:32 a.m., 2:31 p.m. Hr 25

Karaoke (Volodymyr Sai art exhibition). Mystetskyi Arsenal. 11 a.m. Fee to be announced

Citius, Altius, Fortius! (art exhibition). Kyiv National Museum of Russian Art. 10 a.m. Hr 5-30

The Crowd (Zhanna Kadyrova personal art exhibition). Pinchuk Art Center. Free

Firecrosser (art-project). Modern Art Museum. 11 a.m. Hr 5-15

Posters Of The Near-Communist Times (exhibition). National Museum of Taras Shevchenko. Through August 6. Hr 12

Addresses of venues

Classical Music

National Philharmonic of Ukraine
2 Volodymyr Uzviz St., 278-1697
filarmonia.com.ua/en

House of Organ Music
77 Velyka Vasykivska St., 528-3186
organhall.kiev.ua

School of Jazz and Pop Art
7-A Chelyabinskaya St., 517-6188

National Tchaikovsky Academy of Music
1-3/11 Horodetsky St. (044) 279-1242
opera-nmdu.kiev.ua

Movies

Zhovten
26 Kostyantynivska St., 205-5951
zhovten-kino.kiev.ua/

Kyiv

19 Velyka Vasykivska St. (former Chervonoarmyska), 234-7381
kievkino.com.ua

Kinopanorama
19 Shota Rustaveli St., 287-3041
kinopanorama.com.ua

Budynek Kino
6 Saksaganskogo St., 287-6780
! For more schedules visit kino.ukr.net/cinema/kiev/

Live Music

Docker Pub
25 Bohatyrka St., metro Heroiv Dnipra, 537-1340
docker.com.ua

Docker's ABC
15 Khreshchatky St., 278-1717,
abc.docker.com.ua

Porter Pub
2A Konstyantynivska St., 536-9571
porter.com.ua

Art Club 44
44B Khreshchatky St.,

Sky Bar
5 Velyka Vasykivska St. (former Chervonoarmyska), 465-8880
skybar.com.ua

Divan
2 Bessarabskaya Square, 235-7366
festrestdivan.com.ua

Zolotoy Dukat
26 Shota Rustaveli 254-0715
freshcoffee.com.ua

Bingo
112 Peremohy Avenue 424-2555
bingo.ua

Babuin Library Pub
10 Petliury St. 235-7316. babuin.ua

Porter Pub
34 Heroiv Dnipra St., 485-2011
porter.com.ua

UNDERGROUND Music Hall
13b Moskovskiy Ave.

Bochka
21 Verhniy Val St. 067 433-0433
www.bochka.ua

Clubs

Bionica
128 Borschahovska St., 277-4747
bionicaclub.com.ua

Seven Music Club
1G Saksahanskoho St. 205-4451
se7en.com.ua

Party Room
5/3 Velyka Vasykivska St. (former Chervonoarmyska), 093-815-1468
partyroom.com.ua

Cinema Club
1 Enthusiastov St., 295-5854

Saxon Club
4 Trutenko Onufriy St., 257-4070
saxonclub.com.ua

Dorothy Pub
16/43 Saksahanskoho St., 287-0530
pubdorothy.com.ua

(044) 237-92-09 (067) 443-44-39
www.allegro.net.ua

D'Lux
3 Grushevskogo St. 200-2991
<http://dlux.com.ua>

Club To Be First
17 Moskovskaya St. +380 (44) 280-13-22. +380 (67) 548-81-88
club-cbf.com.ua/

Home
2 Perova Blvd., 558-2545, 383-7738
www.home-club.kiev.ua

Green Theatre
2 Park Alley 093 5912514
www.greentheatre.com.ua

Ajour
3 Leontovicha, 234-7494
www.avalon.ua/en

Just C.A.F.E.
39 Bohdana Khmelnytskogo Str. 235 0407
justcafe.com.ua

Theaters

Ivan Franko Ukrainian Drama Theater
3 Ivana Franka Sqr., 279 – 5921
ft.org.ua

Lesya Ukrainka Russian Drama Theater
5 Bohdana Khmelnytskogo St., 234-4223
rusdram.com.ua

Koleso Theater
8 Andriivskiy uzviz St., 425-0422
koleso.teatr.kiev.ua

Drama & Comedy Theatre on the left bank of Dnipro
5 Brovarsky Avenue, 517-8980
drama-comedy.kiev.ua

Kiev Academic Drama Theater in Podil
4 Kontraktova Pl., 425-5489

Theateronpodol.com

National Opera Theater of Ukraine
50 Volodymyrska St., 279- 1169
opera.com.ua

Suzirya Theater
14B Yaroslaviv Val St., 272-4188
suzirja.org.ua

Golden Gates Theater
1A Grushevskogo St., 501-8595
zoloti-vorota.kiev.ua

Plastic Drama Theater
7A Shovkovychyna St., 253-9383
ktpd.ho.com.ua

House of Actors
7 Yaroslaviv Val St., 235-2081
actorhall.com.ua

Molody Theater
17 prizrna St., 234-6251
molody.kiev.ua

Kyiv National Academic Theater of Operetta
53/3 Chervonoarmyska St., 287-6257
kiev-operetta.kiev.ua

New Theater on Pechersk
5 Nemirovich-Danchenko St., 235-6550
newTheater.kiev.ua

Kiev Opera and Ballet Theater for Children and Youth
2 Mezhyhirskaya St., 425-4280
musicTheater.kiev.ua

Dakh Modern Art Theatre
13B Velyka Vasykivska St., 529-4062
dax.com.ua

Art Union Chorny Kvadrat
1-5 Artema St., 353-0843
artkvadrat.com

Shows

Palats Ukraina
13 Velyka Vasykivska St. 279-1582
www.icca.kiev.ua

Freedom Hall
134 Frunze St. 468-3232
freedomhall.com.ua/

Xlib Club
12 Frunze St., Thu-Sat 417-2546
myspace.com/xlibclub

Kinopanorama Arthouse
19 Shota Rustaveli St., 287-1135
kinopanorama.com.ua/

Stereo Plaza
17 Kikvidze St. 222-8040
www.stereoplaza.com.ua/

Vodka Bar
Maidan Nezalezhnosti, Globus mall, 2nd line, 371-1102
vodka-bar.com.ua

Palats Sportu
1 Sportyva Square 246-7405
spalace.com.ua

National Music Academy
1-3/11 Horodetskoho St. 279-5606
knmau.com.ua/

Artist's House
1/5 Artema St. 272-0547

Bolshhevik Art Hall
38 Peremohy Avenue 456-0416

International Exhibition Center
15 Brovarskiy Avenue 538-0827
iec-expo.com.ua

Lavra Gallery
17 Ivana Mazepy St. 280-0290

Underground Music Hall
13B Moskovsky Avenue 360-9594
underground.co.ua

Zhovtnevy Palats
1, Instytutska St. 279-1582
www.icca.kiev.ua

NAU Center of Culture and Arts
1 Kosmonavta Komarova Ave., 406-6835
ckm.nau.edu.ua

Expocenter of Ukraine
1 Glushkov Ave. 596-9116, 596-9101,
www.expocenter.com.ua

House of Officers
30/1 Mykhaila Hrushevs'koho St, (044) 253 8072

Kyiv Small Opera
5 Dehtyivska St. 502-3247

Miscellaneous
 Ciro's Pomodoro
12 Shota Rustaveli St., 221-4545
pomodoro.kiev.ua

Kyiv Expo Plaza
2b Salutna St. 461-9585
expoplaza.kiev.ua

Master Klass cultural center
16 Lavrska St., 594-1063
masterklass.org

Kokos Supper Club
5 Velyka Vasykivska St., 361-4760 , kokos-club.com.ua

Pirogovo Folk Open-Air Museum
Pirogovo village, Kyiv region 526-5765
nmnapu.org.ua

Mamayeva Sloboda
2 Myhayla Dontsya St. 361-9848
mamajeva-sloboda.ua

Nemo Dolphinarium
9 Glushkova St. nemokiev.com 520-5555

Paradis du Vin
14/13 Nemirovycha-Danchenko St. 284-2204
paradisduvin.com

Ostrich farm
32 Pidlisna street, Yasnohorodka village,

Kyiv region (04578) 232-40, ostrich.com.ua

Kyivska Rus park
Kopachiv village Kyiv region 461-9937
parkkyivrus.com

KPI Art Center
37 Peremogy Avenue 241-8626

Museum of Books and Publishing of Ukraine
21, Building 9, Ivana Mazepy St. 280-7976
vuam.org.ua/

M17 Contemporary Art Center
102-104 Gorkogo (Antonovycha) St. m17.com.ua 596-2030

Kyiv Children and Youth palace
13 Ivana Mazepy St.

Art support fund
1/6 Frolivska St. 238-6521.
foundart.org.ua

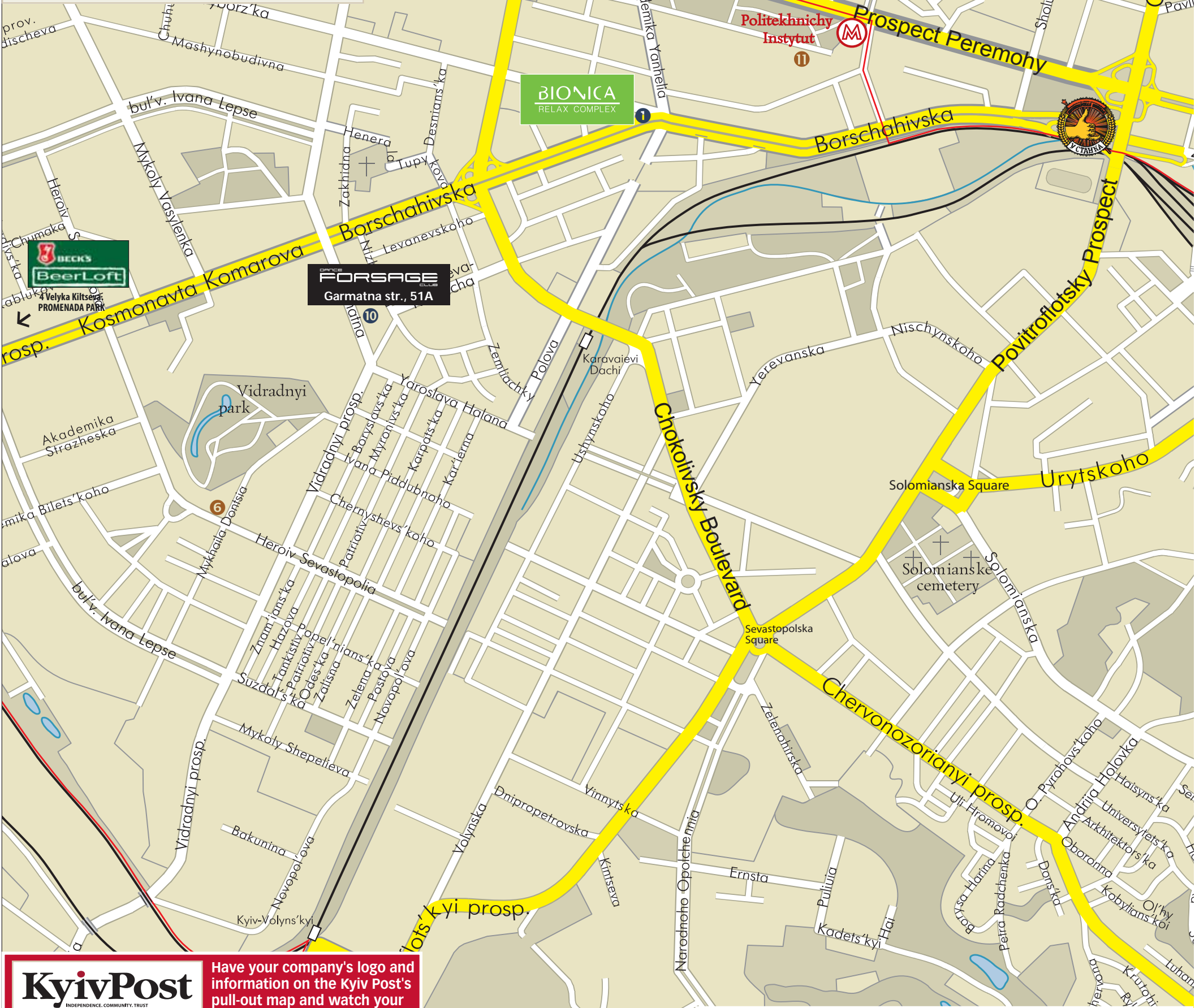
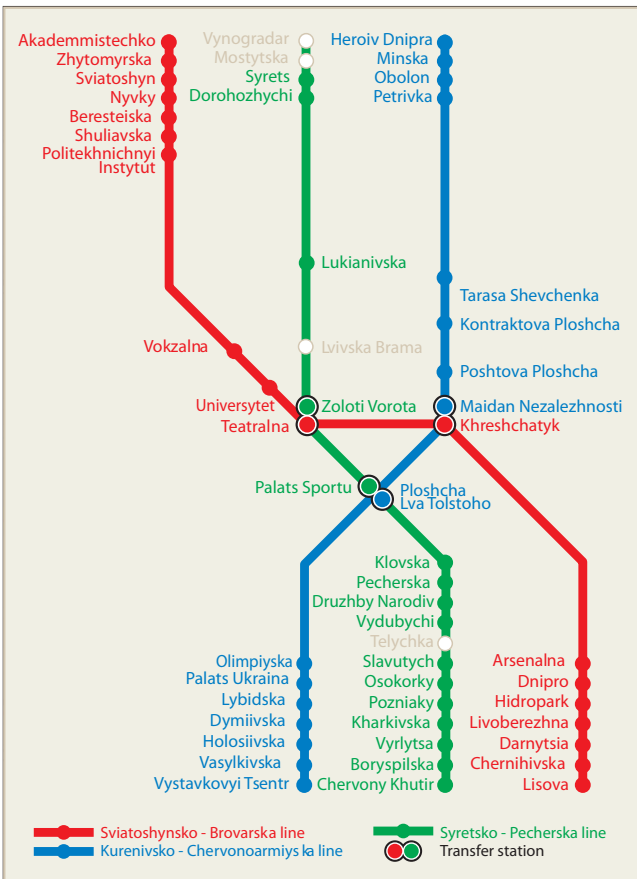
Kult Ra
4 Volodymyrska St., 331-5948
kultra.org

