

THE RUSSIA-UKRAINE CONFLICT: FROM FULL-SCALE WAR TO CONFLICT RESOLUTION AND POST-WAR RECOVERY

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UKRAINE: A YEAR IN WAR

For 570 days, Ukraine has been living in a full-scale war against the russian aggressor, defending its freedom, independence and very right to exist. During this time, our country has suffered losses and destruction on a scale unimaginable on the European continent after the World War II. Towns and villages wrecked to the ground, tens of thousands dead, artificially created environmental disasters and constant nuclear blackmail, the deportation of Ukrainian children – an outright act of genocide against the Ukrainian people, systematic destruction of the country's energy, transport and agricultural infrastructure, the war against the civilian population, the war-induced migration and demographic crisis are just a few points in the long list of disasters caused by russian aggression.

But Ukraine lives on and fights. The Ukrainian Defence Forces continue to liberate previously occupied territories, destroying the enemy and its military potential, including on its own territory. Ukraine's economy works, demonstrating the ability to recover from the losses and turning challenges into growth opportunities. The aggressor failed to «drive

Ukrainians into the darkness» in order to force them to negotiate on its terms.

Ukraine managed to avoid a nationwide social and humanitarian catastrophe by ensuring stable payments of wages, pensions and other social benefits, and providing material and financial assistance to internally displaced

persons affected by the war. It is clear that the country owes much of this to support from partner countries and international organisations. The allies helped to rearm the Ukrainian army and provided shelter to millions of refugees. Diplomatic efforts by both the government and civil society institutions play a significant role in ensuring such solidarity and support.

In difficult times, Ukrainian society has demonstrated the ability to consolidate and self-organise in supporting its defenders, helping war victims, and overcoming the difficulties caused by enemy attacks on civilian infrastructure. The volunteer movement and material support of the army by citizens themselves have become widespread, while the overwhelming majority of Ukrainians believe in victory and reject the idea of «exchanging peace for the territory» or anything else. The Ukrainians' national identity has become stronger, along with the increasing support and confidence in the correctness of Ukraine's European and Euro-Atlantic course.

The path to victory, peace and recovery does not look easy. But this makes the experience of the previously completed stages, the analysis of achievements and mistakes, the identification of trends and liberation from stereotypes and illusions, and the definition of ways and prospects for the country's post-war recovery and development even

more important. The project «The Russia-Ukraine conflict: from full-scale war to conflict resolution and post-war recovery», which the Razumkov Centre implemented with the support of the MATRA Programme funded by the Embassy of the Kingdom of the Netherlands in Ukraine, was designed to address these tasks.

The Razumkov Centre's experts persistently analysed developments in the most important spheres of the life of the country, publishing the results of their research in monthly analytical reviews and thematic reports. Sociological and expert surveys, which made it possible to study public opinion in the dynamics and identify its trends, was another important component of the project. The results of analytical and sociological studies were actively discussed in the expert community and disseminated to the public through the media. Similar work was carried out by the Razumkov Centre's partner in the project, the Ilko Kucheriv Democratic Initiatives Foundation.

The Razumkov Centre's analytical report «Ukraine: A Year in War» presented in this publication offers a comprehensive analysis of the situation in the country in various spheres, looks into the trends of its development, and provides recommendations for the Ukrainian authorities and international partners based on the study results.

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In this issue of the National Security and Defence journal, the name of the aggressor country is spelled differently – «rf», «RF», «russia», «Russia», etc. This is due to the internal convictions of each individual expert. The editors respect the position of the authors and preserve the original writing.

NATIONAL SECURITY AND DEFENCE

The main result of Ukraine's year-and-a-half-long full-scale fight against the Russian aggressor is the transition of the Ukrainian Defence Forces to the offensive.

As of August 2023, the situation on the frontline of the Russia-Ukraine war can be described as uncertain not only in assessments of the expected results of the Ukrainian forces' offensive campaign, but also in the overall prospects for ending the war. There are ongoing discussions about the possibility of the armed conflict evolving into a prolonged war of attrition with the corresponding risks of expanding the scale and consequences of hostilities.

After a year and a half of fierce fighting, neither side has achieved a convincing strategic advantage, but neither has suffered a defeat that would force it to seek a settlement and revise its declared goals. Moreover, in the absence of any grounds for compromise in the warring parties' official positions, the problem of the Kremlin's negotiating capacity and the effectiveness of international mechanisms to ensure implementation of hypothetical peace agreements by Russia remains equally relevant.

In any post-war scenario (cessation of hostilities), there is a possibility of Russia continuing its aggressive policy in the future. In view of the projected permanent military threat, Ukraine needs to ensure the capabilities and mechanisms for deterring and repelling armed aggression now and in the future.¹

SITUATION AT THE FRONT AND PROSPECTS FOR ITS DEVELOPMENT

2022 was a failure for the aggressor. By the end of the year, Russian troops managed to maintain control over parts of the captured Donetsk, Luhansk, Zaporizhzhia and Kherson oblasts, but their ground and amphibious operations to seize Mykolaiv and Odessa oblasts failed. After the Russians' hasty retreat from the North and as a result of the Kharkiv and Kherson operations, the Armed Forces of Ukraine (AFU) liberated 40% of the territories occupied after 24 February 2022 and 28% of all occupied territories of Ukraine. As of 31 December 2022, Russia's losses amounted to 105,960 people and more than 12,000 units of major weapons.

Russia's attempted large-scale offensives in the winter and spring of 2023 were thwarted by the AFU's skilful active defence, demonstrating the limited ability of the Russian General Staff to plan and implement strategic

offensives. With the failure of large-scale offensive, Russian troops limited themselves to tactical assault operations in certain areas of the frontline and focused on building an echeloned defence system and launching massive missile and drone strikes against peaceful Ukrainian cities throughout the country.

At the current stage of the war, Russia, having lost its strategic initiative, is increasingly resorting to threats of using nuclear weapons, **and after blowing up the Kakhovka Dam, there is a real threat of Russia** destroying the Zaporizhzhia NPP and other man-made hazardous facilities in the occupied territories, such as the Crimean TITAN.² Russia's outright genocide and ecocide in Ukraine, its attempts to exert political and economic pressure on Western countries, and its flirtations with the Global South are aimed at bringing Russia out of isolation and persuading the West and the Ukrainian leadership to negotiate exclusively on Russian terms.

¹ See analytical materials of the Razumkov Centre at <https://razumkov.org.ua>, in particular, M. Sunhurovskiy, «New Ukraine in the Postwar World» – Razumkov Centre, 30 August 2022, https://razumkov.org.ua/images/pdf/20220830_sungurovsky.pdf.

² D. Huliychuk «A new threat from RF: when the occupiers can blow up the Crimean Titan plant in the north of the peninsula» (in Ukrainian) – TSN, 21 June 2023, <https://tsn.ua/ato/nova-zagroza-vid-rf-koli-okupanti-mozhut-pidirvati-zavod-krimskiy-titan-na-pivnochi-pivostrova-2354944.html>.

In order to deter the Ukrainian «counter-offensive» and hold the occupied territories, russians, disregarding own losses (Table «Losses of Russian troops since the onset of the war and in the recent period...»), are conducting counterattacks on the Lyman, Kupiansk and Bakhmut directions in an attempt to force the AFU to use strategic reserves, inflict significant losses and then launch their own counteroffensive. For this purpose, russia is currently using operational reserves, and in the absence of them, is redeploying troops to the most dangerous areas from other parts of the frontline.³ Around Zaporizhzhia, russian troops are trying to hold the line, but are gradually losing ground under the pressure of the Ukrainian army.

While repulsing russia's full-scale aggression, Ukraine proved the resilience of its military organisation, institutions, and society,

and showed its ability not only to defend itself but also to win in an unequal struggle against the aggressor's superior forces. A critical factor is the invaluable assistance of Western partners that have formed a genuine anti-Putin coalition. At the same time, different visions of Ukraine's victory, Russia's defeat and its future, fear of nuclear apocalypse and unwillingness to get involved in an open conflict with russia contribute to the increasing security vacuum and uncertainty around the Russia-Ukraine war.⁴ This state of affairs does not suit Ukraine and sensible Western states, because for them the only fair end to this war that guarantees long-term security stability is russia's decisive military defeat.⁵

In early June 2023, Ukraine launched offensive campaign of its own. Given russia's still fairly strong military capability and Western assistance, which is limited for certain

LOSSES OF RUSSIAN TROOPS SINCE THE ONSET OF THE WAR AND IN THE RECENT PERIOD, AS OF 10 AUGUST 2023*					
Personnel and military equipment	Total losses, as of 10 August 2023	Average monthly losses during:			Losses since the beginning of 2023
		October-December 2022	January-March 2023	June-July 2023	
Personnel	228,200	15,450	22,213	19,256	145,480
Tanks	4,278	225	195	206	1,247
AFVs	8,303	375	301	361	2,219
Cannons	5,028	206	218	682	3,007
MLRS	711	29	34	59	288
Air defence systems	469	12	22	59	288
Aircraft	315	6	8	0.9	32
Helicopters	313	14	7	7	44
UAVs	4,179	246	152	459	2,387
Cruise missiles	1,377	155	63	117	654
Ships (boats)	18	0.03	0.7	–	2
Motor transport	7,495	307	267	550	2,775
Special equipment		16	38	127	565

* Losses of the russian army in Ukraine, Ministry of Finance, <https://index.minfin.com.ua/ua/russian-invading/casualties>.

³ «The Russian army is actively moving units to the east...» (in Ukrainian) – Radio Svoboda, 16 June 2023, <https://www.radio-svoboda.org/a/news-viyska-rf-skhid/32461890.html>.

⁴ M.Gonchar, «Security Vacuums as a Result of Russia's War against Ukraine: Assessing their Impact and Possible Ways of Addressing», analytical note of the Centre for Global Studies «Strategy XXI», [https://geostrategy.org.ua/en/analysis/briefs/bezpekovi-vakuumi-yak-naslidok-vijni-ukrayini-ocinka-vplivu-i-mozhlivi-shlyahi-podolannya/pdf](https://geostrategy.org.ua/en/analysis/briefs/bezpekovi-vakuumi-yak-naslidok-vijni-rosiji-proti-ukrayini-ocinka-vplivu-i-mozhlivi-shlyahi-podolannya/pdf), also see ref. 1.

⁵ «What kind of defeat is needed for Russia's future? Western analysts prepare for different scenarios» (in Ukrainian) – Voice of America, 18 December 2022, <https://ukrainian.voanews.com/a/porazka-rosiji-i-plany-zakhodu/6881263.html>; Cohen, E.A. «The Shortest Path to Peace» – The Atlantic, February 28, 2023, <https://www.theatlantic.com/ideas/archive/2023/02/russia-invasion-ukraine-peace-military-history/673231/>.

types of weapons for objective and subjective reasons, the Ukrainian military command has repeatedly called for refraining from overly optimistic or pessimistic expectations and conclusions. At the same time, some officials' statements have contributed to the formation of inflated expectations both in Ukrainian society and in the international environment among politicians and journalists.⁶

The campaign consists of a set of interconnected and synchronised actions that currently include defensive (Kupiansk, Lyman, Avdiivka and Maryinka), counteroffensive (Bakhmut) and offensive (Berdiansk and Melitopol) operations. So far, the pace of Ukrainian advances has been slow, which is mainly due to the following factors:

- ✓ Russia's powerful echeloned defence system with strong fortifications and dense minefields of great depth and extent. To build such a defence system, Russia successfully used the time when Ukraine's Western partners were thinking about provision of certain types of weapons, including tanks, tactical missiles, heavy armoured vehicles, UAVs, etc. to Ukraine.
- ✓ Russia's quantitative advantage over Ukraine in manpower, mobilisation and economic resources. However, the rate of Russian losses exceeds the possibility of their replenishment, which indicates the gradual depletion of Russia's military potential.⁷
- ✓ While protecting the country from air strikes, conducting defensive and offensive operations, facing stubborn resistance from Russian troops and suffering painful losses of their own, the Armed Forces of Ukraine badly need high-precision long-range missiles, mobile air defence systems, aviation (multi-purpose fighters, as well as attack, transport

and multi-purpose helicopters), heavy armoured vehicles, special and engineering equipment (control, intelligence, electronic warfare, demining, overcoming natural and artificial obstacles).⁸

- ✓ Problems in the Armed Forces of Ukraine (see the next subsection).

There is a relative parity in the number of weapons at the front, which makes it difficult to conduct a large-scale and rapid offensive campaign. However, a purely quantitative comparison of forces is rather provisional and does not answer the question of how successful an offensive campaign will be, as it does not take into account the strategy or tactics of warfare or the methods of weapons use. In this regard, it is more appropriate to talk about the sufficiency of forces and means to perform the relevant typical tasks and achieve certain results. The main groups of interrelated tasks to be performed by the AFU in the offensive campaign are as follows:⁹

- ✓ Engaging in active defence and deterring Russian counterattacks in certain areas of the front. The main types of combat action include counter-battery artillery fire; exchanging assault operations in certain areas of the front; holding positions; striking the enemy's command and control and logistics systems at a tactical and operational depth.
- ✓ Breaking through of the enemy's echeloned, well-equipped defences; capturing bridgeheads to deploy and build up the offensive group of forces and their logistical support. The success of this task will depend on the Ukrainian Armed Forces' ability to cross large and dense minefields and pierce well-equipped and fortified defence lines; inflict fire damage to enemy groups at tactical and operational depth; advance through mined terrain under enemy fire

⁶ P. Zayats. Budanov's predictions: what was said by the HUR head about the AFU's counteroffensive, the return of Crimea and the end of the war (in Ukrainian) – TSN, 21 April 2023, <https://tsn.ua/ato/prognozi-budanova-scho-kerivnik-gur-govoriv-pro-kontrnastup-zsu-povernennya-krimu-i-kinec-viyini-2311363.html>.

⁷ For a comparative assessment of Russia and Ukraine potentials, see: «War of Attrition: Comparing Capabilities» – Analytical report by Razumkov Centre, July 2023, <https://razumkov.org.ua/images/2023/08/03/2023-MATRA-I-KVARTAL.pdf>.

⁸ Ibid.

⁹ See Reference 3.

deep into the Russian troops' defensive order; ensure reliable air and flank cover for the advancing troops; prevent the approach of enemy's operational reserves by destroying them in places of concentration and on routes of advance; ensure timely replenishment of losses and throw own reserves into the battle; move up logistics; ensure rapid evacuation of the wounded and damaged equipment.

- ✓ Bringing operational and strategic reserves into action; manoeuvring forces and means; developing an offensive on a broad front or in several separate directions with the encirclement of enemy groups; liberating and clearing settlements and territories. This will require the availability of powerful, highly mobile, fully equipped, and trained formations; a large number of means of high-precision and area destruction of the enemy troops, reserves, command and control systems and logistics at operational and strategic depth; engineering equipment to cross minefields, natural and artificial obstacles; assault units trained to operate in urban settings; military gendarmerie trained to counter sabotage groups and interact with the population in the de-occupied territories; reserves to replenish losses.
- ✓ Defeating Russia's strategic reserves and restoring the state border of Ukraine. One should be prepared for the possibility of Russian troops holding off the Ukrainian offensive in certain areas and launching a counteroffensive using strategic reserves. Under these conditions, the need for artillery, tanks, army aviation, and long-range weapons is growing.

Effective intelligence, air defence and support, and electronic warfare will be vital at all stages of the offensive campaign. No less important is covering large cities and strategic infrastructure from missile and drone strikes.

The successful offensive campaign can be expected in the event of a deep breakthrough

of Russian defences in several directions, rapid expansion of bridgeheads by deploying reserves, powerful missile strikes at the enemy's strategic depth and rear, including on its own territory, while undermining the morale of the military and political leadership, troops and population, which may cause a sudden or gradual collapse of the Russian defence. Otherwise, there is a risk that the war will escalate into a protracted one, with huge losses and depletion of the parties' potential.

Along with the skill of the Ukrainian Armed Forces' high military command, operational and tactical commanders and non-commissioned officers, training and courage of personnel, coherence and interaction of units and formations, other important conditions for implementing the above capabilities and achieving necessary results are timely accumulation and replenishment of sufficient reserves of manpower, weapons, ammunition, military and special equipment.¹⁰

SLOW PACE OF UKRAINIAN OFFENSIVE: CRITICISM, ARGUMENTS AND COUNTERARGUMENTS

The question whether the criticism of the Ukrainian forces is justified because of their offensive's slow pace can be answered with a joke when a witness in court swears on the Bible to «tell the truth, not the whole truth, and not just the truth». In other words, such criticism has the right to exist, as it has valid claims and rational proposals. At the same time, some points look very similar to a political order in an attempt to discredit the AFU, Ukraine and Western partners' efforts to help it in its just war against Russia.

The AFU's rapid counteroffensive has been the subject of great, sometimes exaggerated, expectations. Therefore, the actual pace of the offensive has provoked mixed reactions from some Western partners providing assistance to Ukraine, ranging from growing concerns about the war becoming protracted to open criticism of the Ukrainian forces' actions, giving rise to the doubts about the effectiveness of providing Ukraine with

¹⁰ Ryan M. 'The State of the Ukrainian 2023 Campaign', 2 Aug. 2023, <https://mickryan.substack.com/p/the-state-of-the-ukrainian-2023-campaign>.

aircraft and long-range missiles, among other things.

- ✓ In one of his interviews, the Italian Minister of Defence stated that the situation on the frontline has reached a deadlock, which makes one think about the long-term timeline for ending the war.¹¹
- ✓ Some Western experts suggest that «the slow pace of Ukraine's counter-offensive... is dimming hopes that negotiations for an end to the fighting could come this year», which allegedly raises the spectre of an open-ended conflict.¹²
- ✓ There were many questions in this regard to President Zelenskyy at the international security forum held in Aspen, Colorado. After Zelenskyy's speech, US National Security Advisor Jake Sullivan expressed doubts that F-16 fighters would play a significant role in the war. According to some US arms suppliers, Ukraine already has everything it needs for a counteroffensive, and it will be difficult to rearm it to the same extent in the future. This makes the current counteroffensive crucial.¹³
- ✓ The Bundeswehr has also expressed some criticism of the Ukrainian forces' actions, stating that «neither Western training, nor better weapons, nor a large

number of soldiers... are of any use» due to the ineffective tactics.¹⁴

Interestingly, such assessments, mainly based on fragmentary, selective data, are in sync with the narratives of Russian propaganda, which has launched a large-scale information operation to discredit the Ukrainian counteroffensive in order to halt Western assistance to Ukraine.

