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# Kyiv Post

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year!**

# Betrayal

Global powers U.S. and Germany turn their backs on Ukraine and undermine European security as they strike a deal allowing the completion of Nord Stream 2, Russia's controversial gas pipeline project



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The U.S. and Germany on July 21 reached a deal allowing the completion of the Nord Stream 2 pipeline that will deliver gas from Russia to Germany circumventing Ukraine. The agreement includes provisions to assist Ukraine with its energy sector and diplomatic initiatives, but it remains unclear to what extent these concessions will help Ukraine make up for lost gas transit fees from Russia or protect itself from further Russian aggression. Ukrainian and Polish Foreign Ministers, Dmytro Kuleba and Zbigniew Rau, condemned the deal, writing that it "cannot be considered sufficient to effectively limit the threats caused by Nord Stream 2." (AFP, Kostyantyn Chernichkin, Axel Schmidt/Nord Stream 2)



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Брайан Боннер

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

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

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

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

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

Adnan Kivan  
Publisher

Brian Bonner  
Executive Director/Chief Editor

Olga Rudenko | Alyona Nevmerzhytska  
Deputy Chief Editor | Commercial Director

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Igor Kossov

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Former National Bank of Ukraine deputy governor Dmytro Sologub speaks with the Kyiv Post on Sept. 21, 2020 in the central bank's headquarters in Kyiv. Sologub has recently left the bank after his term ran out. He will now head to Washington D.C. to work for the International Monetary Fund on central bank governance.

# Sologub: 'There is growing understanding that things at NBU are not going well'

By Igor Kossov

[kossov@kyivpost.com](mailto:kossov@kyivpost.com)

When Dmytro Sologub came to the National Bank of Ukraine in 2015, he said it was like being in the eye of the hurricane.

The banking system was an orgy of insider lending so dirty that cleaning it up required a very strong stomach. More than half of the country's banks, over 100, had to be pulled off the market and liquidated. Strict controls had to be implemented for the rest.

As Sologub departs the NBU seven years later, the banking system is in much better shape. But his last year on the job was demoralizing. Much of the central bank's staff is at odds with its new governor, Kyrylo Shevchenko, who took the reins in July 2020.

"The situation was much worse. In 2015–2016, the process was not well established, but we saw where we were going," said Sologub.

"Now we are going the other way. So this has been morally quite difficult."

The economist will now head to Washington D.C. where he will work in the International Monetary Fund's monetary and capital markets department, focusing on corporate governance in central banks.

His work will not have anything to do with the IMF's approval of loans to Ukraine.

## Taking stock

Sologub had been in charge of monetary policy at the NBU, which has done well on that front.

Over the past several years, the sky-high interest rates have been brought down to a more manageable level and the hryvnia has stabilized. Aggressive inflation targeting has brought inflation down significantly.

Sologub said that when the NBU began its reforms in 2014, it couldn't do everything at once and had to prioritize. The top achievements have been in the areas of banking oversight and macroeconomic policy.

One remaining problem is the continued dominance of state-owned banks, which represent more than half of the banking sector, he believes. This doesn't have immediate negative consequences because they're well capitalized and under good supervision but Sologub believes that they will have to be privatized in the future.

"When we look at good market economies, we rarely see a case of a state-dominated banking sector," he said.

On the other hand, he is confident that the NBU helped create a stable financial system, which has so far weathered the COVID-19 crisis.

"The financial stability report published a month ago clearly indicated that the system is properly functioning," he said. "There are no systemic risks at the moment despite the huge real sector crisis, the corona crisis."

## Staff changes

Sologub is the second-to-last remaining member of the old six-person management team that once worked under former governor Valeria Gontareva, and later under former governor Yakiv Smolii.

Smolii resigned in July 2020, claiming that he was under political pressure. After Shevchenko replaced him, other deputy governors resigned as well, leaving only Sologub and first deputy governor Kateryna Rozhkova, who still remains on the job.

Many department heads began resigning as well, starting in the fall. This has recently kicked into high gear. The heads of licensing, financial stability and credit support quit in protest at since the start of the month. They accused the central bank's new leadership of being autocratic and dismantling the collegiality that allowed the NBU to regulate by consensus.

In an emailed response, the NBU rejected the accusations.

"Each employee is given the opportunity to express and argue their position. If, in the end, the majority takes a different position, it's a sign of professional maturity to be able to accept the collegially agreed-upon opinion."

In a recent interview with the Financial Times, Shevchenko said he was disappointed to learn about the resignations from the media. He said they were part of a "PR campaign

over the resignations as an attempt to exert political pressure on the NBU."

He warned that Ukrainian oligarchs are exerting a "dangerous and destructive influence" on the central bank.

Sologub would disagree. "When the IMF voices concerns about the central bank's independence and governance 12 months in a row, in political circles, there's a growing understanding that things at the NBU are not going well," said Sologub. "Whether it's shared by the governor, I don't know. His public position remains very much the same, he is very upbeat and very defiant."

"The situation with the licensing department is not new; it became public for the first time."

"This has been happening already across a number of central bank departments. The head of markets department was removed in an unfair way, the head of HR, the head of legal, and so on and so forth. It just didn't get much public attention."

"Eventually, the process was very much the same. The department head was replaced by a person who is weaker and also more compliant. Probably the same pattern can be expected from the licensing department."

"In 12 months, there has been



# Ukraine's trade dependency makes partnerships problematic

By Anastasiia Lapatina  
lapatina@kyivpost.com

In the first three months of 2021, Ukraine's trade turnover has amounted to \$28.8 billion, almost a quarter of which came from China and Russia — authoritarian states subject to international sanctions.

Over \$1 billion also came from Belarus, Ukraine's northern neighbor ruled by a dictator Alexander Lukashenko, whose violent crackdown on all opposition has left hundreds imprisoned and thousands injured.

Despite an ongoing war with Russia and the anti-democratic practices in all three countries that the Ukrainian government publicly condemns, they remain Ukraine's top trading partners.

Experts worry that the need for investments and energy imports puts Ukraine in bed with the wrong allies, possibly threatening the country's Euro-Atlantic ambitions and undermining its pro-democratic political course.

## Closer to China

China has recently become Ukraine's biggest trading partner, taking that title away from Russia in 2019. In 2020, Ukraine-China trade turnover amounted to \$15.4 billion — a \$2.6 billion increase from 2019.

Ukraine mainly exports agricultural products and metals to China, importing nuclear reactors, machinery, electric cars, and minerals.

Despite closer economic ties, China's ambiguous stance on Russian aggression and its United Nations voting record makes it a questionable ally for Ukraine.

China abstained from voting on UN General Assembly Resolution 68/262, entitled "Territorial Integrity of Ukraine," in which 100 UN member states reaffirmed their commitment to Ukraine's sovereignty.

China also supported Russia's request to the UN Security Council to hold a meeting about Ukraine's Ukrainian language law, which they believed violated the Minsk agreements. When the UN General Assembly passed a resolution urging Russia to remove its forces from Crimea and stop transferring weapons to Ukraine, China voted against it.

Ukraine's increasingly close ties to communist China, which the West sees as a major threat, have earned criticism from experts for threatening the Ukrainian economy and Ukraine's Euro-Atlantic ambitions.

"China's goal is the total usurpation of the country's sovereignty by controlling its key infrastructure objects," Arthur Kharytonov, main coordinator of the Free Hong Kong Center, told the Kyiv Post.

"They start by taking control of all roads, ports, transposition, and, in fact, that means that we are losing control over our economy. And neither the EU nor NATO want a Chinese colony," he added.

On June 30, 2021, Ukraine and China signed an agreement that envisions enhanced cooperation in the field of infrastructure con-

Oleg Petrasjuk



A cargo ship is docked in a commercial sea port in Odesa on July 13, 2019. Some of Ukraine's top trading partners — authoritarian China, Russia, and Belarus — may prove to be questionable allies, threatening Ukraine's Euro-Atlantic ambitions.

struction. Chinese loans will finance Ukraine's infrastructure projects, not only deepening economic ties but increasing Ukraine's dependency on China.

As Ukrainian President Volodymyr Zelensky actively pushes the completion of projects as part of his "Big Construction" infrastructure program, he has stated "the importance of the participation of Chinese investors in the implementation of a number of projects on the development of seaport infrastructure."

Ukraine's Deputy Prime Minister for Euro-Atlantic Integration Olga Stefanishyna, however, thinks that economic cooperation with China can be a success story for Ukraine, if done right.

"China became the EU's number one trading partner in 2020, opening up interesting economic prospects for Ukraine. The main thing is to develop projects with a balanced participation of companies from China and the EU, while promoting trade opportunities for our country," Stefanishyna told the Kyiv Post.

China may also pose a threat to Ukraine's close relationship with the United States, experts say.

"Ukraine has to be careful to not alienate the U.S., because there are voices in Washington that are against U.S. support for Ukraine," said Andreas Umland, senior expert at the Ukrainian Institute for the Future and a Research Fellow at the Stockholm Centre for Eastern European Studies. "If Ukraine was to have an even closer relationship with China, the voices of these Ukraine sceptics in Washington would be strengthened."

Ukraine's government doesn't appear worried.

On the air of Ukraine's 24 TV channel, Ukraine's Foreign Minister Dmytro Kuleba said that he understands the confrontation between the U.S. and China, saying that "the model is very simple right now: The United States is Ukraine's partner in matters of politics and security, and

China is Ukraine's number one trade partner."

But on June 24, Ukraine pulled its name off a statement signed by over 40 countries urging the Chinese government to allow access to independent observers to China's western region of Xinjiang over alleged Chinese mistreatment of Muslim Uyghurs and others in the region.

According to diplomats who spoke to the Associated Press, China pressured Ukraine into withdrawing its support by threatening to withhold Chinese-made COVID-19 vaccines destined for Ukraine unless it did so.

## Dependent on enemies

Even with wide reaching economic sanctions against Russia after it began its war against Ukraine in 2014, Russia remains Ukraine's third biggest trading partner.

Russia plays a crucial role in Ukraine's oil and energy sectors, continuously filling Ukraine's electricity gaps in times of power deficits.

Russian exports to Ukraine accounted for approximately 8% of Ukraine's total imports last year. Just in the first quarter of 2021, the total worth of imported goods from Russia was \$1.2 billion.

In 2020, Ukraine imported Russian coal, oil products, gas and electricity for a total of \$2.6 billion dollars, more than a third of all imports in this product group.