Sky Mall
2T Henerala Vatutina Av., 495-5524
www.cityclub.kiev.ua

ACCO International exhibition center.
40-B Peremohy Avenue. <http://acco.ua>. 456-3804

Kyiv Pechersk Lavra
9 Lavrska St. 280-30-71
www.kplavra.kiev.ua

Modern Art Museum
17 Hlubochitska St. 201-4945



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1 2 3 Entertainment venue. See Going Out Guide overleaf for more details.

Human corpses can be worth up to \$200,000 for harvesting

→ **1** Germany belonging to the subsidiary of a U.S. medical products company, Florida-based RTI Biologics.

RTI is one of a growing industry of companies that make profits by turning mortal remains into everything from dental implants to bladder slings to wrinkle cures.

The industry has flourished even as its practices have roused concerns about how tissues are obtained and how well grieving families and transplant patients are informed about the realities and risks of the business.

In the U.S. alone, the biggest market and the biggest supplier, an estimated two million products derived from human tissue are sold each year, a figure that has doubled over the past decade.

It is an industry that promotes treatments and products that literally allow the blind to see (through cornea transplants) and the lame to walk (by recycling tendons and ligaments for use in knee repairs). It's also an industry fueled by powerful appetites for bottom-line profits and fresh human bodies.

In Ukraine, for example, the Security Service believes that bodies passing through a morgue in the Mykolaiv oblast, the gritty shipbuilding region located near the Black Sea, may have been feeding the trade, leaving behind what investigators described as potentially dozens of "human sock puppets" — corpses stripped of their reusable parts.

Industry officials argue that such alleged abuses are rare, and that the industry operates safely and responsibly.

For its part, RTI didn't respond to repeated requests for comment or to a detailed list of questions provided a month before this publication.

In public statements the company says it "honors the gift of tissue donation by treating the tissue with respect, by finding new ways to use the tissue to help patients and by helping as many patients as possible from each donation."

'Our misfortune'

Despite its growth, the tissue trade has largely escaped public scrutiny. This is thanks in part to less-than-aggressive official oversight — and to popular appeal for the idea of allowing the dead to help the living survive and thrive.

An eight-month, 11-country investigation by the International Consortium of Investigative Journalists (ICIJ) has found, however, that the tissue industry's good intentions sometimes are in conflict with the rush to make money from the dead.

Inadequate safeguards are in place to ensure all tissue used by the industry is obtained legally and ethically, ICIJ discovered from hundreds of interviews and thousands of pages of public documents obtained through records requests in six countries.

Despite concerns by doctors that the lightly regulated trade could allow



Different mesh sizes double or even triple the size of recovered skin — and therefore the surface it can cover. This is crucial in severely-burnt patients with very limited good skin left (Mar Cabra/ICIJ)

diseased tissues to infect transplant recipients with hepatitis, HIV and other pathogens, authorities have done little to deal with the risks.

In contrast to tightly-monitored systems for tracking intact organs such as hearts and lungs, authorities in the U.S. and many other countries have no way to accurately trace where recycled skin and other tissues come from and where they go.

At the same time, critics say, the tissue-donation system can deepen the pain of grieving families, keeping them in the dark or misleading them about what will happen to the bodies of their loved ones.

Those left behind, like the parents of 19-year-old Ukrainian Serhiy Malyshev, who committed suicide in 2008, are left to cope with a grim reality.

At Serhiy's funeral, his parents discovered deep cuts on his wrists. Yet they knew he had hanged himself.

They later learned that his body parts had been recycled and shipped off as "anatomical material."

"They make money with our misfortune," Serhiy's father said.

Awkward silence

During the transformational journey tissue undergoes — from dead human to medical device — some patients don't even know that they are the final destination.

Doctors don't always tell them that the products used in their breast reconstructions, penis implants and other procedures were reclaimed from the recently departed.

Nor are authorities always aware of where tissues come from or where they go.

The lack of proper tracking means that by the time problems are discovered some of the manufactured goods can't be found. When the U.S. Centers for Disease Control and Prevention assists in the recall of products made from potentially tainted tissues, transplant doctors frequently aren't much help.

"Oftentimes there's an awkward silence. They say: 'We don't know where it went,'" said Dr. Matthew Kuehnert, the CDC's director of blood and biologics.

"We have barcodes for our [breakfast] cereals, but we don't have barcodes for our human tissues," Kuehnert said. "Every patient who has tissue implanted should know. It's so obvious. It should be a basic patient right. It is not. That's ridiculous."

Since 2002 the U.S. Food and Drug Administration (FDA) has documented at least 1,352 infections in the U.S. that followed human tissue transplants, according to an ICIJ analysis of FDA data. These infections were linked to the deaths of 40 people, the data shows.

One of the weaknesses of the tissue-monitoring system is the secrecy and complexity that comes with the cross-border exchange of body parts.

The Ukrainians export cadaver parts to the Germans; the Germans export finished products to South Korea and the U.S.; the South Koreans to Mexico; the U.S. to more than 30 countries. 271 active FDA registered banks recover traditional tissues. Of those, 28 are foreign; and of those, 20 are in Ukraine.

Distributors of manufactured products can be found in the European Union, China, Canada, Thailand, India, South Africa, Brazil, Australia and New Zealand. Some are subsidiaries of multinational medical corporations.

The international nature of the industry, critics claim, makes it easy to move products from place to place without much scrutiny.

"If I buy something from Rwanda, then put a Belgian label on it, I can import it into the U.S. When you enter into the official system, everyone is so trusting," said Dr. Martin Zizi, professor of neurophysiology at the Free University of Brussels.

Once a product is in the European Union, it can be shipped to the U.S. with few questions asked.

"They assume you've done → **20**

PRODUCTS MADE FROM HUMAN TISSUE



Dental implants



Breast reconstruction after cancer



Penis enlargement



Smoothing out wrinkles



Heart valve replacements



Cornea transplant



Nose reconstruction



Cruciate ligament reconstruction



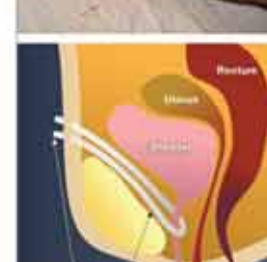
Orthopedic or spinal surgery



Bone grafts



Covering for diabetic foot ulcers



Bladder slings for incontinence



Covering for severe burns

ICIJ.org/tissue

Images provided by Wikitradis Commons

ICIJ

THE INTERNATIONAL CONSORTIUM OF INVESTIGATIVE JOURNALISTS

Global trade in corpses emanates from Ukraine

→19 the quality check," Zizi said. "We are more careful with fruit and vegetables than with body parts."

The International Center for Investigative Journalists' investigation got a quick reply from Interpol secretary general Ron Noble. In Los Angeles on July 17, Nobel pledged to track illicit trade in human tissue.

Piece of the action

Inside the marketplace for human tissue, the opportunities for profits are immense. A single, disease-free body can spin off cash flows of \$80,000 to \$200,000 for the various non-profit and for-profit players involved in recovering tissues and using them to manufacture medical and dental products, according to documents and experts in the field.

It's illegal in the U.S., as in most other countries, to buy or sell human tissue. However, it's permissible to pay service fees that ostensibly cover the costs of finding, storing and processing human tissues.

Almost everyone gets a piece of the action.

Ground-level body wranglers in the U.S. can get as much as \$10,000 for each corpse they secure through their contacts at hospitals, mortuaries and morgues. Funeral homes can act as middlemen to identify potential donors. Public hospitals can get paid for the use of tissue-recovery rooms.

And medical products multinationals like RTI? They do well, too. Last year RTI earned \$11.6 million in pretax profits on revenues of \$169 million.

Phillip Guyett, who ran a tissue recovery business in several U.S. states before he was convicted of falsifying death records, said executives with companies that bought tissues from him treated him to \$400 meals and swanky hotel stays. They promised: "We can make you a rich man." It got to the point, he said, that he began looking at the dead "with dollar signs attached to their parts." Guyett never worked directly for RTI.



Lyubov Frolova's son died in December and his bones were allegedly taken without her consent. She says, "I have nothing against donation, but it should be done lawfully" (Kostyantyn Chernichkin)

Smoked salmon

Human skin takes on the color of smoked salmon when it is professionally removed in rectangular shapes from a cadaver. A good yield is about six square feet.

After being mashed up to remove moisture, some is destined to protect burn victims from life-threatening bacterial infections or, once further refined, for breast reconstructions after cancer.

The use of human tissue "has really revolutionized what we can do in breast reconstruction surgery," explains Dr. Ron Israeli, a plastic surgeon in Great Neck, N.Y.

"Since we started using it in about 2005, it's really become a standard technique."

A significant number of recovered tissues are transformed into products

whose shelf names give little clue to their actual origin.

They are used in the dental and beauty industries, for everything from plumping up lips to smoothing out wrinkles.

Cadaver bone — harvested from the dead and replaced with PVC piping for burial — is sculpted like pieces of hardwood into screws and anchors for dozens of orthopedic and dental applications.

Or the bone is ground down and mixed with chemicals to form strong surgical glues that are advertised as being better than the artificial variety. "At the basic level what we are doing to the body, it's a very physical — and I imagine some would say a very grotesque — thing," said Chris Truitt, a former RTI employee in Wisconsin.

"We are pulling out arm bones. We are pulling out leg bones. We are cutting the chest open to pull the heart out to get at the valves. We are pulling veins out from the inside of skin."

