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# The Great Carpathian Land Grab:

How oligarchs are using Ukraine's war economy to get hold of one of Europe's last great wilderness areas



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## List of acronyms

**AMLD:** EU Anti-Money Laundering Directive

**ANTAC:** Anticorruption Action Center in Ukraine

**DOJ:** U.S. Department of Justice

**DSA:** District State Administration in Ukraine

**DTP:** Detailed Territorial Plan

**EIA:** Environmental Impact Assessment

**ESB:** Economic Security Bureau of Ukraine

**EU:** European Union

**EUDR:** EU Regulation on deforestation-free supply chains

**EUTR:** EU Timber Regulation

**FIS:** Federal Intelligence Service of Switzerland

**ICIJ:** International Consortium of Investigative Journalists

**IMF:** International Monetary Fund

**HCV:** high conservation value

**MEP:** Member of the European Parliament

**MP:** Member of Parliament

**NABU:** National Anti-Corruption Bureau of Ukraine

**OCCRP:** Organized Crime and Corruption Reporting Project

**SAPO:** Anti-Corruption Prosecutor's Office of Ukraine

**SBU:** Security Service of Ukraine

**SEA:** Strategic Environmental Assessment

**SEI:** State Environmental Inspectorate of Ukraine

**SFE:** State Forestry Enterprise; now branch of state enterprise "Forests of Ukraine"

**TRSA:** Transcarpathian Regional State Administration

**UNCG:** Ukrainian Nature Conservation Group

**USAID:** United States Agency for International Development

## Executive summary

While the devastating Russian invasion of Ukraine continues, plans are being made to destroy one of the most pristine, biodiverse and beautiful mountain areas of Europe in the Ukrainian Carpathians. The Svydovets massif and nearby mountain areas have been targeted for “development” by politically connected Ukrainian oligarchs allegedly profiting from corrupt state structures.

Their plan is to get hold of up to 2,800 hectares of forests, alpine meadows and pastures, currently state or community lands, to develop a cluster of large infrastructure projects connected to winter tourism. Three new ski resorts, named Svydovets, Bystrytsia and Turbat, are designed to host over 58,000 people. The planned development, while expected to generate short-term gains from logging and construction, would permanently and irreversibly damage this unique European natural heritage.

The Ukrainian forests are already affected by destructive logging, which has been exacerbated by the war. This report shows that the construction of large-scale infrastructure in the targeted areas would put up to 1,270 hectares of forests, including high conservation value (HCV) forests, at risk of degradation or destruction with massive long-term impacts on habitats and species.

Deforestation is likely to increase the risk of floods, while sewage from the ski resorts might devastate the water cycle with transboundary impacts. Private companies' plans to appropriate state and community lands for their exclusive use are likely to impoverish communities and endanger their livelihoods. In a context of diminishing snow cover worldwide and an altitude of the planned mega ski resort largely under 1600m above sea level, even the economic viability of the projects is highly doubtful.

In May 2017, the Svydovets ski resort project was formally approved by the Tyachiv and Rakhiv District State Administrations (DSAs) of the Transcarpathian region. Despite a lack of progress in this development, the same group of oligarch-linked investors launched plans for two additional ski resorts: Bystrytsia in the Ivano-Frankivsk region and Turbat in the Transcarpathian region. These projects have been given the green light and

fast-tracked by the competent local authorities. The documentation required for beginning construction is currently being prepared by the public authorities at full speed.

The Strategic Environmental Assessments (SEAs) for the Bystrytsia and Turbat projects have already been launched and the Environmental Impact Assessment (EIA) for the Svydovets project is expected to be finalized soon.

As detailed in this report, the network of ski resorts is being developed in a non-transparent way. A lawsuit launched by local residents challenging the decision to approve the Svydovets project is still pending at the Supreme Court of Ukraine.

The three projects have been promoted by companies linked to one of Ukraine's most controversial oligarchs, Igor Kolomoisky. Kolomoisky, his associates and various companies controlled by them, including those directly involved in the development of the Svydovets, Bystrytsia and Turbat mega-resort, have been the subject of criminal investigations in multiple jurisdictions, including in Switzerland.

Kolomoisky himself is currently being investigated in Ukraine on suspicions of fraud, embezzlement and money laundering. However, to this date neither Igor Kolomoisky nor his associates have been convicted of wrongdoing in court and the presumption of innocence applies. Given the lack of transparency and the highly controversial track record of the people and companies behind the planned developments, **this report concludes that there is a high risk of corruption in the approval process for the Svydovets, Bystrytsia and Turbat ski resorts.**

In March 2023, the Ukrainian nonprofit Nature Conservation Group (UNCG), the Danube-Carpathian Program, Environment People Law and WWF Ukraine submitted the scientific documentation and application for the establishment of the Free Svydovets landscape reserve of national importance. The reserve would foster regional development, while also allowing local population to continue its sustainable use of natural resources.

In April 2023, an official petition to President Zelensky backing this application was signed by more than 25,000 Ukrainian citizens. However, since then, the Ukrainian government has

remained silent. Meanwhile, this highly damaging corruption-suspected cluster of projects risks diverting international aid from projects needed to sustainably rebuild war-torn Ukraine.

Considering the facts presented in this report, **the Free Svydovets Initiative Group calls on the Ukrainian government to suspend all procedures concerning the Svydovets, Bystrytsia and Turbat projects** until access to information and public participation are fully restored. In the long run, the Group urges **the Ukrainian government to act wisely to preserve local people's livelihoods and the natural heritage of the Ukrainian Carpathians for the long-term benefit of the many, rather than promoting projects developed by dodgy investors for the short-term benefit of the few.** To this end, the competent Ukrainian authorities should **reject the detailed territorial plans for the Svydovets, Bystrytsia and Turbat projects and approve the Free Svydovets landscape reserve.**

Our concrete recommendations focus on two key areas: **protecting the Svydovets massif and surrounding areas through a comprehensive framework and defining alternative models of long-term regional development together with the local population, with a focus on nature-based, low-impact tourism.**

Nevertheless, given the existing corruption and illegal logging issues in Ukraine and the tainted record of the investors behind the Svydovets, Bystrytsia and Turbat projects, the Group calls:

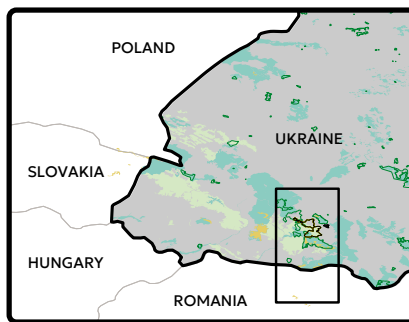
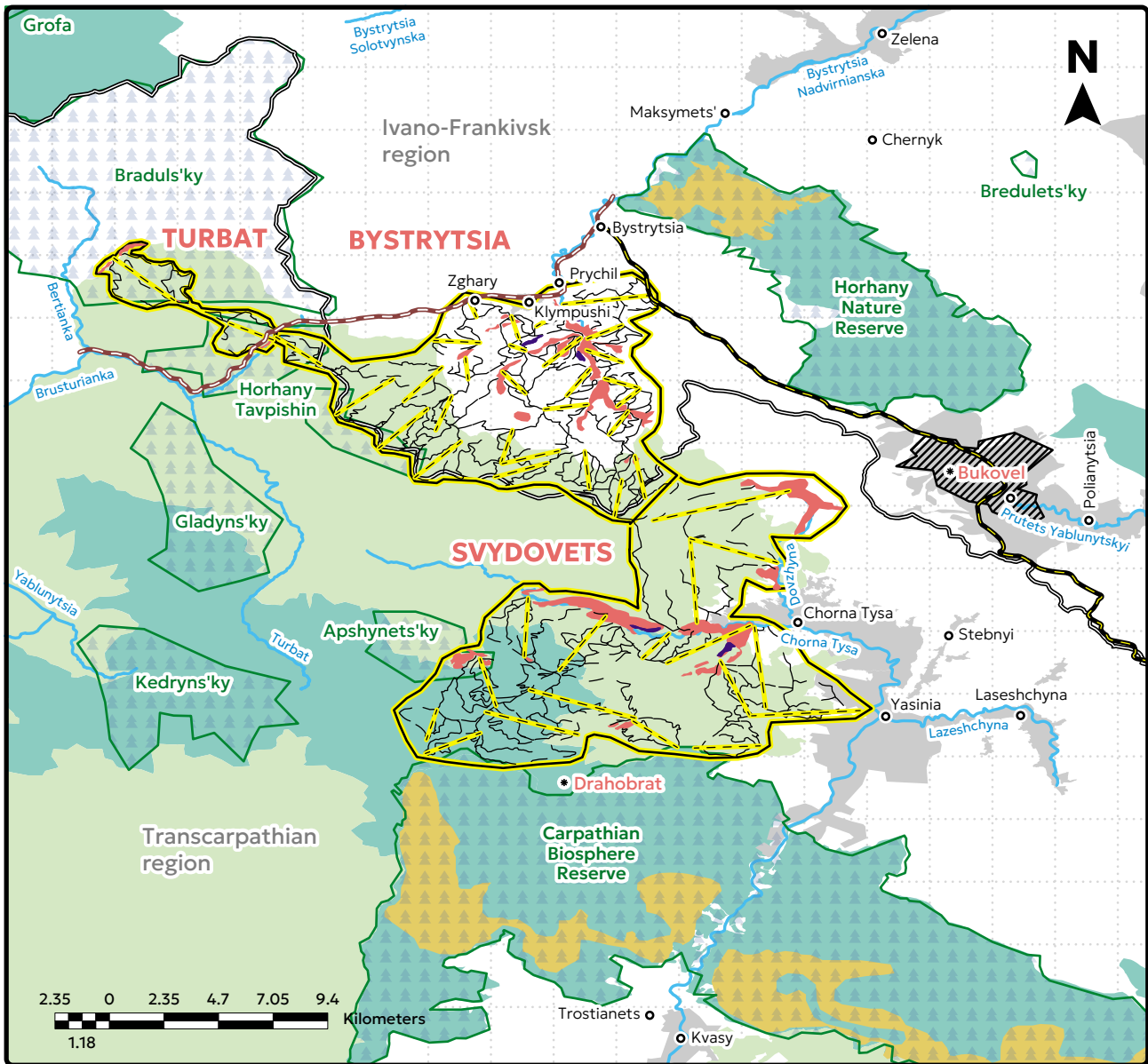
- 1) on the EU authorities to classify Ukraine as a high-risk country under the EUDR and to support the on-going criminal investigations concerning Igor Kolomoisky and his associates;**
- 2) on the U.S. government and USAID not to include the named projects in the HOVERLA local governance project and not to provide any support to them;**
- 3) on Switzerland not to close the criminal investigation on Igor Kolomoisky and to freeze the assets of Kolomoisky and his relatives in Switzerland.**



The Svydovets massif in the Ukrainian Carpathians

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**Figure 1: Map of the planned Svydovets, Bystrytsia and Turbat ski resorts**



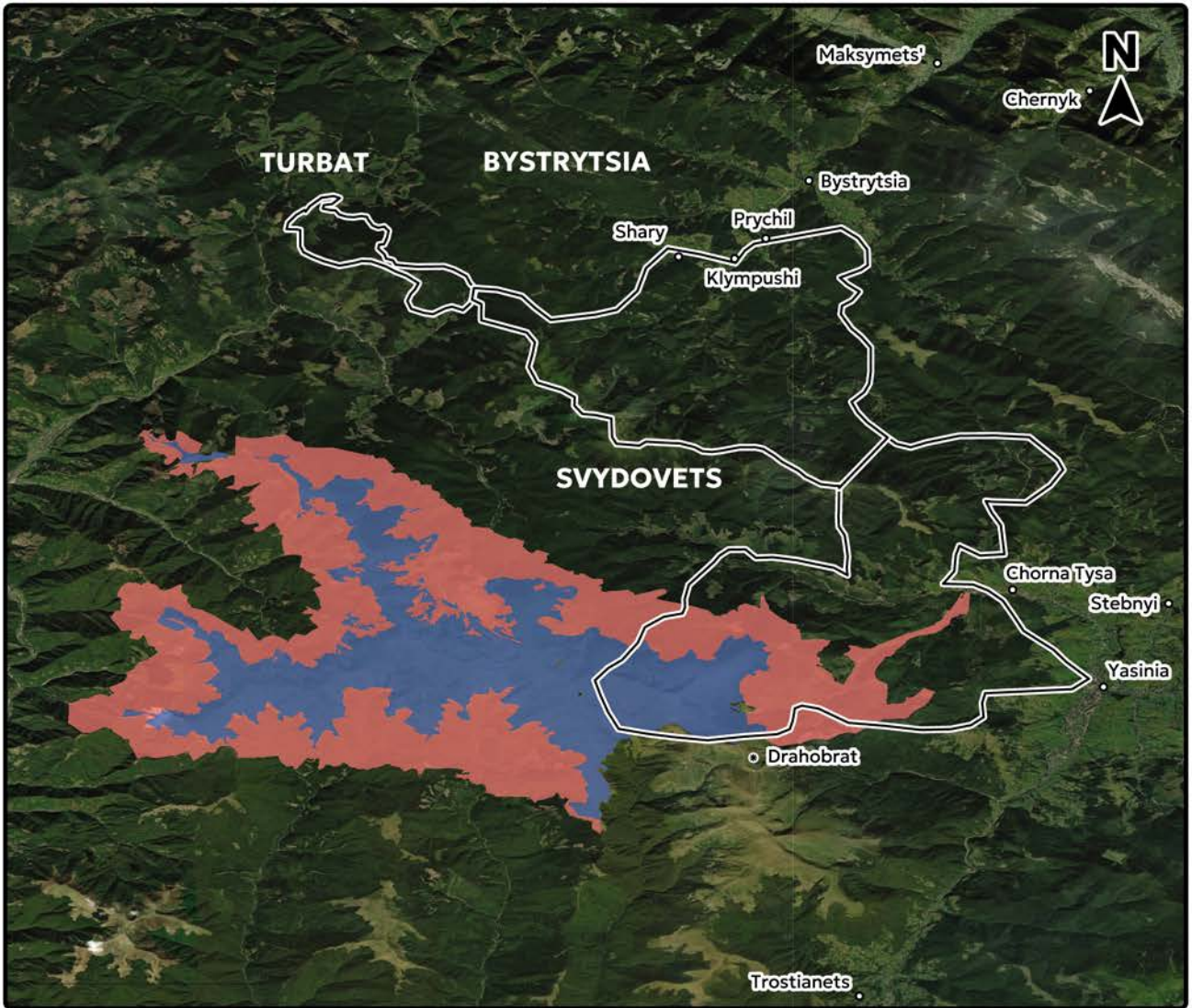
**Legend**

- \* Existing ski resort
- ▨ Bukovel ski resort
- Planned Ski Resort Network
- Planned ski slopes
- Region (oblast) boundary
- Planned ski lifts
- Planned road
- Road under construction
- Rivers
- Villages

- Planned infrastructure
- Planned accumulation ponds
- Natural protected areas
- Emerald Network Sites (confirmed status)
- Emerald Network Sites (candidate status)
- UNESCO World Heritage Site



### Figure 2: Map of the proposed “Free Svydovets” Landscape Reserve of national importance



#### Legend

- Planned Ski Resort Network
- Proposed Landscape Reserve (communal land)
- Proposed Landscape Reserve (state forest fund)

## 1. War-torn Ukraine and the path to recovery

Armed conflict in Eastern Ukraine started in early 2014 between Russian-backed separatist forces and the Ukrainian military, following Russia's annexation of Crimea. Previously, in 2013, Ukrainian President Yanukovich's decision to reject a deal for greater economic integration with the European Union (EU) was met with massive protests violently repressed by the state security forces.

The protests widened and escalated the conflict, which evolved into an active stalemate, with regular confrontation and shelling along the frontlines of the Russian and Ukrainian-controlled eastern regions.<sup>1</sup>

In the following years, attempts to end the violence through diplomatic efforts, such as the 2015 Minsk Accords, largely failed. These efforts were followed by an increased NATO presence in Eastern Europe and the imposition of sanctions on certain Russian individuals and companies.

On February 24, 2022, after a last effort of the UN Security Council to dissuade Russia from attacking Ukraine, Russian President Vladimir Putin announced a "special military operation". This meant a full-scale land, sea and air invasion of the country.<sup>2</sup> Shortly afterwards, major cities across Ukraine were bombed.

Leaders around the world condemned the attack and various countries imposed economic sanctions on Russia in the following months. By the end of July 2022, sanctions on Russia were increased by the EU and U.S., including freezing bank accounts and banning travel by prominent officials.<sup>3</sup>

Since 2022, Russian air strikes and attacks in Ukraine have claimed many lives. It is estimated that 5.1 million people are internally displaced, 6.2 million have fled Ukraine and a total of 17.6 million people are in need of humanitarian assistance.<sup>4</sup> Ukraine has received nearly 350 billion USD in aid, of which 77 billion USD was provided by the U.S.<sup>5</sup>

Two Ukraine Recovery Conferences have been held so far – the first in July 2022 in Lugano, Switzerland, and the second in June 2023 in London.

The 2022 conference was aimed at starting and defining the recovery process, including environmental recovery, taking into account Ukraine's environmental issues, both the ones existing before the war and those caused by the war.

At the time, the war had already damaged over 1.2 million hectares of natural reserves, with over 20% of the natural reserve fund considered "under threat."<sup>6,7</sup>

While the war rages on, the Svydovets massif, Bratkovsky ridge and Uria mountain foothills



Photo: Foreign, Commonwealth & Development Office

are the target of an unprecedented scheme by politically connected oligarchs to build one of the largest networks of ski resorts in Europe, capable of receiving 47,000 tourists and 11,100 employees at a time (see chapter 3). This highly damaging cluster of projects risks diverting valuable international aid and investment from truly needed projects that would rebuild a healthy, sustainable and corruption-free Ukraine.

In the run up to the Ukraine Recovery Conference in June 2023, the Free Svydovets Initiative Group held a press conference in London with members of the European Parliament and the Ukrainian Parliament on two key aspects of the Svydovets case: the damaging environmental impacts of the planned cluster of projects and the tainted record of the oligarchs who are behind it.

This report takes this work further with a view to strengthening the documentation of these two key aspects. The findings presented here are based on research conducted between January 2023 and January 2024.

This report thus complements the 2019 report “The Svydovets Case: How oligarchs are planning to destroy one of Ukraine’s most pristine natural landscapes”<sup>8</sup> with new information on the following aspects:

- 1) the additionally planned Bystrytsia and Turbat ski resorts;
- 2) the projected economic viability and environmental impacts of the Svydovets, Bystrytsia and Turbat projects;
- 3) their non-compliance with environmental laws;
- 4) the latest developments in the public procedures of the project planning process and the related lack of transparency;
- 5) the work of the Free Svydovets Initiative Group to secure legal protection for the concerned natural areas; and
- 6) an in-depth analysis of the persons and companies involved in the development of the network of projects, their associates and their “record of trouble.”



## 2. Svydovets massif and region

### 2.1. Geography at a glance

The Carpathian Mountains stretch over a distance of approximately 1,500km and an area of 200,000km<sup>2</sup>, from the Czech Republic in the west across Slovakia, parts of Poland, Hungary and Ukraine, across the greater part of Romania and into Serbia.

They are one of Europe's last great wilderness areas, harbouring a large part of the remaining virgin and old-growth forests in Europe.<sup>9</sup>

The Ukrainian Carpathians occupy over 14% of the mountain range and are home to six key components out of the ten areas of the transboundary UNESCO World Heritage Site named "Ancient and Primeval Beech Forests of the Carpathians and Other Regions of Europe".

The Svydovets massif, located in the Eastern Carpathians in the Transcarpathian region (oblast) of Western Ukraine, is embedded between the rivers Teresva and Chorna Tysa.

It provides the hydrological regime of the region and contains the source of the international Tysa river, which is a main tributary of the Danube.