To reduce its trade dependence on Russia, Ukraine has introduced numerous sanctions against Russian businesses, banks, and individuals.

On June 24 this year, Zelensky signed off on an expanded package of sanctions against 538 Russian individuals and 540 Russian entities. The same day, Zelensky also sanctioned 55 Russian state financial institutions.

These are the most severe measures Ukraine has taken against Russia since the beginning of war.

The government has also focused on decreasing Ukraine's energy dependence on Russia for years.

In March, Ukraine's parliament registered a bill that aimed at enhancing Ukraine's energy independence. If passed, it would introduce special duties on imports of diesel, liquefied gas, gasoline, and various brands of coal.

The bill also proposes giving the National Commission for State Regulation of Energy and Public Utilities the power to restrict or prohibit the import of electricity from Russia.

Later, Zelensky instructed Prime Minister Denys Shmyhal to limit electricity imports from Russia and Belarus.

As advised, Ukraine banned electricity imports from Belarus and Russia on May 26, until Oct. 1. This move was one of many attempts to make Ukraine's state-owned nuclear power plants, Energoatom, profitable.

Yet there is no indication that the ban will last long. Back in September of 2019 the parliament lifted the ban on electricity imports, which was initiated earlier, because Ukraine faced a shortage of coal.

## Trading with dictators

Ukraine is a key trading partner for Belarus, with an annual trade turnover of \$4.4 billion in 2020. In the first quarter of 2021, exports to and imports from Belarus landed at \$1.2 billion.

Belarus is Ukraine's fifth most

important trading partner in terms of imports, as Ukraine relies heavily on its neighbor for oil products. Over a third of Ukraine's diesel and 50% of bitumen is imported from Belarus.

The government said Ukraine might invest in new oil refineries to decrease its dependency on imports, but experts say the plan is too expensive to be realistic.

About 20% of Ukrainian exports of confectionery and about a third of beer exports go to Belarus.

Along with the West, Ukraine condemned the government of Belarus last year after dictator Alexander Lukashenko rigged the country's presidential election and brutally suppressed a pro-democratic uprising, and later in May, when he forced a commercial flight to land in Minsk to arrest a dissident journalist Roman Protasevich.

Joining EU sanctions against Europe's last dictatorship, Ukraine banned air traffic with Belarus, even though its state airline Belavia was the third biggest carrier in Ukraine.

The country also imposed sanctions against dozens of Belarusian officials, banning them from entering Ukraine and freezing their assets. The government is now preparing a new round of personal economic sanctions against the officials in Minsk for a three-year period.

Yet, unlike the EU and the U.S., Ukraine hasn't imposed any sectoral sanctions that would hurt the Belarusian economy.

The ban on Belarusian electricity imports, announced in May, was a purely consumer-based decision. It had nothing to do with Lukashenko's hijacking of a Ryanair plane, as the Ministry of Energy requested to consider the possibility of an import ban a week before the incident.

On June 24, the EU introduced new economic sanctions against Belarus, targeting exports of petroleum products and potash fertilizers, and restricting Belarus's access to EU capital markets.

The Ukrainian government was pushed to follow the Western lead, but so far no economic sanctions have been put in place.

On July 7, the Cabinet of Ministers offered to expand the list of personal sanctions against Lukashenko's allies, but Ukraine's National Security and Defense Council has yet to approve the proposal.

"There is an understanding that Ukraine cannot fully follow the Western sanctions because it is less economically strong," Umland told the Kyiv Post. "But it has to find balance." 🇺🇦

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EDITORIALS

Fool’s gambit

With allies like the U.S. and Germany, Ukraine will be left at the mercy of its enemies.

The latest agreement between the Biden administration and German Chancellor Angela Merkel put the nail in the coffin of gas transit in Ukraine, giving the full green light to the Kremlin and Germany to finish their beloved Nord Stream 2 pipeline.

With their hotly anticipated joint statement on July 21, the U.S. chose to appease Germany, solving a long-running dispute over the \$11 billion pipeline that will bypass Ukraine and carry gas directly from Russia to Germany.

The statement claims that Germany and the U.S. will take potential, unspecified actions against Russia if it cuts off energy supplies to Ukraine, but the wording is naive at best, if not foolish.

“This commitment is designed to ensure that Russia will not misuse any pipeline, including Nord Stream 2, to achieve aggressive political ends by using energy as a weapon,” the statement reads.

There’s the rub. Such political naivety is dumbfounding, knowing Putin’s track record on the matter.

Russia’s autocrat has been blackmailing Europe and Ukraine with gas transit for decades, but the U.S. and Germany’s position is now clear. Washington and Berlin have officially chosen to turn a blind eye on Putin’s misdeeds.

Putin’s ambitions have been clear since he took power in 2000. For over 20 years, he has been dreaming of reviving a fantasized past of an imperial Soviet Union with him at its head and Ukraine at its feet.

In case Western countries hadn’t heard him well enough, he even recently took the time to write a 5,000 words “opus” outlining his imperialistic vision through the prism of made-up history, in which Ukraine has always been a part of Russia and thus belongs in its orbit.

Yet, as Ukraine puts on Cassandra’s cloak, her words once again fall on deaf Western ears.

Cassandra, the daughter of Troy’s king Priam, was cursed with the gift of prophecy. Despite the accuracy of her predictions, her warnings went unheeded. Cassandra foretold the fall of Troy, and was ignored.

In Putin’s plan, gas transit is as much a weapon as the troops he regularly amasses at Ukraine’s border to hinder the country’s will for its own destiny.

After amassing over 100,000 troops at Ukraine’s border this year and NATO did nothing, Putin boasted he was the one drawing the red lines

“We don’t want to burn bridges, but if somebody interprets our good intentions as weakness, our reaction will be asymmetrical, rapid, and harsh,” he said back then. “We’ll decide for ourselves in each case where the red line is.”

This time, Biden and Merkel handed him the red pen.

Victories fade

It took two revolutions and a war to push Ukrainian government officials to finally move forward with the much-needed reforms.

Now, one person with immense powers and vast popular support is dismantling – or allowing others to dismantle – the post-revolution achievements of Ukrainian reformers.

President Volodymyr Zelensky came to power promising fast changes. Unfortunately, the destruction of post-EuroMaidan reforms is also happening fast.

After the pro-democratic EuroMaidan Revolution successfully toppled President Viktor Yanukovich’s kleptocratic regime, several key reforms came to be.

The key reforms included establishing a system of corporate governance in the state-owned Naftogaz, securing the independence of Ukraine’s National Bank and creating the transparent, online procurement system Prozorro.

Several specialized law enforcement agencies were formed in an attempt to fight embezzlement and decrease corruption.

Yet, the institutions proved to be weak and the desire to rule by decree, strong.

Since March 2020, multibillion-dollar projects have been exempt from the need to pass through the award-winning Prozorro platform. As of now, medical procurement contracts worth \$1.2 billion in total, a \$3.5 billion road construction project and \$200 million on projects related to Independence Day festivities have all been exempted from public oversight.

In July 2020, the independent head of the National Bank Yakiv Smolii was forced to resign. He cited pressure from the president’s office. A year later, over 30% of all top managers have resigned. Most of them cited pressure coming from the bank’s new head Kyrylo Shevchenko, a Zelensky appointee and loyalist.

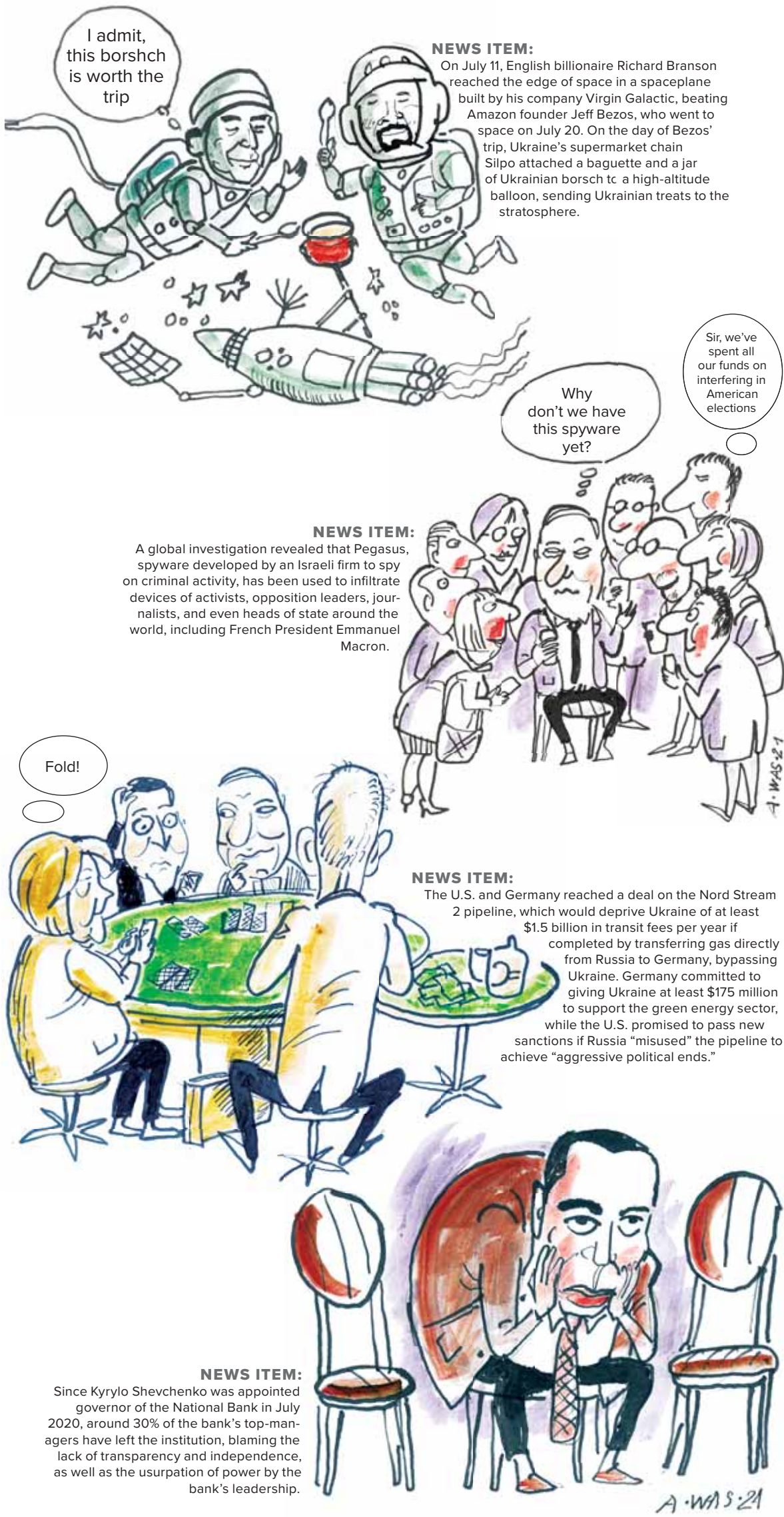
In late April, the government arbitrarily fired the head of Naftogaz Andriy Kobolev throwing the corporate governance reforms off a cliff. Such an abrupt firing even caused questions from Ukraine’s foreign partners.