At the same time, the situation analysis by prominent Western security officials and independent military officers with practical experience in security policy and combat operations, including US Secretary of State Anthony Blinken, Chairman of the Joint Chiefs of Staff Mark Milley, former CIA Director David Petraeus, Chair of the NATO Military Committee Admiral Robert Bauer, UK Defence Secretary Ben Wallace, and UK Chief of the Defence Staff Tony Radakin, as well as military experts from the American Institute for the Study of War (ISW) indicate that the situation is indeed complicated, but is developing according to the AFU plans.¹⁵

Nonetheless, reasons to criticise the pace of the offensive are there, and they concern not only the Armed Forces of Ukraine. The most reasonable situation analysis – apparently rather objective and comprehensive – comes from a group of foreign military analysts who visited the war zone in Zaporizhzhia and

¹¹ 'Il ministro Crosetto: «Fuori dalla via della Seta ma senza fare danni. Il Parlamento lavori di più»'. – *Corriere della Sera*, https://www.corriere.it/politica/23_luglio_30/crosetto-intervista-5df81a76-2e3c-11ee-a52d-5015ada51aef.shtml.

¹² Lubold, G. Gordon, M.R., Strobel, W.P., 'Ukraine's Stalled Offensive Puts Biden in Uneasy Political Position', *Wall Street Journal*, July 25, 2023, <https://www.wsj.com/articles/ukraines-stalled-offensive-puts-biden-in-uneasy-political-position-6f686ab5>.

¹³ 'From Ukraine to Aspen, nervousness over a critical moment for the war'. – BBC, 22 July, 2023, <https://www.bbc.com/news/world-us-canada-66273787.amp>.

¹⁴ 'Bundeswehr kritisiert erstmals die Ukraine-Armee'. – Bild, 25 July, 2023, <https://www.bild.de/bild-plus/politik/ausland/ politik-ausland/geheim-papier-enthueilt-bundeswehr-kritisiert-erstmals-die-ukraine-armee-84802800.bild.html>.

¹⁵ «The offensive strategy of the Armed Forces of Ukraine through the eyes of the Western military» – Centre for Countering Disinformation at the NSDC, 5 July 2023, <https://cpd.gov.ua/en/articles-en/the-offensive-strategy-of-the-armed-forces-of-ukraine-through-the-eyes-of-the-western-military/>. In an interview with Ukrinform, Bundestag member and former Bundeswehr General Roderich Kiesewetter said the following: «I reject such criticism in principle, because we Germans, the Bundeswehr, are not in the trenches and therefore should not criticise sitting in warm chairs and not knowing the situation on the ground. Ukraine has to rely on its own experience and, ultimately, make do with the very little material it receives... Instead of criticising Ukraine's counteroffensive, Western partners, particularly Germany, should provide Ukraine with all the weapons it needs. It is the delay in the supply of weapons that slows down the AFU advance and leads to more casualties at the front»; see «Bundestag member calls for more weapons for Ukraine, not Criticism of the AFU» (in Ukrainian) – Ukrinform, 26 July 2023, <https://www.ukrinform.ua/rubric-ato/3740423-deputat-bundestagu-zakliae-dati-ukraini-bilse-zbroi-a-ne- kritikuvati-zsu.html>.

Donbas.¹⁶ In general, the criticism of these and other foreign and domestic experts can be grouped into several main sets:

1. «The AFU sometimes display poor tactics and a lack of coordination between units»:

Arguments:

- ✓ The Ukrainian forces use small-group tactics instead of using the power of Western-trained mechanised formations due to the lack of enablers for manoeuvre.
- ✓ Small-group tactics require better adaptation and synchronisation of action, which is happening slowly.
- ✓ The ability of the Ukrainian military to quickly master Western weapons does not translate into the skill to use them tactically competently on the battlefield in coordination with other units.
- ✓ An additional influx of weapons systems (e.g., ATACMS, air defence systems, tanks, IFVs, etc.) will likely not have a decisive tactical impact without more effective integration, adaptation of troops and improved manoeuvrability of forces and equipment.

Counterarguments:

- ✓ The AFU have been forced to use small groups tactics,¹⁷ as the deployment and introduction of large formations into combat in the face of an enemy echeloned defence system with dense minefields suspends offensive actions and makes

these formations a convenient area target for attack.

- ✓ Problems of interaction and coordination of the use of AFU units and formations do exist, even in brigades trained in Europe according to NATO standards. Moreover, these problems are one of the main reasons for the significant losses of personnel and equipment and the declining effectiveness of troops.¹⁸ They are particularly felt in units manned by poorly trained personnel, especially commanders. This is a serious challenge for the AFU and requires improved approaches to the work of staffs, as well as better recruitment and training of mobilisation reserves, and the training and coordination of units and brigades being formed.
- ✓ At the same time, many domestic and foreign specialists, experts and observers note the high morale and motivation of Ukrainian troops, their creativity and ingenuity in quickly mastering Western weapons and finding effective tactical methods of their use.¹⁹
- ✓ Of course, the supply of weapons is not a panacea for the Ukrainian forces' success, but their shortage seriously complicates or renders it impossible to influence the enemy, manoeuvre and use troops more effectively. The lack of mine-clearing systems cannot be compensated for by troop manoeuvres when the length, depth and area of minefields are measured in kilometres and hectares rather than metres. No army in the world today has experience of breaking through deeply echeloned

¹⁶ These are the 16-point conclusions of a research team led by Franz-Stefan Gady, Adjunct Senior Fellow at the Institute for International Strategic Studies and the Center for a New American Security. See: H. Altman, «A Sobering Analysis Of Ukraine's Counteroffensive From The Front», The DRIVE, 20 July, 2023, <https://www.thedrive.com/the-war-zone/a-sobering-analysis-of-ukraines-counteroffensive-from-the-front>

¹⁷ Cooper T. 'War Monitoring – for Beginners, Take II (Part 2)', 19 July, 2023, <https://xxtomcooperxx.substack.com/p/war-monitoring-for-beginners-take-570>

¹⁸ «Ukraine has problems with 'brains' at the level of brigade, battalion and army corps commanders» – T. Chmut, see: Planes do not seize tree lines and do not go on the attack... (in Ukrainian) – Dzerkalo Tyzhnia, 10 August 2023, <https://zn.ua/ukr/war/litaki-ne-zakhopljut-posadki-i-ne-jdut-v-nastup-chmut-pro-te-choho-ne-vistachaje-zsu-okrim-zbroji-.html>

¹⁹ See, for example: «The AFU are rapidly mastering Western models of military equipment» – Nayev (in Ukrainian), Ukrinform, 26 July 2023, <https://www.ukrinform.ua/rubric-ato/3740619-zsu-svidko-opanovuut-zahidni-vijskovoi-tehniki-naev.html>; Professor of Strategic Studies at the University of St Andrews, Scotland, F. O'Brien: «...now they [the AFU] are one of the most capable armies in the world», see: «How the Ukrainian Army has changed during the great war» (in Ukrainian), Hromadske, 17 January 2023, <https://hromadske.ua/posts/yak-zminilasya-ukrayinska-armiya-za-chas-velikoyi-vijni>

defences, and, therefore, lacks doctrines and guidelines for this case.²⁰ The lack of reconnaissance systems and long-range missiles limits not only the AFU's ability to strike the command-and-control systems and logistics of Russian troops, but also to prevent the enemy from manoeuvring reserves by destroying them in areas of concentration and on routes of advance. The lack of army aviation (attack planes and helicopters) and battle area air defences significantly hampers the advance of Ukrainian troops and leads to excessive losses due to Russian air superiority over the battlefield.

- ✓ As for the slow pace of implementation of NATO standards, new weapons, and training of the Ukrainian military to use them, such criticism could be accepted if other armies in the world had examples of faster pace of these processes.²¹ The relative slowness of troops' adaptation to changes on the battlefield is due to the fact that it requires not reacting to each case, but collecting and thoroughly analysing information, disseminating the knowledge gained on the scale of specific formations and the AFU as a whole. This is happening amidst real combat operations and significant losses of personnel. It may sound cynical, but the dead do not learn from mistakes, and it takes time to train those who replace them.

2. «Ukrainian forces have still not mastered combined arms operations at scale».

Arguments:

- ✓ There is limited evidence of a systematic deep battle that methodologically degrades Russian command-and-control centres and munitions.
- ✓ Ukrainian forces have switched to a strategy of attrition, relying on sequential fires rather than manoeuvre.

- ✓ There is no systematic pulling apart of the Russian defence system.
- ✓ The AFU's operations are more sequential than synchronised.
- ✓ Much more impactful than the minefields per se on Ukraine's ability to break through Russian defences is Ukraine's inability to conduct complex combined arms operations at scale.
- ✓ Lack of a comprehensive combined arms approach at scale makes Ukrainian forces more vulnerable to Russian ATGMs, artillery, etc. while advancing.

Counterarguments:

- ✓ Assumptions about the non-systematic nature of fire damage to Russian command-and-control systems and logistics at operational depth are not true²² and may arise from limited (for obvious reasons) information about the Ukrainian forces' strategic intent. At the same time, the lack of firepower of the AFU, especially the ability to strike at a distance of 150 km or more, the complexity of aerial reconnaissance, and the presence of powerful air defence and electronic warfare systems in the Russian military do limit Ukraine's ability to launch massive, systematic missile and artillery strikes.
- ✓ The main reason for the AFU's strategy of attrition and gradual pushing through the Russian defences is not the lack of manoeuvrability but the fact that when the Ukrainian forces were acquiring the necessary offensive capabilities (amidst the slow supply of Western weapons), Russia was able to build an echeloned defence system with strong fortifications and dense minefields. Given the AFU's limited ability to quickly break through the Russian defences, fire on the front line and in the rear is one of the most effective means of exhausting the enemy,

²⁰ V. Kevliuk, «Poor tactics and lack of coordination. What did foreign analysts see in the Azov Sea region?» – New Voice, 1 August 2023, https://lb.ua/society/2023/08/01/567842_pogana_taktika_brak_koordinatsii.html

²¹ 'Western armies are learning a lot from the war in Ukraine', The Economist, 3 July, 2023, <https://www.economist.com/special-report/2023/07/03/western-armies-are-learning-a-lot-from-the-war-in-ukraine>

²² V. Kevliuk, «Artillery Standoff» (in Ukrainian), Livyi Bereh, 6 August 2023, https://lb.ua/society/2023/08/06/568764_protistoyannya_artilerii.html

«softening up» its defences, creating conditions for effective manoeuvre and preparing for a decisive offensive. This strategy proved effective during the liberation of the right-bank Kherson region from Russian troops.

- ✓ At the same time, the AFU are quite skilful in using manoeuvre with ground forces, missiles and artillery at the strategic, operational and tactical levels.²³ An example is the Kharkiv operation in November 2022. The manoeuvre of reserves and the deployment of the reserve 10th Army Corps in early August made it possible to make incremental gains in Zaporizhzhia.²⁴ On the Bakhmut and Melitopol directions, successful manoeuvres of forces, artillery fire, raids of AFU's tactical groups allowed Ukrainian forces to advance slowly, but inflicting massive losses on the enemy and saving the lives of own soldiers, deep into the Russian defence.²⁵ The 6 August missile strikes on the Chongar and Henichesk bridges connecting the occupied Crimea with the mainland Ukraine significantly disrupted the logistics of the Russian group in the South and created conditions for the successful development of the Ukrainian offensive campaign.²⁶ At the same time, the lack of the required number of relevant weapons integrated into the AFU structure reduces the ability to manoeuvre, plan and conduct large-scale operations.
- ✓ Currently, the AFU are conducting synchronised defensive and offensive

operations on the 1,500-km-long active front, in particular, defensive operations on the Kupiansk, Lyman, Avdiivka and Maryinka directions; counteroffensive operations on the Bakhmut direction; and offensive operations on the Berdiansk and Melitopol directions. Combat action in these areas resulted in significant losses on both sides in the proportions of 5-9/1 in manpower²⁷ and approximately 3/1 in equipment²⁸ in favour of Ukraine. Ukraine's losses are also due to shortcomings in the planning and conduct of operations. But such shortcomings to varying degrees are inherent in any army, which has never fought in wars of this scale.²⁹ Western experts note that: «No Western type of military can really do this sort of combined arms operations, with the exception of the United States. But even the US Armed Forces would have a very difficult time breaking through these defensive layers because no Western military in the world currently has any experience in breaching the types of defences in depth that the Russians put up in the south and east of Ukraine».³⁰

3. «Russia is able to deter the Ukrainian offensive».

Much of the situation analysis by foreign and domestic experts is devoted to comparative assessments of the Ukrainian and Russian forces. However, the conclusions made based on such assessments are sometimes completely opposed, **from acknowledging the need for increased military and technical**

²³ See regular reports of the Institute for the Study of War (ISW), in particular Russian Offensive Campaign Assessment, 6 August, 2023', <https://www.understandingwar.org/backgrounder/russian-offensive-campaign-assessment-august-6-2023>.

²⁴ Ukraine's offensive inches forward in search of a breakthrough'.—The Washington Post, 3 August 2023, <https://www.washingtonpost.com/world/2023/08/03/ukraine-counteroffensive-south-front-russia>.

²⁵ Cooper T. 'War Monitoring – for Beginners, Take II (Part 3)', 20 July, 2023, <https://xxtomcooperxx.substack.com/p/war-monitoring-for-beginners-take-5ad> Cooper T. 'Ukraine War, 8 August, 2023: Staromlynivka', <https://xxtomcooperxx.substack.com/p/ukraine-war-8-august-2023-staromlynivka>.

²⁶ ISW: Strikes on bridges to Crimea create conditions for counter-offensive by the AFU (in Russian) – Voice of America, 7 August, 2023, <https://www.golosameriki.com/a/ukrainian-strikes-on-bridges-along-critical-russian-glocs-are-part-of-counterattack-campaign-isw/7214382.html>.

²⁷ «The Deputy Minister of Defence spoke about the ratio of losses in different directions of the offensive» (in Ukrainian) – Livyi Bereh, 25 July 2023, https://lb.ua/society/2023/07/25/566901_zastupnitsya_ministra_oboroni.html.

²⁸ See reference 6.

²⁹ Interview with Maksym Zhorin, major of the Armed Forces of Ukraine, deputy commander of the 3rd separate assault brigade, former commander of the Azov regiment, «They have never seen such battles. Purely NATO strategies won't work here...» (in Ukrainian) – New Voice, 4 August 2023, <https://nv.ua/ukr/ukraine/events/bahmut-i-nastup-zsu-strategiji-nato-tut-ne-diyut-zhorin-z-azovu-novini-ukrajini-50343672.html>.

³⁰ See Altman (reference 6).

assistance to Ukraine to doubting the feasibility of such assistance altogether.

Arguments:

- ✓ Russia is still able to put up a stiff resistance, and Russian forces, even if severely degraded and lacking ammo, are likely capable of delaying, containing or repulsing individual platoon or company-sized Ukrainian advances.
- ✓ Russia retains superiority in MLRS, while Ukraine has established fire superiority in tube artillery. Localised fire superiority in some calibres alone does not suffice, however, to break through Russian defences.
- ✓ Russian troops are defending their positions well and have been quite adaptable at the tactical level and are broadly defending according to Soviet/Russian doctrine. Russians also had no need to deploy operational reserves yet to fend off Ukrainian attacks.
- ✓ The successful employment of HIMARS with GMLRS missiles and the long-range Storm Shadow and SCALP missiles by Ukrainian forces is negatively affected by Russian electronic warfare capabilities. Russian layered integrated air and missile defences has the ability to shoot down such missiles, which reduces or even eliminates their impact on the pace of the Ukrainian offensive. This equally applies to ATACMS missiles upon their delivery.
- ✓ The Russian military-industrial complex has switched to a war mode and is capable of meeting the needs of its armed forces for a long period of time.

Counterarguments:

- ✓ Russia does have quite large reserves of manpower and equipment. Their realistic assessment should form the basis for planning an effective offensive campaign by Ukrainian forces against a powerful

enemy, but not to lead to statements about the transition to a protracted war of attrition.

- ✓ It is true that well-equipped defensive positions allow Russian troops to hold them firmly. However, this should not indicate the beginning of a «trench warfare», but rather the need to target these positions with massive artillery fire, including cluster munitions.
- ✓ There is evidence of the impact of Russian electronic warfare systems on the use of Western precision-guided missiles with radio-sensitive guidance systems, as well as interceptions of several Storm Shadow cruise missiles by Russian air defence systems. However, this does not mean that the use of HIMARS or precision cruise missiles is no longer possible. This only necessitates the suppression of enemy's electronic warfare and air defence systems, as well as an increase in the number of such missiles,³¹ including by obtaining Germany's consent to supply Taurus missiles. Moreover, the reports of multiple interceptions are mainly disseminated by the Russian General Staff, according to which the Ukrainian forces should have been completely destroyed several times. The arrival of ATACMS missiles would be a significant input in the ability to strike Russians at the full operational depth due to these missiles' peculiar flight trajectory and lesser sensitivity to the effects of electronic warfare and air defence, as well as F-16 aircraft and attack helicopters.
- ✓ Russia's military-industrial complex (MIC) is unable to fully replenish combat losses of tube artillery, tanks, and armoured vehicles. However, by exploiting loopholes in the Western sanctions, Russia has been able to build up its MIC and maintain its superiority in aviation, long-range missiles, MLRS, air defence, intelligence, electronic warfare, and UAVs.³² This situation can be viewed as a competition of MIC capabilities between

³¹ Cooper T. 'Saints, Thunders & Lightnings, Part 1', 2 August, 2023, <https://xxtomcooperxx.substack.com/p/saints-thunders-and-lightnings-part>.

³² For a comparative assessment of Russia and Ukraine potentials, see: «War of Attrition: Comparing Capabilities» – Analytical report by Razumkov Centre, July 2023, <https://razumkov.org.ua/images/2023/08/03/2023-MATRA-I-KVARTAL.pdf>.

Russia, China, Iran and North Korea, on the one hand, and Ukraine and the US-led collective West, on the other. Winning or losing this competition will affect not only the course of the Ukraine war, but also the reaction of arms markets and the place of certain countries in them.

4. «In addition to the above problems, the lack of progress in the AFU's offensive campaign is often due to bureaucratic red tape/infighting and Soviet style thinking».