Whole tendons, scrubbed cleaned and rendered safe for transplant, are used to return injured athletes to the field of play.

There's also a brisk trade in corneas, both within countries and internationally.

Because of the ban on selling the tissue itself, the U.S. companies that first commercialized the trade adopted the same methods as the blood collection business.

The for-profit companies set up non-profit offshoots to collect the tissue — in much the same way the Red Cross collects blood that's later turned into products by commercial entities.

Nobody charges for the tissue itself, which under normal circumstances is freely donated by the dead (via donor registries) or by their families.

Rather, tissue banks and other organizations involved in the process receive ill-defined "reasonable payments" to compensate them for obtaining and handling the tissue.

"The common lingo is to talk about procurement from donors as 'harvesting,' and the subsequent transfers via the bone bank as 'buying' and 'selling,'" wrote Klaus Høyer, from the University of Copenhagen's Department of Public Health, who talked to industry officials,

donors and recipients for an article published in the journal BioSocieties.

"These expressions were used freely in interviews; however, I did not hear this terminology used in front of patients."

A U.S.-government funded study of the families of U.S. tissue donors, published in 2010, indicates many may not understand the role that for-profit companies play in the tissue donation system.

Seventy-three percent of families who took part in the study said it was "not acceptable for donated tissue to be bought and sold, for any purpose."

Few protections

There is an inherent risk in transplanting human tissues. Among other things, it has led to life-threatening bacterial infections, and the spread of HIV, Hepatitis C and rabies in tissue recipients, according to the CDC.

Modern blood and organ collection is bar-coded and strongly regulated — reforms prompted by high-profile disasters that had been caused by the poor screening of donors. Products made from skin and other tissues, however, have few specific laws of their own.

In the U.S., the agency that regulates the industry is the Food and Drug Administration, the same agency that's charged with protecting the nation's food supply, medicines and cosmetics.

The FDA, which declined repeated requests for on-record interviews, has no authority over health care facilities that implant the material. And the agency doesn't specifically track infections.

It does keep track of registered tissue banks, and sometimes conducts an inspection. It also has the power to shut them down.

The FDA largely relies on standards that are set by an industry body, the American Association of Tissue Banks (AATB). The association refused repeated requests over four months for on-record interviews. It told ICIJ during a background interview last week that the "vast majority" of banks recovering traditional tissues such as skin and bone are accredited by the AATB. Yet an analysis of AATB accredited banks and FDA registration data →21

Recycling corpses is big business

The business of recycling dead humans has grown so large you can buy stock in publicly traded companies that rely on corpses for their raw materials, a new investigation by the International Consortium of Investigative Journalists has found.

"Skin and bone donated by relatives of the dead is turned into everything from bladder slings to surgical screws to material used in dentistry or plastic surgery," according to Gerard Ryle, the director of ICIJ, which is a project of The Center for Public Integrity.

Distributors of the merchandise can be found in the European Union, China, Canada, Thailand, India, South Africa, Brazil, Australia and New Zealand. Some are subsidiaries of billion-dollar multinational medical corporations.

ICIJ's eight-month, 11-country investigation found patients aren't always told that the product they are getting originated from a corpse. This leads to an even more complex issue — how does the industry source the raw material it uses for its products?

Among our key findings:

- **Consent:** There have been repeated allegations in the Ukraine that human tissue was removed from the dead without proper consent. Some of that tissue may have reached other countries, via Germany, and may now be implanted in hospital patients.
- **Safety:** Surgeons are not always required to tell patients they are receiving products made of human tissue, making it less likely a patient would associate subsequent infection with that product.
- **Tracking:** The U.S. is the world's biggest trader of products from human tissue, but authorities don't seem to know how much tissue is imported, where it comes from, or where it subsequently goes. The lack of proper tracking means that by the time problems are discovered some of the manufactured goods can't be found. When the U.S. Centers for Disease Control and Prevention assists in the recall of products made from potentially tainted tissues, transplant doctors frequently aren't much help. "Oftentimes there's an awkward silence. They say: 'We don't know where it went,'" said Dr. Matthew Kuehnert, the CDC's director of blood and biologics. The international nature of the industry, critics claim, makes it easy to move products from place to place without much scrutiny.

"We are more careful with fruit and vegetables than with body parts," said Dr. Martin Zizi, professor of neurophysiology at the Free University of Brussels.

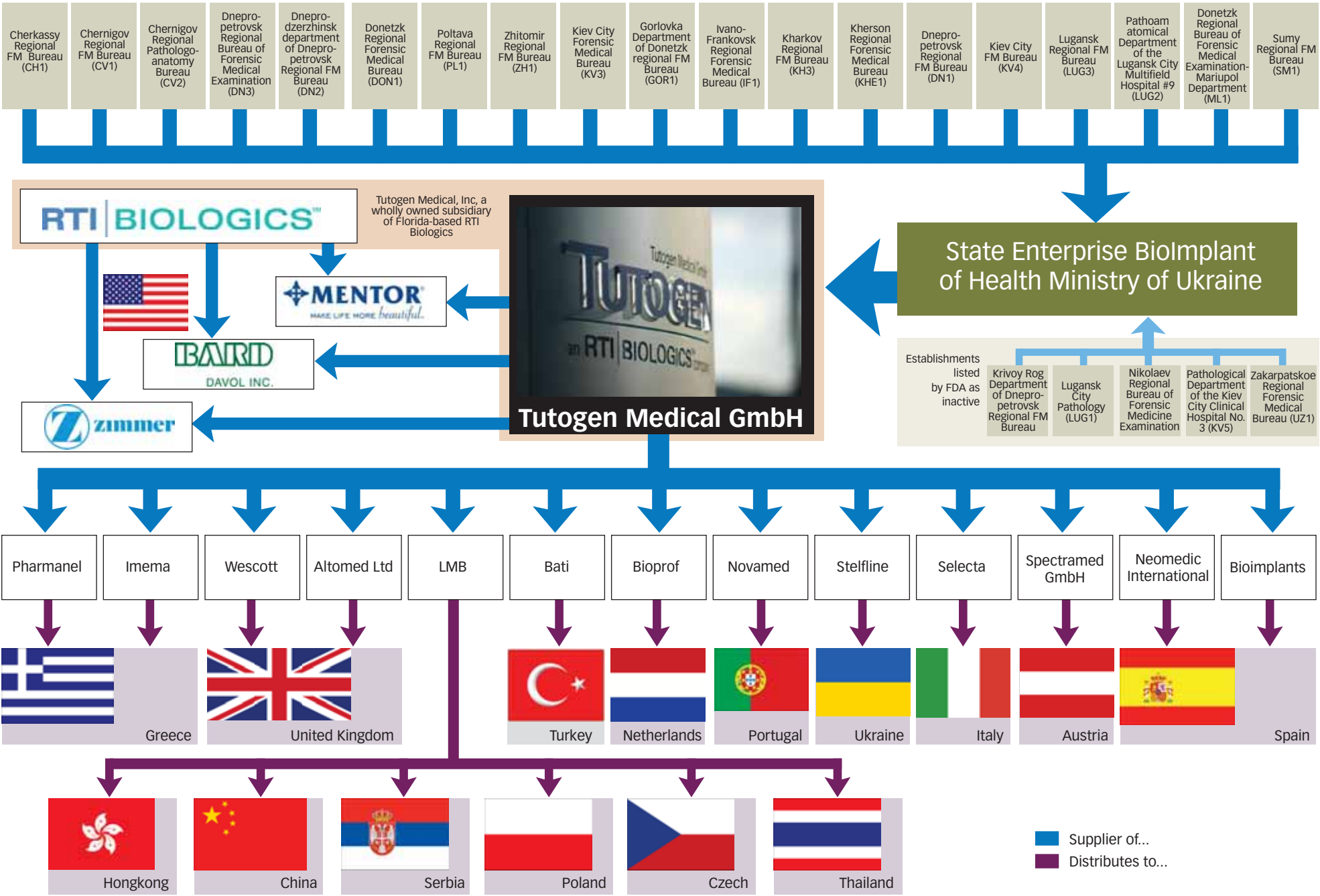
The ICIJ's investigation relied on more than 200 interviews with industry insiders, government officials, surgeons, lawyers, ethicists and convicted felons, as well as thousands of court documents, regulatory reports, criminal investigation findings, corporate records and internal company memos.

The ICIJ also conducted analysis on registered tissue banks, imports, inspections, adverse events, and deviation reports filed with the Food and Drug Administration, the U.S. agency that polices the trade.



After it is processed, human skin looks similar to thin layers of smoked salmon. Here, it is being meshed before application on a burns patient at Queen Astrid Military Hospital in Brussels, Belgium (Mar Cabra/ICIJ)

The established trail from supply to distribution of Ukrainian human body parts



→ 20 shows about one third of tissue banks that recover traditional tissues such as skin and bone are accredited by the AATB.

The association says the chance of contamination in patients is low. Most products, the AATB says, undergo radiation and sterilization, rendering them safer than, say, organs that are transplanted into another human.

“Tissue is safe. It’s incredibly safe,” an AATB executive said.

There is little data, though, to back up the industry’s claims.

Unlike with other biologics regulated by the FDA, agency officials explain, firms that make medical products out of human tissues are required to report only the most serious adverse events they discover. That means that if problems do arise, there’s no guarantee that authorities are told.

And because doctors aren’t required to tell patients they’re getting tissue from a cadaver, many patients may not associate any later infection with the transplant.

On this point, the industry says it is able to track the products from the

donors to the doctors, using their own coding systems, and that many hospitals have systems in place to track the tissues after they’re implanted.

But no centralized regional or global system assures products can be followed from donor to patient.

“Probably very few people get infected, but we really don’t know because we don’t have surveillance and we don’t have a system for detecting adverse events,” the CDC’s Kuehnert said.

The FDA recalled more than 60,000 tissue-derived products between 1994 and mid-2007.

The most famous recall came in 2005. It involved a company called Biomedical Tissue Services, which was run by a former dental surgeon, Michael Mastromarino.

Mastromarino got many of his raw materials from undertakers in New York and Pennsylvania. He paid them up to \$1,000 per body, court records show.

His company stripped bodies of their bones, skin and other usable parts, then returned them to their families. The families, ignorant of what happened,

buried or cremated the evidence.

One of more than 1,000 bodies that were dismembered was that of the famous BBC broadcaster and Masterpiece Theatre host Alistair Cooke.

Products made from the stolen human remains were shipped to Canada, Turkey, South Korea, Switzerland and Australia. More than 800 of those products have never been located.

It later came out in court that some of the tissue donors had died from cancer and that none had been tested for pathogens like HIV and hepatitis.

Mastromarino falsified donor forms, lying about causes of death and other details. He sold skin and other tissues to several U.S. tissue-processing firms, including RTI.

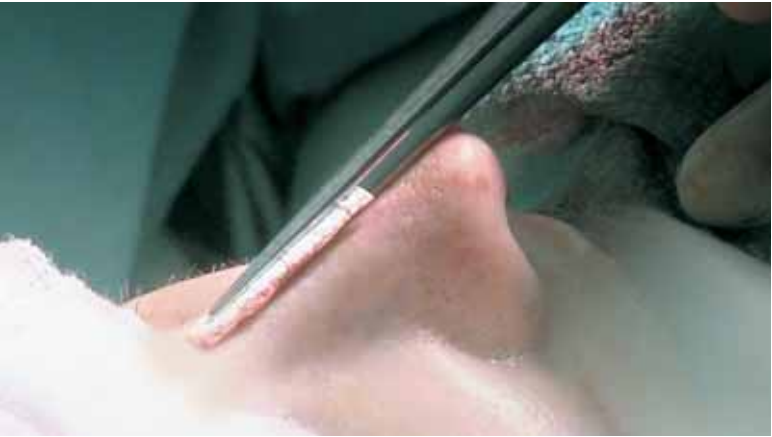
“From day one, everything was forged; everything, because we could. As long as the paperwork looked good, it was fine,” said Mastromarino, who is serving a 25-to-58-year prison sentence for conspiracy, theft and abuse of a corpse.