Meanwhile, the head of the National Anti-Corruption Bureau of Ukraine Artem Sytnyk has been under attack from the day Zelensky took office, while the crucial Specialized Anti-Corruption Prosecutor’s Office hasn’t had a head for nearly a year.

That’s not even close to being a record – the State Investigation Bureau has lacked a permanent head for 20 months. A transparent competition is not even scheduled. In its absence, the president himself has appointed its acting head.

All Ukrainian law enforcement agencies, the parliament and the government are ruled in accordance with the will of one person – Zelensky. Institutions are broken and reforms are nowhere to be seen.

Some reforms are still hanging on by a thread, but the worst thing would be waking up years after the revolution and understanding that everything achieved has been lost.



See these features online at Kyivpost.com

Ukraine’s Friend & Foe Of The Week



Friend

**Zbigniew Rau, foreign affairs minister of Poland**  
Unlike the world’s greatest powers, our neighbor Poland stands firm and clear: Nations must continue resisting the destructive effect of Nord Stream 2, the Russian-German gas pipeline project to which the United States even surrendered.



Foe

**Angela Merkel, chancellor of Germany**  
The dusk of the Bundeskanzlerin’s long rule has left a dark shadow on Europe as Merkel enforces the ultimate raw deal with the devil – Nord Stream 2 will be completed, and with the approval of the U.S.

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

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# US, Germany play along with Putin, give no real guarantees to Ukraine



**Sergii Leshchenko**  
mail.pravda@gmail.com

Vladimir Putin had a dream.

In 2005, during his annual address to Russia's Federal Assembly, Putin called the collapse of the Soviet Union "the greatest geopolitical catastrophe" of the 20th century. For him, it was not World War II, nor the Holocaust, nor even the Hiroshima bombing or the Chernobyl disaster, but the end of the "evil empire" that marked for him the reset of the reality in which he was formed as a person.

And so as the goal of his rule in Russia, Putin decided to recreate the Soviet Union in a different form. He strived to bring the entire system of gas transportation to Europe, which crumbled after the collapse of the Soviet Union, under Moscow's control.

In fact, Putin was sincere and open in his ambitions — they just needed to be interpreted correctly.

In 1997, Putin defended his thesis on "Strategic Planning of Mineral Resource Base Reproduction in the Region Under the Conditions of Market Relations Formation." As it turned out, his thesis was mostly plagiarized. His ghostwriter was the rector of the St. Petersburg Mining University Vladimir Litvinenko. He eventually became a dollar billionaire after acquiring shares at PhosAgro chemical company, one of the largest producers of phosphorus fertilizers in the world.

But while the thesis' text was copy-pasted, Putin's paper was clearly approved by him because it reflected his worldview.

It highlights the idea that later formed the basis of his rule in Russia. In particular, the key concept of how the state should control not only oil and gas production but also its transportation and the pipeline system. This explains Gazprom's entry into the transit systems of Belarus and Moldova, and attempts to take the Ukrainian system into a consortium, which Putin tried to get President Leonid Kuchma to agree to, and the decision to build Nord Stream 2 together with Germany.

Putin's goal was to control the entire gas supply chain, which was his political weapon to curb neighboring countries and a leverage to influence Europe. In his thesis, Putin wrote that Russia inherited nothing from the collapse of the Soviet Union, because everything remained in Ukraine and in the Baltics. And that is why he reacted so jealously to any manifestations of the independence of these countries because in his worldview they occurred solely due to the weakness of Russia. Putin's task was to restore the gas transit system to Europe, ending the dependence on Ukraine.

That's why, for Putin, building Nord Stream 1 and Nord Stream 2 meant more than just a stable cash flow for his inner circle. And they have indeed gotten rich from the construction, includ-

ing Stroygazmontazh — a company belonging to Arkady Rotenberg, Putin's judo sparring partner and the one responsible for the construction of the Crimean Bridge, also called the Kerch Strait Bridge, another anti-Ukrainian project. The Nord Stream was not just a project to employ former German Chancellor Gerhard Schröder, so far the highest recruited agent of Russian influence. This project was the opening of a new window to Europe, which in his own eyes raised Putin to the level of Emperor Peter I.

But the downside is a new geopolitical reality that exposes the weaknesses and empties the pockets of the U.S. key partners in Europe — Ukraine and Poland.

## Friends disappoint

Nord Stream 2 leaves Ukraine, a country in the heart of Europe, which has been a victim of Russian military aggression for seven years, without annual revenue of over \$1 billion.

Ukraine's exclusion from the gas supply chain increases the risks of full-fledged military expansion by

“  
Putin's goal was to control the entire gas supply chain, which was his political weapon.  
”

Sergii Leshchenko

Russia, which will no longer be constrained by the threat of disrupting its gas supplies to Europe in case of a major military escalation in Ukraine.

The ease with which the U.S. administration struck a deal to allow completion of the controversial Russian pipeline is striking and alarming.

The agreement between President Joe Biden and Chancellor Angela Merkel will be a moment of truth for Ukraine that might finally realize that in real politics everyone is left on their own.

As for the guarantees set out in the joint statement of the U.S. and German governments, their reason is questionable.

Let's take sanctions against Russia in case of aggression against Ukraine: If Russia harms Ukraine in the midst of January deep freeze, how will Germany impose sanctions and restrict Russian gas consumption through Nord Stream 2, when heating and electricity in the homes of German citizens and other European nations at stake.



German Chancellor Angela Merkel (R) and Ukrainian President Volodymyr Zelensky give statements ahead of talks at the Chancellery in Berlin on July 12, 2021.

And trust me, right after Merkel hung up after telling Putin about the deal with the U.S., Putin had calculated the scenarios of how to deceive Washington, Brussels and Kyiv.

Germany's idea to press Russia to extend by 10 years a transit agreement through Ukraine also does not have concrete points other than appointing a special authorized official. What will be the amount of gas pumped for 10 years remains unclear. Nord Stream 2 will start operating this year, and the extended contract will start operating in 2024. Will Germany, together with Russia, pressure Ukraine into agreeing to anything that's offered? And most importantly: 10 years of additional transit is only a short delay of the death of the unique system of main pipelines and underground gas storage facilities in Ukraine.

The U.S.-Germany agreement doesn't tie together the two key things — the launch of Nord Stream 2 and guarantees for Ukraine. Investments of \$1 billion in the Green Fund of Ukraine do not solve the problems that Ukraine will face. Of course, any aid is welcome, but this offer won't give Ukraine confidence in the future.

## US and Ukraine

The history of relations between Ukraine and the U.S. is full of positive experiences and assistance. There is no other nation that Ukrainians watch equally eagerly. They want to be like Americans, they see them as role models, they love American movies and music, and studying in America is a dream for millions of my compatriots.

What follows may sound offensive, but honesty is something that friends value.

The truth is, there were disappointing moments in our relationship. When, in 1991, a few months before the collapse of the Soviet Union, President George H.W. Bush called on Ukraine to remain part of the Soviet Union from the rostrum of the Verkhovna Rada and warned

against "murderous nationalism."

Or when Ukraine, which gave up its nuclear weapons in return for security promises, faced Russian aggression, and the Barack Obama administration sent food rations and blankets instead of military aid.

Or when Ukraine, under pressure from Washington, refused to build a nuclear power plant in Iran under the Bushehr project, Russia instead completed the project and faced no consequences.

Or when Ukraine became a testing ground for the political technology of Paul Manafort and a pasture for American lobbyists who make money here by helping corrupt Ukrainian officials and oligarchs stay in power and keep robbing Ukraine.

The current situation, in which America is effectively abandoning the fight against Nord Stream 2, makes many Ukrainians feel rejected or even betrayed by their U.S. ally.

Our countries still have a chance to start a new page as strategic partners, but only if they receive real compensation and guarantees from the U.S.

Ukraine needs a great goal and real integration into European and

Euro-Atlantic structures. And the compensation for the Nord Stream deal could be some of Kyiv's long-awaited decisions for which there is no political will among America's allies: Ukraine's receipt of NATO's Membership Action Plan and EU candidate status. Statements that Ukraine must fight corruption for NATO membership cannot be an encouragement, but rather a demotivating one. Especially given the state of affairs in some NATO countries.

Ukraine's acceptance in the NATO family would be an effective guarantee that Russia will not use the Nord Stream situation as an indulgence for further aggression.

And integration into the European Union will accelerate all the energy reforms that the U.S. and Germany are committed to guaranteeing in their joint statement.

Ukraine's voice deserves to be heard in a conversation about our country's fate.

Sergii Leshchenko is a Kyiv Post columnist and a member of the supervisory board of Ukrzaliznytsya. He is a former investigative journalist and a former member of Ukraine's parliament.

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# Key allies let down Ukraine, strike deal on Nord Stream 2

By Max Hunder  
hunder@kyivpost.com

**T**he Nord Stream 2 pipeline was supposed to be a solution to satiate Germany's vast energy needs.

Instead, the project stoked a years-long diplomatic crisis as Germany's allies in Europe and the U.S. rallied against the project, fearing its completion would weaken Europe's security by increasing Germany's dependence on Russian gas.

The completion of Nord Stream 2 is now a fait accompli. On July 21, the U.S. State Department signed an agreement with Germany allowing the completion of the project.

The project is major victory for Russian President Vladimir Putin and German Chancellor Angela Merkel, who have been seeking the its completion for years. For U.S. President Joe Biden, the agreement was a way to repair relations with Germany after they soured during the Trump years, seeing Germany as a key ally in combatting China's influence around the world.

Immediately after the deal was announced, Ukrainian and Polish Foreign Ministers, Dmytro Kuleba and Zbigniew Rau, put out a joint statement condemning the deal, writing that it "cannot be considered sufficient to effectively limit the threats caused by Nord Stream 2."