The Chorna Tysa river flows through Ukraine, Romania, Hungary, Slovakia and Serbia, and is protected by the EU Water Framework Directive and the Water Code of Ukraine.<sup>10</sup>

More than half of Ukraine's glacial lakes are located in the Svydovets mountain range. The central part of the Svydovets mountain range and the upper part of the Chorna Tysa river are particularly important as biodiversity hotspots and wildlife corridors for the whole region.<sup>11</sup>

### 2.2. Nature conservation value

The Svydovets massif is unique for its largely undisturbed high-mountain glacial landscapes and high conservation value forests, notably its UNESCO World Heritage primeval beech forests. The southwestern section of the massif is part of the Carpathian Biosphere Reserve and partially included in the UNESCO World Heritage and European Wilderness Network.<sup>12</sup>

Four areas of the Svydovets mountain range are protected areas of local and national importance, namely the Smerekovi Karpaty Forest Reserve, the Apshynetsky Hydrological Reserve, the Bila and Chorna Tysa Ichthyological Reserve and the Stanislav Botanical Reserve.

Three other locations are natural monuments, namely the Vorozheska Hydrological Nature Monument, the Gerezhaska Hydrological Nature Monument and the Andromeda Botanical Nature Monument.

The hydrological natural monuments of local significance, Lake Gereshaska, Lake Apshynets, Svydovets Waterfall and Lake Vorozheske, remain outside the conservation area of the Carpathian Biosphere Reserve.<sup>13</sup>

Svydovets is also part of the Emerald Network, which is protected by international environmental treaties, notably the Bern Convention (to which Ukraine is a signatory). As of December 2021, the Standing Committee of the Bern Convention approved 377 areas of the Emerald Network in Ukraine, which include the Svydovets Emerald Network sites.<sup>14</sup>



Photo: MyName (Myriatic (talk))

However, due to a lack of national legislation and relevant management plans, the Emerald Network status currently does not ensure real protection of the territory.<sup>15</sup>

The Svydovets area covers 17 habitat types listed in Annex 1 of the EU Habitat Directive (1992) which need special protection measures. They are all included in the list of Resolution No. 4 of the Bern Convention.<sup>16</sup>

This biodiversity hotspot is known to harbour at least 42 plant species and 51 animal species listed in the Red Data Book of Ukraine, including the European brown bear (*Ursus arctos*), the Eurasian lynx (*Lynx lynx*), the Eurasian eagle-owl (*Bubo bubo*) and Tengmalm's owl (*Aegolius funereus*).

There are also species endemic to the region like the Carpathian newt (*Lissotriton montandoni*). The Red-listed plant species include the rose root (*Rhodiola rosea*), the Carpathian saxifrage (*Saxifraga carpatica*), the fir clubmoss (*Huperzia selago*) and many others.<sup>17,18</sup>

More recent unpublished studies (Prots et al. forthcoming) found that the Svydovets massif is home to 169 red-listed species of plants, invertebrates and vertebrates, and 13 red-listed vegetation communities, even more than previously found. For vertebrates, red-listed species represent 40% of the total.



Moreover, it has been found that the Svydovets massif is an area with no single invasive species.<sup>19</sup> The nearby Bratkivsky ridge and the Urya mountain are also areas largely undisturbed by human intervention that still harbour old-growth forests. The inventory list of WWF Ukraine shows that Svydovets still includes a significant amount of virgin, quasi-virgin and natural forests.<sup>20</sup>

Of these, 555 hectares of forests were identified as being at risk of destruction or fragmentation by the planned Svydovets ski resort and 634 hectares as being threatened by the planned Bystrytsia and Turbat ski resorts<sup>21</sup> (see chapter 3.3 on environmental impacts).

The network "Svydovets" of the UNESCO World Heritage Site is located only a few hundred meters from the planned Svydovets ski resort. Moreover, the Bystrytsia resort would affect the national nature reserves and monuments Hropynets, Urochyshe Verkhne Ozeryshche, Richanskyi, Bratkovets and several smaller ones.

Beyond its extraordinary biodiversity, according to the scientific study of Bortnyk et al. (2021), the Chorna Tysa river basin has a unique and well-preserved geodiversity which makes it an area with huge potential for the development of geotourism.

The landscapes of the Svydovets massif, with their glacial lakes, the Chorna Tysa river sources, the subalpine meadows of Polonyny, the forests and Bratkivsky mountain range, have special ecological, scientific, educational, and recreational values that need to be preserved.<sup>22</sup>

## 2.3. Illegal logging during the war

The forests of Ukraine are under unprecedented threat of illegal logging and destruction. Fueled by corruption, illegal logging in the Transcarpathian region had more than doubled between 2010 and 2016.<sup>23</sup>

In 2021, the Free Svydovets Initiative Group published a report on the activities of Yasinia and Brustury State Forestry Enterprises (SFEs),<sup>24</sup> seen as case studies of corruption, illegal sanitary logging, destruction of virgin forests and threats to activists. It concludes that it is the state enterprises that pose the greatest threat to Ukraine's forests through their illegal logging "with written authorization".<sup>25,26</sup>

Since the full-scale Russian aggression, the forest situation has changed for the worse. First, martial law has greatly affected civil society and its initiatives, as it has banned all forms of protests and rallies, which were key instruments of action.

The main impacts are:

- 1) severe limitations on any public action;
- 2) concentration of public attention on the war makes it harder to organize public action;
- 3) access to many documents is limited or closed (EIA, forest maps, cadaster maps etc. as detailed below);
- 4) activists are now fighting on the frontline or leaving the country;
- 5) in general it is harder to advocate for environmental issues because the "country needs money now".<sup>27</sup>

According to official estimates, millions of hectares of forest have been affected by the war, including illegal logging in protected areas occupied by Russian forces.<sup>28</sup>

While most Ukrainian timber is exported to EU countries, firewood and timber for reconstruction are now increasingly needed locally. A recent report shows that the biodiversity-related impacts of the war go far beyond the frontline.

In 2022-2023, as part of calls for more timber to be harvested to support the Ukrainian economy,<sup>29</sup> the government initiated numerous legislative



Massive clearcut in a forest managed by a local branch of state enterprise "Forests of Ukraine" in Brustury, June 2020

changes aimed at removing environmental restrictions to logging. Most of the state forests have been taken over by the state enterprise “Forests of Ukraine”.

This entity explicitly aims to increase wood harvesting and takes many steps to achieve this, including building new forest roads. In 2022-2023 it also became easier to convert forests into land for construction, agriculture, or various infrastructure projects.<sup>30</sup>

Since the introduction of martial law in 2022, forest monitoring has been significantly weakened. In addition, key environmental regulations in Ukraine's forestry sector have been suspended. A moratorium on inspections by the State Environmental Inspectorate (SEI) of Ukraine was in place until 2023.

Remaining legal challenges are making the SEI ineffective. More specifically, inspections by the SEI are currently subject to authorization from the Ministry of Environment and, in most cases, such authorizations are not granted.<sup>31</sup> Therefore, inspections are largely not conducted and illegal logging goes on undetected.<sup>32</sup>

In March 2022, the spring “silence season,” a legal restriction to logging during bird nesting, was suspended in order “to enhance the defence capabilities of the country.”<sup>33</sup>

In February 2023, the government also suspended the obligation to conduct biological studies when preparing forest management plans. These set key elements for any forest area such as the total

permitted cut for the following 10 years.<sup>34</sup> More widely, new provisions removed the obligation of conducting environmental impact assessments (EIA) for “war recovery projects,” meaning that any reconstruction project is potentially exempted from EIAs for an unspecified post-war recovery period.<sup>35</sup> Other laws now facilitate clearing of forests for infrastructure and investment projects.<sup>36,37</sup>

There are numerous examples of restrictions to public access to information, such as forest maps, logging plans, permits or results of SEI inspections. Public information on logging permits and planned sanitary logging is now unavailable or limited, although such issues are hardly related to the country's defence potential.<sup>38</sup>

In 2022-2023, a local branch of the state enterprise “Forests of Ukraine” in Yasinia developed forest management plans without a consultation process, likely in breach of the legislation in force.<sup>39</sup> Public access to documents such as those included in the EIA register, which used to be publicly available, is now only possible following an official request and access is often not granted.<sup>40</sup>

The situation is exacerbated by the lack of physical access to forests. In 2022 and 2023, regional administrations often prohibited citizens from entering forests, including in the Transcarpathian region.<sup>41</sup>

All these issues make it hard to trace and fight illegal logging and they allow projects with a heavy impact on forests, such as the Svydovets, Bystrytsia and Turbat projects, to go through EIA procedures without any public involvement.



### 3. The planned ski resorts

#### 3.1. Context

Since the beginning of the 2000s, there has been a boom in ski development in the Carpathian Mountains. Ski facilities have been developed by investors with substantial public support in the hope that they would drive long-term regional development.

The Transcarpathian region already has some 54 mostly small-scale ski resorts with a total of 73 km of ski slopes.<sup>42</sup> Located close to the Svydovets massif are the Dragobrat and Bukovel ski resorts. Bukovel, located in the Ivano-Frankivsk region, is currently the largest ski resort in Ukraine. It includes numerous hotels, sports facilities and wellness areas and advertises itself as “world class”. Launched in 2000 by Skorzonera LLC (“Skorzonera”), the Bukovel project reportedly received large investments from the Ukrainian oligarch Igor Kolomoisky (see chapter 4.1.1).<sup>43</sup>

The complex is currently operated by Bukovel LLC (“Bukovel”).<sup>44,45</sup> Bukovel has been in the register of large taxpayers since 2023. In 2022, it declared 322 employees.<sup>46</sup>

In 2023, Transcarpathia accumulated 22.16 million UAH (ca. 539,568 EUR) in tourist tax, while the Ivano-Frankivsk region, where the Bukovel resort is located, 20.41 million UAH (ca. 496,958 EUR).<sup>47,48</sup>

The planned Svydovets resort is presented as an opportunity for successful investment in economic and infrastructure development for the region.<sup>49</sup> Similar prospects are being claimed in connection to the additional Bystrytsia and Turbat resorts (see chapter 3.2.3).

However, in the long run there is a risk of having expensive investments whose financial and long-term social and environmental costs highly exceed their supposed usefulness.<sup>50</sup>

Local populations are often faced with the negative side-effects of ski resorts, including deforestation to build ski lifts, ski slopes, buildings, access roads and other infrastructure, resulting in water-related issues and the fragmentation of natural habitats (see chapter 3.3. on environmental impacts). For instance, communities living near Bukovel

complex are confronted with negative effects such as water pollution, water shortages and the privatization of community land which limits their livelihoods.<sup>51</sup> Promises related to the construction of suitable sewage treatment plants for the Bukovel complex have not been kept.<sup>52</sup>

State inspections carried out at Bukovel in 2020 revealed that wastewater discharges from the complex contained amounts of pollutants exceeding the maximum permissible standards. In 2022, it was established that specific sites lacked permits for emitting pollutants.<sup>53</sup>

State inspections also found further instances of non-compliance with environmental legislation including: no inventory of the waste generated by the company's (Bukovel) activities, no definition of waste generation rates, their composition, properties and degree of environmental hazard; no technical waste data sheets; and no statistical reporting on waste management.<sup>54</sup>

A recent interview with a villager of nearby Polianytsia confirms the existing issues: *“the large tourist complex [Bukovel] was built without large sewage treatment plants, although they were included in the master plan. (...) And it stinks from all sides, you see. You can't calmly walk to church... wherever you turn, everywhere stinks.”* The same villager explains the fact that *“the [local] need for water is very high. Almost all water is imported.”*<sup>55</sup>

Nevertheless, according to climate change models, skiing at less than 1,500m above sea level will become economically unviable within just a few decades.<sup>56</sup> Indeed, there is now a growing body of scientific literature providing evidence from around the world, for instance for Europe,<sup>57</sup> Chile,<sup>58</sup> or North America,<sup>59</sup> that snow cover is generally decreasing.

There is also a reduction of snow cover reliability in lower-altitude ski resorts and in most resorts in springtime.<sup>60</sup>

For instance, a recent study found a widespread decrease of mean and extreme snow depth over Europe since 1951, with an acceleration of this decrease after the 1980s.<sup>61</sup>

Another study, based on simulations with regional climate models, shows a widespread future decrease in snow water equivalent in northern Europe.<sup>62</sup>



## 3.2. Facts and figures

### 3.2.1. Initial Svydovets project

Plans for building a massive ski resort in the heart of the Svydovets massif were revealed in July 2016. Gennady Moskal, at the time Governor of the Transcarpathian Regional State Administration (TRSA), announced the creation of the Svydovets resort that would be connected to the existing Bukovel complex.<sup>63</sup>

In May 2017, the Tyachiv and Rakhiv District State Administrations (DSA) approved the detailed territorial plan for the construction of the Svydovets ski resort.<sup>64</sup>

In March 2018, the “Notice on planned activities which are subject to environmental impact assessment” (hereafter public notice) was published on the website of the Ministry of Ecology and Natural Resources and the TRSA started the mandatory environmental impact assessment (EIA), which has not been published to date.<sup>65</sup> The Svydovets ski resort is planned to include 230km of ski slopes, 23 ski lifts, 120 restaurants, 60 hotels, 390 apartment buildings, 10 shopping centers, 17 rental equipment units, 2 bank branches, 3 fitness centers, and 5 multi-story car parks for 6,000 cars.

Altogether the infrastructure is designed to receive 22,000 tourists and 5,000 employees – 27,000 people at the same time. The total area of the ski resort would extend over 1,430ha (hectares), of which 800ha would be used for housing, commercial, economic and recreational infrastructure.<sup>66</sup>

The area planned for construction borders on Bystrytsia village and Bukovel ski resort to the north. The territory of three villages in Tyachiv and Rakhiv District is directly affected by the project: Chorna Tysa village council territory (88.7%); Yasinia village council territory (10%); and Brustury (formerly Lopukhovo) village council territory (1.3%).

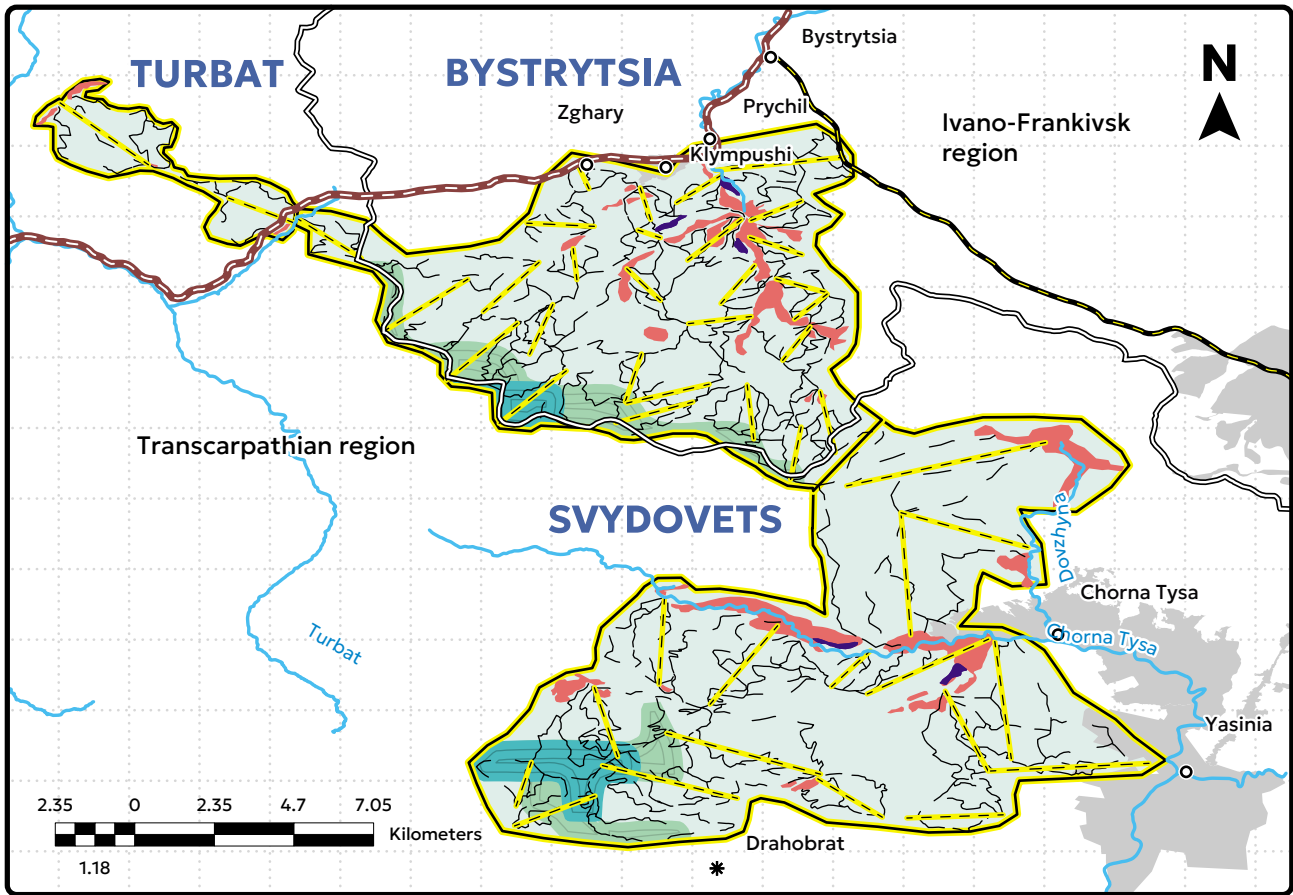
The total area planned for construction includes 1,187ha of forests and 243ha of community-owned agricultural lands, such as pastures, highland meadows and hayfields.

These land plots are currently used for the livelihoods of local people, but if the “investors” succeed with their land grab, they would be partly or fully privatized to build the Svydovets resort.<sup>67</sup>



Supreme Court of Ukraine, September 2021

**Figure 3: Map of the planned Svydovets, Bystrytsia and Turbat ski resorts; areas with an altitude over 1500m and 1600m**



**Legend**

- \* Existing ski resort
- Planned Ski Resort Network
- Planned infrastructure
- Planned accumulation ponds
- Villages
- Altitude over 1500 m
- Altitude over 1600 m
- Altitude under 1500 m
- Rivers
- Planned ski slopes
- Region (oblast) boundary
- Planned ski lifts
- Planned road
- Road under construction

**3.2.2. Bystrytsia and Turbat projects**

In September 2021 and January 2022 respectively, the company Bukovel LLC approached the village councils of Polianytsia (Ivano-Frankivsk region) and Ust-Chorna (Transcarpathian region) requesting authorizations for the construction of the Bystrytsia and Turbat ski resorts.

These would be on the territories adjacent to the Svydovets massif, including the Bratkovsky ridge and the forests around the Urya mountain.<sup>68</sup>

In December 2022, the two projects were approved by the competent village councils (see Annexes 5 and 6).<sup>69</sup>

The Bystrytsia and Turbat ski resorts combined would extend the original Svydovets project by 1,400 additional hectares of land, including 208km of ski slopes, 28 cable cars, 440 cottages, 70 hotels, 18 equipment rental stations, 105 restaurants, 12 supermarkets, 2 bank offices, 4 fitness centres, 8 multistory parking blocks with a capacity of up to 8,500 cars, and 35 additional facilities for control, rescue and maintenance services, all designed for up to 25,000 holidaymakers at the same time.<sup>70,71</sup>

**Figure 4: Planned infrastructure in the ski resort projects and environmental impacts**

**Svydovets ski resort**

**27'000 people**  
22'000 tourists 5'000 employees

**230 km**  
**208 km** ski slopes

ski lifts  
**23**  
**28**

The total area of the ski resorts **1'430** hectares  
**1'400**

Combined with the initial Svydovets project, this would create one gigantic ski resort with a capacity for over **58'000** people at the same time – with catastrophic environmental consequences (see chapter 3.3).

hotels	apartment buildings	restaurants	multi-storey parking for
<b>60</b>	<b>390</b>	<b>120</b>	<b>6'000</b>
<b>70</b>	<b>440</b> cottages	<b>105</b>	<b>8'500</b> cars

**Bystrytsia and Turbat ski resorts**

**31'100 people**  
25'000 tourists 6'100 employees

**Deforestation, loss of habitats and species**

Ski resorts threaten at least:

<b>67</b> hectares of virgin forests	<b>488</b> hectares of quasi-virgin forests	<b>93</b> hectares of old-growth forests.
<b>438</b>	<b>103.4</b>	

The network of ski resorts puts at risk of destruction or degradation a total of approximately **3,000** hectares of forests, meadows and rivers. **From these, at least 1,270 hectares are forests including virgin, quasi-virgin (with confirmed or pending protection status) and old-growth forests (without protection status).**

By threatening these habitats, the network of ski resorts threatens at least: **169 red-listed species of plants, invertebrates and vertebrates, and 13 red-listed vegetation communities.**

**Water-related issues**

**Water consumption:**

The network of ski resorts requires a total of **2,286,000 m<sup>3</sup>** of water only for the production of artificial snow. Planned accumulation ponds are foreseen with volumes of: **1,260,000 m<sup>3</sup>** for Svydovets, **1,026,000 m<sup>3</sup>** for Bystrytsia and Turbat.