Strictly confidential

With so much competition for American cadavers, some companies seek raw material overseas. That’s created a fertile market in Eastern Europe for body brokers and other middlemen who can help supply the tissue trade.

One of the middlemen was Igor Aleschenko, a Russian coroner working in Ukraine. In coordination with Ukraine’s ministry of health, he launched BioImplant, a state-owned tissue procurement center to supply Tutogen, a German medical products company.

Bioimplant supplied Tutogen with tissue. But Tutogen executives raised internal questions as early as 2001 about whether it should pull out of Ukraine, according to an internal memo



Human tissue products are often used for nose reconstruction. (a&o buero)

marked “Strictly Confidential!!!!”

Aleschenko was asking for more and more money to play the role of intermediary between the regional satellite morgues around Ukraine and Tutogen in Germany.

“The flow of money is difficult to track,” the memo read. “Direct control over our resources is impossible.”

Staying in Ukraine would be high-risk, the authors determined.

“We can’t control the activities of the middlemen, and commitments are not being honored,” the memo said.

But the relationship did not stop.

Over time, 25 Ukrainian morgues registered with the FDA. Since 2002, BioImplant and Tutogen have collectively exported to the United States 1,307 shipments of tissue - mostly bone, skin and fascia sent from Germany.

Families in Kyiv first began complaining to police in 2005 that a morgue that was supplying Tutogen’s needs was taking tissue without proper consent. The criminal case was closed after an initial investigation. Prosecutors determined that, under Ukrainian law, they couldn’t prove a crime had been

committed if they couldn’t prove that the tissue had been transplanted into someone, court records show.

Three years later Ukrainian police investigated another Tutogen supplier - this time in central Kryvyi Rih. Those charges were dropped after the director of the morgue died while the jury deliberated in his criminal trial. Then in February of this year, SBU raided the Mykolaiv morgue in southern Ukraine.

Some families claimed they were tricked, pressured or threatened into consenting. Investigators said in some cases signatures had been forged.

Aleschenko has reportedly slipped out of Ukraine for his native Russia. The Ministry will not respond to questions about his whereabouts.

Roman Hitchev, the founder of a major Bulgarian tissue bank and now president-elect of the European Association of Tissue Banks, said he was invited to Ukraine a few years ago at the request of the regional government in Odessa. Officials wanted to operate a bank similar to that of Tutogen suppliers in Kyiv. Hitchev said he left, unconvinced.

→ 22



Skin can last several years if it is preserved in nitrogen tanks, such as these at a hospital in Brussels, at temperatures below -135 degrees Celsius (Mar Cabra/ICIJ)

Human corpses are prize in global drive for profits

→21 “They didn’t have legal infrastructure, laws. Regulations were insufficient,” he said. “There was too much vagueness, too much uncertainty concerning who’s responsible in terms of control, traceability. I don’t like what I saw, and I just walked away.”

Global sheriff

Each country has its own set of regulations for the use of products made from human tissue, often based on laws that were originally intended to deal with blood or organs.

In practice, though, because the U.S. supplies an estimated two-thirds of the world’s human-tissue-product needs, the FDA has effectively been left to act as sheriff for much of the planet.

Foreign tissue establishments that wish to export products to the U.S. are required to register with the FDA.

Yet of the 340 foreign tissue establishments registered with the FDA, only about seven percent have an inspection record in the FDA database, an ICIJ analysis shows. The FDA has never shut one down due to concern over illicit activities.

The data also shows that about 35 percent of active registered U.S. tissue banks have no inspection record in the FDA database.

“When the FDA registers you, all you have to do is fill out a form and wait for an inspection,” said Dr. Duke Kasprisin, the medical director for seven U.S. tissue banks. “For the first year or two you can function without having anyone look at you.”

This is backed by the data, which show the typical tissue bank operates for nearly two years before its first FDA inspection.

“The problem is there is no oversight. The FDA, all they require is that you have a registration,” said Craig Allred, an attorney previously involved in litigation against the industry. “Nobody is watching what is going

on.” The FDA and industry players “all point the finger at each other.”

Yet in South Korea, for example, the booming plastic surgery market uses FDA oversight as a selling point.

In downtown Seoul, the country’s capital, Tiara Plastic Surgery explains that human tissue products “are FDA-approved” and are therefore safe.

Some medical centers advertise “FDA-approved AlloDerm” — a skin graft made from donated American cadavers — for nose enhancement.

Le Do-han, the official in charge of human tissue for the South Korean FDA, said the country imports 90 percent of its human-tissue needs.

Raw tissue is shipped in from the U.S. and Germany. This tissue, once processed, is often re-exported to Mexico as manufactured goods.

Despite the complicated movements back and forth, Le Do-han acknowledges that proper tracking hasn’t been put in place.

“It is like putting tags on beef, but I don’t even know if that is possible for human tissues because there are so many coming in.”

Teaming up

In its U.S. Securities and Exchange Commission filings, publicly traded RTI provides a glimpse of the company’s size and global reach.

In 2011, the company manufactured 500,000 to 600,000 implants and launched 19 new kinds of implants in sports medicine, orthopedics and other areas. Ninety percent of the company’s implants are made from human tissue, while 10 percent come from cows and pigs processed at its German facility.

RTI requires its human body parts suppliers in the U.S. and other nations to follow FDA regulations, but the company acknowledges there are no guarantees.

In 2011 securities filings, RTI said there “can be no assurances” that



The Mykolaiv regional forensic medicine bureau, which was registered in the U.S. as a tissue bank. (Kostyantyn Chernichkin)

“our tissue suppliers will comply with such regulations intended to prevent communicable disease transmission” or “even if such compliance is achieved, that our implants have not been or will not be associated with transmission of disease.”

Like many of today’s for-profit tissue companies that were once non-profits, RTI broke away from the non-profit University of Florida Tissue Bank in 1998.

Internal company files from Tutogen, a Germany medical products company, show that RTI teamed up with Tutogen as early as September 1999 to help both companies meet their growing needs for raw material by obtaining human tissue from Eastern Europe.

The companies both obtained tissue from the Czech Republic. Tutogen separately obtained tissues from Estonia, Hungary, Russia, Latvia, Ukraine, and later Slovakia, documents show.

In 2002, allegations surfaced in the Czech media that the local supplier to RTI and Tutogen was obtaining some tissues there improperly. Though there is no suggestion that Tutogen or RTI or its employees did anything improper.

In March 2003, police in Latvia investigated whether Tutogen’s local supplier had removed tissue from about 400 bodies at a state forensic medical institute without proper consent.

Wood and fabrics, replacing muscle and bone, were put into the deceased to make it look like they were untouched before burial, local media reported.

Police eventually charged three employees of the supplier, but later dismissed the charges when a court ruled that no consent from donors’ families was necessary. Again, there was no suggestion Tutogen acted improperly.

In 2005, Ukrainian police launched the first of a series of investigations into the activities of Tutogen’s suppliers in that country. The initial investigation did not lead to criminal charges.

The relationship between Tutogen and RTI, meanwhile, became even closer in late 2007, when they announced a merger between the two companies. Tutogen became a subsidiary of RTI in early 2008.

Officials at RTI declined to answer questions from ICIJ about whether it knew about police investigations of Tutogen’s suppliers.

Two ribs

In 2008 Ukrainian police launched a new investigation, looking into allegations that more than 1,000 tissues a month were being illegally recovered at a forensic medical institute at Kryvyi Rih and sent, via a third party,

to Tutogen. Joseph Düsel, the Chief Prosecutor in Bamberg, said in 2009 that, “what the company is doing is approved by the administrative authority by which it is also monitored. We do not currently see any reason to initiate investigation proceedings.”

Nataliya Grischenko, the judge prosecuting the case, revealed during subsequent court proceedings that many relatives claimed they’d been tricked into signing consent forms or that their signatures had been forged.

However, the main suspect in the case — a Ukrainian doctor — died before the court could deliver a verdict. The case died with him.

Tutogen “operates under very strict regulations from German and Ukrainian authorities as well as other European and American regulatory authorities,” the company said in a statement while the case was still pending. “They have been inspected regularly by all of these authorities over their many years of operation, and Tutogen remains in good standing with all of them.”

Seventeen of Tutogen’s Ukrainian suppliers have undergone an FDA inspection. The inspections are announced, according to protocol, six to eight weeks in advance.

Only one — BioImplant in Kyiv — received negative feedback. Among the findings of the 2009 inspection: not all morgues could rely on hot running water and some sanitation procedures were not followed.

FDA inspectors also identified deficiencies with RTI’s Ukrainian imports when it visited the company’s facilities in Florida.

RTI had English translations, but not original autopsy reports, from its Ukrainian donors, FDA inspectors found during a 2010 audit. Those were often the only medical documents the company used to determine whether the donor was healthy, inspectors noted in their report.

The company told inspectors it was illegal under Ukrainian law to copy the report. But following the inspection it began maintaining the original Russian-language document along with its English translation.

In 2010 and 2011, FDA inspectors asked RTI to change how it labeled its imports. The company was obtaining Ukrainian tissue, shipping it to Tutogen in Germany, then exporting it to the U.S. as a product of Germany.

While the company agreed to change its policies, there is some indication that it may have continued labeling some Ukrainian tissue as German.

This past February SBU launched a raid as officials at a regional forensic bureau in Mykolaiv Oblast were loading harvested human tissues into the back of a white minibus. Police footage of the seizure shows tissue labeled “Tutogen. Made in Germany.”

In this case, the law enforcers said forensic officials had tricked relatives of the dead patients into agreeing to what they thought was a small amount of tissue harvesting by playing on their pain and grief.

Seized documents — blood tests, an autopsy report and labels written in English and obtained by ICIJ — suggested the remains were on their way to Tutogen.

One of whose tissue fragments were found on the bus came from 35-year-old Oleksandr Frolov, who had died from an epileptic seizure.

“On the way to the cemetery, when we were in the hearse, one of his feet — we noticed that one of the shoes slipped off his foot, which seemed to be hanging loose,” his mother, Luybov Frolova, told ICIJ.

“When my daughter-in-law touched it, she said that his foot was empty.”

Later, the SBU investigators showed her a list of what had been taken from her son’s body.

“Two ribs, two Achilles heels, two elbows, two eardrums, two teeth, and so on. I couldn’t read it till the end, as I felt sick. I couldn’t read it,” she said.

“I heard that [the tissues] were shipped to Germany to be used for the plastic surgeries and also for donation. I have nothing against donation, but it should be done according to the law.”

Kateryna Rahulina, whose 52-year-old mother Olha Dynnyk, died in September 2011, was shown documents by investigators. The documents purported to give her approval for tissue to be taken from her mother’s body.

“I was in shock,” Rahulina said. She never signed the papers, she said, and it was clear to her that someone had forged her approval.

On June 25, the police of Ukraine’s western town of Ivano-Frankivsk launched a criminal case against the employees of the local forensic bureau. Just as their Mykolaiv colleagues, the coroners allegedly tricked the relatives into signing the consent forms for the organs and tissue removal, while the forensic bureau didn’t have the license for this kind of activities, police claim. The forensic bureau supplied BioImplant in Kyiv. The four suspects have been detained.

The forensic bureau in Mykolaiv Oblast, where the earlier alleged incidents happened, was, until recently, one of 20 Ukrainian tissue banks registered by the FDA. The Ivano-Frankivsk forensic bureau registration with FDA is still active.

On the FDA’s website the phone number for each of the tissue banks is the same.

It is Tutogen’s phone number in Germany.

Contributors to this story: Sandra Bartlett, Joe Shapiro, Mar Cabra, Alexenia Dimitrova and Nari Kim.

HOW SAFE IS HUMAN TISSUE? BY THE NUMBERS.