This criticism is difficult to argue with; it is equally expressed by Western military experts and by many domestic specialists and fighters.³³ In diplomatic terms, the need to address these problems is emphasised in the EU's recommendations on Ukraine's European integration³⁴ and in the NATO Vilnius Summit Communiqué on the conditions for Ukraine's membership in the Alliance.³⁵

It is not true that the Ukrainian authorities, the Ministry of Defence and the General Staff are not taking steps to address these problems. In the AFU, they are partly mitigated by the fact that a large number of personnel have been trained in Europe according to NATO standards and can at least partially be considered carriers of new approaches and thinking. The armed forces practice appointing officers with extensive combat experience and

creative thinking to higher command positions. In wartime, it may be also justified to appoint the most experienced NCOs to officer positions.

On 28 July 2023, the Verkhovna Rada finally – on the 490th day of the war! – adopted a resolution on amendments to the Customs Code and other laws of Ukraine to facilitate the movement of goods of the AFU and the armed forces of EU and NATO members.³⁶ Amendments to the Law on Defence Procurement were also initiated to oblige defence contracting authorities to publish price reports in Prozorro, which was prohibited in the first months of the full-scale war.³⁷ The issue of de facto discrimination against domestic arms producers was finally resolved, but only after a dispute between MoD and the State Audit Service went to court.³⁸

The fight against this disease is complicated by the fact that it afflicted not only – and not primarily – the armed forces, but Ukraine's entire public administration system. This fight has been going on for over 30 years, accompanied by inter-party «war of annihilation» and intra-party squabbles.³⁹ One of key factors of success in this fight is the political will, integrity of the ruling team, its indubitable adherence to the rule of law, and readiness for decisive, systemic reforms in the face of strong resistance from bureaucracy that is resistant to external influences. Another, no less important factor – the demand and readiness of society – is

³³ V. Pekar. «Any war is a war not just of people, but of institutions» (in Ukrainian) – Ukrinform, 27 March 2022, <https://www.ukrinform.ua/rubric-ato/3441438-budaka-vijna-ce-vijna-ne-prosto-ludej-a-institucij.html>; Podcast «AFU units have problems with supply due to the Soviet-style army bureaucracy...» (in Ukrainian) – Hromadske Radio, 16 June 2022, <https://hromadske.radio/podcasts/vijna-informatsiynyy-marafon/take-vrazhennia-shcho-tema-avto-bolyt-lyshe-frontu-medykam-i-volonteram-diana-makarova-pro-potreby-armii>; Interview with Yuriy Butusov, «We need to minimise losses. It's internal problems, not Russian missiles that destabilise us» (in Ukrainian) – New Voice, 31 July 2023, <https://nv.ua/ukr/ukraine/events/problemi-u-zsune-virishuyutsya-tak-mi-ne-peremozhemo-rosiyu-butusov-novini-ukrajini-50342690.html>; Y. Nikolov, V. Kononuchenko. «Good and bad news about corruption in the Ministry of Defence» (in Ukrainian) – Dzerkalo Tyzhnia, 10 August 2023, <https://zn.ua/ukr/anticorruption/khorosha-i-pohana-novini-pro-koruptsiyu-v-minoboroni.html>.

³⁴ EU Commission's Recommendations for Ukraine's EU candidate status, Delegation of the European Union to Ukraine, 17 June 2022, https://www.eeas.europa.eu/delegations/ukraine/eu-commissions-recommendations-ukraines-eu-candidate-status_en?s=232.

³⁵ Vilnius Summit Communiqué, Press Release, 11 July 2023, https://www.nato.int/cps/uk/natohq/official_texts_217320.htm?selectedLocale=en.

³⁶ Resolution of the Verkhovna Rada of Ukraine «On adopting as a basis the Draft Law of Ukraine 'On Amendments to the Customs Code of Ukraine and Other Laws of Ukraine on Unification of Procedures for Declaration of Military Equipment and Other Goods with European and North Atlantic Standards'», <https://zakon.rada.gov.ua/laws/show/3286-20#Text>.

³⁷ Y. Svyrydenko. «Without confirmation of calculation, profit margin and in Prozorro...» (in Ukrainian) – Forbes, 28 July 2023, <https://forbes.ua/money/bez-pidtvverzheniya-kalkulyatsii-normi-pributku-ta-v-prozorro-yak-teper-vidbuvatimutsya-zakupivli-dlya-potreb-zsu-poyasnyue-ministerka-yuliya-sviridenko-28072023-15114>.

³⁸ O. Reznikov, «State audit that delays victory» (in Ukrainian) – Forbes, 3 July 2023, <https://forbes.ua/money/derzhavniy-audit-shcho-viddalyae-peremogu-stattya-ministra-oboroni-oleksiya-reznikova-pro-sprobi-dasu-zaboroniti-pributok-biznesiv-03072023-14572>.

³⁹ Burkovskiy P. 'Domestic Political Developments in Wartime Ukraine since February 2022'. – SCEEUS Report Series on Ukrainian Domestic Affairs, No.1, 3 April, 2023, <https://sceus.se/en/publications/domestic-political-developments-in-wartime-ukraine-since-february-2022/>.

becoming increasingly powerful,⁴⁰ and the ability to use and rely on it is another requirement for the government. There are hopes that a victorious war will accelerate the «recovery» of the security and defence sector of the state and the country as a whole. In any case, it will take some time, which goes beyond the war.

However, the war is «here and now», requiring Ukraine to confirm its ability to win now, and the West – to generate more responsible decisions, including providing Ukraine with all the necessary assistance in the war. Generally speaking, the usefulness of professional criticism and suggestions on the situation at the front depends on the target audience. By using their unbiased third-party view, Ukraine's political leadership, military commanders, and commanders of the AFU units and formations get the opportunity to assess the situation more realistically and take additional measures to improve it.

At the same time, if largely relevant criticism, along with appropriate general conclusions, denies seemingly obvious things and falls into the hands of politically unstable or biased individuals, it can provoke or prompt false assessments and harmful decisions.⁴¹ In particular, the conclusions of the above-mentioned research team led by Franz-Stefan Gady,⁴² while agreeing on the need to continue provide arms to Ukraine, question (on the basis of incomplete information) the expediency of giving ATACMS missiles to Ukraine, which may reinforce the purely political arguments for refusing to provide such weapons.⁴³

PROSPECTS FOR NATO MEMBERSHIP AND TRANSITIONAL ALTERNATIVES TO EXTERNAL SECURITY GUARANTEES

One of the lessons of the ongoing conflict is the realisation of the vital need for reliable external security guarantees. Effective neutralisation of a military threat from an enemy that not only has a manifold advantage in military, human and economic resources, but also possesses nuclear weapons, is hypothetically possible through total militarisation of the state, society and national economy. However, such a model, focused on the unconditional priority of defence, poses significant risks for the socio-economic development and, accordingly, negatively affects other factors that determine the internal stability and resilience of the country.

For Ukraine, the most optimal, reliable and desirable option for external security guarantees is formalised integration into the Euro-Atlantic security space through the EU and NATO membership. Despite the growing attention to security and defence issues and progressive steps at the level of EU policy and practice, joining the North Atlantic Treaty Organisation is the most reliable external guarantee. Its reliability is supported not only by Article 5 of the Treaty, but also by the Alliance's collective military potential, including the nuclear umbrella.

On 30 September 2022, President Zelenskyy announced the signing of Ukraine's application for «fast-track accession to NATO», adding that Ukraine had already de facto completed its path.⁴⁴ However, the official reaction of both

⁴⁰ Razumkov Centre sociology: «Citizens' assessment of the situation in the country, trust in social institutions, politicians, officials and public figures, attitudes towards certain Initiatives of the authorities (July 2023)», <https://razumkov.org.ua/en/sociology/press-releases/citizens-assessment-of-the-situation-in-the-country-trust-in-social-institutions-politicians-officials-and-public-figures-attitude-to-certain-initiatives-of-the-authorities-july-2023>. Also see the results of previous relevant sociological surveys on the Razumkov Centre's website in the «Sociology» section.

⁴¹ 'U.S. in no hurry to provide Ukraine with long-range missiles' – The Washington Post, 23 July, 2023, <https://www.washingtonpost.com/national-security/2023/07/22/ukraine-us-long-range-missiles/>; 'Why a stalled Ukrainian offensive could represent a huge political problem for Zelensky in the US' – CNN, 9 August, 2023, <https://edition.cnn.com/2023/08/09/politics/ukrainian-offensive-zelensky-us-politics/index.html>; 'Western allies receive increasingly 'sobering' updates on Ukraine's counteroffensive: 'This is the most difficult time of the war' – CNN, 8 August, 2023, <https://edition.cnn.com/2023/08/08/politics/ukraine-counteroffensive-us-briefings/>; 'Forks in the road to peace: Does the US want Russia's defeat?' (in Russian) – Radio Svoboda, 22 July 2023, <https://www.svoboda.org/a/razvilki-na-puti-k-miru-hotyat-li-ssha-porazheniya-rossii-/32514332.html>.

⁴² Altman, H., 'A Sobering Analysis Of Ukraine's Counteroffensive From The Front', The DRIVE, 20 July, 2023, <https://www.thedrive.com/the-war-zone/a-sobering-analysis-of-ukraines-counteroffensive-from-the-front>.

⁴³ «US gives new reason for not transferring ATACMS to Ukraine...» (in Ukrainian), Defence Express, 14 February 2023, https://defence-ua.com/minds_and_ideas/u_sshi_nazvali_novu_prichinu_chomu_ne_peredajut_atacms_ukrajini_sprava_ne_tilki_v_mifichnih_chervonih_linijah-10636.html.

⁴⁴ President of Ukraine V. Zelenskyy's post on the official Telegram channel, https://t.me/V_Zelenskiy_official/3461.

Brussels and the Alliance members was mostly restrained, and the NATO summit held on 11-12 July 2023 in Vilnius dispelled the inflated expectations⁴⁵ regarding the invitation to join the Alliance. It is clear that the main obstacle to Ukraine's full NATO membership is the active phase of the armed conflict. Moreover, the fear of a direct conflict with Russia hinders not only Ukraine's integration into NATO, but also the realisation of the Alliance's own ambitions: despite its claims to a global role, it cannot strengthen its position even in the Black Sea region, as evidenced by virtual absence of its reaction to Russia's disruption of the grain deal and threats to block navigation in the Black Sea.⁴⁶

Nonetheless, some important decisions were made in Vilnius that are not a partial and temporary compensation for the «refusal» but steps that will help strengthen Ukraine's national security in the short and medium term:⁴⁷

- ✓ NATO's position remained unchanged in terms of recognising Ukraine as a member of the Euro-Atlantic community and its right to become a NATO member in the future.
- ✓ A higher form of relations with the Alliance was introduced, with the NATO-Ukraine Council replacing the relevant NATO-Ukraine Commission.
- ✓ The requirement to implement the NATO Membership Action Plan (MAP) has been cancelled, thus significantly reducing the timeframe for Ukraine to become a member.
- ✓ A specialised NATO-EU coordination headquarters for support to Ukraine was established.

The decisions of the Vilnius NATO Summit regarding Ukraine were significantly supplemented by the Joint Declaration of G7 leaders,⁴⁸ which, while not being a full-fledged security guarantee,⁴⁹ but formalises the framework of long-term bilateral security commitments and arrangements.

Therefore, the G7 states committed to provide comprehensive security assistance (supply of equipment and weapons; support to further develop Ukraine's defence industry; training and exercises; intelligence sharing and cooperation in cyber defence and countering hybrid threats). In addition, the G7 states committed to help strengthen Ukraine's economic stability and resilience, implement reforms, and continue to deter Russia's aggressive policies and hold it accountable for its aggression against Ukraine.

For its part, Ukraine committed to contributing positively to partner security and to strengthen transparency and accountability measures with regard to partner assistance; continuing implementation of the reforms that underscore its commitments to democracy, the rule of law, respect for human rights and media freedoms, and put its economy on a sustainable path; and advancing defense reforms, including by strengthening democratic civilian control of the military and improving efficiency and transparency.

Therefore, despite the objective and subjective obstacles to acquiring external guarantees via membership in a collective security and defence organisation, there are currently sufficiently effective international formats and tools in place to significantly complement Ukraine's own national capabilities and, at least partially, compensate for the lack of reliable (formalised) external security guarantees.

⁴⁵ The Vice Prime Minister told what to expect if Ukraine is not invited to join NATO in Vilnius (in Ukrainian) – European Pravda, 9 July 2023, <https://www.eurointegration.com.ua/news/2023/07/9/7165371>.

⁴⁶ «Naval battle: war returns to the Black Sea, and NATO does not want to irritate Russia again» (in Ukrainian) – TSN, 21 July 2023, <https://tsn.ua/exclusive/morskiy-biy-do-chornogo-morya-povertayetsya-viy-na-a-nato-znovu-ne-hoche-dratuvati-rosiyu-2374636.html>.

⁴⁷ Vilnius Summit Communiqué, issued by NATO Heads of State and Government participating in the meeting of the North Atlantic Council in Vilnius 11 July 2023. https://www.nato.int/cps/uk/natohq/official_texts_217320.htm?selectedLocale=en.

⁴⁸ Joint Declaration of Support for Ukraine. 12 July 2023, <https://www.president.gov.ua/en/news/spilna-deklaraciya-pro-pidtrimku-ukrayini-84277>.

⁴⁹ V. Sayenko, A. Dolomanzhy. «G7 countries agreed on a declaration on security guarantees for Ukraine» (in Ukrainian) – UNIAN, 12 July 2023, <https://www.unian.ua/politics/krajini-g7-pogodili-deklaraciju-shchodo-garantiy-bezpeki-dlya-ukrajini-12326190.html>.

CONCLUSIONS AND RECOMMENDATIONS

The current phase of the war and the success of Ukraine's offensive campaign should cross all t's in the questions about the present and future of both Ukraine, Europe and the international security system as a whole. From this perspective, the West should be interested in confirming the effectiveness of its security investments.

Despite the undeniable importance of the assistance from Western partners, it is not enough to decisively defeat Russia, which has a significant quantitative advantage in equipment and manpower. The conclusion that the supply of weapons to Ukraine is not the only condition for the Ukrainian forces' success on the battlefield should be rephrased as follows: the lack of weapons is not the only reason, but one of the main reasons for the slow pace of the Ukrainian offensive. Correcting all the mistakes will take a long time, but the war rages now, and it needs to be ended as soon as possible.

If the Western nations agree that Ukraine's war against Russia is also their common war for democratic values, they should agree and appreciate the need to build up assistance to Ukraine in order to bring this war to a victorious conclusion as soon as possible.⁵⁰

Restrictions on the supply of modern weapons should not be perceived by Ukraine as a reason to accuse the West of unwillingness to help it, but rather to increase persistence and creativity in diplomatic work with political circles responsible for such decisions, as well as to plan a more realistic offensive campaign, taking into account possible restrictions.

Ukraine considers NATO membership as the only reliable security guarantee for the future. Realising the impossibility of getting such guarantees in times of war, Ukraine and its Western partners have chosen to provide assistance, which, as bilateral agreements are concluded, should evolve into powerful mechanisms for reliable protection of Ukraine from external encroachment in the process of its NATO integration.



⁵⁰ Poland's Andrzej Duda: «Wherever I go, I urge not to get tired of this war. This is what Putin wants» (in Polish). See «Prezydent: Czynimy wszystko, by NATO było jak najsilniejsze», <https://www.prezydent.pl/aktualnosci/wypowiedzi-prezydenta-rp/wywiady/prezydent-czynimy-wszystko-by-nato-bylo-jak-najsilniejsze.69268>.

UKRAINE'S FOREIGN POLICY IN WAR: PECULIARITIES, PRIORITIES, PROSPECTS

Russia's large-scale aggression against Ukraine has exacerbated the conflicts and contradictions of the modern world, caused by interrelated processes – the acute confrontation between the collective West and Russia, between Beijing and Washington, and more globally – between the democratic civilised world and the camp of totalitarian states. Ukraine has become the epicentre of the global powers' confrontation on the European continent, and this determines the strategic importance and geopolitical value of its resistance to Russian intervention and its progress towards the EU and NATO. At the same time, the war, having accelerated Ukraine's European and Euro-Atlantic integration, changed the nature and content of its foreign policy and influenced its positioning on the world stage. Currently, the processes of transformation and improvement of the means and priorities of official Kyiv's diplomacy are underway.

SOME GEOPOLITICAL TRENDS AND PROCESSES

Ukraine's foreign policy is carried out against the backdrop and under the influence of escalation of interrelated threats and conflicts at the continental and global levels, which equally affect the country's foreign policy position and determine the course of Ukrainian diplomacy, its goals and priorities on the world stage. In general terms, it is about the following trends and processes.¹

The «collective West» – Russia confrontation. Russia's intervention in Ukraine accelerated the formation of a coalition of nations (the United States, Canada, the United Kingdom, the EU member states, Japan, Australia and some other countries) that demonstrated solidarity with Ukraine and support for its territorial integrity. This collective West condemned Russian aggression and did not recognise the annexation of Crimea and the «accession» of the occupied Ukrainian territories to Russia. More than 50 countries provide military assistance to Ukraine within the so-called Ramstein Group. Ukraine's allies provide financial, economic and humanitarian support; intensify and

extend sanctions policy against the aggressor; promote political isolation of the Putin regime; provide protection and assistance to Ukrainian refugees, etc.

Ukraine's allies support and promote pro-Ukrainian decisions within the UN General Assembly, PACE, EU, NATO, OSCE, G7, G20, IAEA, and promote international recognition of Russia as a state sponsor of terrorism. It should be noted that Russian aggression has given a powerful impetus to strengthening solidarity and consolidation of the collective West, but also deepened the polarisation of the international community and the confrontation between major global players.

Escalation of the US-China confrontation. Against the backdrop of China's militarisation, ever-increasing military budget and intensifying anti-American rhetoric, further escalation of tensions between Washington and Beijing poses a threat of a violent US-China conflict with unpredictable consequences.

Moreover, the US-China conflict has signs of a systemic global crisis. Both individual countries and entire regions of the world are being drawn into this sharp political, trade

¹ These processes are also outlined in the Razumkov Centre's analytical publication «Political, economic and structural consequences of Russian aggression for Ukraine and the international community» (in Ukrainian) – Razumkov Centre, 2023, pp. 12-25, https://razumkov.org.ua/images/2023/04/21/2023_04_consequences_of_the_war_for_ukraine.pdf.

and economic confrontation. The countries of South-East and Central Asia, the Middle East, Africa, and Latin America are increasingly becoming the targets of this rivalry. At the same time, other countries, such as India, Indonesia, Turkey, Saudi Arabia, Brazil — are trying to become regional leaders and increase their own influence in forming a new world order.²

Global divide of the democratic civilised world and the camp of authoritarian states. The Ukraine war has become a catalyst for a dangerous deepening of the global divide — ideological, political, economic — between the civilised, democratic world led by the US and EU, and the camp of countries dominated by totalitarian tendencies, the cult of personality, and the disregard for human rights (Russia, China, North Korea, Belarus, Syria, Iran).