**Wastewater:**

**5,800 m<sup>3</sup>**  
**5,300 m<sup>3</sup>**

**Floods:**

The extensive logging necessary to clear the ground for the construction of the ski resorts and the sealing of large areas would result in serious soil erosion and increased risk of flash-flooding.

**Construction of roads and other infrastructure**

**Svydovets resort:** roads with a total length of **89.9km** have been planned and partly built; **Bystrytsia resort:** a new road between Ivano-Frankivsk and Bystrytsia is planned; a new transmission line with a length of **35km** is planned.

● total for Bystrytsia and Turbat ski resort projects ● total for Svydovets ski resort project

Combined with the initial Svydovets project, this would create one gigantic ski resort with a capacity for over 58,000 people – with catastrophic environmental consequences (see chapter 3.3).<sup>72</sup>

The planned Bystrytsia ski resort would be located on the territory of Polianytsia village council in the Nadvirna district of the Ivano-Frankivsk region. It would stretch over 1,200 hectares of land on the Bratkivsky ridge, an area with a forest cover of more than 90% managed by the local branch of state enterprise “Forests of Ukraine” in Nadvirna.<sup>73</sup>

The area has administrative boundaries on the south to the lands of Yasinia village council, of Rakhiv district of the Transcarpathian region; on the north to the lands of Bystrytsia village and the protected area of Horhany National Reserve; on the east to the lands of the village of Polianytsia in the Nadvirna district of Ivano-Frankivsk region and Bukovel ski resort; on the west to the territories of Ust-Chorna village, Tyachiv district of Transcarpathian region.

The main areas include the following mountains: Hropa 1,759m, Durnza 1,750m, Bratkivska 1,788m, Ruska 1,677m, Chorna Kleva 1,725m, as well as the Bratkivska, Levkovets, Dovha alpine meadows. The Bystrytsia resort would cover the Hropynets, Durdynets, Bratkovets, Dovzhynets, and Bystrytsia river valleys.<sup>74</sup>

The planned Turbat ski resort is located in the Tyachiv district and would stretch over 200 hectares on the hills of the Urya mountain. To the north, south and west, it has administrative boundaries with the territories of Ust-Chorna Village council beyond the limits of the village of Brustury of Rakhiv district of the Transcarpathian region.

To the east, it is adjacent to the lands of the village of Bystrytsia, and the territories beyond the limits of the village of Bystrytsia in the Polianytsia village council in the Nadvirna district of Ivano-Frankivsk region. It would stretch over the summit and part of the slopes of the mountain Urya (1,448m), part of the slopes of the mountain Durnya (1,704m), and alpine meadows.<sup>75</sup>



### 3.2.3. Regional development prospects

The villages concerned by the planned network of ski resorts are forest-dependent communities, with most residents working in the timber sector or relying on non-timber forest products (e.g., mushrooms and berries) and subsistence agriculture for a living.

For instance, shepherds in the Svydovets massif produce the “brynza” cheese, a traditional specialty that is very popular in the region. Locals also depend on firewood, as in many rural parts of Ukraine. Thus, access to forests and their products is vital for local people in the Ukrainian Carpathians.<sup>76</sup>

In 2022, Transcarpathia became a refuge for many Ukrainians fleeing the war in other regions. In the summer of 2023, Transcarpathia saw the highest number of Ukrainian tourists in the last four years. While possibilities to travel abroad or to the Black Sea remain limited, the mountainous region and its landscapes are as now one of the few natural recreational areas in Ukraine safe for public access.<sup>77</sup> The situation appears to be similar in the Ivano-Frankivsk region.<sup>78</sup>

The Svydovets, Bystrytsia and Turbat projects have been presented as great opportunities for economic and infrastructure development (road and utility construction) for the Transcarpathia and Ivano-Frankivsk regions. They are projected to attract large numbers of national as well as foreign tourists and to contribute to a better standard of living.



The Svydovets ski resort has been described a project that “can become a magnet that will bring billions of dollars in investment to the region, create tens of thousands of jobs in a depressed region, and provide annual revenues from millions of tourists from the EU.”<sup>79</sup>

According to the public notice, the Svydovets project would provide a great “stimulus” to the regional economy by promoting tourist services in the private sector and ecotourism, and would create around 5,000 new workplaces and another 15,000 jobs in areas close to the planned ski resort.<sup>80</sup> The Bystrytsia and Turbat ski resorts promise another 5,500 and 600 new jobs respectively, as well as 1,000 indirect jobs in the areas near Turbat.<sup>81</sup>

Furthermore, some experts consider that investment projects such as the Svydovets resort can play an important role in ensuring a “balanced sustainable development”; enabling communities to form a stable tax base and opening educational institutions to train specialists for the tourism industry as well as for alpine forestry and livestock farming.

They believe that Transcarpathia can be developed “in a harmonious combination of nature protection zones and entrepreneurship as well as through the renovation of the ways of everyday life that have already developed here and are in balance with nature (sheep farming), and through the creation of added value through modern investment projects”. Regarding possible environmental threats, other experts state that “everything is being done to prevent them” and that “there will be no development of the Svydovets massif. The developer is not interested in investing billions to end up at a broken trough: who would go to a place where there is no wildlife? It is interested in making everything even better than it is. He wants people to come, relax, enjoy nature and leave money for services.”<sup>82</sup>

However, residents of the concerned villages and regional tourism experts have expressed strong doubts about the Svydovets promises.<sup>83</sup> Experience from the adjacent Bukovel ski resort shows that most jobs are not held by local people.<sup>84</sup>

Moreover, in the light of diminishing snow cover and the war situation, these promises seem highly questionable (see following chapters 3.2.4 and 3.2.5).

### 3.2.4. Economic viability check: diminishing snow cover

We highlighted at the beginning of this chapter that according to numerous scientific studies, skiing at low altitudes, notably at less than 1,500m above sea level, is projected to become economically unviable within only a few decades due to climate change.

As it is visible in figure 3, much of the total project area of the planned network of ski resorts Svydovets, Bystrytsia and Turbat lies at altitudes lower than 1,600m and in some places, less than 1,500m.

Contrary to the overwhelming scientific evidence regarding diminishing snow cover across Europe and the world, the company Bukovel LLC “guarantees” a skiing season of 110-120 days, stating the following in its letters to the Polianytsia and Ust-Chorna Village councils: *“This natural and geographical factor gives serious advantages over the territories of competitors in the periods and elevation of bedding of stable snow cover, number of days of stable negative temperatures and duration of skiing season (guaranteed for 110-120 days). (...) Each of the planned lower resorts of ski lifts will be located in the valleys of rivers and creeks of Turbatsil, Turbat, Playska in the areas of stable negative temperatures (below 0 of Celsius scale).”*<sup>85</sup>

This information seems highly doubtful in light of scientific evidence. Failing to disclose the problems concerning snow cover and temperature of which they ought to be well aware, the promoters of the network of ski resorts appear to be deceiving the local communities, investors, lenders, and finally the Ukrainian state.

### 3.2.5. Economic viability check: war conditions

The economic viability of the network of ski resorts may also be negatively affected by the current war conditions. The promoter Bukovel LLC claims that: “The resort as an integral set of assets will enjoy high demand and liquidity of services in the domestic market and among foreign customers.”

However, the April 2023 decision of the Ukrainian Ministry of Economy for the much more limited project of bringing an “Aquapark” to the Bukovel ski resort shows that the supposed economic feasibility of the extension projects is highly doubtful.

The Ministry denied support for the project for the following reasons: *“The existence of financial risks that may result from the implementation of the project was identified. Shortfall in taxes and fees to the budgets of all levels with low demand for project services due to a number of factors. Based on the results of the identification and assessment of the project implementation risks, the feasibility study identified the demand risk as the main risk that will affect the revenues to the budgets of all levels, as well as the assessment of budgetary efficiency.”*<sup>86</sup>

With insufficient demand found for a mere waterpark, there seems to be no honest way that Bukovel LLC can reasonably declare that the demand for the extensions will be sufficient to guarantee all the promises of jobs and economic development in the area.

Moreover, in the report on the audit of the financial statements of Bukovel LLC for 2021, the independent auditor Vector Audit LLC draws attention to the fact that due to the introduction of martial law in Ukraine on February 24, 2022, Bukovel LLC operates in the context of the financial and economic crisis. As a result of the unstable situation in Ukraine, the activities of Bukovel LLC, as the applicant and founder of the investor, are subject to strong risks.<sup>87</sup>

## 3.3. Destructive environmental impacts

The planned network of ski resorts would have massive and destructive environmental impacts due to its scale and location. Already with regard to the initial project, scientists came to the conclusion that the implementation of such large-scale infrastructure projects would have destructive consequences for natural ecosystems and landscapes of the whole Svydovets mountain range. It would also deteriorate the hydrological regime and contaminate the upper Chorna Tysa river catchment.<sup>88</sup> This logic is all the more valid for the network of ski resorts stretching into the forests and meadows of the Ivano-Frankivsk region. The major impacts include deforestation, destruction and fragmentation of habitats, loss of biodiversity, pollution and large-scale water withdrawals and discharges (see figure 4). The planned projects would also have detrimental effects on the local population due to the increased risk of floods and the reduction of long-standing livelihoods.

### 3.3.1. Deforestation

The initially planned Svydovets project poses a threat to pre-alpine primary and old-growth forests of the Svydovets massif. As it is planned in the immediate vicinity of the transnational UNESCO World Heritage Site, it directly threatens four of the Ukrainian components (Svydovets, Chornahora, Kuziy-Trybushany, Marmorosh) of the World Heritage Site.

The Svydovets, Bystrytsia and Turbat project areas have forest covers of 80%, 90% and 95% respectively. Therefore, approximately 1,270 hectares of forests are at risk of being destroyed or fragmented by the network of ski resorts through the construction of ski slopes, lifts, buildings and other planned infrastructure.

The implementation of the extended network may destroy or damage at least 3,000 hectares of forests, meadows and rivers.<sup>89</sup> More specifically, recent analyses show that the projected facilities of the Svydovets ski resort alone threaten to significantly damage or hamper the status of 67

hectares of virgin forests and 488 hectares of quasi-virgin forests that are currently undergoing status approval by the local branch of state enterprise “Forests of Ukraine” in Yasinia.

This forestry branch has been blocking the approval process and has even been logging in these areas, knowing that until the final protection decision any logging in them is illegal. It is suspected that this was due to the planned ski resort in Svydovets and the tacit agreement between the forestry management and local officials who would gain from selling land for the ski resort.

Since there are no scientific reasons to refuse granting official status to virgin and quasi-virgin forests, it seems that the forestry branch decided to delay the process of preserving forests that should be recognized as part of Ukraine's natural heritage.<sup>90</sup> The ski slopes and lifts of the planned Bystrytsia and Turbat ski resorts would cut directly through hundreds of hectares of additional virgin and quasi-virgin forests that have already received official status.



Massive clearcut in a forest managed by a local branch of state enterprise “Forests of Ukraine” in Brustury, June 2020

The Bystrytsia resort threatens 11 virgin forest areas with a total size of 333 hectares as well as 6 quasi-virgin forest areas with another 76.4 hectares. In addition, 12 plots (105 hectares) of old-growth forests, whose “virgin forest status” has not been confirmed but which remain extremely important for biodiversity, are threatened.

The developers of the Bystrytsia project are even planning to build a ski lift through the Richansky Botanical Reserve of local importance which protects 43.8 hectares of virgin forest. The planned Turbat resort is more modest in size but also threatens a 27-hectare area of quasi-virgin forests and another 93 hectares of old-growth natural forests without a protection status within the Brusturyansky Forestry and Hunting Range.<sup>91</sup>

Thus, if all three planned resorts are built, up to 436 hectares of officially confirmed virgin and quasi-virgin forests, 555 hectares of virgin and quasi-virgin forests that are awaiting approval, and 200 hectares of other old-growth natural forests will be severely impacted or destroyed.<sup>92</sup>

Deforestation in combination with the enormous water use for operating the planned ski resorts will entail increased risks of soil erosion, floods, avalanches, forest fires, a decreased water table, water scarcity, increased water pollution and a loss of income for the forest-dependent communities of Chorna Tysa, Yasinia, Brustury (formerly Lopukhovo), Polianytsia, Bystrytsia and Ust-Chorna villages.<sup>93</sup>

Finally, environmental scientists have highlighted that the construction of the Svydovets ski resort alone would have either a critical impact (population loss) or a medium impact (population decrease by over 30%) on red listed vertebrates and invertebrates. These include rare and endemic species such as Carpathian newt (*Lissotriton montandoni*), the Alpine shrew (*Sorex alpinus*) and the Tatra vole (*Microtus tatricus*).

The most affected animal species would be the Eurasian water shrew (*Neomys fodiens*), Miller's water shrew (*Neomys anomalus*), the brown bear (*Ursus arctos*), the European wildcat (*Felis silvestris*) and the Eurasian lynx (*Lynx lynx*). Among the critical invertebrates are the giant springtail (*Tetradontophora bielensis*), the beetle *Pseudogaurotina excellens*, the arthropod *Daphnia rosea* and others which are dependent on highland lakes.

Over 90% of plant species populations would be subject to critical or medium impact. The following plant populations would suffer the most: anthora (*Aconitum jacquinii* Rchb.), Bulgarian columbine (*Aquilegia nigricans* Baumg.), *Rumex scutatus* L., *Rhodiola rosea* L., *Drosera rotundifolia* L., *Swertia perennis* L., *Pinguicula vulgaris* L.

All rare vegetation communities and habitat types would be fragmented or destroyed, such as wetland types *Potamogetonion*, *Cratoneurion commutati*, *Sphagnion medii* and the relevant habitat types, which will lead to loss of large wetland animal and plant species. Migration corridors, especially for large carnivores, might be severely impacted or destroyed.<sup>94</sup>

### 3.3.2. Water-related issues

The mega-resort would require immense quantities of water for the hotels, restaurants and other facilities, but also for the production of artificial snow to prolong the ski season. The network of ski resorts would require the enormous quantity of 2,286,000 m<sup>3</sup> of water only for the production of artificial snow.

The project promoters therefore plan to build huge reservoirs called accumulation ponds, with volumes of 1,260,000 m<sup>3</sup> for Svydovets, 900,000 m<sup>3</sup> for Bystrytsia and 126,000 m<sup>3</sup> for Turbat.<sup>95</sup>

This would have a massive environmental impact in the context of a changing climate. Moreover, it has been shown that water retained in artificial lakes does not have the same properties as pure rain or snow and would alter plant composition in the areas where artificial snow is added.<sup>96</sup>

According to the public notice of the Svydovets project, the ski resort would discharge up to 5,800 m<sup>3</sup> of sewage daily into the Chorna Tysa river.<sup>97</sup> The Bystrytsia and Turbat resorts would produce an additional 5,300 m<sup>3</sup> of sewage per day, to be treated and discharged into local rivers and creeks. Certain experts dismiss environmental concerns arguing that the impact can be minimised by implementing environmental protection measures.

In this case they mean sewage treatment facilities that would treat all the wastewater from the Svydovets complex but also from the villages of Lazeshchyna, Chorna Tysa and Yasinia.<sup>98</sup> However, it is key to note that suitable sewage treatment



facilities for the existing Bukovel ski resort, though promised by investors in the 2000s, have not been built to date.

This lack of basic environmental infrastructure raises serious questions not only about the investors' credibility but also about the local authorities' capacity to enforce environmental regulations. For the Svydovets project, it has already been reported that the production of large quantities of sewage to be discharged into the international Tysa river would have impacts on neighboring countries.

Although the territory of the initially planned project is close to the border with Hungary and Romania, the Transcarpathian Regional State Administration has not carried out a transboundary environmental impact assessment to date. Following a complaint by the Bruno Manser Fonds, in March 2019, the Implementation Committee of the Espoo Convention of the United Nations Economic Commission for Europe (UNECE) opened a case file to check whether Ukraine is upholding its international obligations under the Convention.<sup>99</sup> In September 2023, the Implementation Committee came to the conclusion that there was no evidence to indicate that the ski resort project was going to be implemented,<sup>100</sup> and it closed the case.

The Committee still considers a transboundary impact possible and reminds Ukraine that

“notification is necessary unless a significant adverse transboundary impact can be excluded”.<sup>101</sup>

The Svydovets mountain range is one of the areas in Ukraine with the highest rainfall, exceeding 1,400mm annually, and the downstream villages have been repeatedly hit by floods in the past decades.<sup>102</sup>



Past and ongoing deforestation has reduced the protective capacity of forests, significantly increasing the risk of floods in the region. At the same time, the extensive logging necessary to clear the ground for the construction of the ski resorts and the sealing of large areas would result in serious soil erosion and increased risk of flash-flooding.<sup>103</sup>

In June 2020, a large-scale flood hit Western Ukraine. Bridges were destroyed, dams burst, villages were submerged and houses in 197 settlements were flooded as a result of this natural disaster.<sup>104</sup>

The Bukovel ski resort was also under water. In the villages of Bukovets and Tatariv, the topsoil was displaced, while in Rakhiv and Yasinia villages the situation was critical. In the nearby Ivano-Frankivsk region, three people lost their lives.<sup>105</sup>



### 3.3.3. Road construction and land use

The territory of the planned Svydovets ski resort is situated 260km from the regional capital, the city of Uzhgorod, and 65km from the border with Romania. Since access to the Svydovets massif is very difficult, roads with a total length of 89.9km have been planned.<sup>106</sup>

Likewise, the territory designated for the Bystrytsia ski resort is located 75km from the regional center of the Ivano-Frankivsk region, the city of Ivano-Frankivsk, and a new road between Ivano-Frankivsk and Bystrytsia is planned. The Bystrytsia ski resort also requires the building of a new power transmission line with a total length of 35km.<sup>107</sup>

The construction of the planned new resorts therefore relies heavily on large-scale public infrastructure investments by the Ukrainian state and regional authorities.

Although the EIA for the Svydovets project has still not been published and the Strategic Environmental Assessment (SEA) for Bystrytsia and Turbat projects have only recently begun, roads are already being built.

For instance, a 25km long “forest highway” of which 11.2km are new, now links Brustury (formerly Lopukhovo) village with the Chorna-Tysa village and the planned Svydovets ski resort. Initiated by former Governor Moskal in 2017, this road appears to serve the interests of the project promoters and a local branch of the

state enterprise “Forests of Ukraine” in Brustury (formerly Brustury State Forest and Hunting Enterprise).<sup>108</sup>

Not only was the road built at the forestry enterprise's expense, but the Tyachiv District State Administration confirmed that it was meant to connect the planned ski resort and Brustury village.<sup>109,110</sup> This is worrying and raises the question why state funds should be used for a road that primarily serves a private ski resort. Furthermore, the state enterprise “Forests of Ukraine” has signed three contracts with the road construction company PBS LLC (“PBS”) for a total value of 30.6 million UAH (ca. 2.8 million EUR). They refer to the overhaul of a 9.2km forest road that is expected to link the planned Svydovets and Bystrytsia ski resorts.