61,000 allografts recalled by the FDA between 1994-2007

1,352 reports of adverse events received by the FDA between 2002-May 2012

40% of registered tissue banks have no record of FDA inspection

7% of foreign tissue banks have record of FDA inspection

40 deaths involving transplanted human tissue reported between 2002-May 2012

758 complaints received by RTI Biologics between Sept. 2010 and Oct. 2011. The company reported 4 to the FDA.

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Read the entire four-part series “Skin and Bone: The Shadowy Trade in Human Body Parts” and related stories on kyivpost.com.

- Part 2: Body brokers leave trail of questions, corruption
- Part 3: Traceability elusive in global trade of human parts
- Part 4: Abusing the ‘gift’ of tissue donation
- Lyubov Frolova: ‘These people have to be punished’

Election Watch

Oct. 28 parliamentary election



Experts: Webcams do not guarantee honest election

BY YURIY ONYSHKIV
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Ukrainian officials say they will install webcams at polling stations for the Oct. 28 parliamentary elections to help ensure honesty in the election and prevent allegations of fraud from the political opposition.

President Viktor Yanukovich, whose democratic credentials in the West are – to say the least – suspect, promises a clean vote to choose the new 450-seat legislature, in which his Party of Regions now has the largest share.

Yet analysts are skeptical that video surveillance – seen by many as a PR stunt rather than honest attempt at keeping the election fair – would suffice to ensure that the pre-election period and voting is actually fair.

Ahead of the August summer break, Yanukovich's ruling majority in parliament adopted legislation to dole out about \$125 million to the Central Election Commission to purchase and install webcams in all 34,000 polling stations throughout Ukraine. Russia, which used a similar solution during its presidential elections in March, was cited as an inspiration for the law.

Russia's use of webcams "is a very positive experience. Of course, it promotes transparency and democratic electoral process. Webcams need to be installed," said Volodymyr Zubanov, a lawmaker from the pro-presidential Party of Regions, which now has the largest share of seats.

Yet international observers did not describe Russia's elections as free and fair.

Ukraine managed to hold votes internationally recognized free and fair from Dec. 26, 2004, the presidential election (which Yanukovich lost), through the 2010 presidential election (which he won).

But since taking power, U.S.-based Freedom House and Western diplomats are concerned by Yanukovich's broad rollback of democratic freedoms, which included local elections in 2010 seen as flawed.

Ukrainian lawmakers who supported the bill say that such measures are necessary to prevent allegations that the election results will be fixed. "We resort to this action because our opponents are now preparing films about how we stuff ballot boxes," said Oleksandr Yefremov, head of the Party of Regions faction in the parliament. He added that they have to cover the entire country with satellite connection to launch these cameras.

Opposition leader Arseniy Yatseniuk said he fears these video cameras might be used to intimidate people and ensure favorable votes.

Analysts also questioned the feasibility of setting up online live broadcast for all Ukrainian polling stations.

Moreover, the law states that webcams will not be filming the vote count, which, according to experts, is one of the most important parts in elections.

An analysis of the bill by U.S.-funded



People in the Russian Central Election Commission in Moscow look at screens that broadcast images from polling stations via a network of webcams on March 4. Ukraine is adopting the same technology in a bid to prevent election fraud during the Oct. 28 parliamentary election. (AFP)

OPORA, one of the two largest election monitoring groups in Ukraine, concludes that such legal "framework cannot become a serious obstacle to violations and prevent falsifications" during elections.

Olha Ayvazovska, OPORA's head, also pointed out that it did not help Russia make its elections more transparent: "Cameras [during elections in Russia] caught people dropping multiple ballots in boxes, but law enforcement did nothing about it."

Oleksandr Chernenko, head of

Committee of Voter of Ukraine, an election watchdog, is also skeptical that webcams will help ensure transparency.

He said cameras could catch some violations, but static cameras will not cover much and, therefore, could miss many violations. "I would not overestimate [the law's] efficiency," he added.

The massive operation of connecting thousands of polling stations to the Internet, has raised concerns the about how the funds are spent.

"It is still not clear how efficiently this billion will be spent," said Ayvazovska.

"Most likely, such a big project – across the country – can only be done by Ukrtelecom [Ukraine's monopoly telecom company]. But it has become a private company. Does this mean the state finances Ukrtelecom's development at [the country's] expense? At a price of Hr 1-1.5 billion," Maksym Savanevsky, Internet communications analyst, wrote in his blog earlier this month.

Ukrtelecom was privatized last year in a largely non-competitive tender to Austria's Epic Invest. The Austrian company has denied claims and suspicions of some Ukrainian experts and investment bankers that it is acting as a front for domestic or Russian business interests.

Prime Minister Mykola Azarov said that the webcams will be used after the elections by the police to conduct video surveillance on streets.

But instead of using the webcams as part of a Big Brother-style control over average citizens, a Facebook user suggested to Azarov that they should instead be installed in government offices so that officials could be held more accountable to citizens. Azarov responded through Facebook saying: "a very interesting idea," but warned that this can only be done in a way that prevents disclosure of "state secrets."

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Klitschko wants to bring old 'new' faces into next parliament

BY YURIY ONYSHKIV
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Vitali Klitschko went into the politics on the banner of bringing a new generation of politicians to power. But the task seems to be difficult for the world heavyweight boxing champion. His party, UDAR, is supporting several individuals who hardly qualify as fresh faces.

Earlier this month, in a bid to transparency, Klitschko made public a list of party candidates for the single-mandate elections in the Oct. 28 parliamentary elections.

"We want new politicians to come to power," said Klitschko on May 25. "We are different. We were not in power. Many politicians have already been in the opposition and in power, but have not delivered on their promises. Unfortunately, in Ukrainian politics, there seems to be rotation, but nothing changes."

But at least three of UDAR's candidates are recycled politicians from other parties.

For instance, Kyrylo Kulykov came into parliament on the list of imprisoned ex-Interior Minister Yuriy Lutsenko's Self-Defense Party in 2007. He is one of the candidates on Klitschko's list.

Before Lutsenko was arrested in December 2010, Kulykov left the party to join the United Center Party, chaired by Viktor Baloha, former chief of staff to President Viktor Yushchenko. Kulykov



also supported the president's choice of Viktor Pshonka as general prosecutor. Pshonka is a target of opposition politicians for allegedly persecuting the president's enemies, Tymoshenko and Lutsenko among them.

Another person who does not fit the description of "fresh face" is Ivan Plachkov, who served as energy minister during the presidencies of Leonid Kuchma and Viktor Yushchenko. He was also part of the Yushchenko team that brought in RusUkrEnergo, co-owned by Dmytro Firtash and Gazprom, as the key intermediary in the gas trade between Russia and Ukraine in 2006.

In 2008, Plachkov was elected deputy in the Kyiv city council on the UDAR party list, but at the beginning of 2012 left the council to head Kyivenergo, an electricity generating company which was recently privatized by billionaire Rinat Akhmetov, one of Yanukovich's top backers. Plachkov currently works for Akhmetov and might run for parliament under the Klitschko's UDAR party banner.

Yet another new UDAR member – Yevhen Filindash – is a fairly young (35 years old) but experienced politician who spent most of his political career in Oleksandr Moroz's Socialist Party of Ukraine. The party did not

make it into parliament in 2007. Moroz switched sides to join the Party of Regions in a coalition, a move that Moroz supporters saw as a betrayal.

Filindash said he joined Klitschko's party as he believes its members are committed to fighting corruption. "If we want to pull Ukraine out of the abyss, we must not talk about ideological differences, but about what unites us," he wrote on July 16.

The UDAR party did not respond to emailed questions.

Tymoshenko's party has also been a target of criticism for their selection of candidates. Earlier this month,

Batkivshchyna was accused of nepotism after making public the names of 52 people on its party list. The candidates include Tymoshenko's aunt Antonina Ulyakhina, who is not otherwise well-known.

Oleksandr Turchynov, first deputy head of Batkivshchyna party, did not respond to emailed questions.

Nonetheless, the opposition parties win praise for opening the party lists to the general public – something the ruling pro-presidential Party of Regions has refused to do.

"This will be a litmus test of how a party that calls itself opposition reacts to criticism," said political analyst Oleksiy Haran. "And analysts will see how the politicians' words match their party lists."

Klitschko's party is the second most popular opposition party, after Batkivshchyna, which is led by Tymoshenko. According to a June poll jointly conducted by the Razumkov Center and Democratic Initiatives Foundation, the party is on target to get 10 percent of the votes – safely above the 5 percent threshold for getting seats in parliament.

Half of the 450-member parliament will be proportionately chosen by party lists while the other half will be picked from a field of candidates running in 225 geographic districts.

Kyiv Post staff writer Yuriy Onyshkiv can be reach at onyshkiv@kyivpost.com

Sunden: Billions spent so that foreigners can party

→5 an average of \$400 for a total of more than \$1 billion.

Sadly, however, the Ukrainian government spent between \$5 billion to \$13 billion.

Even if you assume all the money was spent on projects in Ukraine and not siphoned off, it still raises the question: Why is the government of one of the poorest countries in Europe spending taxpayer money for parties for tourists from some of the richest countries in Europe?

While 1.8 million visitors for the three-week tournament seems like a lot, it is about the same as in 2011. According to the state statistics agency, Ukraine had 21.4 million tourists in 2011. While they do not break out numbers per month – we don't know if more tourists arrived in the summer in 2011 – this still averages out to 1.783 million each month over 12 months in 2011.

While tourism may continue to grow after the tournament, the historical record is less clear. Portugal saw a decrease in tourism in 2005 after hosting the tournament in 2004. South Africa saw a decrease in tourists from Europe (but not from Africa) after hosting the World Cup in 2010.

According to an economic paper about the effect of the 2002 World Cup on tourism in South Korea, the ensuing "crowding out effect" indicated that there was a neutral overall visitor effect because Japanese businessmen decided to avoid the hordes of European tourists in the coun-



Hundreds of thousands of foreign tourists came to Kyiv, Donetsk, Lviv and Kharkiv during Euro 2012. The Ukrainian government spent at least \$5 billion – and some say up to \$13 billion – on preparations for the football championship from June 8 to July 1. (Kostyantyn Chernichkin)

try. (<http://edissertations.nottingham.ac.uk/2358/1/o8MALixnc3.pdf>)

No doubt some infrastructure, including roads, airports and faster trains were built. It of course begs the question of whether they simply should have been built anyway.

As the billboard campaign shows, the Party of Regions is trying to sell Ukraine on the idea that these "achievements" will remain and benefit Ukraine for years to come.

Sadly, this, too, is a dubious proposition. First off, to state the obvious, the "achievements," such as new roads

or faster trains aren't free. Someone needs to pay for them. And that someone is the Ukrainian tax payer.

Ukrainian government debt has been increasing drastically, as spending has increased to pay for infrastructure improvements. Or as a recent headline in Reuters calmly states, "Ukraine's \$58 billion problem" (<http://blogs.reuters.com/globalinvesting/2012/04/24/ukraines-58-billion-problem/>) Even if Ukraine does not default on its debt payments, Ukrainians will be paying off this debt via higher taxes for years to come.

But perhaps the increased spending

and "achievements" will bring additional economic growth to Ukraine. But other countries have seen no long-term positive effect from the European championships. Or, to cite another academic paper, the host country will suffer negative economic growth "caused by differences in productivity between private and governmental investments, where private investments have been found to be of significantly higher productivity than governmental... The World Cup related investments were found to be of the lowest productivity and to a higher extent crowd out private investments" leading to a negative economic effect." (http://pure.au.dk/portal-asb-student/files/36145859/The_Economic_Impact_of_Major_Sporting_Events.pdf).

Sadly the achievements are higher taxes for the next few years combined with lower economic growth, while numerous government officials enriched themselves. Plus, there's a firm conviction that Ukraine's police will always treat foreigners better than Ukrainian citizens.