Therefore, two opposing trends should be assessed in this context. On the one hand, the United States and its allies are trying to limit China's influence and consolidate the democratic world. These efforts include the establishment of the Australia-United Kingdom-United States (AUKUS) military and political alliance in September 2021 to confront China in the Indo-Pacific region, as well as holding of global summits in December 2021 and March 2023 to promote democracy in the world and counter authoritarianism.

On the other hand, there is an ongoing rapprochement and coordination of actions among authoritarian countries. In particular, one can observe the intensification of political and diplomatic contacts and the adoption of joint strategic agreements between China and Russia³ and Belarus;⁴ widening political, military and technical cooperation between Russia and Iran; joint exercises of the Russian, Chinese and Iranian navies «Security Belt-2023» (March 2023) in the Gulf of Oman, etc.

There are enough reasons to believe that this «democracy-authoritarianism» confrontation will determine the peculiarities and dynamics of global trends in the near future. Moreover, the political and security factor will be decisive in the further polarisation of the modern world.

Devaluation of global and regional international institutions. Speaking of the role and significance of the system of international institutions in preventing and addressing current conflicts and challenges in the world, it should be noted with regret that the large-scale war in Ukraine has proved the inability of global and regional security structures to adequately respond to Russia's aggression and stop its crimes in Ukraine.

In particular, any activities of the UN Security Council on Ukraine have been blocked by the aggressor, while the OSCE is in crisis. Humanitarian missions of the UN and the International Committee of the Red Cross have no access to the Russia-occupied territories. The IAEA is de facto deprived of control over the situation around the Zaporizhzhia NPP seized by Russian troops. At the same time, Russia's expulsion from the PACE has not in any way stopped the aggression. In general, dangerous devaluation of the international security systems continues. In this context, it should be added that the consensus-based decision-making mechanism within the UN Security Council, the EU, NATO, the OSCE, etc. has proved to be ineffective (dangerous) in the current crisis.

SPECIFICS AND PECULIARITIES OF KYIV'S WAR DIPLOMACY

In war, Kyiv's diplomacy is subordinated to the task of creating external conditions to resist Russian intervention. At the same time,

² For more detail, see «Ukraine's role and place in the future European and Euro-Atlantic Security Systems», the Razumkov Centre, 2022, p.4-9, https://razumkov.org.ua/images/2022/11/16/2022_SUNGUROVSKY_01.pdf.

³ On 21-22 March 2023, China's Xi Jinping visited Russia. The leaders of both nations signed a package of 14 bilateral statements and strategic agreements.

⁴ In particular, on 1 March 2023, Aliaksandr Lukashenka and Xi Jinping signed the Joint Statement of the People's Republic of China and the Republic of Belarus on Further Developing the All-Weather Comprehensive Strategic Partnership between the Two Countries in the New Era. See the website of the Ministry of Foreign Affairs of China, 1 March 2023, https://www.fmprc.gov.cn/rus/zxxx/202303/t20230302_11033905.html.

the aggression has accelerated the transformation of Ukraine's foreign policy, shaped its goals and objectives, and changed the nature and tools of diplomacy. When assessing the peculiarities of Ukrainian wartime diplomacy, one should take notice of the following important factors and features.⁵

Strategic certainty and consolidation of Ukraine's foreign policy course. The war has united the positions of all branches of government, civil society institutions, government agencies, pro-government and opposition parties, and the media around the resistance to Russian aggression and irreversible, non-alternative integration into the EU and NATO.

Even some problems and difficulties on the path to joining the European community and the results of the most recent NATO Summit (Vilnius, 11-12 July 2023), which did not fully meet Kyiv's expectations, are not factors that slow down Ukraine's progress on the European and Euro-Atlantic path. The Razumkov Centre's sociological studies show that most Ukrainians positively assess and consistently support the country's movement towards the EU and NATO.⁶ In the meantime, the processes of pro-European identification are increasingly dominating in Ukrainian society, with clearer public understanding of the country's belonging to the European community and the realisation of the lack of alternatives other than the European path.⁷ In general, it is safe to say that citizens consistently support the country's foreign policy course and Ukraine's consolidated position in the world. A strong point of Ukraine's diplomacy is that it speaks to the international community with «one voice».

New quality and level of international contacts. During the war, a new reality emerged when high- and higher-level contacts with the leadership of top countries and reputable international institutions became a daily practice. The list of high-level contacts in February 2023 illustrates this intensity of political and diplomatic relations.

HIGH-LEVEL MEETINGS AND CONTACTS IN FEBRUARY 2023

- ✓ Joint meeting of the Government of Ukraine and the European Commission.
- ✓ Two rounds of talks with the EU leadership.
- ✓ Visits of the Prime Ministers of Sweden, the Netherlands, Italy, and Spain to Kyiv.
- ✓ Meetings and high-level talks with the Presidents of France, Poland, Turkey, Estonia, Kazakhstan, Cyprus, the Philippines, Pakistan, Uganda, the Prime Minister of the United Kingdom, the Chancellor of Germany, the Prime Minister of Norway, etc.
- ✓ Participation in the European Council meeting.
- ✓ Visit of the US President Joe Biden to Kyiv.
- ✓ Meeting with IMF Managing Director Kristalina Georgieva.
- ✓ Visits of delegations from the US Congress, the Israeli Knesset, and the Dutch Parliament.
- ✓ Participation in the G7 leaders meeting.

The fact that in May 2023 alone, Ukraine signed joint statements and declarations with 11 Western and Northern European nations to facilitate the country's progress towards the EU and NATO is another example of high intensity of contacts. Moreover, along with such high-level negotiations, there are also active and productive contacts at the inter-parliamentary and intergovernmental levels, international expert consultations of relevant ministries and agencies, dialogue between NGOs and foreign partners, etc.

An active diplomatic marathon expands political, economic, military, technical and humanitarian cooperation with different countries around the world, helps improve the atmosphere of trust and friendly personal contacts with many national leaders and key politicians. This includes improved personal-level relations with the leadership of Poland, the Baltic States and other EU members, the United Kingdom, Canada, the United States, Japan, and the heads of EU institutions, NATO, the United Nations, PACE, the OSCE, etc. Intensive international contacts help promote Ukrainian narratives globally and

⁵ Some aspects of Ukraine's war diplomacy have been outlined in a number of previous Razumkov Centre's studies. In particular, see: Ukraine's Foreign Policy in Times of War: Features and Priorities. Analytical Report (May 2023). pp. 3-5, <https://razumkov.org.ua/images/2023/05/15/2023-MATRA-I-KVARTAL-6.pdf>.

⁶ See the results of the sociological surveys included in this publication.

⁷ Section «European integration in the time of war: citizen opinions and positions» (In Ukrainian) – Razumkov Centre, National Security and Defence Journal, No 1-2, 2022, p. 100, https://razumkov.org.ua/images/journal/NSD187-188_2022_ukr_full.pdf.

expand the group of countries in solidarity with Ukraine. Active diplomatic work has led to a gradual increase in international support for Ukraine's fight against Russian aggression.⁸

Ukrainian diplomacy's increased activity and initiative. In conditions of war, the dynamism of external processes and events has increased, as has the intensity of the political and diplomatic struggle against the aggressor in different regions of the world, on international platforms, etc. Therefore, Ukrainian diplomacy is becoming more offensive-minded, proactive and preventive.

Official Kyiv has launched a number of important international actions and events that have been supported by the international community. They include:

- ✓ The Crimea Platform Summit in August 2021 that brought together 43 countries and international organisations.⁹
- ✓ The Peace Formula – a plan to overcome Russian aggression and its consequences. According to Volodymyr Zelenskyy, «more than 25 international documents have declared support for the Peace Formula, including statements and declarations by the G7, the European Union, and the Council of Europe».¹⁰
- ✓ The Ukrainian humanitarian initiative Grain from Ukraine to purchase food for African and Asian nations that was supported by more than 30 countries and gained a wide global resonance.¹¹
- ✓ Initiation of the Dialogue Group, an international coordination mechanism to bring to justice the crimes committed in Ukraine by the Russian occupiers.

37 countries have already joined the plan to establish an international tribunal to investigate Russian crimes.

New formats and tools of public diplomacy.

Broad introduction of public address practices by the Ukrainian authorities speaking to politicians, scientists, cultural figures, businessmen, students, etc. around the world was an effective innovation. During the year of war from February 2022 to February 2023, the President of Ukraine spoke 12 times to students from different countries and addressed participants of international cultural events. In total, President Zelenskyy spoke more than 170 times to foreign audiences.¹²

Ukrainian diplomacy also used targeted speeches to parliamentarians from around the world. In particular, in 2022, the Ukrainian President addressed 33 foreign parliaments. In addition, there has been a noticeable increase in the intensity of inter-parliamentary exchanges between Ukraine and other countries.

Another important component of Ukraine's influence on the global political establishment has been the increased participation in various international events, conferences, summits and meetings. Last year alone, the Ukrainian side took part in more than 80 events at the higher level.¹³ In particular, Ukrainian interests have been promoted and defended at various international platforms – from the UN General Assembly meetings and the summits of G7, G20, EU and NATO to global economic and security forums.

Efforts to build up Ukraine's political and diplomatic presence in «challenging» regions.

At the December 2022 Conference of Ambassadors of Ukraine, President Zelenskyy noted Africa, Latin America, India and other

⁸ In particular, in February 2023, 141 countries supported the UN General Assembly resolution «Principles of the Charter of the United Nations underlying a comprehensive, just and lasting peace in Ukraine».

⁹ In October 2022, the Crimea Platform Parliamentary Summit was held, attended by parliamentary delegations from 55 countries from across the world, from the EU to Japan, Canada and New Zealand.

¹⁰ The victorious Ukraine will be a country worthy of its heroes – President's speech at the plenary session of the Verkhovna Rada on the occasion of the 27th anniversary of the adoption of the Constitution. 27 June 2023 – Official website of the President of Ukraine, <https://www.president.gov.ua/en/news/ukrayina-peremogi-bude-krayinoyu-gidnoyu-svoyih-geroyiv-vist-83869>.

¹¹ Ibid.

¹² The power of the word. Zelenskyy has spoken more than 560 times since the start of the war. How his speeches have influenced Ukraine and the world – Forbes-Ukraine, 24 February 2023, <https://forbes.ua/war-in-ukraine/sila-slova-zelenskyy-vistupav-z-pochatku-vijni-ponad-560-raziv-yak-yogo-promovi-vplinu-ukrainu-ta-svit-24022023-11965>.

¹³ Ibid.

Asian nations among the key geographical areas of Ukraine's foreign policy.¹⁴ In 2022, during the large-scale war, Ukraine's MFA began implementing new African and Asian Strategies. In 2023, the Latin American Strategy is to be adopted and put into practice.¹⁵

In general, the intensity of contacts with the leadership of African and Latin American nations intensified significantly in 2022–2023. In particular, the President of Ukraine had a series of meetings and talks with the leaders of multiple African states. In May, Ukraine's Foreign Minister Dmytro Kuleba visited Morocco, Ethiopia, Rwanda, Mozambique, Nigeria, and made his third «African tour» in late July, during which he met with the leaders of Equatorial Guinea and Liberia for the first time in the history of Ukrainian diplomacy.¹⁶ The most notable event was the visit of a large delegation of leaders of South Africa, Senegal, Zambia, Egypt, and the Union of the Comoros to Ukraine on 16 June 2023 on a peacekeeping mission. In turn, Ukraine's initiative to provide humanitarian aid to Africa under the Grain from Ukraine programme generated a positive response.

Ukraine side also stepped up its activities in Latin America. Negotiations were held with the Presidents of Chile, Brazil, Argentina, and others. President Zelenskyy's address to the General Assembly of the Organisation of American States on 22 June calling for support for the Ukrainian peace formula had a positive response. Further on, Minister Kuleba took part in the summit of the Association of Caribbean States (25 countries) and held talks with partners from Guatemala, Costa Rica, Bangladesh, Singapore, and others. At the same time, the MFA leadership held a series of talks with diplomats and officials from Mexico, Belize, Guatemala, Saint Lucia, and others. In February 2023, for the first time in the history of bilateral relations between Kyiv and Riyadh, a delegation from the Kingdom of Saudi Arabia, headed by the Minister of Foreign Affairs, visited Ukraine.

It should be noted, however, that the effectiveness of Ukrainian diplomacy in these areas, even in peacetime, was limited by a lack of resources and personnel. These problems remain relevant during the war.

Transformations in the system of ensuring foreign relations. Ukraine's foreign policy during the war point at the following important features. First, with the onset of large-scale aggression, the country's leadership introduced a rigorous criterion for assessing the effectiveness of diplomatic missions and the Ministry of Foreign Affairs as a whole in wartime. It is about the integral goal of Kyiv's war diplomacy – to effectively ensure external conditions for resisting Russian expansion. Obviously, in wartime, the diplomatic service should be mobile, budget-friendly and focused on the war diplomacy priorities.

Second, in the context of martial law and the country's transition to war footing, Ukraine's foreign policy activities tend to centralise and concentrate at the presidential level, with a corresponding reduction in the role of parliament and government. In particular, the main communication with strategic partners – the United States, the United Kingdom, Canada, Japan, Germany, other EU countries, etc is done through the Presidential Office, which also oversees the processes of European and Euro-Atlantic integration, and maintains contacts with leading international institutions (UN, G7, G20, IAEA, etc.).

At the same time, the role and contribution of the Verkhovna Rada to the country's foreign policy should not be ignored.¹⁷ In turn, relevant ministries and agencies at the governmental level continue to carry out multilevel practical activities globally to attract resources necessary to resist intervention and maintain internal stability, as well as to develop cooperation with partner countries and international institutions.

Third, the war and the sharp intensification of diplomatic contacts have exacerbated

¹⁴ Every day you should feel that people's lives and the situation in our country depend on your work – President's speech at the Conference of Ambassadors of Ukraine, 23 December 2022, <https://www.president.gov.ua/en/news/shodnya-vi-mayete-vidchuvati-sho-vid-vashoyi-roboti-zalezhit-80041>.

¹⁵ Kuleba: This year, Latin America will be our priority» (In Ukrainian) – Interfax, 4 January 2023, <https://interfax.com.ua/news/general/882485.html>.

¹⁶ The first tour of Ukraine's Foreign Minister to Sub-Saharan Africa occurred in October 2022, but was interrupted by a massive missile attack on Ukraine on 10 October 2022.

¹⁷ In particular, the parliament adopts important pro-European laws, decisions on the country's Euro-Atlantic integration, legal acts and statements in the field of foreign relations, etc.

the Ukrainian Foreign Ministry's chronic issue – the availability of competent personnel. Due to the shortage of professionals, the positions of ambassadors to China, India, Brazil and some other countries remained vacant for quite a while.¹⁸ Ukraine's diplomatic missions in a number of countries still have no heads. Because of this «staff shortage» the Foreign Minister launched a controversial personnel innovation – on 13 March 2023, he announced an open competitive recruitment of ambassadors to 20 countries around the world for the first time in the history of national diplomacy.¹⁹ In this regard, it is clear that the procedure for appointing heads of diplomatic missions of Ukraine needs to be improved, including through the involvement of the relevant parliamentary committees in the process.

TASKS AND PRIORITIES OF UKRAINE'S FOREIGN POLICY

Foreign policy goals and objectives during the war were formulated in statements, speeches and decisions of the country's leadership. The most detailed outlook of the country's war diplomacy priorities was given in the President's speech at the Conference of Ambassadors in December 2022²⁰ and in his keynote speech at the meeting of heads of Ukrainian embassies on 2 August 2023.²¹ Some priorities of Kyiv's foreign policy are as follows:

The priority and key task of war diplomacy is to accumulate external military assistance (weapons, material and technical resources) to resist Russia's armed expansion. One of key achievements was the creation of the Ukrainian Defence Contact Group (UDCG-Ramstein)

in April 2022 bringing together more than 50 countries.²² Partners supply Ukraine with a wide range of weapons and military equipment. During the last year of the large-scale war, the allies provided Ukraine with more than 4,000 armoured vehicles, artillery pieces and other weapons systems.²³

During the NATO Summit in Vilnius in July 2023, Ukraine's allies – the United Kingdom, Norway, Canada, the Netherlands, Australia, Japan, Canada, France, Germany and others – announced military assistance packages, which include a variety of equipment, from Patriot launchers, Leopard 1 tanks and SCALP long-range missiles to mine clearance equipment.²⁴ Implementing the Ukrainian Peace Formula is another important external priority, which is currently the focus of Ukrainian diplomacy. Already 25 international documents declare support for this peace plan, with more than 60 countries already joining the process.

Ensuring security guarantees is yet another key foreign policy area, which includes negotiations on agreements within the framework of the Joint Declaration of Support for Ukraine, adopted by the G7 countries at the NATO Summit in Vilnius.

An important task of Ukrainian diplomacy is to secure external financial assistance to stabilise the domestic socio-economic situation. Ukraine suffered enormous human, financial and economic losses during the aggression.²⁵ In particular, according to UNDP estimates, Ukraine's GDP in 2022 decreased by 29.2%, while the poverty rate increased from 5.5% to 24.1%. Half of the country's energy infrastructure has been destroyed.²⁶

¹⁸ New ambassadors to Brazil, India and Colombia were appointed in June.

¹⁹ Website of the Ministry of Foreign Affairs of Ukraine – Open call for ambassadors – <https://mfa.gov.ua/vacancies>.

²⁰ Every day you should feel that people's lives and the situation in our country depend on your work – President's speech at the Conference of Ambassadors of Ukraine, 23 December 2022, <https://www.president.gov.ua/en/news/shodnya-vi-mayete-vidchuvati-sho-vid-vashoyi-roboti-zalezhit-80041>.

²¹ Your task is to ensure that the world always stands with Ukraine – President's speech at the meeting with heads of foreign diplomatic missions of Ukraine, 2 August 2023 – Official website of the President of Ukraine, <https://www.president.gov.ua/en/news/vashe-zavdannya-shob-svit-zavzhdi-buv-razom-z-ukrayinoyu-vis-84665>.