The agreement includes provisions to assist Ukraine with its energy sector and diplomatic initiatives, but it remains unclear to what extent these concessions will help Ukraine make up for lost gas transit fees from Russia or protect itself from further Russian aggression.

At the time the agreement was signed, Biden made the gesture to officially invite Ukrainian President Volodymyr Zelensky to the White House on Aug. 30. According to officials however, the visit is unrelated to Nord Stream 2.

In giving the green light on the project, Germany and the U.S. have angered allies and put Ukraine's security at risk. And with Merkel's departure imminent, Germany's ability to stand up to a Russia it will be heavily dependent on for gas is less than apparent.

## Terrible deal for Ukraine

The terms of the deal do not give Ukraine any serious guarantees of energy or territorial security.

The deal offers a so-called Green Fund, to which Germany has committed \$175 million to promote and support investments in green energy. With the fund, Germany hopes to attract \$1 billion from third-party backers, including private investors.

But green energy investors in Ukraine are currently owed more than \$700 million by the state and complain of being unable to build new projects due to the prohibitive cost of capital caused by erratic policy decisions. Convincing investors to finance further projects in Ukraine will be difficult.

Germany will also provide \$70



U.S. President Joe Biden and German Chancellor Angela Merkel leave at the end of a joint press conference in the East Room of the White House in Washington, DC, July 15, 2021. Biden and Merkel struck a deal on July 21 that allows the completion of the controversial Nord Stream 2 pipeline project.

million of funding to support Ukraine's energy security.

Germany also promises to send an envoy to "facilitate an extension of up to 10 years" on Ukraine's current gas transit agreement with Russia, which expires in 2024 is worth a minimum of \$7 billion over five years.

This will also be a difficult task, given that the total amount of gas Russia sent through Ukraine in 2020 was 55.8 billion cubic meters (bcm), which is only 800,000 bcm more than the capacity of Nord Stream 2.

The deal also promises the launch of a "Ukraine Resilience Package" by Germany with the aim of "shielding Ukraine completely from potential future attempts to cut gas supplies to the country" by increasing German reverse-flow capacity and cyber-proofing its gas pipeline infrastructure.

Timothy Ash, senior strategist at BlueBay Asset Management, expressed his confusion at this proposal in comments to the Kyiv Post.

"If Russia is going to cut off gas supplies through Ukraine, where is Germany going to get surplus supplies to help Ukraine?"

In 2019, Germany imported nearly 89 bcm of gas, 57 bcm of which was from Russia.

According to Norwegian energy consultancy firm Rystad Energy, total German imports are set to

increase to over 100 bcm in 2022, as the remaining six nuclear reactors in Germany are scheduled to go offline that year.

This nearly reaches the 110bcm total capacity of both Nord Stream projects put together. Bearing in mind the current collapse in Dutch gas production, one of Germany's main alternative sources, finding emergency reverse-flow supplies to Ukraine will be problematic.

Another provision of the deal is that Germany will "take action at the national level and press for effective measures at the European level, including sanctions" if Russia uses energy as a weapon or commits further aggressive acts against Ukraine.

However, as no specific red lines are mentioned in the deal, its vagueness leads many to remember past agreements broken by Ukraine's international partners.

"If I were the Ukrainians, I would have little faith in U.S., or German, guarantees about anything: the Budapest memorandum comes to mind," Ash commented, referring to the infamous 1994 agreement between Ukraine, Russia, the United Kingdom and the United States which guaranteed, among other things, Ukraine's territorial integrity in exchange for the country giving up its nuclear weapons.

The agreement was flagrantly violated by Russia's 2014 invasion of

Crimea and the Donbas, with the U.S. shirking its responsibility and failing to provide any lethal military aid until 2018.

## Endangering allies

The pipeline project had already led to plenty of strong expressions of dismay from Germany's allies in Europe and across the Atlantic long before the deal was announced.

"This gas pipeline will radically reinforce the common interests of Germany and Russia and will pose a direct threat to peace in Europe," Rau previously stated on June 11.

"Germany has sacrificed the values and security interests of the free world for cooperation with Russia and its policy of aggression," he added.

John Herbst, former U.S. ambassador to Ukraine and director of the Eurasia Center at the Atlantic Council, says that Germany's desire to placate Russia has caused tensions in the Euro-Atlantic alliance.

"Most nations in NATO recognize that Germany has this (appeasement) policy, and they recognize that while (Germany) is not wholly terrible, it has a problem. Nord Stream 2 is the brightest, most woe-ful example of that policy."

Jacob Heilbrunn, editor of The National Interest, a leading American foreign policy magazine, believes that the pipeline will have a "prophylactic effect" on Germany's

ability to exert influence over Russia.

"The Germans will pre-emptively curb their instinct to challenge Moscow on some of these foreign policy issues" due to their heavy dependence on Russian gas.

The U.S. attempted to negotiate a kill-switch clause into the deal, which would have created a mechanism for the flow of gas via the pipeline to cease immediately if Russia threatened the security of Ukraine.

However, this provision did not make it into the final agreement.

"Germany refused, and the U.S. caved, so we got nothing from Germany," said Herbst.

## Biden's "gift to Putin"

The debate around Nord Stream 2 sanctions has also created internal political waves within the United States.

Sanctions passed by Congress with the support of Donald Trump's administration in Dec. 2019 and Dec. 2020, which targeted companies involved in the construction of Nord Stream 2, successfully stopped work on the project despite it being 95% complete.

The Biden administration then waived these sanctions in May, lifting sanctions on the Swiss-registered parent company Nord Stream 2 AG, and only targeting Russian firms involved in the project instead.



# US, Germany sell out Ukraine as Russian pipeline becomes inevitable

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"The project was dead as long as U.S. sanctions were in play," Herbst said, adding that the Biden administration "has given a huge gift to Merkel and Putin" by lifting them.

The decision has upset Senators on both sides of the chamber, from Democrat Bob Menendez to Republican Ted Cruz, the latter using procedural rules to delay appointments to the State Department to put pressure on the Biden administration to reapply the Trump-era sanctions.

Germany claims that it is within its rights to build the pipeline, and that the U.S. was wrong to place sanctions on companies involved in Nord Stream 2 as the two countries are NATO allies.

"The German argument ignores the fact that allies do not pursue geopolitical projects with adversaries," Herbst said.

But if the pipeline is hurting Germany geopolitically, its completion will have much more serious consequences in Ukraine.

Russia already feels bold enough to threaten to cut off Ukraine's gas. Losing its status as a gas transit country will also take away one of Ukraine's few remaining deterrents against further Russian invasions.

## War guilt and kleptocracy

For German leaders, the pipeline may be about more than economic pressure to secure a reliable source of gas for Germany's vast industrial holdings.

German President Frank-Walter Steinmeier made international headlines on Feb. 9 when he said that Germany owed Russia Nord Stream 2 because of the more than 20 million Soviet citizens killed during the Second World War. Steinmeier's sentiments fail to recognize that out of this total, 7-10 million were Ukrainian.

Such a grand gesture is complicated by the fact that Steinmeier's former boss, Gerhard Schroder, who served as German Chancellor from 1998 to 2005, sits on the board of both Nord Stream 2 and state-owned



A pipelaying vessel constructs the Nord Stream 2 pipeline in the Black Sea near Visby, Sweden on Feb. 27, 2019. As of July 2021, the Nord Stream 2 pipeline is 95% completed and set to be commissioned by the end of the year.

Russian oil giant Rosneft.

His influence has long been viewed as a significant factor in the promotion and acceptance of Nord Stream 2 within Germany.

The current deal is therefore "a green light for kleptocracy" in the eyes of Ash.

According to Heilbrunn, Merkel's own zeal for the pipeline is driven by a combination of war guilt, her East German upbringing, and the desire to build a legacy.

"This is Merkel's monument. She

has fought for this tooth and nail," Heilbrunn said.

The timing of the deal is highly questionable, given that Merkel will step down before the Sep. 26 federal elections in Germany.

Evelyn Farkas, formerly in charge of Ukraine policy at the U.S. Department of Defense, is quoted by Politico as saying that it would have been better for the U.S. to "wait for after the elections" before making a deal with the new German leader.

In any case, the elections are likely

to make a bad situation even worse for Ukraine.

Aside from Nord Stream 2, Merkel has at other times demonstrated a strong resolve to maintain EU sanctions on Russia, imposed as a result of Putin's invasion of Crimea in 2014.

Heilbrunn worries that such a trait may be lacking in her most likely successor, the CDU's Amin Laschet.

"I don't think he has a backbone like Merkel." 🇺🇸

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# Celebrated procurement platform Prozorro at risk of elimination

By Oleksiy Sorokin  
sorokin@kyivpost.com

Ukraine's online procurement system Prozorro has saved the country Hr 190 billion (\$7 billion) since its introduction in 2016, according to their own estimates.

It may not save much more.

The system that has been praised as one of the biggest steps in fighting corruption is being gradually dismantled by the country's leadership.

"The situation looks worrisome," says Vasyl Zadornyy, the director general of Prozorro. "We're risking burying or at least substantially undermining one of Ukraine's most successful reforms."

The reform directed nearly all government procurement to go through Prozorro's online bidding platform, making it harder to strike corrupt deals and handpick contractors in exchange for kickbacks.

This system, where bidders take months to compete for government contracts, has become inconvenient for President Volodymyr Zelensky and his ruling Servant of the People party, who came to power promising swift improvements.

So they started letting certain projects circumvent Prozorro.

In March 2020, the government passed a decree excluding medical procurement from Prozorro and allowing the Health Ministry to buy medical equipment directly from suppliers.

The decision was meant to speed up Ukraine's reaction to the COVID-19 pandemic.

"It set a precedent," says Zadornyy.

It snowballed from there.

In 2021, parliament exempted several big projects from Prozorro, including a beltway around Kyiv, locomotives for state railway and the upcoming Independence Day celebration, leaving them all without public oversight.

"Prozorro allows Ukraine to save Hr 60,000–100,000 on each million spent because of competition that drives prices down," says Zadornyy. "Leaving out Prozorro creates a potential risk that you won't save that money."

Ukraine is at risk of overpaying \$300 million on the above three projects alone.

Yet, the government isn't stopping there. The parliament has registered several bills that, if passed, would further reduce Prozorro's reach, pushing Ukraine's procurement back into the shadows.