Bukovel and Bystrytsia were previously connected by a typical forest road which, it appears, is now being turned into a paved road. It should be noted that the company started the road expansion, leveled and significantly widened the roadbed before the agreement with the state enterprise “Forests of Ukraine” was officially concluded in September 2023. This was proven by direct observations of the Free Svydovets Initiative Group in August 2023.<sup>111</sup>

Given that the SFE and PBS have both earned major corruption concerns (see chapters 2.3 and 4.1.3), this raises questions about the legality of the bidding process from the summer of 2023. The new paved road linking the planned ski resorts runs along the current boundary of the



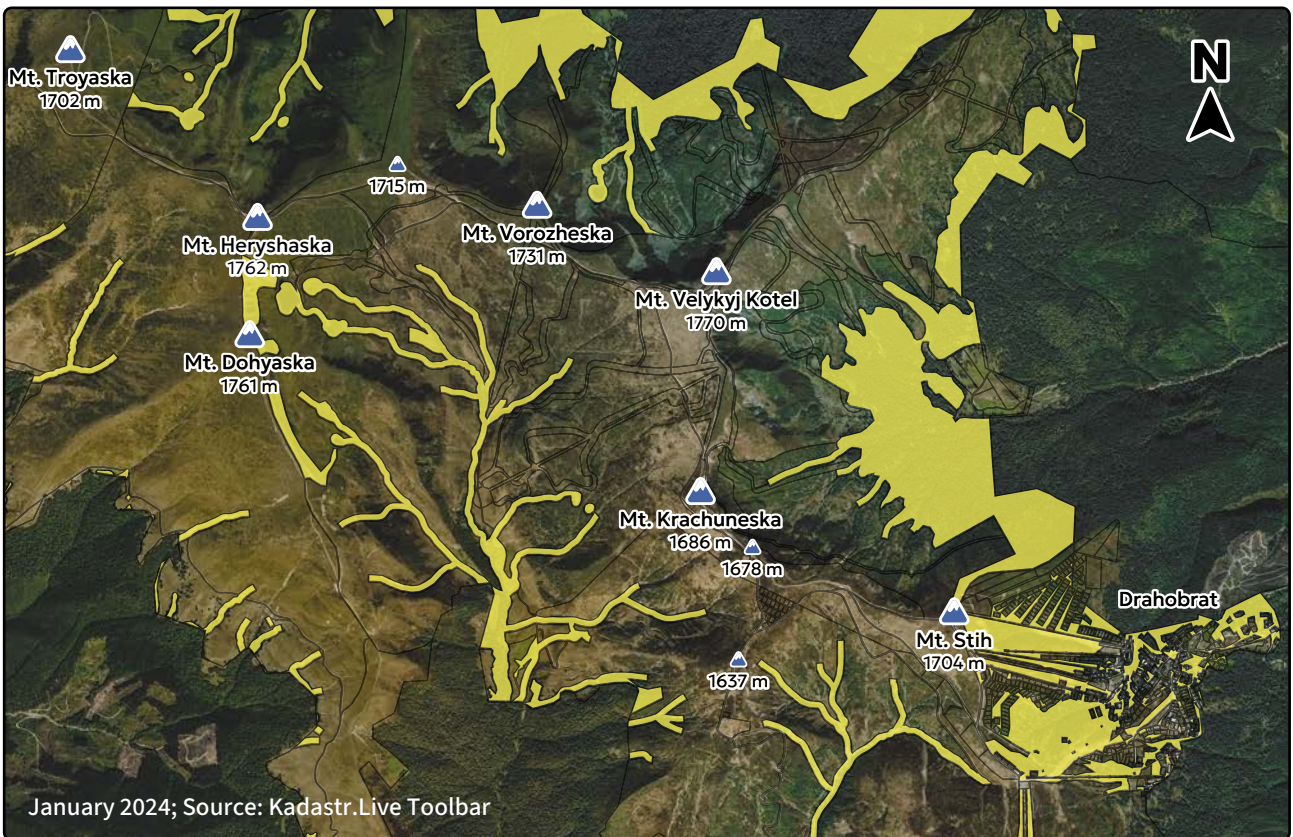
New “forest highway” under construction on 22.08.2023, two weeks before the contract with PBS was signed

Horhany Nature Reserve buffer zone. As the reserve's territory was reduced in 2004, it does not technically cross the boundaries of the reserve's buffer zone.

However, independent environmentalists believe that the road will harm the reserve, since "the construction of any road divides the forest, and at the same time, the population of many animal species within a kilometer radius of an actively used road decreases."<sup>112</sup>

The Transcarpathian and Ivano-Frankivsk regional administrations as well as the competent village councils are currently busy promoting the extended network of ski resorts (see chapter 3.5). While land use change has not taken place yet, the Svydovets mountain range has been divided into land plots whose shape looks suspiciously like ski slopes, according to the maps of the State Land Cadastre (see figure 5).

**Figure 5: Map of new division of land plots in the Svydovets mountain range**



### 3.4. Non-compliance with environmental laws: national, international, EU

The network of ski resorts Svydovets, Bystrytsia and Turbat would have a detrimental effect on several protected areas of local and national importance.

Notably, the Apshynetsky, Bila and Chorna Tysa, Vorozheska, Gerezhaska, Hropynets, Urochyshe Verkhne Ozeryshche, Richanskyi and Bratkovets

natural reserves and monuments are all located on the territory of the planned ski resorts (see figure 1) and would be affected.

As detailed in the 2019 report "The Svydovets Case", the initial Svydovets project alone contravenes four international treaties on the environment signed by Ukraine:

1. The Bern Convention on European Wildlife and Natural Habitats;
2. The Framework Convention on the Protection and Sustainable Development of the Carpathians (Carpathian Convention);

3. The Espoo Convention on Environmental Impact Assessment in a Transboundary Context;
4. The Convention on the Protection and Use of Transboundary Watercourses and International Lakes.<sup>113</sup>

The European Parliament in its resolution on the implementation of the EU Association Agreement with Ukraine, adopted in February 2021, denounced plans for the “unlawful” Svydovets ski resort and called on the EU to help prevent illegal logging linked to this project.

Among other demands, it urged Ukraine to fight illegal logging in the primeval Carpathian forests and to invest in environmentally safe and sustainable tourist infrastructure.

It also called on the Ukrainian authorities to prevent future environmental damage by improving transparency, due diligence and the implementation of procedures such as EIAs. In addition, it called for improved access to environmental information.<sup>114</sup>

In response to the EU appeal concerning the Svydovets ski resort, in March 2021 Ukrainian Prime Minister Denys Shmyhal stated that “the whole world uses its mountains and its forests to develop tourism potential, we also want to use them!”.

He praised ski resort development in the Ukrainian Carpathians and talked about plans to transfer large areas of land from state property to the local communities for the Svydovets and Borzhava ski resorts, allegedly in a legal and transparent way and for the benefit of the communities.<sup>115</sup>

In June 2022, Ukraine was granted candidate status for EU membership. In December 2023, the European Council decided to open accession negotiations with Ukraine.<sup>116</sup>

One important aspect of the accession procedure is the implementation of European legislation. This includes anticorruption legislation such as the 1997 Convention on fighting corruption involving EU officials or officials of EU countries; the 2003 Council Framework Decision on combating corruption in the private sector; the 2008 Council Decision 2008/852/JHA on a contact-point network against corruption; the Directive on the fight against fraud to the Union's financial interests by means of criminal law (Directive (EU) 2017/1371);

the Anti-Money Laundering Directive (AMLD); the Directive on combating money laundering by criminal law (EU) 2018/1673, and many other legislative acts.<sup>117</sup>

As the EU remains the largest importer of Ukrainian timber and timber products, the prevention of corruption in forestry, illegal logging and related trade is crucial.

It will also be necessary to ensure the correct implementation of the EU Regulation on deforestation-free supply chains 2023/1115 (EUDR).

Under the EUDR, Ukraine will have the obligation to prevent companies from placing relevant products (including wood and derived products) on the EU market, unless they are: “deforestation-free”; produced in accordance with the relevant legislation of the country of production; and covered by a due diligence statement indicating no more than a negligible risk of non-compliance.

Unlike the previous EU Timber Regulation (EUTR), the EUDR also targets logging that is legal in accordance with the laws of the country of production but still results in deforestation or forest degradation.<sup>118</sup>

Furthermore, Ukraine will need to correctly transpose and enforce the EU biodiversity legislation, notably the EU Birds Directive (Directive 2009/147/EC) and the Habitats Directive (Directive 92/43/EEC).<sup>119,120</sup>

Under the Habitats Directive, Ukraine will have the obligation to establish a strict protection regime for species listed in Annex IV of the Directive, both inside and outside Natura 2000 sites, as part of the EU-wide Natura 2000 network of protected areas.

It must also designate, protect and manage core areas for specific habitats and species.<sup>121</sup>

As the Svydovets area covers 17 habitat types listed in Annex 1 of the EU Habitat Directive, these will need to be included and effectively protected through specific conservation goals and measures.

### 3.5. Planning process: lack of transparency and public participation

From the beginning, the planning procedures for the Svydovets project were conducted in a non-transparent way, in breach of the Ukrainian law on public information and the Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (to which Ukraine is a signatory).

Although public hearings in the concerned villages were held, the local population was not adequately informed to participate in the decision-making process. For instance, in Brustury (formerly Lopukhovo) village, the project was presented in May 2017, but the residents did not have access to essential project information, such as the detailed territorial plan, before the public hearing.

As a result, participation in the public hearing was low and residents did not have the chance to make meaningful interventions.<sup>122</sup>

In October 2017, the Tyachiv and Rakhiv District Administrations gave green light to the project development, while the detailed plans and cartographic materials had not been published (they remain unpublished). In October 2017, members of the Brustury village council filed a lawsuit against the Tyachiv and Rakhiv District State Administrations (DSA) on the grounds that vital public information was missing.

Their court case is still pending at the Supreme Court of Ukraine (see timeline of the planned ski resorts and chapter 5). The competent authorities – the Transcarpathian Regional State Administration (TRSA) and the Tyachiv and Rakhiv District Administrations – have routinely denied the existence of an investor behind the Svydovets project. However, our previous investigations have shown this to be false (see chapter 4.1).<sup>123</sup>

Following the same pattern and despite the full-scale Russian aggression, or indeed under the cover of that aggression, the competent public authorities are actively preparing the documents necessary for beginning the construction of the network of ski resorts.

In December 2022, the Ust-Chorna and Polianytsia village councils started preparing the documentation amending the master plans of the concerned villages for the development of the Bystrytsia and Turbat ski resorts. The strategic environmental assessments (SEA) for these resorts were also launched in October and December 2023 respectively.<sup>124,125</sup>

The EIA of the Svydovets resort is also nearly completed. The construction of a road to connect the planned ski resort with the existing Bukovel resort began in summer 2023, as mentioned.<sup>126</sup>

The next steps in the process include the launch of the Environmental Impact Assessment (EIA) for Bystrytsia and Turbat by the investors, the organization of public hearings, and the adoption of final decisions. Preliminary meeting to present the Turbat and Bystrytsia projects have already taken place in the Ust-Chorna and Polianytsia villages respectively (see chapter 4.3.2).




**Figure 6: Timeline of the Svydovets, Bystrytsia and Turbat ski resort projects**

- **2016**  
Svydovets ski resort project is officially announced
- **2017**  
Court case against Svydovets ski resort is initiated by local residents
- **2018**  
Opening of proceedings at the Supreme Court (third instance)
- **2022**  
Presentation of the extension ski resort projects: Turbat and Bystrytsia
- **2023**  
Announcement of the Strategic Environmental Assessments for the Turbat and Bystrytsia ski stations

## 2016

**July**  
Svydovets ski resort project is officially announced



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## 2017

**April/May**  
Public hearings for Svydovets project are held in the villages of Chorna Tysa, Yasinia and Brustury (formerly Lopukhovo)

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## 2018


**October**  
Court case against ski resort is initiated by local residents



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## 2018


**November**  
Trial at Transcarpathian County Administrative Court (first instance)



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## 2018


**January**  
Trial at Lviv Administrative Court of Appeal (second instance)



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## 2018

**March**  
Publication of EIA notice and start of EIA for Svydovets project



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## 2018

**June**  
Opening of proceedings in the Supreme Court (third instance)

## 2022

**July**  
Trial at Transcarpathian County Administrative Court (second time in first instance)

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## 2022

**December**  
Trial at Lviv Administrative Court of Appeal (second time in second instance)

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## 2022

Bystrytsia and Turbat ski resorts are announced; Local authorities support the construction of resorts and prepared the necessary documents

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## 2022

**Dec 18**  
Presentation of ski resort project in Brustury village

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## 2022

**Dec 20**  
Ust-Chorna Village Council grants permission for urban planning documentation to amend the master plan of the village of Lopukhiv/ Brustury for the construction of new recreational complex Turbat

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## 2022

**Dec 22**  
Polianytsia Village Council grants permission for urban planning documentation to amend the master plans of the villages of Bystrytsia and Polianytsia for the construction of new recreational complex Bystrytsia

## 2023

**March**  
25'000+ Ukrainians sign the petition for the designation of Free Svydovets landscape reserve of national importance

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## 2023

**April**  
Roundtable in Yasinia village "Project Svydovets prospects for sustainable development of communities, taking into account environmental, economic and social aspects" with invitation of scientists and last-minute invitation of activists

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## 2023

**October**  
Announcement of the Strategic Environmental Assessment (SEA) for the Bystrytsia ski resort

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## 2023

**December**  
Announcement of the SEA for the Turbat ski resort

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Photo: Muraszka

## 4. The project promoters and their trail of trouble

### 4.1. The companies behind the projects

As shown in 2019, the Svydovets ski resort project was initiated by Skorzonera LLC, a company controlled by Ukrainian oligarchs Igor Kolomoisky and Gennady Bogolyubov.<sup>127</sup> According to the former Bukovel ski resort director Oleksandr Shevchenko, Kolomoisky invested at least 500 million US dollars in the Bukovel ski resort.<sup>128</sup>

The Svydovets project was actively promoted by two close associates of Kolomoisky, Oleksandr Shevchenko and Yuriy Dobrovolsky, who have also been involved in the management of the Bukovel ski resort in Ukraine and the Semmering resort in Austria. The full story of the initial project development is presented in the report “The Svydovets Case.”<sup>129</sup>

Interestingly, the additional Bystrytsia and Turbat projects are being pursued by Bukovel LLC, another company that has close ties to Igor Kolomoisky and his business partners (see chapter 4.1.2).

It remains unknown why this similar group of investors has decided to promote two additional ski resort projects even though the first project has not been realized yet and thus has not yielded any profits.

One possible explanation could be that the investors wish to use the specific legal and political context of the Ukrainian war economy to promote plans that might prove much harder to realize in times of peace.

In any case, the modus operandi of the new project promoters is strikingly similar to the first project and it can be concluded that they are effectively representing the same business interests.

#### 4.1.1. Skorzonera and its dodgy record

Skorzonera LLC (“Skorzonera”) is a Ukrainian company based in Polianytsia (Ivano-Frankivsk region) with an authorized capital of 154’797’333 UAH (ca. 3.9m EUR). Its official purpose is the “rental and operating of own or leased real estate.”

In 2022, the company registered a turnover of 6.3 million UAH (ca. 171,497.71 EUR) and losses of 44 million UAH (ca. 1.2 million EUR). In 2000, Skorzonera launched the Bukovel ski resort.<sup>130</sup> It owns land on which the Bukovel resort is located in the Ivano-Frankivsk region.<sup>131</sup>

In April 2017, local authorities granted Skorzonera the right to develop the plan for the Svydovets ski resort to be built in the adjacent Transcarpathian region.<sup>132</sup>

The shareholders of Skorzonera are the Ukrainian companies Derlinh LLC (91.35%), Maveks LLC (6.49%) and Halychyna-zukor LLC (2.16%). Derlinh LLC is owned by Igor Kolomoisky and Gennady Bogolyubov. Maveks LLC (currently dissolved) was owned by five Cyprus-based companies.<sup>133</sup>

Halychyna-zukor LLC is owned by Tetiana Shevchenko, the wife of Oleksandr Shevchenko. He is a member of the Ivano-Frankivsk Regional Council, a former member of parliament and reportedly a close business associate of Kolomoisky.<sup>134</sup>

Skorzonera has been subject to a number of criminal investigations in Ukraine.<sup>135</sup> One was conducted by the State Fiscal Service of the Ivano-Frankivsk region concerning the alleged misappropriation of state funds in connection with PrivatBank and PBS LLC, a road-building company also connected with Shevchenko (see chapter 4.1.3). Another investigation was related to the PrivatBank scandal (see chapter 4.2.2.1).<sup>136</sup>

In February 2019, the Pechersky District Court of the City of Kyiv blocked the assets of some of Kolomoisky’s companies, including land plots owned by Skorzonera in Bukovel.<sup>137</sup>

Two criminal cases are currently under review by the Yaremche city court of the Ivano-Frankivsk region, challenging PrivatBank’s ownership rights to the land in Polianytsia village where the Bukovel resort is located.<sup>138</sup><sup>139</sup>

Local prosecutors suspect that in the early 2000s, based on allegedly forged decisions from the Polianytsia village council, the forest land plots were illegally transferred from state ownership to certain individuals, who transferred them to legal entities including Skorzonera and Bukovel Star LLC, both associated with former PrivatBank owner Igor Kolomoisky.<sup>140</sup>

At the time of writing this report, these court cases were still ongoing. There have been no convictions yet and the presumption of innocence applies.

In 2004, a company named Skorzonera-Zakarpattia was founded in Rakhiv, Transcarpathia. It was initially owned by Skorzonera LLC, then by Bukovel LLC (99%) and Ivan Makoviychuk (1%), who received a 185 million US dollar loan from PrivatBank – at the time owned by Kolomoisky. Shortly after, the bank was declared bankrupt, nationalized and saved with a billion-dollar

injection by the Ukrainian state (see chapter 4.2.2.1). In 2017, the Organized Crime and Corruption Reporting Project (OCCRP) listed Skorzonera-Zakarpattia among the companies associated with Igor Kolomoisky.<sup>141</sup>

The beneficial ownership of Skorzonera-Zakarpattia passed to a number of Cypriot companies, which were co-beneficiaries with Bukovel LLC, and then in May 2023 to the Ukrainian Palytsia family (see chapter 4.2.3.2).<sup>142</sup>



**Bukovel ski resort**

### 4.1.2. Bukovel and its new ownership structure

The planned network of ski resorts Svydovets, Bystrytsia and Turbat is clearly linked to the existing Bukovel ski resort. In 2017, the Ivano-Frankivsk Regional State Administration granted Bukovel LLC (“Bukovel”) the right to connect the Bukovel resort and the planned Svydovets resort.<sup>143</sup>

Bukovel is a Ukrainian company founded in 2016 and based in Polianytsia with the main purpose of “rental and operating of own or leased real estate.” In 2022, Bukovel had a revenue of 711.4 million UAH (ca. 21 million EUR) and a profit of 927 million UAH (ca. 27.45m EUR).<sup>144</sup>

It is currently the operator of Bukovel ski resort and the main shareholder of Skorzonera-Zakarpattia.

This latter company financed the detailed plan of the Svydovets project for the 40ha in Ivano-Frankivsk region to connect the Bukovel and Svydovets ski resorts.<sup>145</sup>

Bukovel has been owned by Karpatski Investytsii LLC (currently dissolved) in which Igor Kolomoisky and Gennady Bogolyubov were reported to be significant shareholders through Cyprus-based companies.<sup>146,147</sup>

Some of these as well as additional Cypriot companies were also behind Skorzonera-Zakarpattia and companies involved in the Bukovel ski resort.<sup>148</sup>

The former involvement of apparently unrelated companies from Cyprus raises red flags for alleged money-laundering as Cyprus is a well-known offshore jurisdiction for hiding and laundering assets.<sup>149</sup>



Indeed, the U.S. government charges against Igor Kolomoisky allege that his modus operandi includes shuffling companies between different front-persons and entities to hide his beneficial ownership (see chapter 4.2.2.3).

Since December 2020, the ownership of Bukovel LLC has passed to two close family members of Ukrainian member of parliament Igor Palytsia, one of Kolomoisky's closest business associates and political allies (see chapter 4.2.3.2). They are Oksana and Zakhar Palytsia, the ex-wife and young adult son of Palytsia.<sup>150</sup>

Upon analysis of property, shareholding and financial declaration records (see chapter 4.2.3.3), they appear to be his front-persons as beneficial owners of various assets, especially in more recent dealings with Kolomoisky. For instance, Oksana and Zakhar Palytsia used to share beneficial ownership in the weapons and oil company, Naftokhimik Prykarpattya, with Kolomoisky and Bogolyubov as well as with others who have been alleged by the U.S. government to be Kolomoisky's and Bogolyubov's money launderers.<sup>151</sup> However, there have been no convictions yet and the presumption of innocence applies.

Despite the Palytsias' denial that Kolomoisky has a continued stake in Bukovel and their claim that there has been a financial "divorce," there is no reason to believe that a legitimate, arms-length transfer of ownership of Bukovel LLC took place.<sup>152</sup>

Common sense suggests that the sale of a company like Bukovel with established operations generating annual revenues and profits in the tens of millions of Euros would have come with a valuation of several times those amounts, overseen by teams of bankers, lawyers and other professionals.

Yet there is no indication that a corporate acquisition on such a scale took place in 2020 or 2021. Legally, such a transaction would have been extremely difficult in light of a 2017 London High Court of Justice ruling that ordered the worldwide freezing of Kolomoisky's and Bogolyubov's assets due to their role in the PrivatBank scandal (see chapter 4.2.2.1).