²² This group operates at the Ramstein US Airforce Base in Germany. The Defence Ministers' meetings are attended by representatives of more than 50 countries allied to Ukraine, including EU and NATO countries, as well as countries from Africa, the Middle East, Asia and the Pacific.

²³ Ukraine Seeks Weapons to Beat Back Russia: Here's What It's Got. – Bloomberg, 15 January 2023, <https://www.bloomberg.com/news/articles/2023-01-15/ukraine-seeks-weapons-to-beat-back-russia-here-s-what-it-s-got>

²⁴ Vilnius-2023 is no Bucharest 2008: NATO summit produced results (in Ukrainian) – Ukrinform, 13 July 2023, <https://www.ukrinform.ua/rubric-ato/3735354-vilnus2023-ce-ne-buharest2008-samit-nato-dav-rezultat-ocikuvaniy-i-optimisticnij.html>.

²⁵ For more detail, see European Integration in Times of War: Challenges and Prospects. Analytical Report of the Razumkov Centre. p. 3. <https://razumkov.org.ua/images/2022/12/28/2022-MATRA-IV-KVARTAL-7.pdf>. (in Ukrainian).

²⁶ One year of Russia's full-scale invasion has wiped out 15 years of Ukraine's development, and it is extremely shocking – Director of UNDP Crisis Bureau (in Ukrainian) – Interfax-Ukraine, 27 March 2023. <https://interfax.com.ua/news/interview/900195.html>.

Sadly, the war has turned Ukraine into a major recipient of external donor aid, and financial contributions from partners cover about one-third of Ukraine's budget expenditures.²⁷ Under these circumstances, the number one task is to intensify and expand financial and economic assistance and humanitarian support, initiate new grant programmes, loans, credits and humanitarian supplies. It is worth recalling that in 2022, direct budgetary support for Ukraine from the United States in the form of non-refundable grants totalled to \$13 billion,²⁸ and the total assistance provided to Ukraine by the EU and its member states is around €50 billion, including financial, humanitarian, budgetary and military support. In December 2022, the EU Council approved a plan to provide Ukraine with regular macro-financial assistance in 2023 of up to €1.5 billion every month, for a total of €18 billion.²⁹

Another foreign policy priority is the formation of the widest possible international coalition of states in solidarity with Ukraine with the help of allied countries. Two support groups can be distinguished in the process of forming such a coalition.³⁰

Allies. Since 2016, the UN General Assembly has been adopting annual updated resolutions on the Crimea situation. The level of support ranges from 63 countries in 2019 to 82 in 2022.³¹ This group represents a conditional «solid core» of Ukraine's consistent allies. They include almost all European countries, Australia, Canada, the United States, Japan, and New Zealand,³² joined by individual countries from elsewhere in the world, such as

Guatemala, Costa Rica, Samoa, Guyana, etc. These nations a) participate in the Ramstein group; b) support the creation of an international tribunal to convict the aggressor; c) contribute to Moscow's political isolation and promote the process of international recognition of Russia as a state sponsor of terrorism; d) implement a joint sanctions policy towards Russia.

A broad alliance of states in support of Ukraine's sovereignty and independence. This alliance's evolution can be traced by the results of voting for resolutions in support of Ukraine's territorial integrity and the cessation of Russian aggression:

- ✓ On 27 March 2014, the UN General Assembly adopted a resolution titled «Territorial integrity of Ukraine», with **100 votes** for, 11 against and 58 abstentions.³³
- ✓ On 12 October 2022, the UN General Assembly adopted a resolution «Territorial integrity of Ukraine: defending the principles of the Charter of the United Nations», which was supported by **143 countries**; 35 countries abstained, and 5 countries voted against.³⁴
- ✓ On 23 February 2023, the UN General Assembly adopted a resolution titled «Principles of the Charter of the United Nations underlying a comprehensive, just and lasting peace in Ukraine». The document was supported by **141 countries**, with 32 abstained, and 7 voted against.³⁵

²⁷ Financial assistance from international partners: how much did Ukraine receive as of 1 October? (in Ukrainian) – Ekonomichna Pravda, 6 October 2022, <https://www.epravda.com.ua/news/2022/10/6/692303>.

²⁸ The US is the undisputed leader in providing assistance to Ukraine: Markarova named the figures (in Ukrainian) – Ukrinform, 24 February 2023, <https://www.ukrinform.ua/rubric-economy/3674680-ssa-e-bezumovnim-liderom-z-nadanna-dopomogi-ukraini-markarova-nazvala-cifri.html>.

²⁹ EU Council approves €18 bn aid to Ukraine (in Ukrainian) – Interfax, 10 December 2022, <https://interfax.com.ua/news/general/877618.html>.

³⁰ For more detail, see the Razumkov Centre's analytical publication «Political, economic and structural consequences of Russian aggression for Ukraine and the international community». Kyiv, 2023, p.14-25 – https://razumkov.org.ua/images/2023/04/21/2023_04_consequences_of_the_war_for_ukraine.pdf (in Ukrainian), <https://razumkov.org.ua/images/2023/04/21/2023-ECONOM-VIDNOVL-ENGL.pdf> (extended summary in English).

³¹ See Results of voting on the UN GA resolutions on the territorial integrity of Ukraine (2014), on the human rights situation in Crimea (2016-2021) and on the militarisation of Crimea (2018-2021) (dynamics by year and country), in Ukrainian, <https://www.eurointegration.com.ua/files/5/5/55c6524-zmina-infographic4ua-v01.pdf>.

³² That is, these are the member states of the EU and NATO, the Council of Europe and the G7, other international alliances, as well as most of the G20.

³³ UN General Assembly adopts resolution in support of Ukraine (In Ukrainian) – BBC-Ukraine, 27 March 2014, https://www.bbc.com/ukrainian/politics/2014/03/140327_un_resolution_ukraine.rl.

³⁴ UN General Assembly condemns pseudo-referendums in the occupied territories of Ukraine (in Ukrainian) – Ukrinform, 12 October 2022, <https://www.ukrinform.ua/rubric-politics/3592059-genasamblea-on-zasudila-rosijski-psevdoreferendumi-na-zahopenih-teritoriah-ukraini.html>.

³⁵ UN General Assembly adopts resolution «Principles of the Charter of the United Nations underlying a comprehensive, just and lasting peace in Ukraine» (in Ukrainian) – Interfax-Ukraine, 24 February 2023, <https://interfax.com.ua/news/general/893560.html>.

One component of Kyiv's war diplomacy is to promote international isolation of the Putin regime and ensure political and legal condemnation of russian aggression. Thanks to the efforts of Ukraine and its partners:

a) Russia was stripped of its membership in the UN Human Rights Council, expelled from the Council of Europe, the World Tourism Organisation, the governing board of the International Civil Aviation Organisation (ICAO), and deprived of the chairmanship of the UNESCO World Heritage Committee. Russia's membership in the International Federation of Journalists, the Financial Action Task Force (FATF) and other organisations was also suspended;

b) the process of Russia's political and legal qualification as a terrorist country has spread worldwide. The European Parliament, PACE, the NATO Parliamentary Assembly, as well as the parliaments of a number of European countries have recognised Russia as a state sponsor of terrorism and called for the Putin regime to be brought to justice for war crimes;

c) the International Criminal Court decision of 17 March 2023 to issue arrest warrants for Russian president Vladimir Putin and children's ombudswoman Natalia Lvova-Belova for the illegal deportation of children from Ukraine was an event of strategic significance. PACE (April 2023) and the NATO Parliamentary Assembly (May 2023) recognised the crimes committed by the Russian Federation on the territory of Ukraine as genocide;

d) Ukraine's initiative to establish a special tribunal for the crime of aggression against Ukraine was supported by 37 countries, as well as the PACE, the European Parliament, the OSCE Parliamentary Assembly, and the NATO Parliamentary Assembly.

Attracting external resources for Ukraine's recovery remains a strategic task. The Ukrainian government has adopted a set of relevant decisions and put forward a number of initiatives. In particular, in July 2022, Lugano hosted an international donor conference on Ukraine recovery, attended by more than 40 countries and 20 international organisations.

Later, Ukraine introduced the international charity platform United24, joined by representatives of 110 countries. In September 2022, Ukraine presented a Fast Recovery Plan for the entire country, while the Cabinet of Ministers established four special funds, namely the Small and Medium Business Support Fund, the Economic Recovery and Transformation Fund, the Destroyed Property and Infrastructure Restoration Fund, the Humanitarian Fund.³⁶

In June 2023, London hosted the URC23 (Ukraine Recovery Conference), a high-level international conference dedicated to the comprehensive rebuilding of Ukraine and laying a foundation for its long-term development and economic growth. The Ukrainian delegation presented needs assessments and priority plans for post-war recovery and long-term reform strategies, specifically focusing on the DREAM system designed to ensure transparency and accountability of recovery projects.

Unfortunately, external financial assistance has so far been local and limited and not proportionate to the large-scale tasks of Ukraine's post-war recovery. According to EBRD estimates, the five-year post-war recovery will require additional investments of about \$50 billion annually.³⁷ In this regard, developing the legal framework for the confiscation of the aggressor's financial assets frozen around the world worth €300 billion³⁸ is particularly relevant.

Reinforcing and expanding the international sanctions front against the aggressor is another important component of Kyiv's war diplomacy. Since day one of the Russian aggression in 2014, the collective West and various international organisations have imposed sanctions, including restrictive measures against various sectors of the Russian economy (industry, energy, banking, military-industrial complex, etc.), trade sanctions, personal sanctions against the Russian state and political establishment, visa restrictions and the like. In April 2023, the US Department of State and the US Treasury imposed new sanctions restrictions on more than 120 individuals and legal entities in more than

³⁶ Funds for the Restoration of Ukraine – Government Portal, <https://www.kmu.gov.ua/gromadskosti/fondi-vidnovlennya-ukrayini>.

³⁷ EBRD estimates Ukraine's rapid recovery needs at \$250bn in investment (in Ukrainian) – European Pravda, 16 May 2023, <https://www.epravda.com.ua/news/2023/05/16/700171/>.

³⁸ EU found a way to transfer frozen Russian reserves to Ukraine (in Ukrainian) – Radio Svoboda, 26 January 2023, <https://www.radiosvoboda.org/a/news-es-ukrajina-rezervy-rf/32241287.html>.

20 countries in connection with Russian aggression against Ukraine. In its turn, in June 2023, the EU Council approved the 11th package of economic and individual restrictive measures aimed at strengthening the existing sanctions against Russia and stopping their circumvention, preventing Russia from obtaining sanctioned goods. Unfortunately, the West's current sanctions policy towards Russia remains rather limited so far has not caused economic problems that would force the Kremlin to stop its large-scale aggression in Ukraine.

The above are priority areas in Kyiv's war diplomacy, but they obviously do not exhaust the list of important vectors of Ukraine's foreign policy, which should also include protecting the rights of Ukrainians abroad, promoting initiatives on international platforms, strengthening relations with countries and international organisations, spreading of objective information about the Ukraine war, etc. Meanwhile, these priorities are clearly united by our country's strategic course – integration into the EU and NATO.

UKRAINE'S EUROPEAN AND EURO-ATLANTIC INTEGRATION: ACHIEVEMENTS AND PROSPECTS

Integration into the EU. Ukraine's European integration in times of war is unique. While resisting major armed aggression and suffering huge human, financial and economic losses, the country continues pro-European reforms, deepens its partnership with the EU in various sectors, implements the European Commission's recommendations and puts into practice the provisions of the Association Agreement.³⁹

Recent notable events in Brussels-Kyiv relations include Ukraine obtaining the EU candidate status in June 2022; establishing the EU-Ukraine duty-free trade regime;⁴⁰ introducing «visa-free regimes» in key sectoral areas of cooperation; holding the 24th EU-Ukraine Summit in Kyiv in February 2023; concluding an agreement on Ukraine's

participation in the EU's Single Market Programme, holding joint meetings of European and Ukrainian executive and legislative, providing military assistance to Kyiv under the European Peace Facility, etc.

On 24 March 2023, the government published the Annual Report on the Implementation of the EU-Ukraine Association Agreement for 2022, according to which Ukraine has already fulfilled 72% of its obligations under the Agreement, a 9% increase in 2022. The greatest progress has been made in statistics and information exchange (96%), intellectual property (94%), management of public finance (90%), justice, freedom, security, human rights (91%), and humanitarian policy (91%).⁴¹

Assessing the state and dynamics of Ukraine's European integration amidst the war, one should admit that Russian aggression has limited Ukraine's resources and capabilities on its European integration path, slowed down the pace of reforms within the Association Agreement, and reduced the activity of European business partners in developing contacts with the warring country; on the other hand, the war has changed the quality of relations between Kyiv and Brussels, accelerated pro-European processes in Ukraine, helped increase the EU leaders' trust in Kyiv, and enhanced consolidation within the European Union itself.

With the large-scale attack on Ukraine, official Brussels a) condemned the aggression and supported political isolation of Russia, intensified its lobbying and defence of Ukraine's interests on international platforms; b) expanded military and technical cooperation with Ukraine, in particular, by launching the European Union Military Assistance Mission to Ukraine (EUMAM Ukraine) at the end of 2022; c) increased financial and economic assistance and humanitarian support to Kyiv; d) provided asylum and assistance to more than 4 million Ukrainian refugees.

In terms of European integration, Ukraine's main task today is to finish implementing

³⁹ For more detail, see: Ukraine on the Way to the EU: Realities and Prospects. National Security & Defence journal, No 1-2, 2022, https://razumkov.org.ua/images/journal/NSD187-188_2022_eng.pdf (summary in English); https://razumkov.org.ua/images/journal/NSD187-188_2022_ukr_full.pdf (full text in Ukrainian).

⁴⁰ The EU has extended the duty-free trade regime with Ukraine for another year. On 25 June, the EU Council adopted a regulation extending the suspension of all customs duties, quotas and trade defence measures on Ukrainian exports to the EU until June 2024. This will ensure the stability of trade relations and facilitate integration into the EU internal market.

⁴¹ Annual Report on the Implementation of the EU-Ukraine Association Agreement for 2022. The Government of Ukraine Portal, <https://www.kmu.gov.ua/en/news/opryliudneno-shchorichnyi-zvit-pro-vykonannia-uhody-pro-asotsiatsiiu-ukraina-ies>.

the package of European Commission's recommendations and ensure conditions for launching EU membership talks. To this end, Ukraine has taken a number of important steps.⁴²

SOME STEPS TOWARDS EUROPEAN INTEGRATION (2023)

- ✓ At the end of 2022, the Ukrainian parliament adopted a number of key pro-European laws, including on amendments to certain legislative acts of Ukraine to improve the procedure for selecting candidates for the position of a Constitutional Court of Ukraine judge on a competitive basis; on media; and on national minorities (communities).
- ✓ As part of the judicial reform, new members of the High Council of Justice and the High Qualification Commission of Judges of Ukraine were elected on a competitive basis.
- ✓ The new leadership of the key anti-corruption bodies – the Specialised Anti-Corruption Prosecutor's Office and the National Anti-Corruption Bureau of Ukraine – has been elected, marking the intensification of fight against corruption.
- ✓ Legislative acts were adopted to bring national anti-money laundering legislation in line with FATF standards.
- ✓ The government has approved the State Anti-Corruption Programme – a key instrument for implementing the Anti-Corruption Strategy 2021-2025;
- ✓ The Comprehensive Strategic Plan for Reforming Law Enforcement Agencies as a Part of the Security and Defence Sector of Ukraine for 2023-2027 approved by the President of Ukraine entered into force.
- ✓ The Ukrainian authorities initiated a self-audit of national legislation to ensure its compliance with European standards.
- ✓ Kyiv has officially joined the EU Civil Protection Mechanism; Ukraine has been granted the right to participate in the EU's transport network development programme, the Connecting Europe Facility, and received an official observer status in the Seville Process, which was launched by the European Commission to update environmental standards. The EU established treaty relations with Ukraine under the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters;
- ✓ The Ukrainian parliament passed a number of European integration laws, in particular on strengthening the protection of intellectual property rights; on civil aviation of Ukraine; on improvement and green transformation of the energy system of Ukraine; on prevention of abuse in wholesale energy markets, etc.

On 22 June, the EU published its interim, or the so-called «oral», update on the implementation of the European Commission's recommendations by Ukraine. While positively assessing Ukraine's pro-European reforms, the document sets out the steps that still need to be taken to complete all seven recommendations by October.⁴³ The very next day, the NSDC considered the status of implementation of the European Commission's recommendations and made appropriate decisions.

Assessment of Ukrainian authorities' actions on the European integration path points at some positive results and noticeable progress, including in implementing the European Commission's recommendations, which gives reasons for Ukraine to expect the launch of EU membership talks in late 2023 – early 2024.

It is obvious that Ukraine's further successful progress towards the European community will depend on the introduction of EU values and norms, as well as appropriate implementation of basic pro-European reforms. At the same time, it is necessary to actively implement the adopted legislation and address a set of internal problems that slow down the country's approximation to the EU.

Euro-Atlantic integration. The large-scale war intensified Ukraine's Euro-Atlantic integration and elevated Kyiv's contacts with NATO leadership and the leaders of NATO member states to a new level. The Alliance demonstrated political solidarity and practical support for Ukraine, condemned Russia's intervention, helped toughen international pressure on the aggressor, and called for Russia to be held accountable for war crimes. This clear position was consistently reflected in the statements of the Alliance's leadership, decisions and declarations of NATO institutions. In particular, on 21 November 2022, the NATO Parliamentary Assembly recognised Russia as a state sponsor of terrorism and called for the establishment of a special tribunal to hold the Putin regime accountable for war crimes.⁴⁴ The Statement by the North Atlantic Council of 24 February 2023 reads: «We are further

⁴² See the Razumkov Centre's Analytical report «European Integration in Times of War: Challenges and Prospects» (December 2022), Razumkov Centre, pp. 6-8, <https://razumkov.org.ua/images/2022/12/28/2022-MATRA-IV-KVARTAL-7.pdf>. (in Ukrainian).

⁴³ According to the report, two recommendations have been fully implemented, one has made «good progress», and the rest have been assessed as «some progress».