Despite the explicit attack on Prozorro and one of Ukraine's most successful reforms, Zadornyy avoids direct accusations and confrontation, opting for passive defense.

Asked by the Kyiv Post whether the agency has direct contact with Zelensky and his office, Zadornyy says he "saw the president once, maybe twice." Asked if powerbrokers know about how Prozorro actually works, Zadornyy says "some-

Volodymyr Petrov



Vasyl Zadornyy, head of the online procurement agency Prozorro, talks to the Kyiv Post in the agency's office in Kyiv on July 16, 2021. Prozorro, which according to its own estimates saved Ukraine over \$7 billion since its establishment, has been struggling to defend its existence as more and more state agencies circumvent it.

one definitely knows, but if most people in government know, that's an open question."

There hasn't been a public movement to defend Prozorro and transparent procurement.

## The reform

Independent Ukraine has always had problems with corruption and inefficient governance. The introduction of Prozorro was among the first reforms meant to address that.

After the EuroMaidan Revolution, which ousted President Viktor Yanukovich, demand for transparent spending was high.

In 2014, a group of activists began creating a new online procurement platform. The initial project was financed by the United States Agency for International Development and supervised by Transparency International Ukraine.

Soon, the Soviet-styled ZovnishTorgVydav agency, responsible for printing out government procurement deals, was renamed Prozorro, a Ukrainian word meaning "transparently."

In 2015, the parliament passed a pivotal bill, "On public procurement," finalizing the legislative framework for the Prozorro system. The platform became obligatory for all government agencies, including local ones, on Aug. 1, 2016. In the following years, the system has won global awards as the best procurement solution.

When Zelensky came to power in 2019, Prozorro experienced a short boost. In April 2020, the threshold for the obligatory use of the government procurement system was lowered from Hr 200,000 (\$7,500) to Hr 50,000 (\$1,800).

Prozorro became a synonym for

government transparency.

The agency is self-sufficient. In 2020, the platform's budget was Hr 115 million (\$4.2 million) which was fully covered by tender fees. The budget is sufficient to cover the salaries of 60 employees and maintain the servers.

In 2018, a separate platform named Prozorro Sale was launched, allowing the government to sell property and permits online. As of July 1, the platform helped Ukraine make Hr 40 billion (\$1.5 billion) through so-called small privatizations.

## Corruption goes online

Despite its advantages, Prozorro can't thwart corruption by itself. The platform lacks the tools to punish tainted sellers and corrupt officials.

Without proper law enforcement agencies and working courts, the system is criticized for its inefficiency. Zadornyy says that's not fair.

"Prozorro's mission is to open the market and to create a fair and transparent playing field, Prozorro can't become a court, the police or prosecution," says Zadornyy.

A minimum of two bidders is required for a tender to be recognized. Shady contractors often use affiliated companies as spoiler candidates to secure government contracts. Tender trolls cause bid amounts to fall to stall competition or to force buyers to renegotiate contracts on unfavorable terms.

Officials sometimes phrase their demands for contractors in a way that excludes some companies and favors others.

"There are records (of violations) which can be moved to courts and be used to punish offenders, but the question is whether the authorities have the competence to do it," says Zadornyy.

"It's the job of law enforcement agencies to react to those violations and it's the biggest problem of Ukraine that it doesn't work."

According to him, there are multiple areas in which procurement has been hijacked by deceitful contractors.

"The largest area where money is spent is construction; a lot of contracts are signed in the energy sector," says Zadornyy. "These are the juiciest areas for corrupt officials."

For example, a tight-knit group of companies —the Turkish Onur Group, and Ukrainian Rostdorstroy, Avtomagistral-Ug and Avtostrada—have banded together, allegedly colluding on state-issued road construction tenders, keeping prices high.

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

"There are dozens of rigged tenders, with inflated prices, each costing millions of hryvnias," says Yuriy Nikolov, an investigative journalist and editor for the investigative journalism outlet Nashi Groshi.

According to Ukraine's existing procurement laws, Prozorro officials, buyers and sellers are limited to filing a complaint to the State Audit Service. There are around 15,000 appeals annually.

"They act maybe on every fifth complaint," says Zadornyy.

## Dismantling Prozorro

Instead of solving these problems, officials saw a chance to get rid of the system altogether.

In March 2020, during the early stage of the pandemic, countries were competing for medical supplies.

According to Zadornyy, Prozorro, together with the health and economy ministries decided to exempt purchases of medical equipment from having to go through the system.

Soon, the health ministry began bypassing Prozorro to buy other items as well.

"Buyers on the spot began saying we need to prepare a hospital for COVID-19, so we need to buy furniture and so on," says Zadornyy. "It started with buying critical drugs and ended with couches, office supplies and practically anything."

A total of \$1.2 billion was spent without public oversight because of this clause.

Now other state players are also skipping Prozorro and transparency.

In May, Ukraine signed a nearly \$1 billion contract with French company Alstom to buy 130 Prima T8 locomotives for \$8 million each. The government used a legal loophole to sign a direct deal — the contract was embedded in a loan agreement.

In June, parliament pushed through an amendment that exempted contractors from having to transparently bid for the upcoming \$3.5 billion Kyiv beltway project.

Ukravtodor, the government road construction agency, justified this decision by saying that Prozorro doesn't allow the so-called EPC+F contracts, meaning paying a fixed price for the project from engineering to construction.

"It's a lie," says Zadornyy. "You can sign any contract you wish."

Zadornyy said Ukravtodor never contacted Prozorro to clarify whether the contracts they needed could be done through Prozorro.

Weeks later, a \$200 million procurement deal for projects related to Independence Day celebrations was exempted from Prozorro with the excuse that there was no time for a proper tender.

Recently, state-owned gas company Naftogaz said it wants to be exempt from the Prozorro system.

A bill exempting local governments from the need to go through the system has also been registered in parliament.

"Each year, Ukraine signs contracts worth Hr 600–700 billion (\$22–25 billion), pocketing even 1% of that sum, many would want that," says Zadornyy.

Yet, Zadornyy is very cautious to point fingers, saying that top officials might simply lack time and knowledge to understand the benefits of Prozorro.

"Using the procurement system correctly is like maintaining a proper diet, it's harder than just going to McDonald's," says Zadornyy pointing to the fact that many top officials prefer to arbitrarily handpick a company — not always looking for a kickback but often because it's easier.

"Online transparent procurement is longer and requires knowledge, many don't want that." 🗣️



# After years in limbo, SBU reform makes slow headway

By Illia Ponomarenko

[ponomarenko@kyivpost.com](mailto:ponomarenko@kyivpost.com)

Of all Ukrainian agencies, the State Security Service (SBU) had the most difficult road to reform.

The bloated service is used to throwing its weight around. Plans to curb its power have been delayed, ignored or impeded since their introduction years ago. Until Ukraine tackles this challenge, it will not be allowed to even approach the European Union or NATO membership.

Real change may finally be on the way. In September, parliament may vote on a bill that would transform the agency into a modern, Western-style counter-intelligence service that won't engage in corruption, harass businesses or use its power to run a nationwide protection racket.

The SBU would be drastically cut down and demilitarized. Its staff would lose the authority to investigate and prosecute, which carries a big risk of abuse.

The West is mostly happy with the legislation. But experts fear that it contains numerous loopholes that would allow the SBU to keep pulling the strings, protected by secrecy.

## A painful plan

SBU reform barely saw any progress under former president Petro Poroshenko despite pressure from the International Advisory Group (IAG) that includes the envoys of EU, NATO, and the United States.

The IAG suggested its reform roadmap in 2016. It quickly drowned in bureaucracy and opposition from the SBU leadership and Poroshenko's administration.

Today, the SBU is the most powerful secret service in the country, similar in many ways to Russia's FSB. It's a strange hybrid of secret service and law enforcement agency, which has the authority to get involved in a wide range of cases that don't involve intelligence operations.

The recent reform bill, No. 3196-D, submitted by President Volodymyr Zelensky in October 2020 has had over 2,000 amendments. It passed in the first reading in late January.



The Security Service of Ukraine (SBU) operatives detain simulated intruders during anti-terror drills at the Israeli Embassy in Kyiv on July 6, 2021.

Western pressure is mounting. On July 7, the U.S. Secretary of State Antony Blinken mentioned an urgent SBU reform among the top five steps Ukraine has to make toward a successful future, referring to NATO and EU integration.

The IAG made three statements this year, calling on the Rada and the government to pass SBU reform without delay. The Western advisers repeatedly called the bill "largely in line with European and Euro-Atlantic principles and best practices."

## Narrowing scope

Under the draft law, the SBU's scope would be narrowed to focus

only on domestic intelligence and counter-espionage.

It must bid farewell to its anti-corruption department, which is ironically known for monstrous graft, as well as the organized crime unit, also stained with many high-profile scandals.

By the end of 2023, the SBU would be expected to get rid of all of its pre-trial criminal investigations except for a very limited number of cases directly tied to national security and espionage.

All organized crime and corruption functions would be given to the National Police, the National Anti-Corruption Bureau (NABU) or the recently-created Bureau for Economic Security.

"The institutional division between security services and law enforcement agencies is a strong preventer of the concentration of excessive power at one body and of the risk of uncontrolled use of covert intelligence data," as the European Union Advisor Mission (EUAM) in Kyiv said in support of the bill on June 25.

The SBU is to give up on its own pre-trial jails, including the secret ones, which have been placed in the spotlight by journalist investigations.

The SBU's staff would be cut from 31,000 to 17,000 people within a few years. According to the Kyiv Post's sources, some 80% of SBU personnel mostly busy themselves with useless paperwork or tasks that have nothing to do with nation-

al security. This makes the rest of the SBU personnel very bitter. According to international advisers, if the SBU were in line with U.S. or U.K. agencies, it would have 5,500 employees.

"Today the SBU staff is too numerous in terms of its aspect ratio to the country's population," the EUAM said. "This has become its weakness rather than an advantage as 95% of the agency's budget is spent on salaries, which leaves almost no funds for investing in modern technologies and know-how... What matters to countering Russian hybrid threats is quality instead of quantity."

Right now, many key SBU officials are considered members of the military, which is uncommon in the West. Under the bill, the new SBU would be overwhelmingly civilian, except for a few military service members including the elite Alpha Force special operations unit.

Last but not least, the bill wants the SBU to be more responsible to the public and parliament and submit to civilian oversight.

## Not radical enough?

According to experts, even if the draft law strips SBU operatives of their power to investigate, they will still be able to gather evidence and give it to law enforcers.