### 4.1.3. PBS and the road construction business

PBS LLC ("PBS") is the road construction company that built the infrastructure for the Bukovel ski resort and is based in the city of Ivano-Frankivsk.<sup>153</sup>

According to the Ukrainian public procurement system, Prozorro, it has signed public contracts for road construction and repairs in different regions of Ukraine for more than 46 billion UAH (ca. 1.36 billion EUR).<sup>154</sup>

Between January and August 2023, PBS signed public contracts totaling 117 million UAH (ca. 2.8 million EUR) in the Ivano-Frankivsk region and 337 million UAH (ca. 8.2 million EUR) in the Transcarpathian region.<sup>155</sup>

The company is officially owned by Ivanna Nepyk<sup>156</sup>, a former employee of Bukovel ski resort. It is, however, allegedly controlled by Oleksandr Shevchenko, a member of the Ivano-Frankivsk Regional Council and former director of the Bukovel ski resort.<sup>157</sup> As confirmed on many occasions, he openly admits his connection to PBS, which he sometimes refers to as "his" company.<sup>158</sup><sup>159</sup>

Shevchenko's role in the Ivano-Frankivsk Regional Council allegedly allowed PBS to build roads at highly inflated prices using public money and even to fund construction equipment with advertisements for his party "For the Future".<sup>160</sup>

PBS has been the subject of criminal investigations for the alleged misappropriation of approximately 25 million UAH (ca. 1 million EUR) in public funds during 2015-2016, of which 14 million UAH (ca. 568,800 EUR) were allegedly laundered by purchasing construction and other materials at overcharged prices.<sup>161</sup><sup>162</sup>

At the time of writing this report, these court cases were still ongoing. The company has not been convicted yet and the presumption of innocence applies. PBS is also allegedly linked to Skorzonera as part of a web of related companies with overlapping addresses and personnel.<sup>163</sup>

In 2023, PBS was at the centre of a road tender scandal. In May 2023, authorities approved a project for the overhaul of the Yasinia-Chorna Tysa

7.6km forest road at the exorbitant price of 609.5 million UAH (ca. 15.8 million EUR). Following the open tender announced by the Local Roads Service in the Transcarpathian region, PBS made an offer of 569 million UAH (ca. 14.8m EUR) amounting to ca. 2 million EUR per kilometer.<sup>164</sup>

This price was widely debated in the press and social media, where the road was associated with the construction of the Svydovets ski resort. It finally raised the attention of the State Audit Service, which demanded explanations from the Local Road Service with regard to the price,

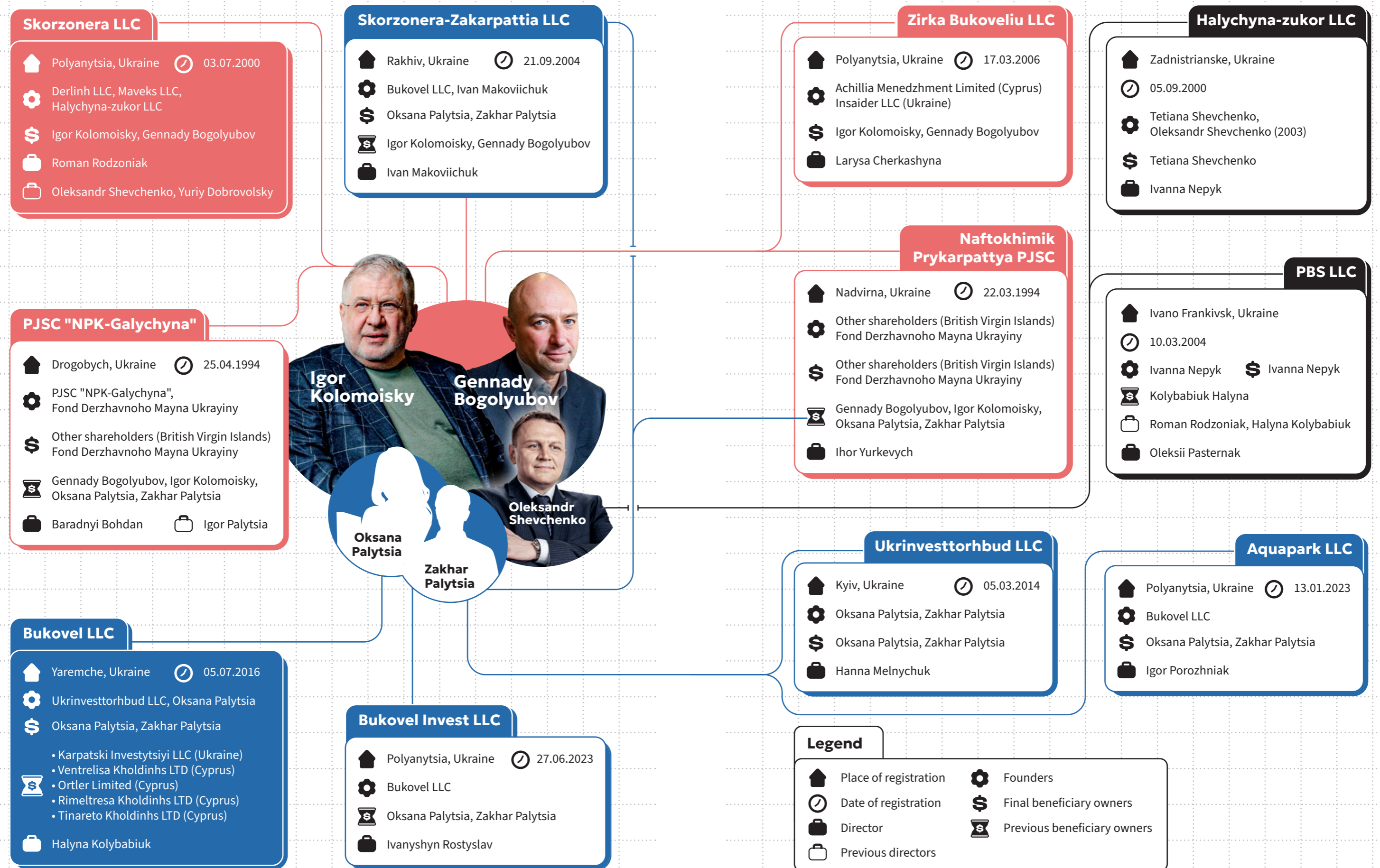
timing and location. In the end the open tender with special conditions, which was to result in an agreement with PBS, was cancelled and the road was not built.<sup>165</sup>

Recently PBS has signed a contract for the maintenance of 296 roads in Ivano-Frankivsk region, for which the public procurement was made without the use of an electronic system, thus without competition, based on an exception introduced by martial law.<sup>166,167</sup>



New “forest highway” under construction of PBS LLC, August 2023

**Figure 7: The companies behind the ski resort projects**



## 4.2. The oligarch behind the projects: Igor Kolomoisky

Together with his associates, Igor Kolomoisky holds business interests and assets in the existing Bukovel ski resort and planned Svydovets resort through Skorzonera, and indirect interests in the planned Bystrytsia and Turbat ski resorts through Bukovel. Based on the following evidence of probable fraud and money laundering, we have strong reasons to believe that Kolomoisky and his associates should not be considered trustworthy and should not be granted the right to develop the planned network of ski resorts.

### 4.2.1. Wealth and political influence

Igor Kolomoisky (born 1963) is one of the most controversial oligarchs in Ukraine. His fortune has been estimated by Forbes at 1 billion USD, though some analysts consider this to be a low estimate,<sup>168</sup> and he is among the 300 richest people in Switzerland.<sup>169</sup>

Beginning in the early 1990s, he built an empire of companies together with Gennady Bogolyubov and other business partners. In 1992, Kolomoisky and his associates founded PrivatBank, formerly Ukraine's largest commercial bank (see chapter 4.2.2), and Privat Group, controlling over 1,200 companies in Ukraine and abroad in the agricultural, agro-industrial, oil & gas and metallurgy industries, as well as in the financial and media sectors.<sup>170,171</sup>

Part of his business empire was dismantled during Petro Poroshenko's presidential mandate, starting with the nationalization of PrivatBank in 2016 (see chapter 4.2.2.1).<sup>172</sup>

He is known to have been an important backer of Ukraine's current president Volodymyr Zelensky, who was connected to Kolomoisky's TV channel 1+1 for years as an actor and producer.<sup>173</sup> Zelensky and Kolomoisky both denied that their connection goes beyond the TV business partnership.<sup>174</sup> However, it should be noted that shortly after Zelensky's election as President of Ukraine, Kolomoisky returned from exile to Ukraine in May 2019.<sup>175</sup>

Under recent international pressure linked to Western support for Ukraine in the war, Zelensky

took anti-oligarch measures, including against Kolomoisky (see chapter 4.2.2.4).

Beside his business activities, Kolomoisky used to have a high political profile. After the fall of President Viktor Yanukovich in February 2014, Kolomoisky was appointed Governor of the Dnipropetrovsk region in eastern Ukraine by the interim government created in the aftermath of Ukraine's Euromaidan Revolution in winter and spring 2014.<sup>176</sup>

Igor Kolomoisky has a reputation for being a corporate raider who takes over companies through strong-arm tactics.<sup>177</sup> For instance, as reported publicly, in March 2015, armed men in the service of Kolomoisky seized the partially state-owned oil company UkrTransNafta in Kyiv, a subsidiary of Ukrnafta. Kolomoisky claimed that his men had tried to stop an illegal takeover of Ukrnafta, as the Ukrainian parliament had approved amendments to a law on state-owned companies that limited the influence of minority shareholders.

The oligarch used to control the energy company with a 42% minority stake. After several days of confrontation between Kolomoisky and then-President Petro Poroshenko, Kolomoisky was dismissed from his position as Governor of Dnipropetrovsk by decree. He became one of the targets of Poroshenko's "deoligarchization" program, and later left the country.<sup>178</sup>



Igor Kolomoisky

## 4.2.2. Criminal investigations and law enforcement records

As a result of numerous conflicts and criminal investigations in Ukraine and abroad, Igor Kolomoisky fled Ukraine from 2016 to May 2019 and was banned from entering the United States in April 2021 (see chapter 4.2.2.3).

In February 2023, Ukraine's intelligence services searched Kolomoisky's residence in Ukraine as part of an investigation into the alleged embezzlement and tax evasion of more than 1 billion USD at the country's two largest oil companies, Ukrnafta and Ukrtatnafta (see 4.2.2.2).<sup>179</sup>

His shares in the two companies were seized in November 2022 after the Security Service of Ukraine (SBU) uncovered the embezzlement case.<sup>180</sup>

Since September 2023, Kolomoisky is being investigated in pre-trial detention in Ukraine on suspicion of multiple offences: fraud, embezzlement, money laundering. More specifically, he is suspected of fraud and legalization (laundering) of over half a billion UAH (ca. 12.97m EUR) during 2013-2020.

Secondly, Kolomoisky and five others are being investigated for embezzling over 9.2 billion UAH (ca. 237.81m EUR) in PrivatBank funds. The third suspicion concerns 5.8 billion UAH (ca. 150.6m EUR) reportedly illegally seized by Kolomoisky from PrivatBank between 2013 and 2014 (see chapter 4.2.2.1).<sup>181,182</sup>

However, to date Igor Kolomoisky and his associates have not been convicted of wrongdoing in court and the presumption of innocence applies.



### 4.2.2.1. The PrivatBank affair

Before 2016, PrivatBank was Ukraine's largest commercial lender, with approximately 20 million customers.<sup>183</sup>

In December 2016, the Ukrainian government nationalized PrivatBank after a large-scale coordinated fraud came to light. A forensic audit by the corporate investigation and risk consulting firm Kroll concluded that 5.5 billion USD (ca. 5.18bn EUR) had been removed from the bank's vaults, amounting to roughly 5% of Ukraine's gross domestic product.<sup>184,185</sup>

The suspected perpetrators were the bank's majority shareholders Kolomoisky and Bogolyubov. As the bank was considered "too big to fail," it was injected with a 5.9 billion USD bailout after having been nationalized.<sup>186,187</sup> Igor Kolomoisky denied the embezzlement accusations and called the nationalization "an illegal seizure of property without court order or compensation."<sup>188</sup>

According to investigations conducted by the Organized Crime and Corruption Reporting Project (OCCRP), between mid-2015 and mid-2016 only, PrivatBank handed out over 1 billion USD in corporate loans to firms with ties to Igor Kolomoisky and his associates. Strikingly, all borrowing companies were registered in Kharkiv, almost all were founded in 2015, and they all started liquidation proceedings on the same day in February 2017.<sup>189</sup> However, the two majority shareholders are believed to have obtained questionable loans and lines of credit from the bank from approximately 2008 through to 2016.<sup>190</sup>

How exactly did the money "disappear?" Investigations show that through a complex pattern of payments to shell and offshore companies, vast amounts of money were funneled out of the country using PrivatBank's subsidiary in Cyprus.

In most cases, financial records show that Ukrainian companies borrowed money from PrivatBank in Ukraine, then "transferred it to Cyprus branch accounts held by offshore businesses, many of which were registered in the British Virgin Islands (BVI)".

Thus, the identities of their formal owners were hidden. As the National Bank of Ukraine treated the Cyprus branch as any other domestic branch of PrivatBank, the regulators never detected that

money transferred to Cyprus was leaving Ukraine.

By the time regulators took over the bank, 5.5 billion USD had already been transferred from the Cyprus branch to banks in Austria, Luxembourg, and Latvia. Finally in 2015, the Central Bank of Cyprus conducted on-site investigations and alerted authorities in Cyprus, Ukraine, and other countries.

According to a subsequent London case testimony, “the activity had all the hallmarks of a money-laundering operation designed to obscure the origin and ultimate destination of cash.”<sup>191</sup>

In 2017, PrivatBank initiated legal proceedings in London's High Court of Justice, which ordered a worldwide freeze of over 2.5 billion USD of Kolomoisky's and Bogolyubov's assets,<sup>192</sup> based on detailed evidence that they had extracted almost 2bn USD from the bank.<sup>193</sup>

The owners appointed after the nationalization wanted the trial to be held in Britain because of concerns that Kolomoisky and Bogolyubov would influence Ukraine's courts. In November 2018, the London High Court of Justice ruled that it had no jurisdiction over the case but kept in place the worldwide freeze of assets.<sup>194</sup>

In April 2019, a Ukrainian court ruled that the nationalization of PrivatBank was illegal.<sup>195</sup> Ukraine's central bank appealed the decision.<sup>196</sup>

In July 2022, the National Bank's order to investigate PrivatBank, and thus the nationalization decision, was deemed valid and legal by the Administrative Court of Cassation of the Supreme Court of Ukraine.<sup>197</sup>



**Igor Kolomoisky at the court hearing, Kyiv, September 2023**

#### 4.2.2.2. The Ukrnafta and Ukrtatnafta case

Ukrnafta is the largest oil company in Ukraine, with exploration and production operations for oil and gas.<sup>198</sup> Ukrtatnafta is an oil refinery. Both Ukrnafta and Ukrtatnafta are majority owned by Naftogaz, a state-owned oil and gas company.<sup>199</sup>

In 2003, Ukrnafta came under the direction of Igor Kolomoisky's long-standing business partner, Igor Palytsia (see chapter 4.2.3.2), who was appointed head of the board. In this capacity, he reportedly changed the company management to ensure that the minority shareholders had actual control of Ukrnafta operations.

This was the moment when Kolomoisky, who at the time owned 42% of the company shares, gained full control over Ukrnafta's operations and blocked the state's ability to take decisions. This in turn likely enabled various schemes to extract millions of UAH from Ukrnafta in the interests of Igor Kolomoisky and his companies.<sup>200</sup>

While the Ukrainian government was trying to reduce Privat Group's influence on Ukrnafta in 2015, the company's management signed a number of contracts that siphoned off 13.3 billion UAH (ca. 345.66m EUR) from Ukrnafta, according to the National Anti-Corruption Bureau (NABU) and the Anti-Corruption Prosecutor's Office (SAPO). According to the investigation findings, the money went to companies affiliated with the Privat Group controlled by Kolomoisky and his partners.<sup>201</sup>

In March 2015, at a parliamentary commission after the Maidan Revolution, Kolomoisky publicly admitted that since 2003 he had paid bribes to President Kuchma of Ukraine, totaling 110 million USD, through his son in law Victor Pinchuk, for the right to manage state-owned Ukrnafta. According to the court registry, Kolomoisky's attorney even provided evidence on the operational control over Ukrnafta. The agreement stated that certain persons agreed to impose control over Ukrnafta, including the appointment of a new head of the board who later became Igor Palytsia.<sup>202</sup>

In November 2022, the Ukrainian National Security and Defence Council announced the

transfer of five private companies to Ukraine's Ministry of Defence, including Ukrnafta and Ukrtatnafta. At the time, Kolomoisky and his partners still owned around 42% of the Ukrnafta shares as well as 60% of the Ukrtatnafta shares, while the rest was owned by Naftogaz, the state oil and gas company.

In February 2023, Ukraine's Security Service (SBU) and the Economic Security Bureau (ESB) searched Kolomoisky's house on suspicion of fraud at Ukrnafta and Ukrtatnafta.<sup>203</sup>

In September 2023, NABU searched Igor Kolomoisky's residence in the ski resort village of Bukovel, as part of the Ukrnafta case.<sup>204</sup> At the time of writing this report, these investigations by NABU, SBU and ESB were still ongoing. There have been no convictions yet and the presumption of innocence applies.

#### 4.2.2.3. Cases in the United States

In the United States, Igor Kolomoisky is subject to ongoing criminal investigations into fraud and money laundering of funds originating from PrivatBank as part of the alleged 5.5 billion USD bank fraud (see chapter 4.2.2.1).<sup>205</sup> According to the U.S. Department of State, Kolomoisky was involved as Governor of Dnipropetrovsk "in corrupt acts that undermined the rule of law and the Ukrainian public's faith" in their government, including using his political influence and official power for his personal benefit.<sup>206</sup>

In April 2021, Kolomoisky and his wife and children were banned from entering the US.<sup>207</sup> According to a report led by the International Consortium of Investigative Journalists (ICIJ), between 2007 and 2013 the Deutsche Bank transferred more than 750 million USD to Kolomoisky's business interests in the U.S. Over ten years, Kolomoisky acquired at least 22 properties in the U.S., including a Cleveland skyscraper and a Motorola facility in Illinois.

Kolomoisky and his associates allegedly "left a trail of vacant and boarded-up buildings, unpaid property taxes, hazardous factory conditions, unemployed workers, and at least four steel mills that filed for bankruptcy."<sup>208</sup>

In August 2020, the United States filed two civil forfeiture actions in the Southern District of Florida on suspicion that commercial real estate in Dallas

(Texas) and Louisville (Kentucky) was bought using funds illegally obtained from PrivatBank. In December 2020, a third suit was filed in the same district regarding property in Cleveland, Ohio.

In January 2022, the US filed a fourth civil forfeiture complaint in the Southern District of Florida concerning more than 6 million USD from the sale of commercial real estate in Dallas (Texas). This property was allegedly maintained and improved using the money from embezzlement and fraud from PrivatBank in Ukraine<sup>209</sup>

The complaints allege that the associates laundered a portion of the illegally obtained money using shell companies' bank accounts, primarily at PrivatBank's Cyprus branch, before they transferred the funds to the U.S.<sup>210</sup>

More specifically, in its asset forfeiture actions, the U.S. government alleges in detail that it has been the modus operandi of the Kolomoisky network to shuffle interests in a labyrinth-like network of companies between different front-persons, mixing funds "in a big pot of money" to obscure Kolomoisky's beneficial ownership.<sup>211</sup> According to the U.S. Department of Justice (DOJ) civil asset forfeiture actions, two associates acted as Kolomoisky's and Bogolyubov's money launderers diverting stolen funds into a huge network of U.S. corporate holdings designed to conceal Kolomoisky's beneficial ownership interests.<sup>212</sup>

These same two persons were listed as co-owners with Oksana and Zakhar Palytsia in a series of oil and weapons companies, before ownership of Bukovel LLC went quite recently to Oksana and Zakhar Palytsia<sup>213</sup> (see chapter 4.2.3.3).