⁴⁴ NATO Parliamentary Assembly Designates Russia Terrorist Regime – European Pravda, 21 November 2023, <https://www.eurointegration.com.ua/eng/news/2022/11/21/7151071/>.

stepping up political practical support to Ukraine as it defends itself against Russia's invasion, and will maintain our support for as long as necessary to help Ukraine prevail».⁴⁵

Outlining the dynamics of NATO-Ukraine relations, the following important events and trends deserve attention:

a) deepening military and technical cooperation with the Alliance, including arms supplies. To this end, the activities of the above-mentioned Ukrainian Defence Contact Group (Ramstein) are particularly important, as its members planned to provide Ukraine with military assistance worth \$65 billion at their May meeting;⁴⁶

b) accelerating the rearmament of the Armed Forces of Ukraine in accordance with NATO standards and norms, ensuring logistical and technological compatibility, and integrating the Ukrainian military-industrial complex into the Alliance's defence industry system. In this regard, Ukraine's official accession to the NATO Cooperative Cyber Defence Centre of Excellence (CCDCOE) in May 2023 was a marquee event;

c) strengthening institutional partnerships. On 4 April 2023, a meeting of the NATO-Ukraine Commission took place in Brussels. This ministerial-level event was important for many reasons: first, it unlocked the basic format of institutional cooperation at a high political level, which had been blocked by Hungary for six years, and second, it initiated a multi-year assistance programme for Ukraine;

d) increasing support for Ukraine's NATO integration and growing awareness of Ukraine's role in the European and global security system among citizens and political establishment of the Alliance.⁴⁷

At the same time, NATO's position on the Ukraine war has limitations and is generally reduced to «support for Ukraine but no intervention» formula. This was clearly stated by NATO Secretary General Jens Stoltenberg in his address at the Davos Economic Forum in May 2023: «...our core responsibility is to protect and defend all NATO Allies, and therefore we need to make sure that this brutal, heinous war doesn't escalate to full-fledged war in Europe, between NATO and Russia... But NATO will not be part of the war. We will not send in NATO troops on the ground and be directly involved in the war. Support, yes, but not be directly involved».⁴⁸

Even during the large-scale war, Ukraine focused its efforts on moving on the Euro-Atlantic track as quickly as possible. On 30 September 2022, the President, the Speaker of the Verkhovna Rada, and the Prime Minister signed a joint appeal to NATO, in which the Ukrainian leadership calls on NATO to «decide on Ukraine's membership in the Alliance as an integral element of ensuring the security of Ukrainians and citizens of the entire Euro-Atlantic area».⁴⁹ This can be viewed as a start of an active diplomatic marathon aimed at lobbying for Ukraine's accelerated accession to the Alliance at various levels of political and diplomatic relations with NATO countries. To this end, Kyiv has introduced a mechanism of signing bilateral declarations of support for Ukraine's NATO membership.

During the first half of 2023, Ukraine expanded the «springboard» of support for its accession to NATO. In May 2023 alone, joint statements and declarations were signed with 11 countries of Western and Northern Europe to facilitate Ukraine's progress on the path of European and Euro-Atlantic integration. And here one can appreciate the synergy of actions of the Ukrainian authorities and

⁴⁵ Statement by the North Atlantic Council marking one year of Russia's war of aggression against Ukraine – NATO website, 24 February 2023, https://www.nato.int/cps/uk/natohq/official_texts_212268.htm?selectedLocale=en.

⁴⁶ Ramstein countries pledged to provide \$65 billion in military aid to Ukraine with – Pentagon's Chief. «Ukrainska Pravda», 25 May 2023 – <https://www.pravda.com.ua/eng/news/2023/05/25/7403876/>.

⁴⁷ «Public opinion in Germany, France, Italy, the Netherlands and the USA. How do these countries support Ukraine and its NATO aspirations? – New Europe Centre, 18 May 2023, <http://neweurope.org.ua/en/analytics/gromadska-dumka-v-nimechchyni-frantsiyi-italiyi-niderlandah-i-ssha-yak-tsi-krayiny-pidtrymuyut-ukrayinu-ta-yiyi-pragnennya-staty-chlenom-nato/>.

⁴⁸ «NATO will support Ukraine, but not with troops» – Stoltenberg (in Ukrainian) – Ukrinform, 24 May 2023, <https://www.ukrinform.ua/rubric-ato/3491029-nato-pidtrimuvatime-ukrainu-ale-ne-vijskami-stoltenberg.html>.

⁴⁹ The text of the Joint Appeal of the President of Ukraine, the Speaker of the Verkhovna Rada and the Prime Minister to NATO regarding our country's membership in the Alliance has been published – Official website of the President of Ukraine, 9 November 2022, <https://www.president.gov.ua/en/news/oprilyudheno-tekst-spilnogo-zvernennya-prezidenta-ukrayini-g-78989>.



society – an active and systematic political and diplomatic campaign to accelerate Ukraine’s Euro-Atlantic integration, which was carried out by the Presidential Office, the Cabinet of Ministers, the Verkhovna Rada, political forces and civil society organisations.

The Alliance’s Vilnius summit on 11-12 July 2023 was another milestone event in NATO-Ukraine cooperation, as it focused on Ukraine, while its results, despite not meeting Kyiv’s highest expectations, can be generally considered positive. In particular, a new partnership format, the NATO-Ukraine Council, was introduced, and its first high-level meeting was held immediately. Kyiv was relieved of the need to implement the multi-year MAP programme, while new packages of military and technical support for Ukraine were announced at the summit. The framework Joint Declaration on Support for Ukraine by the G7 countries, which provides for the conclusion of «long-term bilateral security commitments», is of strategic significance for Ukraine, as it includes comprehensive military, technical, financial and economic assistance. In turn, Ukraine is expected to implement a set of reforms identical to those demanded by the EU.⁵⁰

In general, it is safe to say that our country progresses on the path of Euro-Atlantic integration and shows positive dynamics in

relations with NATO. However, it is also clear that Ukraine’s prospects for NATO membership are linked to victory in the war with Russia and the success of domestic reforms.

CONCLUSIONS AND RECOMMENDATIONS

Recognising the military priorities and foreign policy objectives, national diplomacy should focus on the following areas:⁵¹

Accelerating European and Euro-Atlantic integration processes, achieving a new quality and level of relations with the EU and NATO. To do this, the following steps should be taken.

In European integration:

a) taking into account the European Commission’s interim «oral» update (April 2023), to ensure the implementation of relevant NSDC decisions and instructions to complete a set of relevant reforms, measures and initiatives aimed at implementing the package of the European Commission’s recommendations (intensification of judicial reform, fight against corruption and money laundering, improvement of national media legislation and laws on national minorities, etc.)

b) bearing in mind the realities of the war, the interests and needs of Ukraine, to take measures on implementing certain Venice Commission observations of 10-13 June 2023 regarding laws on national minorities and the procedure for selecting the Constitutional Court judges. In particular, to take these expert recommendations into account when elaborating the State Targeted Programme for the Protection of the Rights of National Minorities (Communities);

c) to ensure continuation of pro-European reforms pursuant to the provisions of the EU-Ukraine Association Agreement.

In particular, to focus efforts on the most problematic areas, including transport and transport infrastructure, financial cooperation and anti-fraud, consumer protection, etc.

⁵⁰ Joint Declaration of Support for Ukraine (in Ukrainian) – European Pravda, 12 July 2023, <https://www.eurointegration.com.ua/articles/2023/07/12/7165635//>

⁵¹ This section uses some of the proposals set out in previous studies that remain relevant. In particular, see the Razumkov Centre’s Analytical report «Ukraine’s Foreign Policy in Times of War». May 2023, p. 14. <https://razumkov.org.ua/images/2023/06/30/2023-MATRA-I-KVARTAL-6-ENGL.pdf>.

In Euro-Atlantic integration:

An important strategic task is to intensify integration processes in the Euro-Atlantic direction, taking into account the results of the Vilnius NATO Summit. In this context, it is advisable:

a) to actively continue the systematic campaign promoting the idea of Ukraine's NATO membership, which involves all branches of the Ukrainian government, political forces, public institutions, and the media. It is critical not to slow down the pace of political and diplomatic influence on the Euro-Atlantic community;

b) to develop an annual roadmap for NATO integration, which should be compact and contain goals and objectives, including those outlined in the G7 Joint Declaration of Support for Ukraine of 12 July 2023. In particular, it should envisage tougher transparency and accountability measures regarding partner assistance; continued reforms of law enforcement agencies, the judiciary, anti-corruption, corporate governance, the economy, the security sector and public administration; stronger democratic civilian control over the armed forces, etc;

c) to actively use the newly created institutional mechanism of the NATO-Ukraine Council to deepen security partnership with the Alliance, coordinate actions on the global stage, identify directions and priorities of internal reforms in Ukraine and jointly monitor the effectiveness of their implementation; to agree on the specific conditions and time-frame for Ukraine's NATO membership within the NATO-Ukraine Council.

Ensure political, diplomatic, security, social and economic conditions for effective resistance to russian aggression and victory in the war. To this end:

a) by the end of 2023, to develop bilateral agreements on comprehensive support and assistance in the security sector within the Joint Declaration of Support for Ukraine and agree

them with the G7 countries. These documents should set out Ukraine's strategic interests and long-term needs in terms of supplying weapons and modern military equipment; supporting Ukraine's defence industry; providing training to the Armed Forces; securing financial and technical support for Ukraine's recovery, etc;

b) to strengthen military-technical cooperation with allies from all over the world, both at the bilateral level and within international organisations (EU, NATO) and entities (Ramstein Group) in order to ensure prompt and regular supply of weapons according to the required nomenclature; to intensify the transition of the Ukrainian defence sector to NATO standards and establish joint ventures in the defence industry;

c) to use the high level and intensity of international contacts and the capabilities of international institutions (including within the established funds) for accumulating resources for further stabilisation of socio-economic situation inside the country and gradual restoration of the destroyed infrastructure;

d) to promote national interests globally, in particular, within the UN GA, OSCE, Council of Europe, EU, NATO; to strengthen the international coalition of countries that support Ukraine in its fight against the aggressor. To this end, it is advisable to engage regional formats of cooperation, including the BSEC, the Lublin Triangle, the Ukrainian-Turkish Quadrilateral, Ukraine-Moldova-Romania platform for dialogue, etc., while providing political, organisational and resource support for the implementation of the Foreign Ministry's Asian, Latin American and African strategies, including the opening of new Ukrainian embassies in Africa;

d) together with partner countries, to focus further political and diplomatic efforts on the global isolation of the Putin regime and political and legal condemnation of the aggressor's crimes. Within bilateral relations, lobby for the idea of establishing a special international tribunal and further expand the current group of 37 countries supporting this initiative (United for Justice, U4J)

DOMESTIC POLICY AND PUBLIC SENTIMENT

Since the onset of Russia's armed aggression, Ukraine demonstrated resilience, which actually surprised not only the aggressor but also many foreign partners. This resilience was rooted in social consolidation to repel the aggressor, which had a decisive impact on both the behaviour of Ukrainian authorities and the decisions of Ukraine's key partners to support the country. Accordingly, the authorities were forced to respond to a powerful public demand.

Martial law naturally and logically led to the consolidation of the branches of government and actual enactment of the «one-man command» principle in public administration. At the same time, long-standing problems of socio-political development have been preserved, primarily marked by the weakness of state institutions and insufficient competence of representatives of both the legislative and executive branches.

Against the obvious need to consolidate power caused by martial law, one could observe trends towards levelling the achievements of still incomplete decentralisation and the role of local self-governments and restraining the public activity of potential political opponents by the authorities, which was not always due to objective factors. Even during the war, the government structures could not secure themselves from corruption scandals. Intentions to monopolise the information space, if realised, can create obstacles to the revival of a competitive political process and the country's European integration.

Therefore, it is safe to say that being in the midst of a difficult and exhausting war, Ukraine must simultaneously respond to non-military challenges and threats.

TOP GOVERNMENT INSTITUTIONS IN WAR

On 24 February 2022, in response to the Russian Federation's military aggression against Ukraine, President Volodymyr Zelenskyy issued a Decree «On the introduction of martial law in Ukraine» for a period of 30 days,¹ which was immediately approved by the Verkhovna Rada of Ukraine.² Subsequently, the martial law regime will be periodically extended in line with the procedure provided for by the Constitution of Ukraine.

Pursuant to the Presidential Decree «On the introduction of martial law in Ukraine», the military command (General Staff of the Armed Forces of Ukraine, the Joint Forces Command of the Armed Forces of Ukraine, commanding

officers of the branches and individual services of the Armed Forces of Ukraine, operational command departments, commanders of military formations, units of the Armed Forces of Ukraine, the State Border Guard Service of Ukraine, the State Transport Special Service, the State Service for Special Communications and Information Protection of Ukraine, The National Guard of Ukraine, the Security Service of Ukraine, the Foreign Intelligence Service of Ukraine, the State Protection Directorate of Ukraine), together with the Ministry of Internal Affairs of Ukraine, other executive and local self-government bodies, were instructed to introduce and implement measures and powers provided for by the Law of Ukraine «On the Legal Regime of Martial Law» necessary to defend Ukraine, protect the population and the interests of the state.

¹ On the introduction of martial law in Ukraine. Decree of the President of Ukraine No. 64/2022 of 24 February 2022 (in Ukrainian) – <https://www.president.gov.ua/documents/642022-41397>.

² On Approval of the Decree of the President of Ukraine «On the Introduction of Martial Law in Ukraine». Law of Ukraine No. 2102-IX of 24 February 2022 (in Ukrainian) – <https://zakon.rada.gov.ua/laws/show/2102-20#Text>.

Also, the introduction of martial law in Ukraine provided for possible temporary restrictions to the constitutional rights and freedoms of man and citizen set forth in Articles 30-34, 38, 39, 41-44, 53 of the Constitution of Ukraine for the period of martial law, as well as temporary restrictions on the rights and legitimate interests of legal entities to the extent necessary to ensure the possibility of introducing and implementing measures of the martial law regime.

The Cabinet of Ministers of Ukraine was immediately instructed to enact a plan for the introduction and implementation of martial law measures in Ukraine, as well as to provide

funding and undertake other measures within its authority related to martial law in Ukraine. The State Emergency Service of Ukraine, together with the oblast and Kyiv city state administrations, other state bodies, institutions, enterprises, organisations of all forms of ownership, was instructed to immediately set the unified state civil protection system, its functional and territorial subsystems ready to perform assigned tasks during the special period, and the oblast and Kyiv city state administrations, local self-government bodies were instructed to establish defence councils and assist the military command in the introduction and implementation of martial law measures.³

Under martial law, the President of Ukraine and the Verkhovna Rada of Ukraine shall act exclusively on the basis, within the limits of authority and in the manner determined by the Constitution and laws of Ukraine. In turn, the Cabinet of Ministers of Ukraine, other state bodies, military command, military administrations, and local self-government bodies shall exercise the powers granted to them by the Constitution of Ukraine, the Law of Ukraine «On the Legal Regime of Martial Law» and other laws of Ukraine.

More specifically, the President under martial law shall exercise general control over the introduction and implementation of measures of the martial law regime, make decisions upon the proposal of the National Security and Defence Council of Ukraine on the involvement of the Armed Forces of Ukraine, other military formations and law enforcement agencies in the implementation of measures of the martial law regime, provide strategic guidance to the Armed Forces of Ukraine, other military formations and law enforcement agencies through the General Staff of the Armed Forces of Ukraine, and determine the procedure for military service.

During this period, the head of state may decide to remove from office an official whose appointment and dismissal are within his/her powers and to entrust another person with the performance of duties for the relevant period. At the same time, the powers

of the President of Ukraine, as provided for by the Constitution of Ukraine, shall not be restricted under martial law.⁴

In turn, the Verkhovna Rada of Ukraine, in the event of martial law, shall operate in session, and its powers under the Constitution of Ukraine shall not be restricted during this period.

In the event of martial law in Ukraine, the Government shall operate in accordance with the Regulations of the Cabinet of Ministers of Ukraine under martial law. In particular, it develops and enacts the Plan for the implementation and enforcement of the legal regime of martial law in certain areas of Ukraine, taking into account the threats and specifics of the current situation; organises and manages central and other executive bodies under martial law; after the outbreak of armed conflict, takes measures to establish, in line with international humanitarian law, safe zones that enable protection of civilians; and determines the specifics of defence and public procurement to ensure the protection of state customers and clients from military threats.

Courts, bodies and institutions of the justice system during martial law shall also act exclusively on the basis, within the limits of authority and in the manner determined by the Constitution of Ukraine and laws of Ukraine, and their powers under the Constitution of Ukraine shall not be restricted.⁵

³ On the introduction of martial law in Ukraine. Decree of the President of Ukraine No. 64/2022 of 24 February 2022 (in Ukrainian) – <https://www.president.gov.ua/documents/642022-41397>.

⁴ On the Legal Regime of Martial Law. Law of Ukraine No. 389-VIII of 15 May 2015 (in Ukrainian), <https://zakon.rada.gov.ua/laws/show/389-19#Text>.

⁵ Ibid.

President of Ukraine

In the face of large-scale Russian aggression, President Volodymyr Zelenskyy has significantly reinforced his position as a national leader. He enjoys an unprecedented level of public trust, as 80% of Ukrainians totally trust or rather trust the incumbent President, while his trust-distrust balance is 65%. No other Ukrainian head of state has ever reached such figures.⁶

This is largely due to the fact that in the very first hours of the Russian invasion, when other high-ranking officials were at least confused, the President rejected the opportunity to leave the country, presented himself to the nation as a confident and strong leader and sought the Western leaders' support and assistance by all means possible. In a way, significant support for the President reflects the fact that Mr Zelenskyy in his public communication tries to use the meanings that are close to the majority of society, especially in times of war. In his public rhetoric, President Zelenskyy de facto continues the key programme messages of his predecessor Petro Poroshenko – «Army, Language, Faith». Having a good sense of public sentiment, Mr Zelenskyy timely responds to public demands and uses them quite successfully.

The Law of Ukraine «On the Legal Regime of Martial Law» gives the President decisive influence over the executive branch, while the «mono-majority» of the presidential Servant of the People party in the parliament with the support of loyal members of other factions enables his full influence over the legislative branch. The law also allowed the President to form his own vertical of power with military administrations being actually accountable only to him. The President de facto became the most powerful and influential institution in the system of government, making both the Verkhovna Rada and the Cabinet subordinate to him. In addition, the President continues to use informal instruments concentrated in the Presidential Office – it has an unprecedented

influence on all government bodies exercised through its head, Andriy Yermak, and his deputies. During the martial law period, this influence has increased significantly compared to the pre-war period.