This presents an issue. If the evidence is classified, defendants may be denied the right to see it, infringing on their rights to a fair

trial. This throws the legitimacy of the use of undercover evidence into question.

Experts fear this might give the SBU a weapon against political opponents.

To eliminate the risk, other reforms to law enforcement and courts may be needed.

"After all, it is the judges, individually and collectively, who are to decide whether counter-intelligence data can be used at a given trial," EUAM stated.

"As a consequence, there emerges the question of the reliability of judges, as well as of the relations between courts and the SBU, and of civic trust in the judicial branch's ability to ensure a fair trial."

In spite of these problems, the expert community approves of the reform plan, believing it's long overdue.

Nonetheless, some criticize the plan for not being resolute enough and the years-long reform timetable for being overly generous.

"It is a good thing that the bill is ready to go," said Oleksandr Lemenov, an expert with the non-profit watchdog StateWatch. "It's just that it is not enough. The reform must be carried out much faster. The investigation function, as well as irrelevant departments must be eliminated fast, all legal inconsistencies with law enforcement must be fixed faster."

"There must be a large-scale, resolute transformation — which is not what we see here." ❗

Volodymyr Petrov



Ivan Bakanov, then acting deputy chief of Ukraine's SBU service delivers a speech during a press briefing in Kyiv on June 3, 2019.



# One week left to persuade IMF give Ukraine money under current deal

By Anna Myroniuk  
myroniuk@kyivpost.com

**T**he \$5 billion loan program from the International Monetary Fund expires in December and so far, Ukraine only got \$2.1 billion.

Meanwhile, Ukraine's deadline to pay \$3.8 billion in public debt is approaching in September.

Ukraine now has a week to try to secure another tranche before the IMF leadership goes on vacation in August.

Ukraine has recently moved closer to meeting the IMF's conditions. Officials have said they expect to receive the \$700 million tranche any day now.

"All the conditions that were agreed on were fulfilled in a sense that the Verkhovna Rada passed them (the bills). We can now put a tick 'okay' near those questions on the list," said Oleh Ustenko, an adviser for Ukraine's President Volodymyr Zelensky.

The IMF does not see it that way. "I can say we welcome the recent approval of laws that will strengthen the judicial system in Ukraine, but more progress is needed in several other areas to support completion of the first review, under the IMF supported program," Gerry Rice, the IMF's communication director said at a press conference on July 15.

This means Ukraine will not receive the second tranche, Serhiy Fursa, an investment banker at Dragon Capital, believes.

"I think that (another) tranche is impossible," he told the Kyiv Post.

Ukraine got the previous tranche over a year ago. In June 2020, the IMF and Ukraine agreed that the country put in numerous reforms in exchange for \$5 billion in cheap loans. The country then got \$2.1 billion on the spot and was told to fix some of its most glaring problems.

Instead, it created new ones. In October, the Constitutional Court overturned some crucial anti-corruption reforms.

Since then, the IMF mission has been calling on Ukraine to bring things back to normal. This work is still in progress.

In the past 25 years, Ukraine has never managed to fulfill all of the IMF's demands.

## Ukraine's high hopes

Kyiv aims to sign a so-called staff level agreement with the IMF by the end of July. It would have to be approved by the Fund's board of directors as recognition of the reforms' success.

Such a paper is more important than the money itself, Ustenko said.

"It is not just about the money. The point is that we want to have the firm support of the IMF," he said, "This will mean that the IMF acknowledges that we have made significant progress. And we have. And we want confirmation that we have made this progress."

This agreement will define whether Ukraine receives money from the European Union and World Bank.

Meanwhile, Ukraine's older debts



A woman walks past the headquarters of the International Monetary Fund (IMF) building in Washington, DC on April 5, 2021.

are coming due. In September, the country must repay state debt and interest of almost Hr 105 billion (\$3.8 billion) out of Hr 602.5 billion (\$22.3 billion) it is set to pay in 2021, according to the Finance Ministry.

Economic experts say Ukraine's authorities are too optimistic about getting the loans this summer.

"We believe that expecting money by September is optimistic because the IMF's conditions for Ukraine have not yet been met," said Elina Ribakova, deputy chief economist at the Institute of International Finance based in the U.S.

If Ukraine does not manage to secure the deal in the coming week or so, it's unlikely to get the money at all.

"Should negotiations spill over into autumn, the IMF could also want to see the new budget passed before the disbursement. With the program expiring in December, we think it is likely the IMF would prefer to start new program negotiations at the same time," Ribakova said.

In the worst-case scenario where Ukraine receives no money from the IMF by September, there is a plan B, Ustenko said, but declined to discuss it.

According to Fursa, Ukraine will manage to pay the debts even without the IMF's tranche.

"On the one hand, we do need to remain in the program for confidence. On the other hand, we will be able to pay the September debts without the IMF tranche. We will be able to do so thanks to other IMF money," he said.

The IMF is distributing a \$650 billion allocation of Special Drawing Rights monetary reserves to member countries this summer and

Ukraine is to get its portion of \$2.8 billion with no conditions to meet.

## What IMF wants

First, Ukraine must fix the crisis in the National Anti-Corruption Bureau.

In August 2020, the Constitutional Court ruled unconstitutional the 2015 appointment of bureau chief Artem Sytnyk, who is trusted by the West.

According to the court, hiring or firing the NABU chief is beyond the president's jurisdiction. Sytnyk still has his job now.

The new law bill suggests granting the Cabinet of Ministers the power to appoint and dismiss the head of NABU selected by a special commission. The lawmakers approved it in the first reading but then went on recess. They will return to work in September.

Ustenko hopes the IMF will believe Ukraine's promise that parliament will pass the bill.

"I understand that nowadays people do not have much trust in promises, but they have our word that the NABU issue will be solved after it is agreed within the country, then with the Venice Commission and international partners," Ustenko said.

Fursa does not think the IMF will be convinced.

"The thing is that we have betrayed the IMF's trust so many times that it is unlikely they will do it," he said.

The bill in its current shape undermines NABU's independence because it may be used to fire Sytnyk before his contract expires in April 2022. There are no legal grounds for this, according to the watchdog Anti-Corruption Action Center.

The IMF also wants Ukraine to finally select a new head of the Special Anti-Corruption Prosecutor's Office (SAPO) which has been absent since its previous head Nazar Kholodnytsky resigned in August 2020 amid allegations of corruption.

The process stalled. Some members of the selection panel have been backing government-favored candidates.

Corporate governance standards are another demand, following the sudden dismissal of Andriy Kobolyev, the CEO of Ukraine's state-owned oil and gas company Naftogaz on April 28.

His controversial firing worried the IMF so much, it had recalled its senior economist from Ukraine, Novoye Vremya magazine reported on April 30, citing its sources.

## What Ukraine fulfilled

There are a few major breakthroughs. One is judiciary reform.

Part of it is reforming the High Council of Justice, the judiciary's main governing body. The parliament gave foreign experts a decisive role in firing tainted members and hiring new ones.

The parliament also gave foreign experts a crucial role in creating a new High Qualification Commission of judges, a body that hires and fires judges.

On July 22, parliament sent these bills to Zelensky's desk.

But some judicial experts are concerned that the legislation will not be implemented, as has happened in the past. In 2019, Zelensky signed a similar judicial reform bill but the High Council of Justice refused to carry it out.

Another step forward is Zelensky signing a law that introduces prison

terms for officials lying in mandatory asset declarations on July 16.

In October, the Constitutional Court destroyed asset declaration legislation and stripped the National Agency for Preventing Corruption (NAPC) — tasked with checking declarations — of most of its powers. NAPC got its powers back in December 2020.

Ukraine kept a few more promises to the IMF.

On June 30, parliament approved the law on the National Bank, increasing the responsibility of the bank's management board and supervisory council for the decisions they make. Among other things, it expands the powers of the NBU to implement risk-oriented supervision, ensuring prompt response to deteriorating solvency and liquidity of the bank.

However, since early July, the National Bank of Ukraine has been experiencing a wave of resignations.

Over a dozen of its employees, including several department heads, left the office. They accused the central bank's leadership of usurping power and suppressing consensus. Financial Times reported that Zelensky's office was considering firing NBU governor Kyrylo Shevchenko, citing anonymous sources.

The independence of the central bank is important to the IMF, which sees the regulator's reform of the banking sector as one of Ukraine's biggest success stories.

The IMF also praised the long-awaited opening of the land market on July 1.

Even so, the list of Ukraine's commitments to the IMF has 30 bullet points. The country did not manage to check off all of them.



# Ex-Deputy Governor Sologub on leaving central bank after 6 years

page 2 →

no formal hiring process at all, just one person who will say okay, he is now the department director," said Sologub. "And even when there is a formal hiring process, there were a few times when my voice did not matter at all. The decision was already made."

These changes, he added, were focused on bringing in people who would be more "compliant with what the governor would ask from them."

## Vertical power

Asked if there is pressure from outside, Sologub said he is not sure but he can say that the bank's style of communication with external authorities changed significantly over the past year.

"Before, it was very decentralized. For example, if there is some question related to my area with the Cabinet of Ministers or the president, I was directly responsible," he said.

Now, Shevchenko does this job for the most part.

Rozhkova and Sologub had been given formal reprimands and votes of no-confidence late last year for talking to the media of their own volition and violating the bank's "one voice" policy. Rozhkova later accused the NBU of trying to censor her interview with the magazine Novoye Vremya.

This centralization of decisions contradicts the principle the bank has been built on — collegiality, according to Sologub. Since the central bank supervises critical areas that are filled with corruption risks, "it's better to have collegial decision-making... to avoid possible integrity problems," he said.

Several former NBU employees who spoke to the Kyiv Post told the Kyiv Post that the bank's current



National Bank of Ukraine governor Kyrylo Shevchenko (L) walks with President Volodymyr Zelensky inside the central bank's building in Kyiv on July 20, 2020, soon after Shevchenko was confirmed as the bank's new head. NBU employees would later accuse Shevchenko of micromanagement and autocracy. Shevchenko denies this, saying these are rumors spread by oligarchs.

leadership criticized them for "voting the wrong way" or going against the governor's wishes, which led to their desire to resign.

Oleksandr Bezv, director of bank licensing, said he was chewed out by deputy governor Yaroslav Matuzka for this reason.

In an interview with news outlet Liga.net, Matuzka said he was "surprised" by accusations of the former employees.

Sologub said that signs of the new management style aren't very blatant.