Just like for Bukovel LLC, where the shares passed through a web of Cypriot owners who appear to be completely unrelated to the Carpathians, the modus operandi in the wider bank fraud and money laundering scheme that the DOJ accused Kolomoisky of having carried out in the PrivatBank scandal also transpired largely through a Cypriot web.

A DOJ criminal investigation of Kolomoisky's alleged fraud and money laundering involving billions of dollars in losses was ongoing as recently as late 2023.<sup>214</sup>

#### 4.2.2.4. Struggle to “deoligarchize” Ukraine

Grand corruption, due to the weak rule of law and the widespread influence of oligarchs, is considered a major obstacle to Ukraine's development<sup>215</sup> and now to EU accession.

During Petro Poroshenko's and later Volodymyr Zelensky's presidential mandates, under increased international scrutiny and pressure, a “deoligarchization” process began. Although President Zelensky was supported by Igor Kolomoisky during his 2019 presidential campaign (see chapter 4.2.1), he has taken clear steps to reduce oligarchs' influence and power.

In September 2021, on the President's initiative, a so-called “anti-oligarch” law was passed, aiming to limit the influence of oligarchs on politics.<sup>216</sup> The law prohibits people identified as oligarchs by the National Security Council from financing political parties, maintaining private ties with senior officials, or participating in the privatization of major companies. It also requires them to publicly declare all the assets they own.

In its opinion on Ukraine's application for membership of the European Union of June 2022, the European Commission welcomed the adoption of this law but stressed that its enforcement was essential.<sup>217</sup> Besides the EU accession, cutting corruption and strengthening the rule of law are also key conditions for the international reconstruction aid provided to Ukraine by Western countries.



#### 4.2.3. Kolomoisky's associates and ties to Switzerland

##### 4.2.3.1. Larissa Chertok

Larissa Chertok (born 1975), née Kolomoisky, is Igor Kolomoisky's sister. An OCCRP investigation report from April 2019 concluded that Chertok has been acting on Kolomoisky's behalf since at least 2004. She owns or has owned assets in Switzerland and France, ranging from villas on the shores of Lake Geneva to mega-yachts moored on the French Riviera.

In some cases, she facilitates his business deals, as in 2007 when she signed as a witness for the acquisition of a 110 million USD share in Central European Media Enterprises Ltd., paving the way for his subsequent acquisition of the Ukrainian TV channel 1+1. In other cases, she has played a more important role, such as in 2004 when she founded a Swiss company, Gehold SA which together with another company privatized a share in Sukha Balka, a major Ukrainian iron ore mine.<sup>218</sup>

It has been reported that two apartments, four suites, two basements and two parking spaces opposite the Eiffel Tower in Paris are registered to French companies whose beneficial owner is Larissa Chertok.

Since 2014, she also owns a castle built in the 15th century near the French shore of Lake Geneva, as well as surrounding outbuildings and land plots. The castle called “Château de Buffavens” is located in the village of Lully, 10 kilometers from Lake Geneva, in the French department of Haute-Savoie. Until 2014 the castle was owned by Oksana Palytsia, the ex-wife of Ukrainian MP Igor Palytsia.<sup>219</sup>

The Chertok family's close ties to Igor Kolomoisky and the unclear origin of their assets led the Swiss State Secretariat for Migration (SEM), in 2019, to reject Larissa Chertok's Swiss citizenship application, “from a security and reputational perspective”.

Her naturalization “would call the integrity of Switzerland into question”.<sup>220</sup>

This decision was upheld by the Swiss Federal Administrative Court in 2022.<sup>221</sup> The Swiss authorities stated that the Chertok's family business activities would not have allowed them to



acquire the properties they own, which are worth millions of Swiss francs.

The court found it astonishing that Larissa Chertok and her husband did not submit any tax documents that could have been used to justify their income and assets. Nor did they provide any information on income from their business activities.

The court came to the conclusion that Chertok and her husband had failed to clear themselves from all doubts as to the origin of their assets and thus prove observance of the law.<sup>222</sup>

The decision to reject Larissa Chertok's naturalization was inter alia based on a report by Switzerland's Federal Intelligence Service (FIS) which found that Igor Kolomoisky had strong ties to Russian-Ukrainian organized crime circles and, through him, Chertok had "access to illegal money and criminal circles".

The report also found that "there is no dividing line between Kolomoisky's activities and those of his sister." Furthermore, in view of Kolomoisky's power ambitions due to his earlier association with President Zelensky, Kolomoisky and his business and family in Ukraine and Switzerland are likely to come increasingly into the focus of international media.

His presence in Geneva and that of his family members has brought Switzerland into the focus of Ukrainian domestic politics, which are characterized by power struggles and scandals. Furthermore, the legal pressure on Kolomoisky affects Switzerland. The Ukrainian National Bank filed a lawsuit against Kolomoisky and his business partner with the Tribunal de Première Instance in Geneva in June 2018.<sup>223</sup>

In December 2022, Chertok scored a partial success in an appeal against the decision to reject her naturalization. The Federal Supreme Court of Switzerland ordered the Federal Administrative Court to reconsider its decision because her right to be heard had been violated.<sup>224</sup>

#### 4.2.3.2. Igor Palytsia

The business partnership of Igor Palytsia (born 1972) with Igor Kolomoisky goes back to 1999, when Kolomoisky purchased 50% of the shares in Maveks-L oil trading company managed and co-owned by Igor Palytsia. In the following years, Palytsia held several important positions in companies controlled by Kolomoisky.

More specifically, from 1999 to 2003 he was acting head of Ukrainian oil processing company Naftokhimik Prykarpattya and in 2003 he was appointed head of the board of Ukrnafta, the largest oil company in Ukraine.

In this latter capacity, he reportedly changed the company management to secure Kolomoisky's control over the company's operations and the extraction of millions of funds from Ukrnafta in the interests of Igor Kolomoisky and his companies.

In connection to this, Palytsia claims that in 2005, for his "effective management of Ukrnafta" Igor Kolomoisky offered his family - his wife and son - the right to acquire 10% of all oil assets within Privat Group. This was accepted by his family in 2011.<sup>225</sup>

In August 2019, Igor Palytsia was elected as MP in the Volyn region, where he had previously (2015-2019) served as head of the regional council. He is known for supporting Kolomoisky's interests in the parliament of Ukraine, notably by strongly opposing the so-called "Anti-Kolomoisky law" adopted to prevent a return of nationalized PrivatBank to the oligarch.<sup>226</sup>

As the leader of the political party "For the Future," he reportedly fights against key reforms envisioned in the framework of Ukraine's cooperation with the International Monetary Fund (IMF), many of which are also relevant for Ukraine's cooperation with the EU. For instance, he opposed the reforms related to international corporate governance standards for state-owned enterprises and independent anticorruption agencies.<sup>227</sup>

Igor Palytsia often appears on television talk shows of the 1+1 TV channel controlled by Kolomoisky, repeatedly using anti-western rhetoric. At the same time, it has been reported that MP Palytsia and his family own at least one luxurious residence near Geneva and control businesses in Austria, France and Switzerland, and generally have a lavish

western lifestyle, including luxury cars, yachts and private jets.<sup>228</sup>

In January 2020, his adult son became the official partner in the oil and arms businesses of Igor Kolomoisky.<sup>229</sup>

#### 4.2.3.3. Zakhar and Oksana Palytsia

The Palytsia family group consists of 53 companies controlled by two key persons, Zakhar and Oksana Palytsia, the son and ex-wife of MP Igor Palytsia. The group's principal activities are the purchase, sale and lease of real estate, as well as hotel and restaurant businesses. The group also includes Enco, a manufacturer of low-voltage complete devices and metal products for various purposes. All of these 53 companies are registered in Ukraine, but their beneficial owners Zakhar and Oksana Palytsia are based in Switzerland, a jurisdiction that provides no information on shareholders or beneficial owners of companies.<sup>230,231</sup>

According to a report by the Ukrainian organization "Anticorruption Action Center" (ANTAC), Oksana Palytsia is the official owner of luxurious real estate in Ukraine and abroad, expensive cars, as well as beneficial ownership or shares in various companies. These include an 8-room flat and 5 parking slots in Kyiv, a family cottage with land plots in Yaremche near Bukovel ski resort, and a luxurious apartment in a villa in Geneva's suburbs (Chêne-Bougeries). According to French registry information on a company she owns in France, Oksana Palytsia is registered at a luxurious apartment building in downtown Geneva, Switzerland.<sup>232</sup>

According to the Ukrainian business registry, Zakhar Palytsia started to acquire shares in Ukrainian companies in 2017. While MP Igor Palytsia is officially divorced since 2002, there is the suspicion that his divorce is fictitious and used to avoid declaring all his assets. They are therefore thought to be Palytsia's front-persons.<sup>233</sup>

In 2020, Zakhar and Oksana Palytsia became official business partners of Igor Kolomoisky in his oil and weapons businesses, as they were (for a time which has ended) listed in the state registry as beneficial owners of two large oil processing factories in Ukraine: PJSC

Naftokhimik Prykarpattya and PJSC NPK-Galychyna.

Other beneficial owners of these companies included Igor Kolomoisky, Gennady Bogolyubov, Potishman Dmytro, Leiber Uriel Tsvi, Korf Mordekhai Yuda, Svitlana Deli, Yevgen Krychevskyi, Yuriy Kiperman and Oleksiy Buinis.<sup>234</sup>

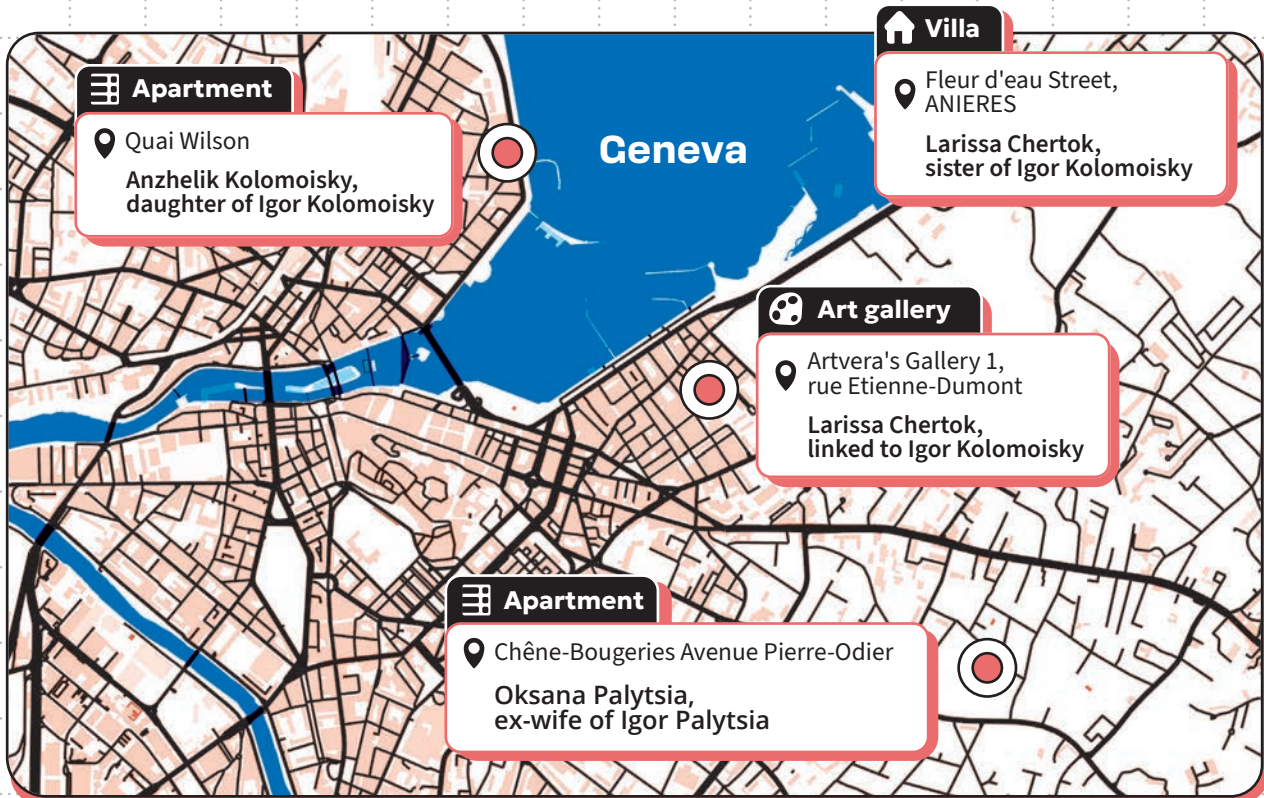
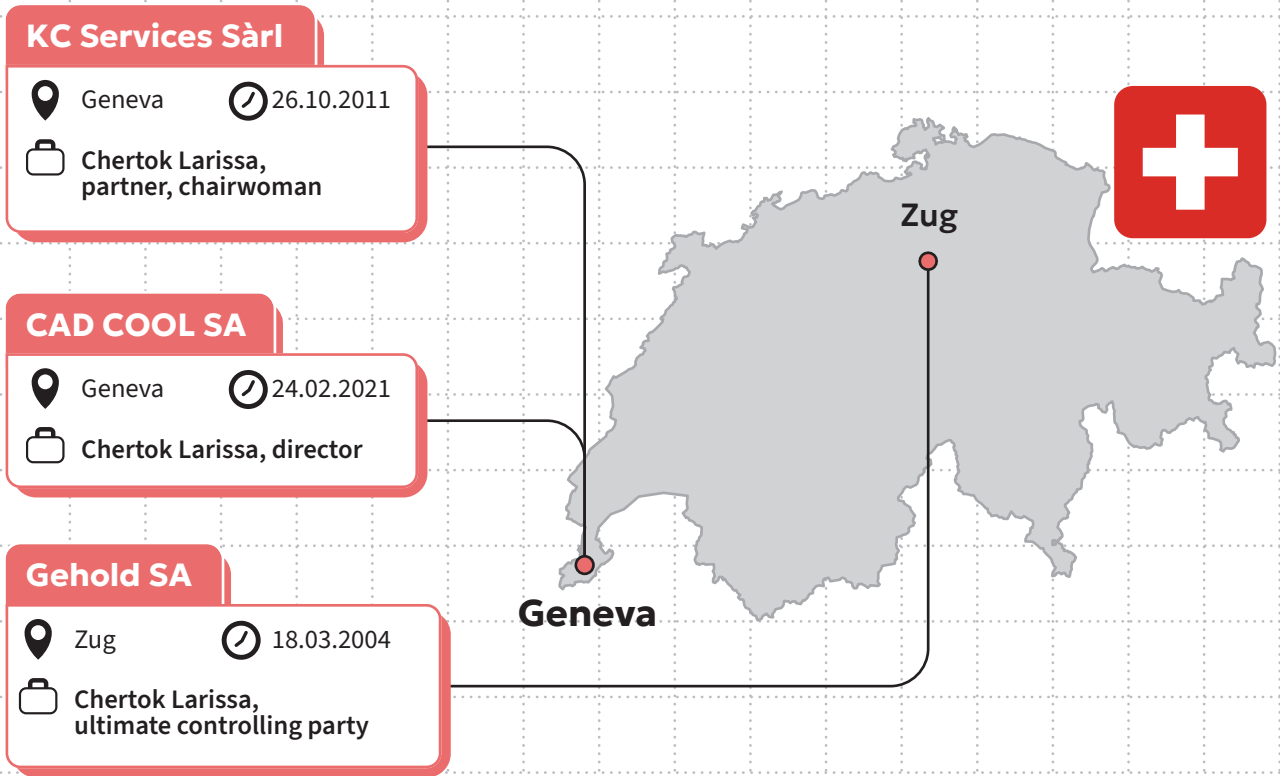
NPK-Galychyna is under criminal investigation in the case of alleged embezzlement of 5.5 billion USD by former beneficial owners of PrivatBank. It is one of 193 related companies, which did not repay its loans to PrivatBank (see chapter 4.2.2.1).<sup>235</sup>

Regarding the PrivatBank affair, the National Anti-Corruption Bureau of Ukraine (NABU) is conducting a case for fraud, embezzlement and abuse of office. In December 2021, NABU requested legal assistance from Switzerland for the alleged transfer of billions of US dollars in funds between 2010 and 2016 from PrivatBank's Cyprus branch to bank accounts in Switzerland. The request cites 4 billion USD and 245 million EUR.

A decision by the Swiss Federal Criminal Court in June 2023, which has since been confirmed by the Federal Supreme Court, reveals that the Office of the Attorney General of Switzerland is conducting criminal proceedings on money laundering in the same matter. This is based on a report on suspicious activity filed by a bank in Switzerland against Kolomoisky and Bogolyubov. The Swiss criminal investigation was opened in February 2020 and is still ongoing.<sup>236</sup> Therefore, the presumption of innocence applies

According to commerce registry extracts, the following companies based in Switzerland are suspected to have ties to Igor Palytsia and Igor Kolomoisky through Larissa Chertok: Cad Cool (Geneva), KC Services Sàrl (Geneva) and Gehold SA (Zug) (see figure 8).

### Figure 8: Assets and companies linked to Igor Kolomoisky and Igor Palytsia in Switzerland



### 4.3. Corruption risk related to the planned ski resorts

Given the involvement of Igor Kolomoisky and his associates, their track record of legal trouble (see chapters 4.1 and 4.2) and the non-transparent project development process, with alleged mingling of public and private interests (see chapters 4.3.1 and 4.3.2), there is a high risk of corruption in the development of the network of ski resorts Svydovets, Bystrytsia and Turbat.

Since a legitimate, arms-length transfer of ownership of a profitable company, Bukovel LLC, to the Palytsia family during a global asset freeze on Igor Kolomoisky is highly unlikely, it is assumed that the persons behind the projects are still Kolomoisky and his partners. Indeed, the recent changes of record ownership at Bukovel LLC complement longstanding efforts by local officials to hide the identity of the investors in the ski resort projects.<sup>237</sup>

Despite government planning efforts presented in Bukovel correspondence to the villages, officials have occasionally tried to deny that such an investor even exists. This happened as recently as April 2023.<sup>238</sup> This is certainly not public behavior consistent with a reputable project developer or bona fide beneficial owners. The ski resort development efforts require cooperation from various layers of governmental bodies that are prone to corruption (see chapter 2.3). The correspondence of the developer (Bukovel) to the competent village councils reveals that the projects need many different aspects of public action.

This includes the fact that extensive new infrastructure systems are approved and funded by state authorities and implemented in close coordination with the ski resort projects to establish new water intake, electrical services, waste management and other public services.<sup>239</sup> Most of the land needed for the ski resorts would come from state forests.<sup>240</sup>

Deforestation of state forests has cleared dozens of hectares over the past years, including land for a road intended to connect the ski resorts, in advance of proper approvals of such plans.<sup>241</sup> Logging, which would reap early rewards from the ski resort plans, is likely to involve widespread corruption at every level of government.<sup>242</sup>

Alleged participants in bribe schemes have included the most senior national forestry official, the Governor of Transcarpathia, the district head of forestry and the head of a state-owned forestry enterprise (SFE) which will grant tracks of land for privatization for development.<sup>243,244</sup>

Officials in Tyachiv district have been prosecuted for illegally granting state-owned forest land to family members, who then stood to benefit from plans to build infrastructure for the Svydovets ski resort there.<sup>245</sup>

Scheming to illegally convert several plots of public forest land to private use has also been investigated in the village of Yasinia in recent years by prosecutors. This is likely to have been replicated across the area since the planning of the ski resorts began.<sup>246</sup>

According to the Bruno Manser Fonds' various confidential human sources in the area, forestry officials allegedly accept bribes from private parties for selling timber, commit a variety of dishonest acts to increase tree felling, and provide generous meals and amounts of money to auditors who, without minimal rigour, issue reports supporting forest enterprise sustainability certifications.<sup>247</sup>

The following are examples of likely corruption by officials in the Svydovets area: blocking public access to forest management plans for the next ten years; committing various forms of illegal logging; making threats against activists; and stopping other officials' efforts to identify virgin forests.<sup>248</sup> Officials involved in past allegedly illegal schemes have resurfaced in powerful forestry offices positioned to support the latest ski resort development plans. These include, for example, officials who can request or authorize public spending on infrastructure needed for the ski resorts.

Some of those deeply involved while in public office in the Svydovets ski resort planning, who colluded with the investors in the project development process, have also shown up acting in roles for Bukovel. Some of them were involved in both at the same time (see 4.3.1 and 4.3.2).