Meanwhile, the consolidation of power with the President, while being objectively necessary under martial law, may create a temptation to keep this state of affairs after the war is over. Complicated relations between the central government, united around the President's figure, and some mayors are an indirect proof of such intentions. On the one hand, the previously tense relations between the central government and Dnipro Mayor Borys Filatov have somewhat settled with the start of full-scale war. On the other hand, conflicts with other mayors, specifically Chernihiv's Vladyslav Atroshchenko, who was eventually suspended from office for a year by the court, have not stopped but even intensified.⁷ The level of conflict between the President and his entourage and Kyiv Mayor Volodymyr Klitschko has also increased. If the President and his people try to establish full control over local self-governments, this may significantly intensify the conflict between the President's entourage and the conventional «party of mayors», especially given that the latter enjoys greater public support than people close to the President and government representatives.

It is noteworthy that public support for President Zelenskyy does not automatically translate to his inner circle, as evidenced by much lower compared to the presidential or even negative trust-distrust balance of Andriy Yermak from the Presidential Office, the leadership of the Verkhovna Rada and the Cabinet of Ministers.⁸ Therefore, while Volodymyr Zelenskyy is now a symbol of national resistance to Russian aggression, other members of the ruling team can hardly be considered as such. This, together with displays of weak state institutions, corruption, lack of professionalism and necessary qualities on the part of some government officials, threatens to gradually

⁶ For more detail, see pp.99-103 of this journal.

⁷ On 7 December, the Yavoriv District Court of Lviv found Chernihiv Mayor Vladyslav Atroshchenko guilty of committing actions in conflict of interest and deprived him of the right to hold the mayor's position for a year. On 1 February 2023, the Lviv Court of Appeal dismissed Atroshchenko's appeal. Notably, Lviv Mayor Andriy Sadovyi called the decision unfair.

⁸ For more detail, see pp.99-103 of this journal.

reduce trust of potential voters in the current government and poses serious challenges to the political prospects of the President and his team.

Verkhovna Rada of Ukraine

Since day one of the full-scale armed aggression, the Verkhovna Rada of Ukraine has retained its efficiency. However, under the martial law regime, the Ukrainian parliament has effectively lost its representative function, while exercising its legislative function mainly under the influence of the President and his entourage.

Since the start of the full-scale war, the Verkhovna Rada has adopted more than a thousand different acts (laws, resolutions, appeals). The following facts are usually cited as indicators of the parliament's performance under martial law. Thus, the Verkhovna Rada supported the introduction of martial law by a constitutional majority on 24 February 2022 at an urgently convened meeting; revised the State Budget Law several times to increase defence spending; denounced a number of international agreements concerning cooperation within the CIS and relations with Russia and Belarus; extended martial law and general mobilisation; and adopted resolutions, in particular, condemning the escalation of the security situation in the world provoked by the Russian government, recognising the Russian regime as a terrorist one, condemning Russian energy terrorism, condemning the ideology of Russism, etc.

Many laws were aimed at meeting the country's defence needs, bringing legal realities in line with wartime conditions, and providing social and legal protection for military personnel, their families, internally displaced persons, and other categories of citizens. Particular importance were laws aimed at prohibiting the propaganda of the aggressor country's totalitarian regime, discontinuing the distribution of its cultural products, establishing criminal liability for collaboration,

etc. Important «non-war» laws recently passed by the parliament included the Law «On the Principles of State Anti-Corruption Policy until 2025», «On Stimulating the Development of Ukrainian Book Publishing and Book Distribution (amendments to the current legislation)», «On Joint Stock Companies» and some others. Also, there were some other acts, in particular, lobbying-oriented, such as the law changing the rules of urban development, which was trashed by city mayors and the public alike.⁹

Voting on the most critical issues related to countering Russian aggression, including laws and appeals to nations and parliaments and international organisations, was carried out by virtually all existing factions, often with a constitutional majority.

While certainly preserving its potential, the Verkhovna Rada, as noted above, acted as a decision-making tool rather than a centre of law-making. As of mid-2023, no statistics were available to summarise the implementation of legislative initiatives by its three key actors – the President, MPs and the Cabinet of Ministers. As of the end of February 2023, as many as 88% of draft laws submitted under the President's legislative initiative, 45% of those submitted by MPs, and only 34% of those submitted by the Cabinet have successfully passed through the parliament's session hall.¹⁰ This situation illustrates the overall interaction between the institutions of state power, which somewhat contradicts the constitutional one. After all, the constitutional logic of the division of powers between the parliament and the government is that the Cabinet should be the one to take care of legislative support for its activities.

As of mid-2023, the Verkhovna Rada had the lowest number of real parliamentarians in its history – 404 MPs. This has directly resulted from Russian aggression against Ukraine, as in the 2019 elections, 26 MPs were not elected in majority constituencies located in already occupied territories – the Autonomous Republic of Crimea and certain areas of

⁹ Law 5655 on urban development caused a scandal and a quarrel between «servants of the people» – BBC News Ukraine Ukrainian, 21 December 2022, <https://www.bbc.com/ukrainian/features-64055725>.

¹⁰ First anniversary of the war: how parliament worked for a year under martial law (in Ukrainian) – Livy Bereh, 24 February 2023, https://lb.ua/news/2023/02/24/547005_richnitsya_viyni_yak_parlament_rik.html.



Donetsk and Luhansk oblasts. In addition, a number of MPs lost their seats after the outbreak of full-scale war, and their situations varied.

While the most odious MP — Viktor Medvedchuk — was detained and later exchanged for captured Ukrainian soldiers, his associate Nestor Shufrych, who remained the head of the parliamentary committee on freedom of the press, and most other MPs from the banned pro-Russian Opposition Platform For Life (OPFL) continued to work in the parliament, often voting alongside the pro-presidential «mono-majority». This was the case with the appointment of members of the Accounting Chamber, the introduction of a competition for the positions of a Constitutional Court judge, urban development law, and personnel changes in the Cabinet of Ministers. After the ban of their party, MPs elected from the OPFL created the Platform for Life and Peace and Restoration of Ukraine parliamentary groups.

MPs Vadym Rabinovych, Taras Kozak, Renat Kuzmin and Viktor Medvedchuk were deprived of their mandates due to the termination of their Ukrainian citizenship. Also, the mandates of Ilia Kyva, Yulia Liovochkina, Ihor Abramovych, Natalia Korolevska, Yuriy Solod, and Oleh Voloshyn (all elected from the OPFL) were terminated at their

personal request. MP Tetiana Plachkova, who was also elected from the OPFL, resigned her mandate in July 2023. Non-attached MPs Vadym Novynskyi, Andriy Aksionov and Dmytro Shentsev followed her example. Oleksandr Trukhin was deprived of his mandate due to his guilty plea in offering a bribe to a police officer during a road accident. Since the onset of the full-scale aggression, some MPs were appointed to other positions, namely Mykola Solskyi (Minister of Agrarian Policy and Food), Dmytro Lubinets (Ukrainian Parliament Commissioner for Human Rights), Olha Sovhyria (Judge of the Constitutional Court), Andriy Kostin (Prosecutor General), Rustem Umerov (Head of the State Property Fund), Mykhailo Zabrodskyi (senior position in the Armed Forces).

Since the beginning of invasion, the Verkhovna Rada has been working in a single plenary session, not disclosing information about the voting days, which is somewhat justified in the context of ongoing war. However, the use of «single plenary session» approach with simultaneous application of the previous methods ensuring the procedure of parliamentary sessions (such as stripping an MP of the right to participate in one or two parliamentary sessions) can automatically cause a significant violation of the MP's constitutional status as such, as evidenced by the case of Geo Leros.¹¹

Also, information on the composition of the Verkhovna Rada has long been closed to the public. However, excessive «secrecy» in the organisation of the parliament's activities does not always meet proper understanding/perception in Ukrainian society, generating justified concerns about democratic processes in the country as a whole. This is facilitated by such «chronic disease» of Ukrainian parliamentarism as inadequate protection of the rights of the parliamentary minority, whereas «mono-majority» and even the parliamentary leadership often disregard the constitutional right of MPs from other factions to legislative initiative. In addition, certain laws were adopted with no prior discussion, in violation of other provisions of the legislative process.

¹¹ The Rada deprived MP Leros of the right to participate in the plenary session, <https://suspiilne.media/394823-rada-pozbavila-nardepa-lerosa-prava-ucasti-u-plenarnomu-zasidanni/>.

The public tends to assess the Verkhovna Rada's work rather unfavourably, and its trust-distrust balance is currently negative. As noted above, President Zelenskyy's high level of authority among the public no longer automatically transfers to the parliamentary majority of the Servant of the People party elected with his direct assistance. It is clear that the martial law regime cannot objectively contribute to the growth of parliamentarism as a key principle of development of a modern democratic state. Similarly, under martial law, one can hardly talk about political pluralism and free political competition, which are key conditions for the development of parliamentarism. At the same time, it is very important for the authorities to refrain from using the legal restrictions imposed by martial law to perform tasks unrelated to winning the war, in particular, to create advantages for their political forces and to remove opponents from the political arena.

Cabinet of Ministers of Ukraine

The government of Ukraine during martial law, just like in the previous relatively peaceful period, was not an independent institution. On the one hand, after 24 February 2022, this was due to the legal regime of martial law, when the entire government system effectively became controlled by the President. On the other hand, even before the large-scale invasion, Dmytro Shmyhal's government was de facto dependent on the will of the President and his entourage, which was transmitted both directly and through the pro-presidential «mono-majority» in the parliament. By the way, as of mid-2023, the Cabinet of Ministers and the Verkhovna Rada had not fulfilled the constitutional requirement (Articles 85 and 114 of the Constitution of Ukraine) to review and approve the Cabinet's programme of activities.

Since the onset of Russia's full-scale invasion, the Cabinet has undergone several rotations. In 2022, above-mentioned Mykola Solskyi was appointed Minister of Agrarian Policy and Food replacing Roman Leshchenko, who had resigned earlier. Oksana Zholnovych was

appointed Minister of Social Policy instead of Maryna Lazebna. Minister of Infrastructure Oleksandr Kubrakov was appointed Deputy Prime Minister for the Restoration of Ukraine – Minister for Communities, Territories and Infrastructure Development. In March 2023, the Minister of Education and Science Serhii Shkarlet and the Minister of Strategic Industries Pavlo Ryabikin were dismissed (the latter was appointed an Ambassador to China). They were replaced, respectively, by Oksen Lisovyi, former president of the Minor Academy of Sciences and a soldier of the 95th Brigade, and Oleksandr Kamyshyn, former head of Ukrzaliznytsia. The government introduced the position of Vice Prime Minister of Innovation, Education, Science and Technology of Ukraine – Minister of Digital Transformation, appointing Mykhailo Fedorov. After the tragic death of the Minister of Internal Affairs Denys Monastyrskyi, the former head of the National Police Ihor Klymenko was appointed to replace him. The Minister of Culture and Information Policy Oleksandr Tkachenko also resigned,¹² and his resignation was accepted on 27 July 2023. Following a number of corruption cases in the Ministry of Defence, Minister Oleksiy Reznikov was dismissed.

None of these personnel changes were properly communicated to the public, neither in terms of reasons and motives, nor expectations from the new appointees. A new wave of rotations in the Cabinet is expected in autumn 2023, but they will hardly be actually initiated by the Prime Minister or the parliamentary majority, as required by the Constitution. In fact, backroom information about the likely rotations has been circulating constantly around Dmytro Shmyhal's government ever since its appointment. The martial law period was no exception, especially since the government is not protected by the one-year immunity, which, according to the Constitution, arises immediately after the Verkhovna Rada approves the Cabinet's Programme.

During the large-scale war, the Cabinet has initiated several dubious decisions, including removal of additional rewards for military

¹² This was made following President Zelenskyy's wish to replace the Minister of Culture, expressed in his latest address.

personnel not in combat areas (it was later corrected by the Verkhovna Rada), holding tenders for the filming of comedy series of dubious quality for budget money (public outcry with this decision led to the Minister Tkachenko's resignation) and corruption scandals, in particular, in the Ministry for Communities, Territories and Infrastructure Development (misappropriation of funds for the purchase of generators) and the Ministry of Defence (procurement of food at unreasonably high prices, «eggs for 17»);¹³

Despite making the necessary decisions during the martial law period for manufacturing weapons, reforming Ukroboronprom, rebuilding the de-occupied areas of the country, ensuring the smooth operation of infrastructure under enemy fire, and maintaining the balance of payments and the national currency exchange rate through external support during the war, the above instances had a significant impact on the Cabinet's public perception. Moreover, some government decisions, in particular, on reforming Ukroboronprom, producing ammunition for drones, and cancelling customs procedures for drone imports, were insufficient and late.

The rating of public trust in Prime Minister Denys Shmyhal was 3.5%, and trust in the government was negative at -13.1%. Such a low trust in one of the key state institutions may also be due to the fact that appointed ministers are often people little known to the public, and the selection procedures remain almost completely closed. There are reasons to believe that the Cabinet of Ministers will continue playing a subordinate role to the President, his entourage and key figures in the Verkhovna

Rada. The centre of decision-making in the executive branch will remain with the Presidential Office even after the end of martial law, while the government will be held responsible for possible future failures and scandals.

The judiciary. Constitutional Court of Ukraine

Although the national constitutional and legal doctrine asserts that state power in Ukraine should be exercised based on its division into legislative, executive and judicial branches, courts should be independent, and justice should be fair and impartial,¹⁴ it is the judiciary that has been and remains the most vulnerable to different «pressures» (political, administrative, financial), as well as to corruption and other negative phenomena of today. Therefore, Ukraine's judicial system wasn't in its best condition when full-scale military invasion began. Weakened by constant attempts to reform it «for each new president»,¹⁵ chronic underfunding of the courts,¹⁶ long-standing shortage of judicial personnel and non-operating judicial bodies — High Council of Justice and High Qualification Commission of Judges,¹⁷ the country's judicial system was constantly shaken by various corruption and other scandals, which culminated in the public accusation of bribery and the detention of the Chief Justice of the Supreme Court Vsevolod Kniaziev.¹⁸

At the same time, the war has not only made the work of several hundred judges and court staff in the frontline areas particularly difficult but created life-threatening conditions in the territories temporarily occupied by Russia.

¹³ See Food scandal in the Ministry of Defence. Reznikov explains eggs at UAH 17 per (in Ukrainian) — BBC News Ukraine, 23 January 2023, <https://www.bbc.com/ukrainian/news-64375815>, The Ministry of Defence did buy eggs at UAH 17 per piece: audit service (in Ukrainian) — TSN, 12 June 2023, <https://tsn.ua/ukrayina/minoboroni-diysno-kuplyalo-yaycya-po-17-griven-za-shtuku-auditorska-sluzhba-2348776.html>.

¹⁴ Constitution of Ukraine, <https://zakon.rada.gov.ua/laws/show/254%D0%BA/96-%D0%B2%D1%80#Text>.

¹⁵ The last «major» reform of the national judicial system occurred in 2016 (On Amendments to the Constitution of Ukraine (concerning justice). Law of Ukraine, «Vidomostu Verkhovniyi Rady», 2016, No. 28, p. 532).

¹⁶ Funding of courts in Ukraine will be reduced by almost UAH 3 billion: what indicators are included in the State Budget 2023 (in Ukrainian), <https://sud.ua/uk/news/publication/249263-finansuvannya-sudiv-v-ukrayini-skorotyat-mayzhe-na-3-mlrd-grn-yaki-pokazniki-zakladeni-u-derzhbyudzh>

¹⁷ At the beginning of the full-scale invasion, more than 2,000 judgeships of various instances remained vacant in Ukraine; the HCJ did not work due to the lack of a quorum, and the HQCJ was not elected, although the powers of its previous composition were terminated prematurely in 2019, <https://suspihne.media/466199-golova-radi-suddiv-pro-robotu-sudiv-pid-cas-vijni-konkurs-do-vkks-spravi-sodo-voennih-zlociniv-ta-suddiv-na-fron>.

¹⁸ The former Chief Justice of the Supreme Court was remanded in custody for 60 days with bail set at over UAH 107 million, <https://www.radiosvoboda.org/a/news-kniazev-aresht-sud/32417841.html>.

With the onset of full-scale invasion, some judges and court staff have voluntarily joined the Armed Forces of Ukraine and the territorial defence units. Dozens of court buildings were completely destroyed by hostilities and massive rocket attacks. However, in the government-controlled areas, courts continue to operate as usual, administering justice under martial law. Both the High Council of Justice,¹⁹ which was «renewed» in January 2023, and the High Qualification Commission of Judges,²⁰ which was put together in mid-2023, should have contributed to the improvement of their work. Not only the appointment of new judges, prompt elimination of the talent shortage in the courts and timely consideration of dismissals of judges will depend on the effectiveness of the HCJ and HQCJ, but also the resolution of other issues directly related to the professional activities of judges, judicial self-government and professional discipline of judges.²¹

The full-scale invasion has also adversely affected the organisation of the Constitutional Court of Ukraine (CCU). Since February 2022, its «productivity» has fallen to the all-time lowest (critical) levels of operation. More specifically, the Court's Grand Chamber (that is, the entire composition of the CCU judges) in 2022 adopted four decisions, and its Senates, based on the results of consideration of constitutional complaints, adopted eight decisions; in the first half of 2023, these indicators included, respectively, only one decision of the Grand Chamber and one decision of one of its Senates.²² Moreover, the so-called «internal» situation in the CCU as a body of constitutional jurisdiction seems to have played and will continue to play a significant role in this situation. After all, since September 2022, the Court has been operating in the de facto absence of a full-fledged leadership, as CCU judges have failed to elect the CCU President

and Deputy President several times in a row. All this time, according to the current legislation, the oldest age-wise judge has been acting as its President.

In addition, since December 2022, the CCU has been forced to have only 13 judges out of 18 provided for by the Constitution of Ukraine. Three positions of CCU judges under the Verkhovna Rada quota and two positions under the Congress of Judges of Ukraine quota have remained vacant all this time. Moreover, the latter positions have not been filled by the Congress of Judges for several years already for both objective (the coronavirus pandemic) and subjective reasons. The most recent Congress of Judges of Ukraine on 11-13 January 2023 was also unable to consider the appointment of CCU judges, as the Advisory Group of Experts (AGE) had not yet been established in Ukraine at that time. According to the legislative amendments of 13 December 2022, it is AGE that is supposed to preliminarily «vet» and «assess» the «moral qualities and level of competence in the field of law» of all candidate judges for the CCU without exception before their appointment.²³

The current situation in the CCU is as close to critical as possible in terms of the possibility of organising the activities of the single body of constitutional jurisdiction as such. After all, the CCU «shall be competent to exercise constitutional proceedings if composed of at least 12 judges of the Constitutional Court» (Article 10 of the Law of Ukraine «On the Constitutional Court of Ukraine»);²⁴ All of this seems to pose a serious threat to the proper observance/implementation in Ukraine of the constitutional principles of the exercise of state power, ensuring the supremacy of the Constitution and guaranteeing human and civil rights and freedoms (Articles 3, 6, 8, 55 of the Constitution of Ukraine).²⁵

¹⁹ The HCJ is fully capable again: the Congress of Judges of Ukraine elected all members according to its quota, <https://www.slovoudilo.ua/2023/01/12/novyna/pravo/vrp-znovu-povnovazhna-zyizd-suddiv-ukrayiny-obrav-usix-chleniv-svoyeyu-kvotoyu>.