"There are people who say the NBU is fine, they say monetary policy is still fine. I agree, but monetary policy is a very transparent area,"

he said. "It's not so easy to change something in monetary policy and hide it."

"Compare that to banking supervision because in banking supervision there are banking secrets. If you see irregularities, you can't really voice it."

He said banking supervision has deteriorated. "Even now we see worrying signs where individual banks got preferences... Unfortunately, over the past 12 months, we have seen some evidence of that."

"It has been sporadic so far," he said. "(These issues) do not represent systemic risk but if things continue over the years and some banks see, okay these banks got some prefer-

ence, why not me and so on, it might come to that."

Asked if he believes the NBU is a robust institution if a single governor can make all these changes, Sologub said he believes the recent resistance is evidence that independence remains.

"After this public outcry, maybe things could change," he said.

## Replacement

Sologub said that the bank's choice for his replacement is "actually some kind of sign that it's clear that the central bank is not going very well and there is actually the idea to replace me with a very respected person."

Shevchenko recently approved former deputy economy minister Serhiy Nikolaychuk to replace Sologub. He had also previously worked as a macroeconomic researcher at ICU, an investment firm, and directed the monetary policy and economic analysis department at the NBU.

Sologub said this nomination was a pleasant surprise. He worked with Nikolaychuk for five years and knows him very well. The new deputy governor understands the job "100%," according to Sologub.

"To me, the nomination of Serhiy is a very interesting sign. I did not expect this but it's very good. As good as it gets."

Several banking experts, including former employees, believe that Shevchenko didn't want Nikolaychuk, making his appointment surprising.

Some experts have said that it's likely that the candidacy might have been the work of the office of President Volodymyr Zelensky, which raises questions about political pressure on the central bank.

In response, the NBU said it "strictly adheres to the principles of independence, building constructive cooperation with public authorities to achieve the regulator's goals."

## IMF

Asked about the relationship with the IMF, Sologub said Ukraine needs time to convince the agency to approve the additional loans.

"When we first came to the NBU... we saw skepticism from the IMF, investors and donors because we had no proven track record. We needed time to break this kind of skepticism and we did."

"With what has happened since (last) July, we're back to this situation and more time is needed. Not only time but the track record also has to be clean." 🇺🇦

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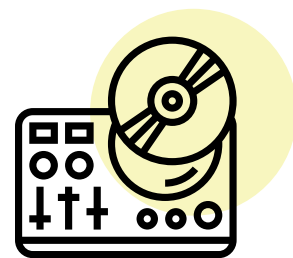
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# Lifestyle

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Electronic music festival Ickpa will bring more than 40 DJs and producers on July 23–25 at Khvyliia Sanatorium (1D Pukhivska St.) Pass - Hr 1,650



## Illustrator Maidukov captures Kyiv he loves in new art book

Oleg Petrasjuk



Ukrainian illustrator Sergiy Maidukov makes a sketch as he speaks with the Kyiv Post in central Kyiv on July 22, 2021. Maidukov has drawn dozens of illustrations and sketches on Kyiv streets for his postcard series and the recently released artbook "Kyiv by Sergiy Maidukov."

**By Yana Mokhonchuk**  
[mokhonchuk@kyivpost.com](mailto:mokhonchuk@kyivpost.com)

It is easy to fall in love with Kyiv flipping through the pages of Sergiy Maidukov's new art book.

Though originally a Donetsk native, the illustrator has been living in the Ukrainian capital for more than 20 years and has grown quite affectionate of the city.

"I love Kyiv tenderly, sincerely and desperately," Maidukov, 41, told the Kyiv Post.

The feeling shows in his illustrations and sketches, as he captures the capital's urban aesthetics in his 130-page artbook "Kyiv by Sergiy Maidukov."

Released by IST Publishing in May, the book has descriptions in English and is available for purchase online and in bookstores for Hr 910 (\$33).

### Becoming an illustrator

Maidukov was born into an artistic family and his father was his first teacher.

By the age of six he had created his first collection of graphic artworks under his dad's guidance. Those very first art pieces were copies of illustrations from home library encyclopedias.

"I would sketch insects in a notebook, with a short description, and my dad noticed them," Maidukov says.

He has never stopped drawing ever since.

Maidukov studied at the National Academy of Fine Arts and Architecture, the alma-mater that counts Ukrainian artists such as the landscape painter Tetyana Yablonska and architect Florian Yuriev who designed the famous Kyiv modernist structure, Flying Saucer, among its graduates.

Though he always wanted to do illustration full-time, it took Maidukov years to actually quit his job as a designer that, unlike illustration, provided a stable income.

But the wait was well worth it. Today Maidukov is one of Ukraine's most successful and known illustrators with around 1,000 art pieces on his record.

His illustrations have appeared on the pages of The New Yorker, The Guardian and Esquire Ukraine. Although Esquire Ukraine doesn't exist anymore, it was the country's only magazine publishing illustrations in 2012-2013, Maidukov said.

Cooperating with a publication as iconic as The New Yorker — a life goal of pretty much every ambitious

illustrator — was an exceptional milestone. So when Maidukov received the first offer from it in 2018, it was quite emotional for him.

"If I was alone and could have shouted without embarrassment, I would have," he says.

His art now consistently appears on the magazine's pages four to five times a year.

Maidukov's portfolio, however, is very versatile and is not limited to media. In 2017, he designed a Google Doodle for Ukraine's Independence Day. His other works have been showcased in the windows of Kyiv's Central Department Store (Tsum), on fashion designs and many postcards, posters, product labels and packaging.

The illustrator often works free of charge helping to visualize various good causes for charity and activist projects. He is very proud of them but is humble, saying they aren't "something to brag about."

### Kyiv inspiration

Maidukov moved to Kyiv at 21, but he didn't get to actually explore the city until later.

For the first couple of years in the capital, he spent most of his time inside an apartment, doing graphic design and eating cheap canned food.

When he entered art school, Maidukov's vision of the city was shaped by new knowledge. He also traveled to the center frequently. That's when he "started to get a feel for Kyiv."

Fascinated by the capital, especially its architecture and people, Maidukov dedicated a whole series of postcards to it in 2014. He depicted some of his favorite locations such as the Zhovten cinema, Olympic Stadium, Lybidska metro station and the Fomin Botanical Garden. Maidukov soon released another series of postcards, this time spotlighting historical architecture that was at risk of being torn down.

But the illustrator's love for Kyiv didn't stop there. Maidukov drew more than 70 sketches and illustrations on the capital's streets between 2018 and 2020. Most of them made it into "Kyiv by Sergiy Maidukov."

Though he has quite an extensive background in illustration, this is his first art book and first experience of having complete freedom in creating the whole project.

"I had a carte blanche from the publisher — I was the author of my own cover," Maidukov says.

Despite expectations to see a Kyiv

## City Life

With Elina Kent  
[kent@kyivpost.com](mailto:kent@kyivpost.com)

## Rave for LGBTQ rights to take place outside of president's administration

President Volodymyr Zelensky might be at a rave on July 30.

Not that he's known to be a fan of electronic music, but he won't have much choice. A team of activists will set up a stage, bring DJs and blast music right in front of the Office of the President of Ukraine.

The location choice is no accident and it won't be just any party, but Rave Pride: A protest for LGBTQ rights.

Rave Pride is being organized by the newly-established nonprofit UkrainePride that was founded after some of its members split from Kyiv Pride, the nonprofit that has been holding the annual Equality March since 2013.

In Ukraine, raves are popular gatherings among the LGBTQ community. Underground, they provide safe and tolerant spaces where people feel free from judgment.

UkrainePride believes that queer people in Ukraine today would be better represented through demonstrations as dynamic and loud as raves than classic rallies.

"Rave Pride is the real face of the queer community and the youth of Ukraine today," Sofiia Lapina, co-founder of UkrainePride, told the Kyiv Post.

The protest will demand the adoption of anti-discriminatory legislation towards LGBTQ people and proper investigations of past crimes against the community.

It will start at 4 p.m. and run for six hours featuring star Ukrainian DJ Nastia among others.

### Modern protesting

Ukraine's relationship with the LGBTQ community has improved drastically in the last decade, with multiple pride parades occurring throughout the country.

Previous pride parades in Ukraine have followed the Western model. In remembrance of the Stonewall riots, a series of demonstrations against police raids in 1969 New York, activists in Ukraine organized a march in June.

But as the country is still in the process of distancing itself from homophobia, Kyiv's Equality March appears different compared to pride rallies in the West.



# Kyiv as it is, with flaws and charms, on pages of new art publication

page 12 →

symbol or a significant city location, the cover simply reads "Kyiv." Yet it immediately catches the eye, as Maidukov used extra-bright and bold handwritten letters covering the whole cover surface.

"I've been very fond of letters for the last year," Maidukov explains. "Anywhere they can be used, I try to see how they can be combined and constructed."

The order of illustrations in the book was a tough call. Maidukov gave up on the idea of arranging them by season or by location. He eventually came up with a hidden narration, which he still keeps in secret, that defined the order. Maidukov wants the readers to explore the publication and unpuzzle it themselves.

"Explaining such things means destroying the search that the reader has to do," Maidukov says.

The illustrations have no names, descriptions or locations — it is almost an exclusively visual story that Maidukov shares with the reader. The only text featured is a small introduction about the author and the book, which is yet another visual joy laid out inside the shape of the word "Kyiv."

There is also a conversation at the end of the book between the author and journalist Oleksii Tarasov, who was the chief editor of Esquire Ukraine when the magazine started publishing Maidukov's works.

## Hidden charms

Many will recognize the familiar Kyiv views and locations in the book. There's the grenade-shaped Salut Hotel, the always busy area of Lva Tolstoho Square, the striking ensemble of the Kyiv crematorium, the modern Theater on Podil, subway stations and central streets.

But Maidukov sees way beyond

the recognizable. He has a tremendous eye for Kyiv's hidden beauty, seeing the charm in cranes at endless constructions, underground passages and abandoned industrial areas.

He travels around the city by bike and stops at any moment to capture some eye-catching view or plot. One such occasion resulted in an illustration of construction workers painting the wall of a building.

It can take Maidukov up to two hours to draw a sketch right on the spot.

"I stand with an iPad and draw everything I see from nature," he says.

But it's not only about what he sees. While sketching, Maidukov listens to all the noises around to convey the atmosphere visually.