### 4.3.1. History of collusion between investors and public officials

The initial Svydovets project is an example of the mingling of public and private interests and collusion between investors and public officials. Although it has generally been presented as a government project, it has been shown that it was likely steered by Kolomoisky's associates. In particular, a former Ukrainian MP and a former public official had important roles to play – Oleksandr Shevchenko and Yuriy Dobrovolsky.

Oleksandr Shevchenko was the director of Skorzonera LLC from 2004 to 2014.<sup>249</sup> When he was elected member of the Ukrainian parliament for the UKROP party (Ukrainian Association of Patriots) in 2014, he resigned from his post in Bukovel, but seemed to continue his involvement in the ski resort business.<sup>250</sup> Shevchenko also allegedly controlled the road construction company PBS (see chapter 4.1.3).

In December 2017, Oleksandr Shevchenko met with top forestry officials of the Transcarpathian and Ivano-Frankivsk Forest and Hunting Administrations and the State Agency of Forest Resources (SAFR) to discuss the detailed plans of the Svydovets project. Afterwards, a representative of the State Agency of Forest Resources highlighted the role of Oleksandr Shevchenko in the Svydovets project: *“It’s good that we meet with the investors, and we discuss the problems. I think with joint efforts and coordinated work we will overcome the difficulties and find a compromise solution.”*<sup>251</sup>

While there is no public information on the content of this “compromise solution,” the lobbying effort of Oleksandr Shevchenko was apparently successful. The forestry officials in the villages affected by the Svydovets project have become strong supporters of the planned ski resort.

This is reflected by the fact that the new connection road to the area is being paid for by the state forest enterprise (see chapter 3.2.1). Residents of Brustury (formerly Lopukhovo) village who filed a lawsuit against the project have been repeatedly threatened by foresters and have been subjected to several exceptional controls of their local sawmills, for instance by the Security Service of Ukraine (SBU).<sup>252</sup> As a representative of the investors, Yuriy Dobrovolsky promoted the Svydovets project in Bystrytsia village in April 2017.

He presented the detailed maps of the Bystrytsia and Svydovets projects to local villagers, although the territory of Bystrytsia was at the time only marginally affected by the ski expansion.<sup>253</sup> At the same time, Dobrovolsky appeared in public as a representative of the competent authorities, as he moderated a public hearing on the Svydovets project in Chorna Tysa as “rapporteur.”<sup>254</sup>



**Yuriy Dobrovolsky representing the investors in the public hearing at Bystrytsia in April 2017**

In March 2018, a roundtable on the Svydovets project took place in Uzhgorod, where Dobrovolsky acted as the project coordinator and as a representative of the Transcarpathian Regional State Administration (TRSA) at the same time.<sup>255</sup>

The event was attended by several high-level officials and scientists from the Transcarpathian region. Yuriy Dobrovolsky, the former official of the Ivano-Frankivsk region – and allegedly close ally of Kolomoisky and Shevchenko – has thus been representing both the private investors and the competent authorities during the official approval procedure of the Svydovets project.

Lawyer Yaroslava Ivanova, who represented the Tyachiv and Rakhiv District State Administrations (DSA) in the court case against the DSA decisions on the planned Svydovets ski resort, has also been involved in the project development process. She was present at the public hearings in the villages of Yasinia and Lopukhovo (now Brustury) in 2017, when the Svydovets ski resort project was first presented.

At the time, she presented herself as the advisor of the TRSA. However, upon official request, the TRSA denied that such a position even existed. In August 2023, Yaroslava Ivanova participated in a strategic session of the HOVERLA local governance project in Yasinia village (see chapter 4.4).

### 4.3.2. History repeats itself: collusion and land grabs

On 18 December 2022, the village of Lopukhovo (now Brustury) hosted a presentation and discussion of the planned Turbat ski resort. Not surprisingly, this project was presented by Yuriy Dobrovolsky as a representative of Bukovel LLC, who introduced himself as “a member of the working group that moderates the wishes of investors in Ivano-Frankivsk and Transcarpathian regions in the context of the development of recreational infrastructure of our Carpathians.”<sup>256</sup>

Dobrovolsky delivered a strong speech, trying to convince the deputies of the Ust-Chorna village council of the need to build the new Turbat ski resort. However, when asked by a participant whether he was ready to wash his face with water from the river below the Bukovel treatment facilities, he answered negatively.<sup>257</sup>

According to information from oral sources, the director of the Brustury State Forest and Hunting Enterprise, now a local branch of state enterprise “Forests of Ukraine”, present at the session, encouraged the deputies to vote in favour of the project.

As a result of his and Dobrovolsky's efforts, 21 out of 22 community members granted Bukovel LLC permission to develop the draft urban planning documentation to amend the master plan of the village of Lopukhovo for the construction of the new recreational complex.

The decision was made at a session of the Ust-Chorna village council on 20 December 2022. In April 2023, Andriy Levkovych, the head of the Ivano-Frankivsk Chamber of Commerce and Industry, publicly announced that a new ski resort would be built “just in time.”<sup>258</sup>

On 21 April 2023, an open discussion took place in Yasinia village in the form of a roundtable called “Project Svydovets prospects for sustainable development of communities, taking into account environmental, economic and social aspects.” It was organized at the initiative of Andrii Deliatynchuck, the head of the Yasinia village council.

While many stakeholders were present, a number of NGOs and local activists, notably the plaintiffs of the Svydovets case, received the invitation at very short notice, given that they do not live in the same

village. For instance, one of the Free Svydovets activists received the invitation on 20 April by post, just one day before the discussion (the outgoing date was 14.04.2023; see annex 17).

On behalf of the Yasinia community, Deliatynchuck invited them to take part in an open expert discussion exclusively by post.

Over the past two decades, public and community lands in Ukraine have been subject to large-scale land grabs often linked to companies controlled by oligarchs, and the Svydovets area is no exception. In a recent interview, a local villager of Polianytsia reveals that in the case of Bukovel ski resort there are now only “a few families left (you can count them on the fingers of one hand) who still have land here. Everyone sold everything. They no longer have anything to live on. If I were asked, I would forbid the sale of land to such dealers who buy land for resale.”<sup>259</sup> This negatively affects local people's livelihoods.



Yuriy Dobrovolsky presenting Turbat ski resort project in Brustury, December 2022

#### 4.4. U.S. government project

Of particular concern is the possible inclusion of the planned ski resort projects in the development of HOVERLA, a United States Agency for International Development (USAID) project focusing on improving governance and local accountability in Ukraine. The project builds upon USAID's previous work in Ukraine, in order to complete the legal framework needed for decentralization, to support newly consolidated communities, improve services and advance citizen engagement.<sup>260</sup>

A strategic session of the HOVERLA project took place in Yasinia village in August 2023. The main goal was to “formulate a mission for the development of a comprehensive plan, the purpose of which is to determine the prospects for the development of the territorial community” of Yasinia.

The mission working group presented proposals on various questions, such as mountain farming, agriculture and forestry, housing, development of industries, mobility, engineering, landscaping, and development of infrastructures (roads, dams, bridges, power lines, waste management facilities). One stated goal was the preservation of the historical, cultural and natural heritage of the region.<sup>261</sup> Key discussion points were the Yasinia community's strategic vision on spatial development, related problems and opportunities, as well as the identification of “promising facilities to be developed on the community's territory.” One such discussed facility was the Svydovets

“tourist and recreational complex”. While certain members of the “strategic circle” opposed the construction of the mega-resort, raising a number of issues (e.g. the environmental impacts), most of its members supported it.

However, it should be mentioned that the members of this circle (around 25 participants) were mainly employees of the Yasinia Village Community and local institutions, who are likely easy to influence and are not fully representative of the local community. Even these latter members emphasized “the need to preserve the area's colourful character and natural heritage.” The Svydovets project was expected to be adjusted to take into account the EIA results.<sup>262</sup>

Thus, the Svydovets ski resort project ultimately might receive support from US-funded spatial planning experts in re-drawing the state land cadaster, setting boundaries and creating new land plots for use in the ski resorts. Furthermore, the USAID project's support for procurement and infrastructure planning for municipalities risks being directed towards purposes specifically benefitting the Svydovets project developers.

Finally, it is important to note that part of the local population is against the development of new ski resorts. The Svydovets ski resort project has often been presented as being supported by all local inhabitants except the eco-activists. This angered the local population who oppose the project, who started collecting signatures in opposition to the project.<sup>263</sup>



Strategic session of the HOVERLA project in Yasinia, August 2023

## 4.5. Pending court case

In October 2017, several members of the Lopukhovo (now Brustury) village council filed a lawsuit against the decision of the Tyachiv and Rakhiv District State Administrations (DSA). The decision in question involved approving the detailed territorial plan for the development of the Svydovets “tourist and recreational complex.”

The plaintiffs requested the annulment of this decision on the grounds that the related public planning process did not respect legal requirements related to transparency and public participation.

More specifically, the plaintiffs argued that residents were not properly informed about the public hearing organized by the local authorities. What is more, the detailed territorial plan (DTP) published was insufficient to ensure transparency and meaningful public participation during the public hearing.

As their lawyers highlighted in the Transcarpathian Administrative Court in November 2017, the DTP consisted of only one photo of a map and there was no mention of any economic or technical data on the project. In January 2018, the court ruled in favour of the plaintiffs.<sup>264</sup>

The Tyachiv and Rakhiv DSAs appealed the decision. During the trial in the Lviv Administrative Court of Appeal, the plaintiffs were given 15 minutes to examine the detailed map of the planned Svydovets ski resort. With a size of 8x10 meters, the map was inappropriate to examine the planned infrastructure in detail.

Lawyer Yaroslava Ivanova, who represented the Tyachiv and Rakhiv DSAs in court, argued that the map and the detailed plan were too big to publish online. On 4 May 2018, the court followed these arguments and ruled in favour of the Tyachiv and Rakhiv DSAs. The plaintiffs appealed the decision in July 2018 and the proceedings went to the Supreme Court of Ukraine.<sup>265</sup>

In September 2021, the Supreme Court overturned the decisions of the previous instances and sent the case for a new hearing to the Transcarpathian District Administrative Court. This court canceled the approval given in 2017 by Tyachiv and Rakhiv district state administrations for the construction of a ski

resort in Svydovets. In December 2022, the Eighth Administrative Court of Appeal judged in favour of the appeals of the DSAs. The case will be heard in the Grand Chamber of Ukraine Supreme Court.

*“We denounced all violations by our opponents. Our clients were denied access to information (they were not provided with a plan of the territories). The representatives of the Tyachiv and Rakhiv DSAs themselves admitted at the court hearing that the proper procedure for public discussions was not followed, that there were indeed violations, that they could not ensure people’s access to information. The rights of the people who live here were violated, in particular their right to be consulted in solving issues related to local self-government, which are guaranteed by the Constitution and Laws of Ukraine. The court heard and ruled on the refusal to satisfy the people’s lawsuit,”* stated Serhiy Voichenko, attorney of the Free Svydovets Initiative Group, who represented the Brustury plaintiffs.



Lviv Administrative Court of Appeal, 2018



## 5. Free Svydovets Initiative Group

Since 2016, the Free Svydovets Initiative Group has fought to preserve the areas targeted for development in and around the Svydovets massif in the Ukrainian Carpathians. This grassroots movement unites a broad range of actors including local activists, conservationists, scientists, environmental and civil rights organizations at national and international level.

Through its international campaign with numerous actions including citizen protests, letters to national authorities, international delegations, media tours in Svydovets, petitions and press conferences, the Group has managed to raise wide public awareness in Ukraine and at the European political level on the Svydovets ski resort plans and their potentially destructive environmental impacts.<sup>266</sup>



Ukrainian environmental activists, Green Camp at Svydovets, July 2019



Delegation to the European Parliament: Free Svydovets Initiative Group, Bruno Manser Fonds and Longo Maï Cooperative meeting with MEPs Michael Gahler, Viola von Cramon, Andrea Bocskor, and Traian Băsescu (January 2020)

## 5.1. Landscape reserve application and petition

The Free Svydovets Initiative Group has a vision for the regional development of the Svydovets mountain range and the surrounding areas based on preserving landscapes, ecosystems and livelihoods, and developing low impact tourism.

In March 2023, the Group submitted the application for the establishment of the landscape reserve of national importance named “Free Svydovets” to the Ministry of Environmental Protection and Natural Resources of Ukraine.

The reserve would include the highland part of the Svydovets mountain range in the Transcarpathian region, including the high alpine meadows located in the western and central part of the Svydovets massif, the main Svydovets ridge (Tempa, Velyka Kurtiaska, Ungaryaska, Trojaska, Vorozheska, Krachuneska peaks), its spurs (in particular Pidpula, Berlyaska, Shpanska, Tataruka peaks) as well as adjacent high mountain forests and the Stanislav river, a tributary of the Chorna Tysa.

The landscape reserve would have a total area of 17,550 hectares, including 10,567 hectares of the state forest fund and 6,983 hectares of communal agricultural land.<sup>267</sup>

The creation of the Free Svydovets landscape reserve would be an important step towards implementing national conservation goals<sup>268</sup> as well as a number of international environmental conventions and agreements ratified by Ukraine.

These include the Framework Convention on the Protection and Sustainable Development of the Carpathians, the European Landscape Convention, and the Convention on the Conservation of Wild Flora and Fauna and Natural Habitats in Europe (Bern Convention).

The reserve would protect an area of strong ecological importance, while also allowing the local population to preserve its livelihoods and continue its sustainable use of natural resources (e.g. traditional meadow farming including cattle grazing, collecting wild berries, mushrooms, medicinal herbs).

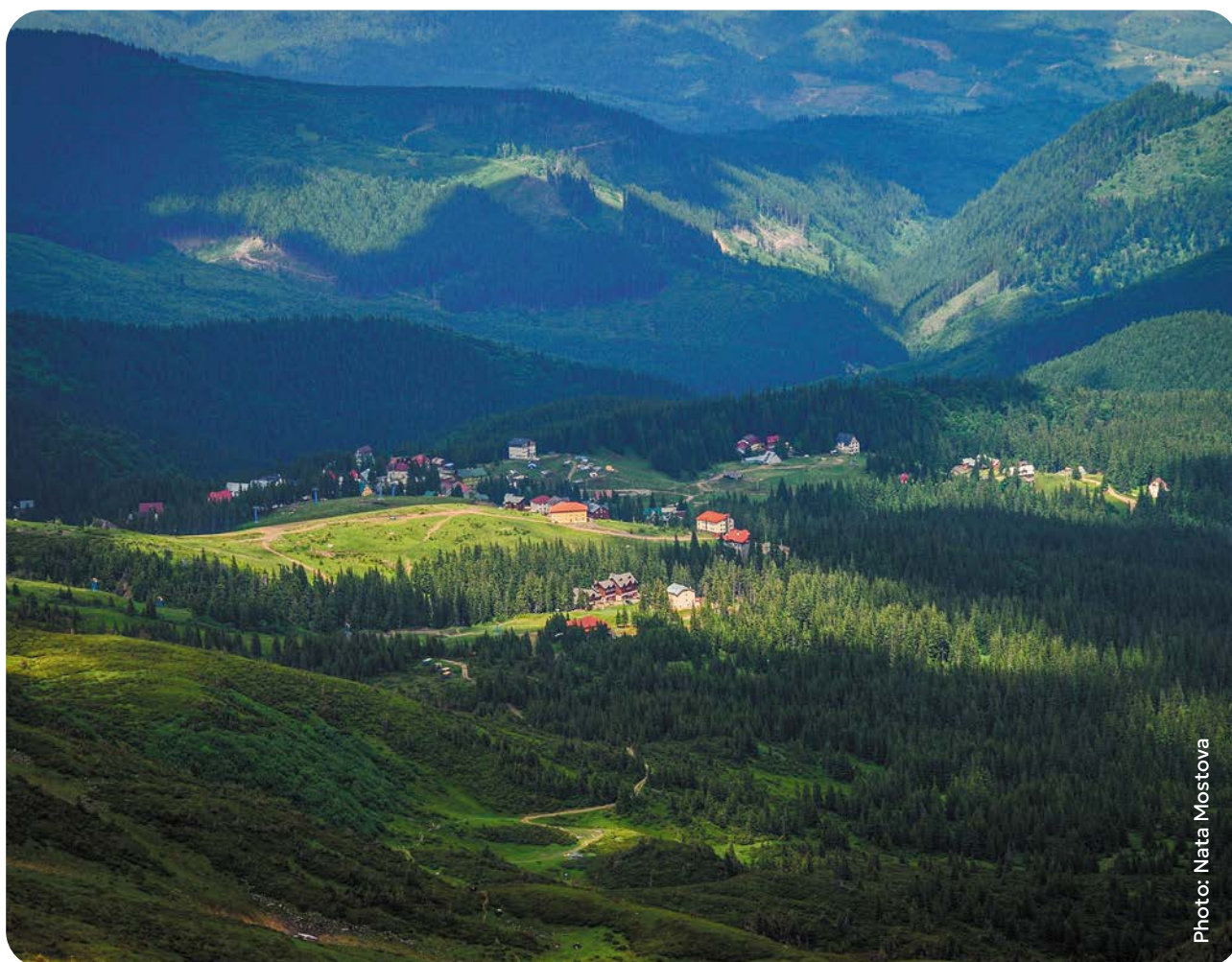


Photo: Nata Mostova

Its protection regime would not halt regional development but, on the contrary, would contribute to this development by conserving its natural and cultural heritage which can be valorized for multiple purposes.

The region could attract visitors based on low impact tourism by exploiting its ecological, scientific, educational, and recreational potential.

In March 2023, the landscape reserve application was launched together with the petition "Protect the wildlife of Svydovets!"<sup>269</sup> on the official website of President Zelensky. Through this petition, the Group called for the speedy creation of the Free Svydovets landscape reserve of national importance and for the rejection of plans to construct mega-resorts in the Svydovets and neighbouring mountains.

The ambassador of the petition was the famous Ukrainian rap singer Alyona Alyona. Within a few weeks, the petition was signed by more than 25,000 citizens and was handed over by representatives of the Free Svydovets Initiative Group to the President in April 2023.

The President's office answered in May 2023, stating that it had asked the Prime Minister of Ukraine, Dmytro Shmyhal, to study the issues raised in the electronic petition, with the involvement of the competent local executive authorities, and to take appropriate measures in response (see annex 9).

Both the state enterprise "Forests of Ukraine" and local village councils must agree to the creation of the landscape reserve. Although the reserve application did not require the placing of the entire area under strict protection, thus allowing the continuation of forestry and other activities in certain areas, in June 2023 the Ust-Chorna village council firmly rejected its creation.

The decision was taken on the grounds that the reserve would lead to the *"complete destruction of the forestry industry in Tyachiv and Rakhiv districts as well as any community development and, most importantly, the restriction of recreational development"* (see annex 10).

In the official decision, it is also claimed that there is currently no clear scientific evidence that the concerned forests can be categorized as virgin or old-growth. It states that a reference to the animals

and plants included in the Red Book of Ukraine should not restrict human life alongside nature, and last but not least, that based on the petition *"the inhabitants of the highlands will be included in the Red Data Book of Ukraine at this rate."*<sup>270</sup>

Andriy Delyatynchuk, head of the Yasinia village council, considers that *"the creation of more and more nature reserves in Ukraine should not slow down the social and economic development of the community. After all, this practice only accelerates emigration: people go abroad in search of a better life for themselves and their children."*<sup>271</sup>

At the same time, according to the law on the Nature Reserve Fund of Ukraine, there is a part of the communal lands of Svydovets that can be protected without the consent of local village councils. However, it seems that the Ministry of Environment and other government agencies lack the political will to do so and that the central government prefers not to speak publicly about the Svydovets case.<sup>272</sup>



## 6. Silencing and intimidation of opposition

The fact that local residents took the public authorities promoting the Svydovets project to court is extraordinary in view of local power relations, which are dominated by forestry officials and the local government. After filing the lawsuit, the plaintiffs, who are owners of sawmills in Brustury village, received numerous private and public threats. Beyond personal harassment, their business was hampered through unjustified state controls (inspections) and even legal action aiming to shut down their sawmills. When the plaintiffs accompanied journalists to the Svydovets massif in order to demonstrate the construction of the new road to Svydovets, they were attacked by people associated with forestry officials.<sup>273</sup>

Despite these intimidations, the plaintiffs have not dropped the lawsuit and continue to fight against the ski resort project which they consider an environmental disaster for the Svydovets massif and now for the surrounding areas as well.