But at least wealthy Swedes, Germans, English and Spaniards had a great summer vacation and cheap beer subsidized by Ukrainian taxpayers. I hope Ukrainians also drank a lot of cheap beer, because the economic hangover of Euro 2012 will last for years to come.

Jed Sunden is the former owner and publisher of the Kyiv Post and now runs Mamay.net

Willard: Information technology may give nation edge

→4 poach staff from one another.

Programmers are a different breed. They are challenged not so much by the prestige of a particular company, but by the specific job they would be working on. In other words, they want the excitement of something new and interesting. Where they plant their bums is less important.

Ukraine's big advantage is with its people, said Sharov. By definition, most countries with high outsourcing potential have lower labor costs than countries where many multinationals are based. However, Sharov believes Ukraine's engineer mentality makes doing business here more cost-effective.

"When we promise to deliver, we deliver, and usually with fewer people working on a project," said Sharov, who clearly believes in Ukraine's competitive advantages over other emerging-market nations.

Should Ukraine's government be facilitating the IT industry with laws and regulations tailored to this very specific industry? What other growth areas could benefit from a little home-court advantage? These are questions that the Kyiv Post will be examining in our Nov. 26-27 conference, entitled "Ukraine: Will the Sleeping Tiger Awaken?"

We hope you will participate, and we would be happy if you would like to sponsor one of the sessions.

Kyiv Post CEO Michael Willard can be reached at willard@kyivpost.com.

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NEWS ITEM: Private medical hospitals refused to send their doctors to people who were on hunger strike near Ukrainian House in downtown Kyiv. The demonstrators were protesting parliament's July 3 adoption of a language bill which makes Russian an official language in regions where it is widely spoken. Some protesters ended their hunger strike on July 18.

NEWS ITEM: Earlier this month, ex-Kyiv Mayor Leonid Chernovetsky's press service reported that he will set up an international fund to invest in Internet and high-tech projects. As Kyiv mayor, the multimillionaire Chernovetsky was known for eccentric behavior and startling statements, earning him the nickname of "Lyonya Cosmos."

BY DENIS RAFALSKY
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On July 27, when the opening ceremony of the London 2012 Olympic Games is held, 245 Ukrainian athletes will start competing for medals in 28 events.

The first ones to shoot are Ukrainian archers, who will contend in individual competitions. Among them is Viktor Ruban, a gold winner at the 2008 Beijing games and a bronze medalist at Athens in 2004.

Serhiy Bubka, president of the National Olympic Committee of Ukraine, has high hopes for medals in London but superstitiously never predicts how many. "I want to have luck coming to our side," Bubka says.

Kyiv has its place in Olympics history as the venue for soccer during the 1980 Moscow Games.

Ukrainian President Viktor Yanukovich is likely to attend the London Games.

In Ukraine, state-run First National TV channel will broadcast the London Games.

The opening ceremony will start at 9 p.m. (11 p.m. Kyiv time).

Ukraine marches between Uganda and United Arab Emirates in the ceremonies.

Ukraine goes for gold in Olympics



A general view of the Tower Bridge decorated with the Olympic ring symbol, in central London, on July 15, as Britain prepares for the beginning of the Olympic Games. The London 2012 Olympic Games will begin on July 27. (AFP)

By Aug. 12, when the XXX Olympiad is over, Ukraine is expected to add to its total of 96 medals in four Summer Games, including 28 gold medals – six of which were won by gymnasts. Here's the medal totals:

Atlanta 1996	23
Sydney 2000	23
Athens 2004	23
Beijing 2008	27

Here are some of Ukraine's glories:



← Yana Klochkova is nicknamed "golden fish" for winning four Olympic swimming golds, the most of any Ukrainian athlete.



→ This year's flag bearer for Ukraine at the London Olympics is a 28-year-old judoist Roman Gontyuk.



↑ Former gymnastic and current societal darling Liliya Podkopaieva won two gold medals.

Great Soviet and Ukrainian pole vaulter Serhiy Bubka carried the nation's flag during the opening ceremony in Atlanta, while sailor Yevgen Braslavets did so in Sydney, swimmers Denys Silantiev in Athens and Yana Klochkova in Beijing.



World Traveler



BY VLAD LAVROV
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A trip to Azerbaijan: Fun in the middle of nowhere

MINGECHEVIR, Azerbaijan –

As I took my window seat on a plane for Baku, I noticed that my neighbor, a middle-aged Azeri guy, had way too many plastic bags. He didn't even think about putting them in overhead bins where they belonged. Instead, the fellow began to stuff the bags virtually everywhere he could squeeze them, which was rather irritating.

It felt that only my angry look prevented him to put one of the mysterious packs in front of my seat, which would virtually deprive me of any leg room. Instead, the guy put the bag in front of his own seat and then began to invade the leg space of his aisle seat neighbor, a timid Azeri woman about his age.

As she would not even utter a minor objection, I felt it was my duty to interfere, and I started rebuking the guy of bothering everyone with his bags, which he, instead, should have put overhead. In response, the Azeri gave me such offended look that it almost hurt and said "but I have bottles there – they will break."

All throughout our neighborly exchange, a flight attendant of Azal, a state-owned Azerbaijani carrier, was nearby, checking if everything in the cabin was okay before the takeoff. To my surprise he looked at the bags in question for a few seconds and didn't say anything. Obviously, the bottles' excuse was good enough for him.

All of this was in a stark contrast with the plane itself, a brand new Airbus 320. Despite having a very strange design, obviously inspired by blue-red livery of Soviet aviation monster Aeroflot, getting into its shiny cabin was a welcome change after flying with Ukrainian carriers.

But in some way my plane experience was similar to what modern Azerbaijan is like: an authoritarian country experiencing the oil boom that does its best to look posh, modern and European. But, upon closer examination, it is just smoke and mirrors.

And it's not just that the rulers of Azerbaijan – including its president, Ilham Aliyev, who inherited power from his father Heydar – don't really want real change. Once you get out of Baku, one of the poshest and gaudiest places I've ever visited, you come to see people who don't care for any modernization or European values. And after spending several days there you get to understand them.

To say that my trip to → 27

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New documentary offers penetrating look at Holodomor



BY ILYA TIMTCHENKO
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"Holodomor: Ukraine's Genocide: The Biggest Lie, The Best Kept Secret" is an emotionally forceful, sobering and gruesome story of the calamitous reality that stormed over Ukraine in the early 1930s, exposing the darkest secrets of Josef Stalin's regime. It is the only of its kind, a feature-length documentary directed by Hollywood director Bobby Leigh and producer Marta Tomkiw.

"Although I had fancied myself as a history buff... I had never before heard of Holodomor or any genocide or famine in Ukraine. I was also surprised... that nobody I knew had ever heard of it either," says Leigh, who worked with Tomkiw on the movie over the course of the past five years. This avant-garde, captivating, high-

strung and graphic piece of art is comprised of interviews and accounts of the genocide survivors and eyewitnesses of the horrific event. Using real-life stories Leigh and Tomkiw do an exceptional job of showing why the Holodomor was genocide and not simply a famine. Thus, the film is organized on the five principles of the United Nation's definition of genocide, credited to Rafael Lemkin.

The man-made famine, perpetrated by Stalin, the Ukrainian Holodomor is a malicious calamity of the death of millions of people. Stalin believed that Ukraine was a crucial problem that Moscow had to "solve." Thus, the Soviet rulers tried to demolish the will of independent peasants with the most inhumane means on par Hitler's Holocaust.

The malevolent Soviet leader executed ruthless and inhumane control over Ukrainians, which has been unnoticed by the world for over seven decades. "We found it a duty or a calling to lift the veil of silence that's been shrouding the Ukrainian nation for too many years," recalls Tomkiw.

→ 'Holodomor: Ukraine's Genocide' is a riveting look at Stalin's starvation of millions

Holodomor originated from the Ukrainian 'holod' and 'mor,' which mean hunger and plague, respectively. Ukraine, the breadbasket of the Soviet Union, was intentionally left without food for its own citizens. "Famine is worse than war," says a genocide survivor shown in the documentary.

All foodstuffs were taken from Ukrainians and they were not allowed to leave the country. Enforced Russification was done by such means as changing the whole school system into Russian and replacing the haunted houses of the dead with new Russian families. Execution, famine, robbery and even accounts of cannibalism feasted in Ukraine during the early 1930s. As the film demonstrates, these were the results of orders from Moscow.

As one of the worst crimes in history, an estimated 7.8 million lives were taken in only 17 months – although estimates vary widely.

The documentary also reminds of the international indifference to the victims' plight. Many smuggled letters from Ukrainians begging for help were eventually sent to Washington D.C. There was no response. Even more, the so-called "Soviet sympathizers" falsely reported in such media as The New York Times regarding Ukraine's famine not being present at all. Ukrainians and others have long campaigned to have the 1932 Pulitzer Prize rescinded for Walter Duranty, a New York Times journalist who was a Stalin apologist.

The video received the Best Documentary Award at the Hoover Dam Short Film Festival, Best Feature Award at Monaco Charity Film Festival and has been the official selection including such film festivals as: West Hollywood International, Beverly Hills High Definition, Palm Springs and London Independent, and is the official selection of United Nations.

Tomkiw, a Detroit native of Ukrainian immigrants, worked on various film projects some of which include: John Hancock, Get Smart, Transformers, Million Dollar Baby, S.W.A.T., Kill Bill, 8 Mile.

Leigh recently produced The Guitar Player's Girlfriend. He also directed Infidelity, Childlike Violence, Burning Man, Broken and Butterfly Sky.

This well-edged and talented piece of work deserves much attention in schools, universities and human right movements. The film will remind people to think of countries in terms of neighbors remembering the calamities of other nations. "Holodomor: Ukraine's Genocide" does an exceptional job revealing history's harsh past and, with a humble sense of hope, educating the future.

The movie is available on DVD for sale at www.HOLODOMORtheMovie.com.



Screenshots from the movie "Holodomor: Ukraine's Genocide: The Biggest Lie, The Best Kept Secret." The documentary about the man-made famine perpetrated by Stalin received the Best Documentary Award at the Hoover Dam Short Film Festival and Best Feature Award at Monaco Charity Film Festival.



Miss Deaf Ukraine, Maryana Yatseviyuk, performs on the stage of a world beauty contest among deaf beauties in Prague on July 8.

Ukrainian deaf beauty becomes Miss Deaf Europe

BY DARYNA SHEVCHENKO
SHEVCHENKO@KYIVPOST.COM

She is 21 and a beautiful actress, with shiny brown hair and big eyes, and a dancer. She is also deaf.

Maryana Yatseviyuk of Ivano-Frankivsk has won two prestigious titles – Miss Deaf Europe and Vice Miss Deaf World. But her life is not likely to change much.

"Winners of common beauty contests usually get expensive gifts, do charity and start their modeling careers, but that's not the case here," says Yatseviyuk. "We don't get any benefits. A month after the contest our lives become pretty much the same."

This is just one of many differences that the beauty talks about when describing the abyss between her own world and "the world of people who can hear," as she calls it.

Even though Yatseviyuk is used to the problems of being deaf, there is still some bitterness. "It was tough with boys. Most of them would just disappear when they understood that I am deaf," she recalled during an interview in which she smiled often but looked down when asked questions she thought were tough.

But it worked, in the end, to weed out the unworthy admirers. She is engaged and plans to start her own family in September. Her future husband was among those who went with her to Prague, where the world and European beauty contests for deaf women took place. Though moral support was not all she needed to compete and win over 47 other contenders.

"Usually the Ukrainian Deaf Association allocates money from its budgets to support such contests, but this time we got partial financial support from the Oleksandr Yanukovych Charity Fund," says Ukrainian Deaf Association's head and director of Radyga theater Volodymyr Goncharenko.

Yatseviyuk says she is grateful for hearing aids from the Oleksandr Yanukovych Charity Fund to replace ones that broke earlier. But the fund did not cover all expenses, contrary to what some media reported. "They also sponsored my dress and make-up, but that's it," she explains.