He is very scrupulous in his process. It took Maidukov five attempts to find an angle to draw the famous 62-meter-high Motherland monument. The illustrator didn't want

Ukrainian illustrator captured many familiar locations in Kyiv such as the grenade-shaped Salut Hotel for his new artbook "Kyiv by Sergiy Maidukov." The publication offers more than 50 sketches and illustrations portraying the capital's urban life.



Sergiy Maidukov

to include the Soviet coat of arms, held by the female statue, since it's a reminder of a dark moment in Ukraine's history.

But at times, he is also very laid-back about his work. Having trouble drawing the Kyiv Hotel, a 15-floor modernist building, Maidukov cut it by nine floors.

"Sorry, but I couldn't manage the geometry," the illustrator jokes.

Many illustrations incorporate people, as they shop at markets, sit on park benches or simply walk the streets because "Kyiv is an anthill,"

Maidukov says.

Without people, the image of Kyiv would have been dishonest. But if anything, Maidukov's book is the opposite of that, offering a genuine portrayal of Kyiv, with all its imperfections and no hyperbole.

"This is Kyiv for me: traffic near the subway, a little fog and people very busy on their phones in the evening," Maidukov says.

"Kyiv by Sergiy Maidukov" is available for purchase on IST Publishing's webstore at [www.istpublishing.org](http://www.istpublishing.org) for \$910 (\$33).

Advertisement

## Dual education in the State Tax Service: 95% of students are satisfied with the experiment, almost half of them are planning to build a career as tax administrator

Kyiv School of Economics has presented its research on results of a study on pilot dual education programs in Ukraine

Studying theory with university teachers, and practice in the workplace, a minimum of homework, the student is employed and receives a salary and a scholarship at the same time — it's all about dual education.

A study plan agreed with an employer, availability of specially trained mentors to accompany the student in the workplace and salary are among the key differences between dual education and work practice.

Dual education of large scale was first introduced in Germany in the mid-1960s. It provided a combination of university and workplace studies, and students immediately applied theoretical knowledge (knowledge from classrooms) in practice (in the workplace). The dual form of education exists in many countries of the European Union. Their experience, in particular the experience of Germany, Austria and Switzerland, shows the effectiveness of dual programs.

For Ukraine, dual education is a relatively new phenomenon. Discussions about the implementation of dual education programs began in 2012, and in 2017 the first experiments were launched.

Dual education is a priority of the state for the coming years, but we are not talk-

ing about quick solutions yet. From 2019 to 2023, the Ministry of Education and Science of Ukraine is implementing pilot projects of dual education, then follows analysis of results and prospects, and only after gradual changes in the higher education system may become possible. According to the head of the Directorate of Professional and Higher Education of the Ministry of Education and Science Oleh Sharov, dual form of education may fully replace part-time programs in future.

Kyiv School of Economics has analyzed dual education programs that are already being implemented, in particular at the State Tax University (Irpin) and the Kyiv National Economic University named after Vadym Hetman.

"I was able to combine my studies with work. We were in constant contact with teachers and consulted with them about the work," said Ilona Fialo, a graduate of the first dual education program.

According to the KSE study "Dual Education: Challenges and Prospects in Ukraine", the following factors are necessary to develop dual education program:

1. The University is able to reduce the theoretical program without losing quality and make it relevant in the labor market. Curricula of the university and employers should complement each other and be synchro-

nized, employers should participate in the development of the curriculum — this will allow to adapt the theory to practice. This is important for students, because they learn from real examples, which stimulates them to study theory. Thanks to the dual form of education, students together with employers (mentors) can change study schedules and working hours.

2. Employers are interested in teaching students and not spending their own resources. That is why many available programs provide salaries for mentors who work with students in the workplace. Universities also pay salaries, so they can reduce the number of hours for full-time study.

3. Employers should have enough vacancies to hire students for the duration of the program. Students must pass the competition for these vacancies, because the employer is interested in the quality of work of all employees without exception and only pays money for the work performed.

4. Students should decide who they want to work for. There are cases when students may not fully decide on their future profession and then change their minds to work in the specialty, it is a question of the quality of student selection and previous interviews where you need to pay attention to motivation.

5. The dual education program should avoid an overload of a homework. Students do not

have time to do tasks outside of a campus due to full-time work (8 hours a day).

6. Employers have applied best practices that are relevant to other companies. In the case of the KSE study, employers work with best practices and constantly conduct trainings for their employees, have in-house schools for training, so it is easier for them to adapt to work with students.

The results of the study show that more than 44% of respondents plan to work as tax administrators in next 5 years. At the same time, almost 95% of respondents said that they would recommend the program to their friends.

"This year, for the third year in a row, we will enroll students in the master's program "Fiscal administration" with the dual form of education" — said Professor of the State Tax University Kostiantyn Shvabii.

Students, employers, universities and the Ministry of Education and Science of Ukraine are satisfied with the quality of knowledge and professional skills demonstrated by the students of dual form of education. However, there are still questions to resolve about the legal framework of cooperation between the parties.

Authors: Oleksandr Ruban, Artem Koval, GIZ Project "Good Financial Governance in Public Finance"



## City Life

# Nonprofit to make noise about violence against queer community

page 12 —&gt;

There are still rainbow flags, drag queens and the songs of LGBTQ icon Donna Summer, but Kyiv's pride march is also surrounded by thousands of police officers protecting demonstrators. Without police protection, marchers risk attacks from far-right groups that have occurred at previous marches and other events where there was little to no police presence.

UkrainePride wanted to find more effective and modern ways to advocate for queer rights.

"Advocacy is any action that shines a light on the violations of a person's rights," Lapina says, "and UkrainePride is looking for the most diverse and most creative ways" to do that.

That's how the team came up with a rave protest.

"The word 'rave' comes from the word 'noise,' and I believe the protest needs to be noisy so that people pay attention," Lapina says.

And there are many issues that need attention.

## Threats and attacks

The only anti-discrimination article in Ukraine's Criminal Code isn't applicable to attacks on LGBTQ people because it doesn't include any terminology referencing sexual

orientation.

Having previously worked alongside KyivPride against hate crimes, Lapina has had her fair share of dead ends when it comes to finding justice for queer people in Ukraine.

If someone were to be charged with beating up a gay person, the most likely outcome is a sentence of hooliganism or civil liability and a simple fine. That results in a vicious circle of those attacking LGBTQ doing it again since there's not much punishment.

"A person understands that this time nothing came out of it, and next time nothing will happen either, and they can continue to do this forever," Lapina says.

The activist herself has recently been under threats from far-right groups. They hacked her social media accounts, published personal information and sent her death threats. The police told her they have little chance to prove it's a hate crime.

"At Rave Pride, we are going to play loud music in the middle of the workday at the President's Office so that the authorities can finally hear us," Lapina wrote on Facebook after publicizing threats she received on July 20. "The same authorities who pretend that nothing is happening, that there are no hate crimes."

One of the July 30 protest's



The co-founder of UkrainePride nonprofit, Sofia Lapina, poses for a photograph near the President's Office in Kyiv on July 22, 2021. The organization that advocates for LGBTQ rights will hold a Rave Pride on July 30 in front of the presidential administration with music by renowned DJs and demands to protect the local queer community.

Oleg Petrusiuk

demands is bringing legal changes that would protect LGBTQ people and properly investigate past crimes against the community. But activists don't believe these changes are pos-

sible without reform and they plan to demand further reforms of the police, the prosecutor general's office and the justice system.

## Safe underground

The roots of electronic dance music, which originated in the form of the house genre in 1980s Chicago, are tightly connected to the LGBTQ community and the people of color whose clubs gave it a start.

It's no wonder that the world's modern electronic music industry is at the forefront of supporting LGBTQ communities, paying respect to the shared history.

Kyiv's electronic scene has been blowing up the last few years, with international DJs performing every weekend and promoters coming to Ukraine to host their own events.

It's here that local queer people can truly enjoy their time together, feeling protected and free from judgement. Many clubs and events have strict policies banning taking photos and often promote a "no hate, no racism, no discrimination and no homophobia" approach in event announcements.

"The information on those websites makes me happy and makes me feel more safe right away," Yura Dvizhon, another co-founder of UkrainePride and an openly gay person, told the Kyiv Post.

People are more aware of how they act at these events, Dvizhon believes. If they express any intolerance, they risk being kicked out.

"The body guards can block them from visiting the club forever. That's why people try to be politer," Dvizhon says.

## Above ground and heard

Rave Pride will have various DJs from Ukraine and abroad performing for free in support of the queer community.

Aside from one of Ukraine's most popular DJs, Nastia, the line-

up includes Katro Zaubler, Gael Abakarova, Olha Korovina and Greek DJ Stef Mendesisidis, among others.

Mendesidis's name in the announcement caused some uproar, with claims that UkrainePride had invited a Russian DJ to a political protest.

The reason for this controversy was an old Instagram post of Mendesidis's, a selfie of him in Moscow with the caption "I'm home."

Some activists immediately assumed that Mendesidis was from Russia and were outraged. Although Mendesidis previously lived in Moscow, it was only one of many different cities he has called his home.

Mendesidis is originally Greek and has lived in Moscow, Berlin and several other cities while traveling around as a DJ. Most recently, Mendesidis moved from Berlin to Kyiv, with a recent Instagram post of him outside of Taras Shevchenko National University of Kyiv writing "Dear friends and people of our scene. I have moved to this blessed land! Kyiv is my new home."

Lapina addressed the controversy on Facebook writing that she is very happy Mendesidis relocated to Kyiv.

"He is a very successful musician and is known throughout the world," Lapina says, "the fact that he chose to move to Kyiv is an indicator that we really have favorable conditions for developing in this area."

In support of the electronic music scene, Rave Pride will also demand the investigation of police raids of clubs and brutality in the Podil district that occurred throughout the pandemic and escalated in May.

Lapina says that almost any sphere of culture is very much tied with the queer community and the concept of freedom, adding that Rave Pride is "not only about LGBTQ people but all open-minded youth."

Rave Pride. July 30. 4 p.m. President's Office, 11 Bankova St. 📍

## TOP 10 KYIV POST exclusives online this week

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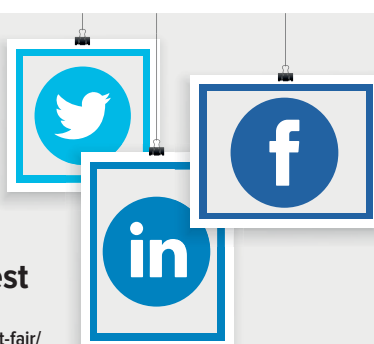
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