Intimidation cases continue – for instance, in January 2023 the Transcarpathian regional office of the Security Service of Ukraine sent an information request to one of the plaintiffs, allegedly as part of “measures to prevent damage to state security” based on the Ukrainian law on counterintelligence activities. The requested information is extensive. It includes: certificates on the movement of timber products; vehicle registration logs; logs of timber

sale and purchase agreements as well as delivery schedules, protocols on the approval of wholesale prices and additional agreements, including the sale of timber products not sold in the previous year; consignment notes or other documents confirming the acceptance and transfer of goods; acts of mutual reconciliation with counterparties; the state of financial and economic settlements with the former Brustury Forestry and Hunting Enterprise; balances of timber products; and the yield of lumber from unprocessed wood and/or contracts for the provision of wood processing services with other business entities (see annex 11).

Recently, a series of articles defamatory to the Free Svydovets Initiative Group were published in media linked to various interests. Some of the headlines read as follows:

- “How European leftists are taking away the Carpathians from Hutsuls using eco-slogans”<sup>274</sup>
- “Carpathian genocide by the hands of environmental activists”<sup>275</sup>
- “Svydovets resort. Should “eco-activists” single-handedly decide the fate of Hutsuls, mountain communities and Ukraine?”<sup>276</sup>
- “Construction of the Svydovets resort is blocked by local timber loggers using environmental activists (investigation).”<sup>277</sup>

These articles were all published largely at the same time. It seems that whoever is behind them has a strong interest in the ski resort projects being built and is simply using any method in their power to make sure this happens.



Foresters threaten journalists of Radio Svoboda and local activists, Lopukhiv village, November 2017

## 7. Conclusion and Recommendations

This report shows that the Svydovets massif and nearby mountains including the Bratkivsky ridge and Urya mountain foothills are targeted for “development” by politically connected Ukrainian oligarchs profiting from weak and corrupt state structures. Their plan is to grab up to 2,800 hectares of forest and meadow land from the state and local communities to build the network of ski resorts Svydovets, Bystrytsia and Turbat. The mega ski resort is designed for more than 58,000 people at a time.

The planned development, while generating short-term gains from logging and construction, would permanently and catastrophically damage this unique natural heritage of the Ukrainian Carpathians. The major environmental impacts include deforestation to build ski lifts, ski slopes, buildings, roads and other infrastructure; fragmentation of natural habitats; and water-related issues (see chapter 3.3).

The social impacts are related to the privatization of land or the use of community land by private companies, both limiting local people's livelihoods and impoverishing communities in the long run (see chapter 4.3.2).

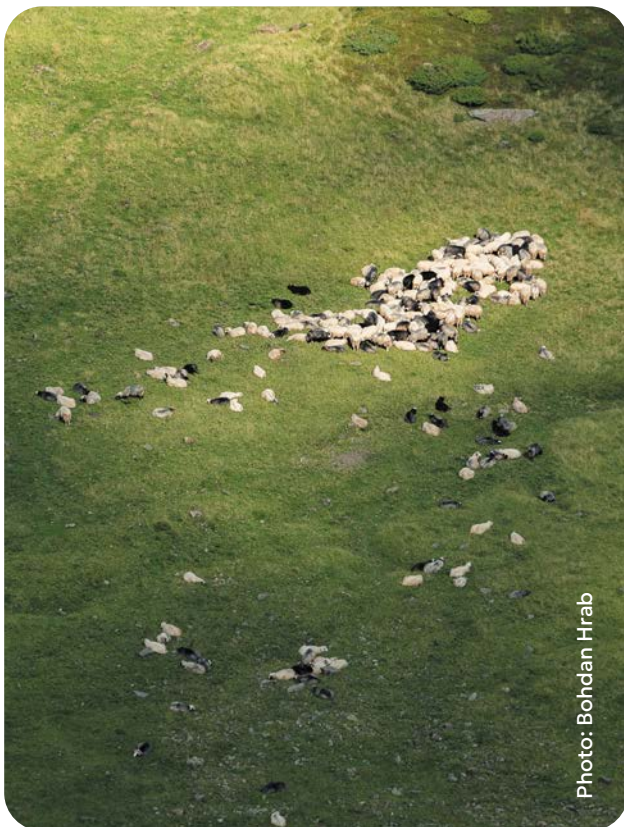


Photo: Bohdan Hirab

Despite the full-scale Russian aggression on Ukraine, the competent public authorities approved the three projects, Svydovets, Bystrytsia and Turbat, and are now actively preparing the documents necessary to begin construction work. The Strategic Environmental Assessments (SEA) for the Bystrytsia and Turbat ski resorts have been launched. The Environmental Impact Assessment (EIA) of the Svydovets resort is also nearly completed.

Moreover, the planned Svydovets resort has already been linked by a partly new road to the villages of Brustury (formerly Lopukhovo) and Chorna-Tysa. It is also now being connected with the existing Bukovel ski resort by a new road whose construction started in the summer of 2023 (see chapter 3.3.3). It is significant that roads have already been built or are now under construction, despite the fact that the results of the EIAs are still unknown, and the SEAs for Turbat and Bystrytsia have only just started.

This report also shows that the network of ski resorts is being developed in a non-transparent manner, behind the backs of local people, with alleged collusion between the project investors and public officials (see chapter 4.3). Despite the massive intervention planned in the Svydovets massif and neighboring areas, which are home to more than 150 endangered species and which secure the livelihoods of local communities, no detailed plans or maps of the projects have been published so far.

This highly non-transparent way of planning is a major breach of the Aarhus Convention. Due to the lack of transparency in the Svydovets project, in 2017 several members of affected villages filed a lawsuit against the local authorities' decision. The legal proceedings are still pending at the Supreme Court of Ukraine (see chapter 5.1). Since then, the plaintiffs have been subject to threats and intimidation on many occasions, including by forestry officials (see chapter 6).

The cluster of projects is promoted by companies linked to one of the most notorious Ukrainian oligarchs, Igor Kolomoisky, and his partners. Kolomoisky, his associates and various companies controlled by them, including those directly involved in the development of Svydovets, Bystrytsia and Turbat ski resorts, have been involved in numerous corruption scandals and criminal investigations in several jurisdictions,

including in Switzerland (see chapter 4.1 and 4.2).

Kolomoisky himself is currently being investigated by Ukrainian prosecutors on suspicions of fraud, embezzlement and money laundering. There have been no convictions yet and presumption of innocence applies. Despite the current unfeasible and unsustainable plans, the developers could still reap profits from construction, logging and other short-term business if the projects proceed. However, the prospect of a long-term economic benefit to the region is just an illusion created by the project's "investors". Under such circumstances, the developers need corrupt officials to hold their plan together.

**Given the involvement of Igor Kolomoisky and his associates, the various legal and criminal proceedings against them, past and ongoing, as well as the corruption present in public institutions in Ukraine and the alleged mingling of public and private interests in the project development process, this report comes to the conclusion that there is a high risk of corruption in the development of the Svydovets, Bystrytsia and Turbat network of ski resorts.**

The recent changes of record ownership at the Bukovel company complement longstanding efforts by local officials to hide the identity of the investors in the ski resort projects.

This is not public behaviour consistent with a reputable project developer or bona fide beneficial owners. On the contrary, the main priority of the "investors" seems to be grabbing as much land from the state and local communities as possible in order to make a maximum of money from the construction, whether the projects get implemented in their current form or not and whether they are economically viable or not.

The trail of alleged fraud and corruption detailed in this report clearly shows that these "investors" are not to be trusted. Putting aside the negative environmental and social impacts of the projects, why should such individuals be entrusted with these projects and the massive public spending that comes with them?

Throughout 2023, the Free Svydovets Initiative Group together with the broader environmental movement of Ukraine repeatedly called on the Ukrainian government to protect Svydovets and neighboring mountains from unsustainable and unviable ski resort projects. In March 2023, the Ukrainian nonprofit Nature Conservation Group (UNCG), together with the Danube-Carpathian Program, Environment People Law and WWF Ukraine, submitted the scientific documentation and application for the establishment of the Free Svydovets landscape reserve of national importance.



Photo: Bohdan Hirab

The reserve would contribute to regional development through the conservation and valorization of its natural and cultural heritage for scientific, educational and low impact tourist purposes, while allowing for the sustainable use of local natural resources. There is clear local and national support for the natural landscape reserve. In April 2023, an official petition to President Zelensky backing this application was signed by more than 25,000 citizens (see chapter 5.2). However, since then the Ukrainian government has remained silent and not taken any steps to establish the landscape reserve.

Since the beginning of the full-scale Russian invasion, the EIA procedure has remained practically closed to the public, and the quality of the decisions made by the authorities are shielded from public criticism. At a time when international attention is focused on recovery, this highly damaging cluster of projects risks diverting valuable aid and investment from projects truly needed to sustainably rebuild Ukraine.

If implemented, such projects would permanently damage and greatly impoverish a region of outstanding natural and cultural value. In addition, as long as martial law is in place, there is no access to vital documents, such as the results of the EIAs for the ski resort projects. No public participation in the decision-making process regarding these projects can be ensured.

Considering the facts presented in this report, **the Free Svydovets Initiative Group calls on the Ukrainian government to suspend all procedures concerning the Svydovets, Bystrytsia and Turbat ski resort projects until access to information and public participation are fully restored. In the long run, the authors of this report urge the Ukrainian government to preserve the local people's livelihoods and the natural heritage of the Ukrainian Carpathians for the long-term benefit of the many.**

To this end, the competent Ukrainian authorities, with support from the international community, scientific institutions and civil society groups, are strongly advised to:

1. **Reject the detailed territorial plans for the Svydovets, Bystrytsia and Turbat ski resort projects, and any other similar large-scale projects;**
2. **Approve the Free Svydovets landscape reserve of national importance and protect**

**surrounding natural areas through a comprehensive framework;**

3. **Define alternative models of long-term regional development in cooperation with the local population, with a focus on nature-based, low-impact tourism.**

**1. The current plan for developing a network of ski resorts in the Svydovets and nearby areas must be rejected because of its serious environmental and social impacts.**

Not only would national and international protected areas be affected but the Ukrainian Carpathians are a natural heritage that should also be protected from a purely economic point of view. The damage caused by the destruction of old-growth and virgin forests in Svydovets and nearby mountains to satisfy the plans of dodgy investors outweighs by far the unclear economic gain for the region. Considering the long-term costs and the short-term benefits that can be expected from a mega ski resort on this territory and altitude, the competent authorities should reject the three projects.

**2. The Free Svydovets landscape reserve should be approved and a comprehensive framework should be developed to ensure the preservation of the Svydovets massif and nearby mountain areas.**

The current situation with the fragmented landscape of different protected areas does not protect these mountain areas from threats, such as illegal logging and the construction of mega ski resorts. Building a large-scale infrastructure in the middle of wildlife habitats, glacier lakes and old-growth forests would lead to the devastation of the whole ecosystem. The fragmented protected areas that exist on the territory of Svydovets and nearby mountains must be integrated into a comprehensive framework.

Detailed scientific evidence and recommended protection regimes are already included in the demand for the establishment of the Free Svydovets landscape reserve. In order to find a solution that is widely accepted and respected in practice, local people from the affected villages should be integrated into the decision-making process.

**3. Alternative income opportunities should be identified and a strategy for nature-based low-impact tourism should be developed with the**

### **participation of the local population.**

The ecological value and traditional livelihoods of the region provide opportunities for a local economy that is based on an intact environment. Nature-based, low-impact tourism is an approach to tourism committed to sustainable development and aimed at preserving the biodiversity and cultural resources of a natural area. In this regard, raising awareness of social and environmental issues among all stakeholders is essential.

For example, hiking in the Free Svydovets landscape reserve, accompanied by a local guide, generates an income for local communities without adversely impacting the ecosystem of Svydovets and nearby areas.

Currently, non-timber forest products such as mushrooms and berries are picked by local people and sold unprocessed to various countries. It is essential to build the infrastructure to transform these high-quality products on site to generate added value for the region. In addition, alpine pastoralism, traditional in this region, should be supported and associated with ecotourism and gastronomy to provide livelihoods for hundreds of people.

As stated in the Transcarpathian Regional Development Strategy, the potential of ecotourism is generally recognized by the regional authorities. However, it is clear that the construction of mega ski resorts does not adequately benefit local populations, as shown by the case of Bukovel. The development of a form of ecotourism with a low impact on nature can offer income opportunities that would benefit more than a handful of people. The aims of ecotourism are to:

- Discover the beauty of natural areas with a low socio-environmental impact;
- Raise awareness of the cultural and environmental issues of the site visited;
- Generate sustainable economic benefits for the local population;
- Provide positive experiences for both visitors and local communities;
- Provide direct funding necessary to preserve the environment;
- Recognize the rights of local communities and work to empower them.

In order to assess the specific form of nature-

based, low-impact tourism and other elements of a sustainable local development, a participative baseline study should be carried out. The Free Svydovets Group supports the development of alternative income opportunities for the local population and is interested in cooperation with regional and international partners.

Finally, given the existing illegal logging issues in Ukraine and the tainted record of the investors behind the named projects, the Free Svydovets Initiative Group calls on:

- **the EU authorities to classify Ukraine as a high-risk country under the EUDR and to support the on-going criminal investigations concerning Igor Kolomoisky and his associates;**
- **the U.S. government and USAID not to include the named projects in the HOVERLA local governance project and not to provide any support to these projects;**
- **on Switzerland not to close the criminal investigation into Igor Kolomoisky and to freeze the assets of Kolomoisky and his relatives in Switzerland.**



## 8. Annexes

### 1: Who is who in the Svydovets, Bystrytsia and Turbat case

Name	Profile	Link to ski resort projects
<b>Igor Kolomoisky</b>	Ukrainian oligarch and businessman; former beneficial owner of PrivatBank	Beneficial owner of Skorzonera LLC who initiated the Svydovets ski resort project; allegedly controls Bukovel LLC through his partner Igor Palytsia; Bukovel LLC plans to connect Svydovets with the existing Bukovel ski resort and to develop the additional Bystrytsia and Turbat ski resorts
<b>Gennady Bogolyubov</b>	Ukrainian oligarch and businessman; long-term business partner of Igor Kolomoisky; former beneficial owner of PrivatBank	Beneficial owner of Skorzonera LLC; allegedly shared control of Bukovel LLC with Kolomoisky; shared beneficial ownership of oil companies Naftokhimik Prykarpattya PJSC and NPK Galychyna PJSC with Oksana and Zakhar Palytsia
<b>Igor Palytsia</b>	Member of Parliament (MP) of Ukraine; long-term business partner and trusted person of Igor Kolomoisky	Alleged real beneficial owner of Bukovel LLC, the company who initiated the Bystrytsia and Turbat ski resort projects
<b>Oksana Palytsia</b>	Ex-wife of Igor Palytsia; the divorce is allegedly fictitious	Alleged front-person of Igor Palytsia; official beneficial owner of Bukovel LLC
<b>Zakhar Palytsia</b>	Adult son of Igor and Oksana Palytsia	Alleged front-person of Igor Palytsia; official beneficial owner of Bukovel LLC
<b>Larissa Chertok</b>	Sister of Igor Kolomoisky	Alleged front-person of Igor Kolomoisky; owns assets and controls various companies in Switzerland and France
<b>Oleksandr Shevchenko</b>	Member of the Ivano-Frankivsk Regional Council, former MP; former director of Bukovel ski resort and former beneficial owner of Skorzonera LLC; allegedly controls PBS LLC	Alleged representative of Igor Kolomoisky in Bukovel and Semmering ski resorts, represented the investors in meetings with Governor Moskal and top forestry officials for Svydovets project
<b>Tetiana Shevchenko</b>	Wife of Oleksandr Shevchenko	Alleged front-person of Oleksandr Shevchenko; minority shareholder of Skorzonera LLC; founder and beneficial owner of Halychyna-zukor LLC, a company linked to Shevchenko, Kolomoisky and Boholyubov

Name	Profile	Link to ski resort projects
<b>Yuriy Dobrovolsky</b>	Representative of the Transcarpathian Regional State Administration (TRSA), former official in Ivano-Frankivsk region who sold land for the construction of Bukovel to Skorzonera LLC	Represented TRSA at public hearing in Chorna Tysa and the roundtable in Uzhgorod, represented investors at public hearing in Bystrytsia for Svydovets ski resort project; presented Turbat project at meeting with Ust-Chorna village council as a representative of Bukovel LLC
<b>Yaroslava Ivanova</b>	Lawyer, representative of the Transcarpathian Regional State Administration (TRSA) and the Tyachiv and Rakhiv District State Administration (DSA)	Represented the TRSA at public hearing in Lopukhovo and Yassinia villages; represented the Tyachiv and Rakhiv DSA in court case; she actively lobbies for the ski resort projects
<b>Ivanna Nepyk</b>	Former employee of Bukovel ski resort; official founder and final beneficial owner of PBS LLC	Director of Halychyna-zukor LLC, a company which allegedly combines Oleksandr Shevchenko's business interests with Kolomoisky's and Boholyubov's interests in Skorzonera LLC
<b>Andrii Deliatynchuck</b>	Head of Yasinia village council	Actively promotes the Svydovets, Bystrytsia and Turbat ski resort projects

2. Transcarpathian Regional State Administration, Notice on planned activities which are subject to environmental impact assessment (Svydovets ski resort project), 14.03.2018.

3. Request from Bukovel LLC to Polianytsia Village Council, № 2/21-I from 29.09.2021; regarding Bystrytsia ski resort project.

4. Request from Bukovel LLC to Ust-Chorna Village Council, № 4/01-6 from 21.01.2022; regarding Turbat ski resort project.

5. Decision of Polianytsia Village Council of Nadvirna District of Ivano-Frankivsk Region, N445-23-2022 from 22.12.2022; On amendments to the Master Plan of village Bystrytsia and village Polianytsia of the Polianytsia Village Council of the Nadvirna district of the Ivano-Frankivsk region combined with detailed plans territories and detailed plans of territories outside settlements; regarding Bystrytsia ski resort project.

6. Decision of Ust-Chorna Village Council, № 679 from 20.12.2022; On amendments to the Master Plan of village Lopukhiv of Ust-Chorna Village Council of Tyachiv district of Transcarpathian

region combined with detailed plans of territories on the territory and outside settlements; regarding Turbat ski resort project.

7. Unified environmental platform "EcoSystem". Application to determine the scope of the strategic environmental assessment dated 19.10.2023. Registration number of the case in the Unified Register № 19-10-2792-23. Customer: Polianytsia Village Council, Polianytsia village, Nadvirna district, Ivano-Frankivsk region (Bystrytsia ski resort project).

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9. Response from the President's Office on the petition for establishing the "Free Svydovets" landscape reserve of national importance.

10. Decision on Free Svydovets landscape reserve application by Ust-Chorna Village Council.

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12. Ministry of Economy of Ukraine (2023). Conclusion on the inexpediency of implementing an investment project with significant investments and refusal to conclude a special investment agreement; Letter from 18.04.2023 No. 3911-08/17152-07.

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14. Freedom of Information Act (FOIA) request to the State Environmental Inspectorate of Ukraine by journalist Dmytro Simonov.

15. Prots, B., Rizun, V., Serediuk, A., Pokynchereda, V., Kish, R., Pokynchereda, V., Hodovanets, B., Bashta, T-A. Environmental analysis of construction of planned Svydovets ski resort development.

16. Article in press: Korzonews. The project of the tourist and recreational complex "Svydovets" was discussed in Uzhgorod, 20.03.2018.

17. Invitation to Yasinia Roundtable "Project Svydovets prospects for sustainable development of communities, taking into account environmental, economic and social aspects", 14.04.2023.

18. Letter from the citizens of Yasinia community to Village Council (more than 75 signatures). During the project session in Yasinia community, the working group of local inhabitants declared that they are against the new ski resorts (according to meeting minutes). Source: <https://yasinya-gromada.gov.ua/>

19. Letter from Brusturyansky State Forestry Agency to Environment People Law, 16.08.2017.

20. Letter from Tyachiv District State Administration to Environment People Law, 19.08.2017.

21. U.S. Department of Justice, 2020, PrivatBank Asset Forfeiture Complaint, pp. 5, 16-23.

22. Swiss commerce registry extracts for companies with suspected links to Igor Kolomoisky and Igor Palytsia

Annexes 2-22 are available online at:

**<https://nx38170.your-storageshare.de/s/mAKdndkZNLBcpj>**



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