The Ukrainian Deaf Association has held beauty contests for about 15 years, and has had others win the title of Miss Europe or Miss World. But Goncharenko says she is special. "She's always been our little star," he said.

Yatseviyuk kept working in theater after graduation and has two major roles in Lisova Pisnya and Assol, though she claims to like supporting roles the most. "That may sound strange, but I don't like to attract lots of attention," she says.

She wants to continue her acting career, but doesn't dare to dream about international fame.

"It is impossible to become world famous when you are deaf. Our opportunities are so limited," she explains. "And these two worlds are so separated. I'm afraid that people who can hear will never fully understand us."

Kyiv Post staff writer Daryna Shevchenko can be reached at shevchenko@kyivpost.com

World Traveler: Boiled fish heads aside, a good trip

→25 Azerbaijan was an unconventional one would be an understatement. After spending one of the hottest (Celsius-wise) nights in Baku in the Riggs Hotel, where all the water suddenly disappeared in the middle of the night, I headed to the city of Mingechevir.

Geographically, this city with 100,000 people is in the middle of the country, near a huge water reservoir and the country's only hydroelectric power station. With this, the list of the town's attractions ends. Staying there for one week, there was plenty of time to feel what it's like literally being in the middle of nowhere and getting to know its daily routine.

It's funny, but my first really Mingechevir experience was the food, specifically the local delicacy served at the hotel as a special welcome treat. The unpleasant smelling dish turned out to be a bowl full of boiled fish heads – totally inedible to my taste. When guests started complaining about this, the restaurant manager looked genuinely offended – not unlike my bottle-loving flight companion – as he said: "But this is what we love to eat here."

It's not a rebuke to the great Riverside

Hotel, as there were always plenty of traditional and non-traditional dishes to choose from, but sometime around the third day, the entire place – a chic hotel with enormous rooms overlooking the mountains and the Kura River – began to look way too fancy, given the general poverty of Mingechevir.

This only triggered the urge to explore. As it usually happens, together with a Romanian friend, we started the cultural adventure with going to the local restaurant which seemed the most authentic. It was right across the river from our hotel and despite its shabby looks, its owner was proud of it enough to name it Elite. What was supposed to become a fun night out of our chic reservation, turned out to be cultural shock, as we weren't let in.

"It's only for the families," explained the waiter. Was it the fact that we wore shorts (which no one in Azerbaijan seemed to do, despite the scorching heat), or our blatantly bachelor look, which, in their opinion, could cause harm to the families dining in Elite, we'll never know. But our planned adventure ended with a sour retreat to the hotel.

The fact that Mingechevir was built near the huge artificial reservoir sup-



Mingechevir provides an opportunity to see the real Azerbaijan in contrast to its posh and pretentious capital Baku. (Paul Radu)



Getting around Azerbaijan by car, it's hard to miss roadside eateries where travelers can participate in an important culinary ritual: corn on the cob. (Paul Radu)

plying water to the power station, also meant great swimming opportunities. It remained a mystery how the water could be so cold and refreshing in such heat, but this was hardly something to complain about. And the surrounding mountains made the beach look somewhat Martian.

We went to the beach along with our Azeri friend, an attractive woman in her 30s and her kid. Yet, as we went into the water, it was clear she wasn't going with us. "Women are not supposed to swim in this part of the country," she explained. "They could do it in the Baku area, but definitely not here."

This sudden revelation and, perhaps, the heat brought to imagination the blurry wire pictures of executions of women for infidelity by the Taliban in Afghanistan. The question of what would happen to our friend if she did swim with us, or after we came out of

the water, was in the air, with none of us daring to talk about it. "Oh, local people will make fun of me and post the video of me in a bikini on the YouTube," she smiled, sensing the question. "It won't be the best thing for my reputation."

Soon our friend left, while we stayed in a beach restaurant for some beer and grilled mutton. As we ate, a group of the locals, mostly mid-aged and elderly men, were looking at us, discussing something. At some point, it was obvious that they wanted to talk, but could not decide which one of them would be their messenger.

Finally, one of them, a burly man with grey hair came up, asking, "Are you from the circus?"

After our silent pause, we were told that there is a travelling circus from somewhere in Eastern Europe stationed nearby, hence their confusion. But it was a welcome one.

After an exhausting week of teaching a group of journalists the ins and outs of investigating offshore crime and the skills of talking to the victims of abuse, being mistaken for just someone chilling out before the night circus performance wasn't such a bad thing.

Then another, much older guy joined, this time speaking directly to me in an angry voice, seeming ready for a fight, "But you were here three months ago and spoke perfect Azeri, so why now you are pretending you don't understand us???" he said.

It wasn't easy to persuade the old fellow that he made a mistake, so soon I just gave up trying. Instead, I promised that next time I'm in Mingechevir, I will speak the Azeri language, as we bid the guy and his friends goodbye.

It was time to go back to the circus. Kyiv Post staff writer Vlad Lavrov can be reached at lavrov@kyivpost.com.

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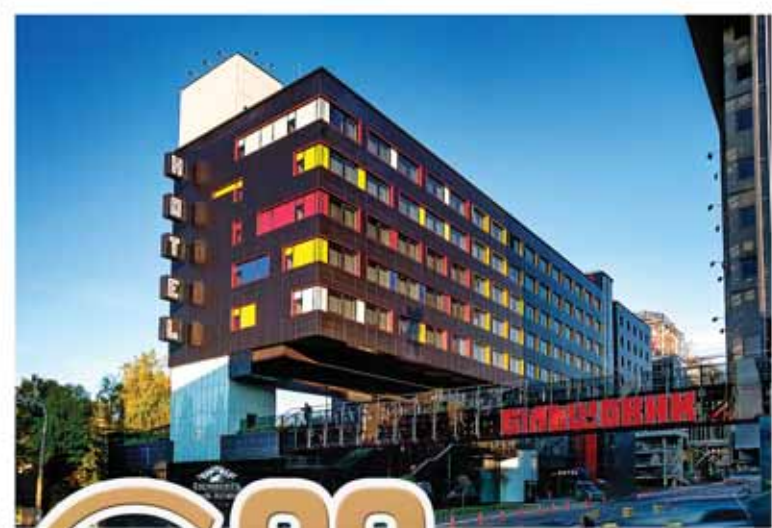


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The festival was launched in 2001 in the United Kingdom, but soon found a second home in Ukraine, where many appreciated the escape from a humdrum reality



A great Global Gathering

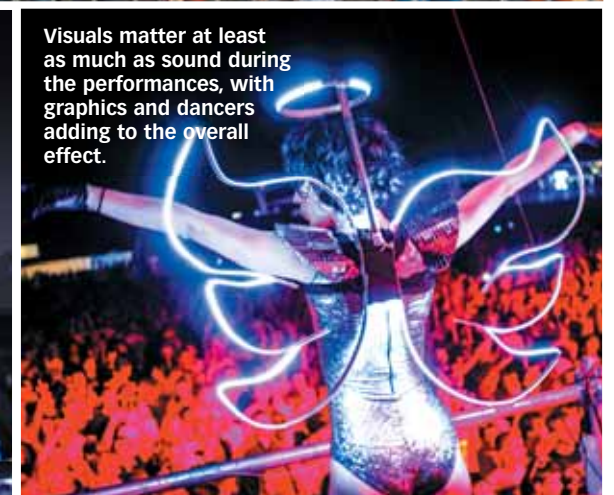
→ White gloves and whistles, Saudi princes chased by young women in skimpy schoolgirl outfits, bikini-clad ninjas...Global Gathering was not just for electronic music lovers. The annual summer event is a haven for the whimsical, wacky and just plain weird. The festival is held annually in several East European countries, England and South Korea. In Ukraine, the main site is Chaika Airfield outside Kyiv, although fans can still catch the sister concert God's Kitchen, in Odessa and Lviv, on Aug. 23. (Courtesy)



Tens of thousands gathered to listen to intense beats from early afternoon to well past sunrise.



The lineup comprised leading names in electronic music from 10 different countries, including Chase and Status and Tapolsky.



Visuals matter at least as much as sound during the performances, with graphics and dancers adding to the overall effect.



The concert saw a myriad of creative costumes.



If flashing neon lights and thundering base were not enough to make your stomach churn, bungee trampolines were there to finish the job.



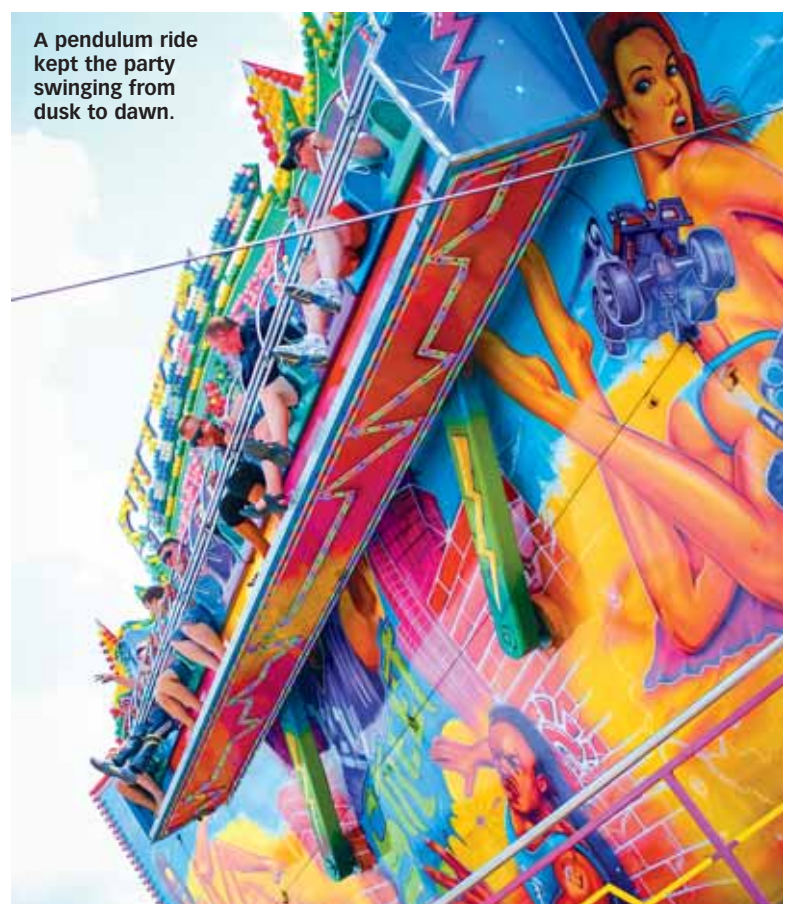
Anything that reflected ultraviolet lighting was welcome, making white a color of choice.



Lviv celebrates Jewish culture with annual festival

Lviv will celebrate its Jewish past on July 22 with the city's fourth annual LvivKlezFest, an international festival of Jewish music. Musicians from Israel, Austria, Germany, Poland, Moldova, Russia, France, Sweden and Ukraine will perform klezmer music on Staroyevreiska Street between 2 p.m.-10 p.m., while Lviv's central square, the Ploscha Rynok, and surrounding streets will host a variety of events, including a Jewish carnival. Visitors can learn about Jewish cooking at the "Under the Golden Rose" restaurant on Staroyevreiska Street, as well as participate in making arts and crafts along the street and at Arsenal Square. A newly-opened branch of the Museum of Religious History on 36 Staroyevreiska Street that highlights Lviv's Jewish history can view a photo exhibit, learn more about religious relics as well as prominent Ukrainians who saved Jews during the Holocaust and those who were saved by them.

A full listing of the day's events, as well as some events already underway, are available in Ukrainian at <http://www.hesed.lviv.ua/ru/lviv-klez-fest.html>. Festival events will run between 10 a.m. and 10 p.m. on July 22.



A pendulum ride kept the party swinging from dusk to dawn.

Then & Now

Podil's main street

BY OKSANA FARYNA
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What Khreshchatyk Street is for the central part of Kyiv, Sahaydachnoho Street is for Podil, Kyiv's oldest district. This historical part of the city, by the Dnipro River, still features old two- and three-storied buildings that make it a pleasant place to live, work and walk.

The street emerged in medieval times and changed many names. By the time this black-and-white photo was taken at the beginning of the 20th century, it was called Oleksandrivska Street. The name was in honor of Russian emperor Oleksandr II, and the street bore it for 50 years, from 1869 to 1919. At that time the street encompassed what is now Volodymyrsky Uzviz and Hrushevskoho Street, running all the way from Kontraktova Ploshcha to Pechersk.

The part of the street running along Podil was always a place full of people and bustling with life. In the early 20th century, the street housed the Funicular (since 1905), an office of the Second Dnipro Shipping Company, Dniprovsky Port Hotel, First Commercial Bank or Percombank, two private gymnasiums for women and many houses of Kyiv merchants and traders.

The history of the street reflects the destiny of the city as a whole and the nation. The Church of the Nativity, a yellow-and-white neoclassical temple on the right in photos, was built in 1814 and is one of those historic places.

On May 7, 1861, a crowd gathered in and around the church. This gathering came the day after the coffin of national bard Taras Shevchenko

arrived from Saint Petersburg, where he was buried after his death on March 10, 1861. In accordance with his wishes, Shevchenko's body was reburied in Kaniv, Ukraine, on a hill overlooking the Dnipro River.

The body was taken downriver to Kaniv for burial after a requiem service for the poet in this church, which was attended by ordinary Kyivans as well as famous Ukrainian artists and scholars.

The street became the first one in the former Russian empire to run electric trams 120 years ago. That happened on June 1, 1892. The tram ran from what is now known as European Square to a terminal next to the Church of the Nativity.

The church was destroyed in 1935, along with many others in Kyiv. This was one of the outcomes of the October 1917 Bolshevik Revolution. The revolution also brought a new name to the street in 1919. It carried a succession of Soviet titles until 1955, when it was finally called Zhdanov Street, after Andrei Zhdanov, a Soviet Party and state leader.

It wasn't until 1989, and Mikhail Gorbachev's perestroika, that the street was named after Petro Sahaydachnyi, a Ukrainian Cossack leader.

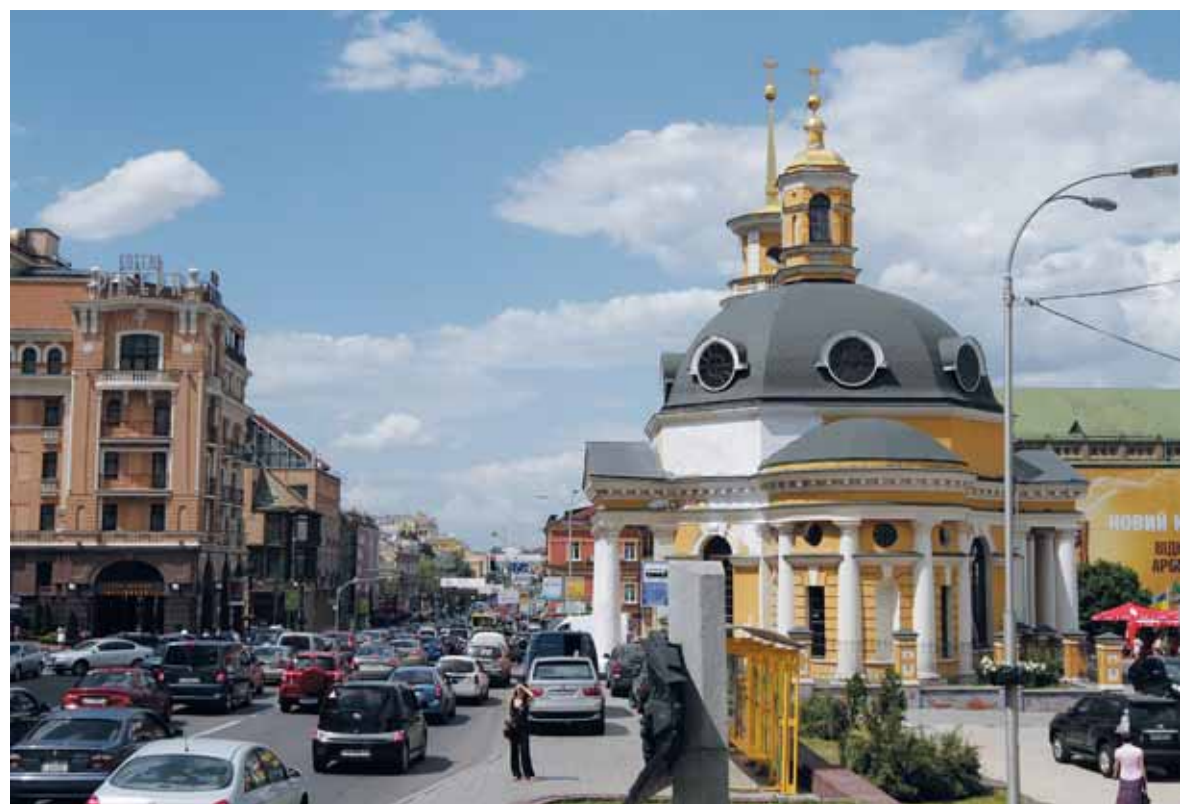
In the early 2000, the city authorities decided to rebuild the picturesque Church of the Nativity, restoring the authentic look of the street. But the Podil tram is no longer there. It was gradually pushed out by other types of transport, including the metro that reached Poshtova Square in 1976.

Kyiv Post staff writer Oksana Faryna can be reached at faryna@kyivpost.com.

Editor's Note: The Kyiv Post feature "Then & Now" takes a look at how places in the city have changed over time. To be an advertising partner of this special coverage, contact an advertising representative at advertising@kyivpost.com or call 591-7788.



Sahaydachnoho Street, formerly Oleksandrivska, one of the most authentic parts of Podil district in Kyiv, did not change much since the early 20th century when this archive photo was taken. (Central State CinePhotoPhono Archive of Hordiy Pshenychny)



The Church of the Nativity, which can be seen right on the both photos, was destroyed by Bolsheviks in 1930s but successfully rebuilt from scratch by Kyiv authorities in early 2000s. (Kostyantyn Chernichkin)

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FHI 360 is seeking qualified candidates to fill positions for the five-year, USAID-funded project, "Improving HIV/AIDS Services among Most-at-Risk Populations (MARPs) in Ukraine". The project will provide technical assistance and capacity development support to Ukrainian organizations to implement HIV/AIDS activities.

The start date is August 6, 2012.

Position Title:

Senior Data Specialist (SDS)

Position Summary: The SDS will be responsible for coordination of all activities targeted at strengthening the capacity of Ukrainian institutions in data demand and use for decision-making and monitoring and evaluation in the area of HIV/AIDS and MARPs; will provide technical assistance and training expertise of the project, at organizational, regional and national levels.

Qualifications:

- Master's degree in international public health, international development, or related discipline
- At least 5 -7 years of experience in monitoring and evaluation with a focus on data collection and analysis in health area
- Demonstrated experience in capacity building of governmental, civil society and health service providers
- Demonstrated experience in designing and implementing Monitoring and Evaluation activities
- Experience in behavioral studies and operational research in health area
- Demonstrated experience with HIV/AIDS programs and MARPs
- Experience with USAID or other donor-funded projects in the area of data demand and use
- Fluent oral and written English, Ukrainian and Russian
- Strong computer application and data software skills

Position Title:

**Strategic Information (SI) and
Implementation Science (IS) Officer**

Position Summary: The SI-IS Officer will provide technical leadership for strategic information, research and information science. S/he will strengthen capacity of Ukrainian institutions to develop and implement a national implementation science plan for HIV/AIDS. S/he will also coordinate with the Data and M&E staff for strategic use of information for quality HIV/AIDS services. S/he will also support effective communication, consensus and team building among stakeholders of the IS working group.

Qualifications:

- Master's degree in international public health, international development, or related discipline
- At least 5 -7 years of relevant experience designing, implementing and/or testing HIV/AIDS programming, and dissemination and institutionalizing evidence based programming
- Demonstrated experience with formative and operational research and linking science with practice
- Demonstrated experience in capacity building of governmental and nongovernmental/civil society and health service providers and management of the dynamic working groups
- Experience with USAID or other donor-funded projects in the area of strategic information

Position Title:

**Quality Service Delivery Mentor
(Medical/Clinical)**

Position Summary: The Quality Service Delivery Mentor will design, implement and oversee a staff/facility-wide mentoring and on-the-job training for MARPs service providers; will integrate core elements of a MARPs core package of services into the Ukrainian undergraduate and postgraduate medical education system.

Qualifications:

- Medical degree and related course work
- At least 5 years of experience in health service quality improvement
- Significant experience in designing and implementing on-the-job trainings and training of health staff
- Familiarity with Ukrainian undergraduate and postgraduate medical systems a plus
- Experience with USAID or other donor-funded projects in Ukraine or Eastern Europe
- Fluent oral and written English; Ukrainian and Russian

Position Title:

**Quality Assurance/Quality
Improvement (QA/QI) Advisor**

Position Summary: The QA/QI Advisor will be responsible for building the technical capacity of health and civil society Ukrainian institutions to assess, design and implement quality improvement approaches in HIV/AIDS services with a focus on most at risk populations.

Qualifications:

- Master's degree in international public health, international development, or related discipline and Medical degree
- At least 5 -7 years of experience implementing and/or managing QA/QI activities (development and implementation of standards and evidence based practices) in health public and private sectors
- Demonstrated experience in advising, training and implementation of evidence based standards and best practices in public health and civil society
- Experience with HIV/AIDS programs and MARPs
- Experience with USAID or other donor-funded projects in the area of QA/QI
- Fluent oral and written English, Ukrainian and Russian
- Strong computer application skills

Position Title:

Social and Behavior Change (SBC) Officer

Position Summary: The SBC Officer will ensure that all HIV/AIDS activities are grounded in proven SBC theory and evidence. S/he will strengthen local capacity of public and private service providers in SBC approaches. S/he will advise public and civil society organizations on messages to risk groups that reduce risky sexual behavior.

Qualifications:

- Bachelor's degree in social sciences, international public health, international development, or related discipline
- At least 3-5 years of relevant experience in social and behavior change communication, with a focus on HIV/AIDS and most at risk populations
- Experience in training and development of training materials
- Significant experience in development of local capacity to design, implement and test behavior change communication programs
- Experience with USAID or other donor-funded projects implementing and/or managing SBC activities
- Fluent oral and written English; Ukrainian and Russian

Position Title:

**Quality Service Delivery Mentor
(Social Work)**

Position Summary: The Quality Service Delivery Mentor will design, implement and oversee a staff/facility-wide mentoring and on-the-job training for MARPs service providers, particularly social workers; will integrate core elements of a MARPs core package of services into the Ukrainian social worker education system.

Qualifications:

- Bachelor's degree in social work or related discipline
- At least 3-5 years of experience in social work with a focus in MARPs
- Significant experience designing and implementing on-the-job trainings and capacity building exercises
- Familiarity with Ukrainian education systems for social workers a plus
- Experience with USAID or other donor-funded projects in Ukraine or Eastern Europe
- Fluent oral and written English; Ukrainian and Russian

To apply: Please send your CV and Cover Letter to Lindsey Anna at lanna@fhi360.org no later than July 26, 2012. Only shortlisted candidates will be contacted.



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Requirements

- Education: Political sciences and/or legal background and/or management degree
- Working experience of at least 2 years in a similar/comparable position.
- Good writing skills in Ukrainian, English and Russian
- Good verbal communication skills in the above 3 languages
- Maturity and experience with governmental functioning at the national and regional level
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**To apply, please submit a CV and a letter of motivation Attn:
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