²⁰ HCJ appointed members of the High Qualification Commission of Judges of Ukraine. – High Council of Justice, <https://hcj.gov.ua/news/vrp-pryznachylachleniv-vyshchoyi-kvalifikacynoyi-komisiyi-suddiv-ukrayiny>.

²¹ On the High Council of Justice. Law of Ukraine, <https://zakon.rada.gov.ua/laws/show/1798-19#Text>.

²² Decisions of the CCU Grand Chamber, <https://ccu.gov.ua/docs/2069>; Decisions of the CCU Senates, <https://ccu.gov.ua/docs/2070> (in Ukrainian).

²³ On Amendments to Certain Legislative Acts of Ukraine on Improving the Procedure for Selecting Candidates for the Position of a Judge of the Constitutional Court of Ukraine on a Competitive Basis. Law of Ukraine, <https://zakon.rada.gov.ua/laws/show/2846-20#Text>.

²⁴ On the Constitutional Court of Ukraine. The Law of Ukraine, «Vidomosti Verkhovnoyi Rady», 2017, No.35, p.376.

²⁵ The Constitution of Ukraine, <https://zakon.rada.gov.ua/laws/show/254%D0%BA/96-%D0%B2%D1%80#Text>.

PUBLIC SENTIMENT: CURRENT STATUS AND TRENDS OF CHANGES

Sociological surveys have become an important tool for studying the state of Ukrainian society during the war. As part of the MATRA project, the Razumkov Centre's sociological service conducted four nationwide surveys providing an overview of public opinion on various issues and the most important issues to see the dynamics of change and identify certain trends.²⁶

Psychological state and assessment of the situation

Compared to the beginning of the war, Ukrainians now feel somewhat better. If in February 2022, the average score on a 10-point scale, between «0» (maximum composure and confidence) and «10» (maximum panic, fear, uncertainty), was 7.1 points, then in August 2023 it dropped to 5.6 points.

At the same time, assessments of the situation in the country have become much more positive. After the outbreak of Russia's full-scale aggression against Ukraine, the share of citizens who think that events in Ukraine are headed in the right direction has increased significantly, from 20% in December 2021 to 51% in September-October 2022, peaking in February-March 2023 (61%). During the summer of 2023, there was a slight decline in this indicator to 48%, similar to the level observed in autumn 2022. 30% of respondents believe that events are headed in the wrong direction, while 21% are undecided.

34% of Ukrainians believe that Ukraine is able to overcome the existing problems and difficulties within the next few years; 44% think that Ukraine will be able to do so in the longer term; and only 8% believe that Ukraine

is not able to overcome the existing problems (the remaining respondents are undecided). In February-March 2023, these figures were 49%, 36%, and 3%, respectively, and at the end of 2021, they were 18%, 54%, and 18%, respectively. At the same time, in July 2023, they were 43%, 42%, and 6%, respectively.

Therefore, 18 months into the war, rather optimistic sentiment and expectations prevail in Ukrainian society. At the same time, changes in responses point at their significant dependence on events at the front. For example, better assessments are observed during periods of Ukrainian forces' military successes (second half of 2022), or expectations of such successes due to increased foreign military aid and media activity (first half of 2023). At the same time, unjustified expectations lead to a decline in the relevant indicators, as observed in May-August 2023. Survey data show that other public opinion indicators are changing following this logic.

Sources of information about the war

When asked about sources and frequency of receiving information about the war, respondents mostly say that they «all the time» receive information from relatives, friends, neighbours, colleagues, acquaintances (48%), messengers (Viber, Telegram, WhatsApp, etc.) (47%), social media (Facebook, TikTok, Instagram, Twitter, etc.) (44%), and YouTube (42%).

The most frequently mentioned media outlets included the United News telethon (27.5%) and Ukrainian online media (26%). Other news from Ukrainian national TV channels and local online media were named by 17% each; radio and local TV by 11%; foreign media by 9.5%; local print media by 6%; and national print media by 5%.

²⁶ The face-to-face surveys were conducted on 22 February-1 March, 23-31 May, 5-11 July and 3-10 August 2023 in Vinnytsia, Volyn, Dnipropetrovsk, Zhytomyr, Zakarpattia, Zaporizhzhia, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Mykolaiv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Kherson, Khmelnytskyi, Cherkasy, Chernihiv, Chernivtsi oblasts and the city of Kyiv (surveys in Zaporizhzhia, Mykolaiv, Kharkiv and Kherson regions were only carried out in government-controlled areas not subject to hostilities).

The survey was based on a stratified multi-stage sampling method with random selection at the earlier stages of sampling and quota method of selecting respondents at the final stage (when respondents were selected according to gender and age quotas). The sample structure reflects the demographic structure of the adult population of the surveyed areas as of the beginning of 2023 (by age, gender, type of settlement).

A total of 2,016-2,020 respondents aged 18+ were interviewed during each survey. The theoretical sampling error does not exceed 2.3%. Additional systematic sampling deviations may be caused by the consequences of Russian aggression, in particular, the forced evacuation of millions of citizens. The survey data in tables and figures are available in this publication, p.98-136.

Those living in the East (20%) are less likely than residents of other regions (from 28% to 33%) to say that they «all the time» receive news about the war from the United News telethon; and residents of the South (17%) – that they receive news from Ukrainian online media all the time (from 24% to 30% in other regions). Also, Ukrainians living in the South and East are less likely than their compatriots in the West and Centre to receive news from radio, local television, national and local print media, and national television channels. Instead, in the South they prefer news from social media (57% said they receive it all the time, in other regions – from 39% to 46%).

The respondents are more likely to learn about the war from the United News telethon with age (their share increases from 11.5% among those aged 18 to 29 to 47% among those aged 60+). The same is true for other national TV channels (6.5% and 28% respectively), local TV (7.5% and 18% respectively), and radio (5% and 17% respectively).

On the other hand, the younger the respondents, the more often they report receiving information about the war all the time from messengers (their share increases from 23% in the oldest age group to 63% in the youngest), YouTube (23% and 56%, respectively), social media (21.5% and 65%, respectively), national online media (17% and 30%, respectively), local online media (13% and 20%, respectively), and foreign media (6% and 11%, respectively).

Respondents who speak Russian at home are less likely than those who speak Ukrainian to receive information from all types of media (TV, print and online media, both national, local and foreign), but more likely to receive information from social media, messengers, and YouTube.

Attitudes towards the state system, political values and orientations

Between 2010 and 2021, the share of respondents who viewed democracy as the most desirable system of government ranged from 48% to 56%, while those who preferred an authoritarian rule made up 18% to 24% of respondents. According to the survey conducted in September-October 2022, that is, after the outbreak of the full-scale

Russia-Ukraine war, the share of the former increased to 68%, while the share of the latter dropped to 11.5%. In May 2023, these trends continued, as the share of democracy supporters further increased to 73%, while the share of those cheering for authoritarianism decreased to 9.5%.

The importance of living in a democratic country assessed on a scale between «1» (not important at all) and «10» (very important) remained virtually unchanged in 2017-2023, ranging between 8.1-8.3 points, which is higher than in 2011, when it was 7.3 points.

In recent years, the total share of Ukrainians who believe that the democratic political system is «rather good» or «very good» for the country has increased from 86.5% in 2017 to 93% in 2023, with particularly noticeable growth of those who consider democratic system «very good» (from 36% to 57%).

Support for a system with «a strong leader independent of parliaments and elections» was highest in 2017, when as many as 80% considered it «rather good» or «very good» for the country. However, the latest poll shows that support for this system has dropped to 62% and remains far behind the public support for the democratic system. At the same time, 58% of respondents consider both of these systems good, apparently seeing no contradiction between them.

Support for the system in which «experts, not the government, make decisions that they consider best for the country» was also highest in 2017, when 69% of Ukrainians thought of it as «rather good» or «very good», but according to the latest survey, its popularity dropped to 61%.

The large-scale war has led to an increase in the share of those who consider the system ruled by the military or a military regime to be «rather good» or «very good» (up to 28%), compared to 12% in 2017. However, the overwhelming majority of Ukrainians (71%) still consider such a system to be bad.

It should be noted, however, that 26% of Ukrainians consider both the system ruled by the military or a military regime and the democratic system to be good (91% of those who support the military rule also consider

the democratic system to be good). In other words, «martial law» is largely perceived as a means of protecting democracy amidst military confrontation with an aggressor.

Over the past six years, citizens were increasingly positive about the level of democracy in the country's governance. The average score describing how democratically Ukraine is governed (on a 10-point scale, where «1» means «not democratically at all» and «10» stands for «very democratically») has increased from 3.8 in 2017 to 5.1 in 2020 and to 6.2 in 2023.

Two-thirds of respondents believe that Ukraine is not yet a fully democratic state but is moving towards democracy (an increase from 54% in 2010 to 67% in 2023). Over the same period, the share of those who believe that Ukraine is a fully democratic state has increased from 12.5% to 18%, and the proportion of Ukrainians who believe that their country is not a democratic state and is hardly moving towards democracy has dropped notably from 21% to 7%.

Assessment of the ability to influence government actions. Compared to 2020, the share of Ukrainians who feel that the political system does not allow them to influence government actions has decreased from 34% to 28%. At the same time, the total share of those who believe that the system allows people like them to influence government action «absolutely» or «sufficiently» has also reduced from 17% to 12%. This happened against the increase in the number of respondents who feel that Ukraine's political system allows people like them to influence government actions only «partly» (from 18% to 27%), as well as those who think that although opportunities for citizens to influence the government do exist, they are still insufficient (from 25% to 30%).

The respondents' assessment of the ability to influence government actions is related to the level of internality. In particular, those respondents who feel that the political system «absolutely» allows people like them to influence government actions rate their ability to influence and define their own lives at 7.1 points on a scale from 1 to 10, where «1» means «have no influence at all» and «10» means «have strong influenced». Meanwhile,

those who believe that the system does not allow people like them to influence the government actions at all scored only 4.9 points on the above scale.

In general, citizens' assessment of the extent to which they are able to influence the course of their own lives has remained virtually unchanged over the past few years, ranging from 5.8 to 6.2 points on a ten-point scale. Meanwhile, the share of those who consider themselves a free person has increased from 62% to 84% since 2021.

Political values. When asked to decide what is more important to them – freedom or equality – 75% of respondents choose freedom (71% in 2022, and 64% in 2020).

However, when given the choice between freedom and security, Ukrainians are more likely to choose the latter (54.5%), while 44% choose freedom. Yet, even in the situation of a large-scale war in the country and the enormously increased relevance of security issues, the choice favouring security is now significantly lower than in 2020, when 66% of Ukrainians preferred this option.

When faced with the choice between freedom and prosperity, Ukrainians are increasingly choosing freedom. If in 2010, the shares of those who preferred freedom and those favouring prosperity were roughly equal (32% and 30%, respectively), then in May 2023, the share of the former increased to 51%, while the share of the latter reduced to 23%.

Political orientations. When assessing their political views in the «left-right» coordinate system on a scale from «1» (left-wing) to 10 (right-wing), Ukrainians give them an average score of 5.8 points, which is not particularly different from 2017 (5.3 points). That is, the political position of most Ukrainians can be described as «centrist» (68% of respondents rated it with points from 4 to 7).

Although only 17% of respondents trust political parties, as many as 38.5% of them answered positively when asked whether they see any political forces among the existing ones that could be entrusted with power after the war. Approximately the same number (41%) answered negatively. In the West, a

relative majority (48%) answered «yes» to this question, while in other macro-regions, a relative majority (44% to 49%) answered «no».

According to 51% of respondents, a political force that can be entrusted with power in the post-war period can emerge from the military environment; 26% believe that it can emerge from existing political parties; 24% – from the volunteer community; 18.5% – from civil society organisations; 17% – from among the humanitarian or technical intellectuals; and 8% – from the business community.

Among those who see particular political forces among the existing ones that may be entrusted with power after the war, 55% feel that such a political force could emerge from existing political parties. However, 56% of them believe that such a political force could emerge from the military. In particular, 60% of the residents of the Western, 50% of the Central, 49% of the Southern, and 42% of the Eastern regions share this opinion.

Compared with other regions (from 16% to 26%), people in the West are more likely to admit that such a political force could emerge from existing political parties (37%). There are also more respondents in the West (31%) than in other regions (from 20% to 26%) who believe that such a force could emerge from the volunteer environment. In contrast, more residents of the South (36.4%) expect the emergence of such force from among humanitarian or technical intellectuals, compared with other regions (from 12% to 19%).

Trust in state and public institutions, assessment of government actions

The most trusted state and public institutions in Ukraine are the Armed Forces (93% of respondents trust them), volunteer units (87%), volunteer organisations (83%), the State Emergency Service (81%), the National Guard of Ukraine (81%), the President of Ukraine (80%), the State Border Guard Service (78%), the Ministry of Defence (75%), the Security Service of Ukraine (67%), the National Police (61%), mayors of the respondents' cities/towns (60.5%), NGOs (60%), the Church (58%), the media (56%), and the councils of cities/towns where the respondents live (55%).

Also, more often than not people trust the National Bank of Ukraine (48% vs 40% of those who distrust) and the Ukrainian Ombudsperson (42% and 34%, respectively).

In contrast, most respondents express distrust in courts (the judicial system as a whole) (70%), political parties (68%), the state apparatus (officials) (67%), the Prosecutor's Office (60%), the Verkhovna Rada of Ukraine (56%), the National Agency on Corruption Prevention (NAZK) (55%), the National Anti-Corruption Bureau of Ukraine (NABU) (54.5%), the Specialised Anti-Corruption Prosecutor's Office (54%), commercial banks (54%), and the Cabinet of Ministers (52%). Also, more often than not people distrust trade unions (45% vs 25% of those who trust this institution).

Also, while trust in institutions directly involved in countering the aggression, as well as in local governments, remained at approximately the same level in 2023, the level of trust in government institutions (except for the President) has considerably decreased.

Trust in politicians, officials and public figures. Among the politicians, officials, and public figures who were assessed in the most recent survey, respondents most often expressed trust in Volodymyr Zelenskyy (81%), Vitaliy Kim (71%), Serhiy Prytula (55%), Mykhailo Podoliak (52%), and Oleksiy Danilov (52%).

More trust than distrust was expressed in relation to Vitaliy Klychko (48% and 35.5%, respectively), Oleksiy Reznikov (43% and 35%), Dmytro Shmyhal (41% and 38%), Serhiy Sternenko (34% and 23.5%), Vasyl Maliuk (33% and 15.5%), and Ihor Klymenko (32% and 17%).

The following personalities invoke more distrust than trust, namely Davyd Arakhamia (49% and 21.5%, respectively), Andriy Yermak (42% and 38%), and Ruslan Stefanchuk (36% and 31%). Most respondents do not trust Yulia Tymoshenko (78%), Yuriy Boyko (76%), Petro Poroshenko (71%) and Oleksiy Arestovych (65%).

With few exceptions, the situation with trust for almost all of the above individuals has somewhat deteriorated during 2023.

Assessment of government actions during the war. When assessing the government's performance between February–March 2023 and August 2023, most Ukrainians believe that the government is coping²⁷ with the challenges in national defence (82%), energy supply (80%), foreign policy (75%), administrative services (69%), humanitarian aid to victims (62%), assistance to IDPs (61%), education (57%), health (54%), social protection and pensions (53%).

Negative assessments outweigh positive ones when it comes to the government's efforts in the fight against corruption and unemployment, creation of new jobs, restoration of lost housing, war on crime, justice, as well as addressing the problems of veterans. Almost equal shares of Ukrainians positively and negatively assess of the government's performance in economy (in general) and the reconstruction of the country.

Therefore, Ukrainians are rather positive about the government's efforts to repel aggression and ensure the current vital activity of society, but more critical about the situation in the traditionally «troubled» areas of fighting corruption and crime, as well as overcoming the long-term consequences of aggression and post-war reconstruction. Obviously, when it comes to the latter, a somewhat more critical assessment of the government's capacities may also be reinforced by restrained expectations of continued support from Ukraine's international partners.

Assessment of corruption in the government and its individual institutions. According to the latest survey (August 2023), 51% of citizens believe that the level of corruption in the country is higher than before the war. In February–March 2023, this opinion was also shared by many – the relative majority (33%) of Ukrainians. The proportion of those who believe that the level of corruption has decreased over this period has dropped from 21% to 13%; also, the proportion of those view the level of corruption as the same as before 24 February 2022 has decreased from 30% to 25%.

Speaking of individual government institutions, Ukrainians rate the corruption of the President of Ukraine the lowest at 4.51 points

(on a 10-point scale, where «1» means «no corruption» and «10» stands for «very high level of corruption»). NGOs fighting corruption scored 5.37 points, and the NABU received 6.06 points. The level of corruption in local and regional authorities was assessed at 6.11 and 6.47 points respectively, followed by the Presidential Office (6.51) and the Ministry of Defence (6.62). The Cabinet of Ministers and the Verkhovna Rada were given the worst scores at 7.1 points and 7.62 points respectively. The level of corruption in the Ukrainian government as a whole collected 7.44 points. Compared to February 2023, the scores of all of the above actors have deteriorated within the range of 0.5–1.04 points.

The dynamics of public opinion in this regard seems quite logical, as during this time, the media published a lot of materials about corruption – not only in the state and local authorities, but also in military institutions, including TRSSCs and the Ministry of Defence. In addition, such information is a «priority» for the media and is usually the subject of active discussion in social media.

Socio-economic well-being

Assessment of the situation in the economic sphere. Ukrainians are traditionally rather sceptical about the economic situation in the country – in May 2021, eight months before the full-scale war, 60% of respondents described it as «very bad» or «rather bad» (and only 5% as «good» or «very good», with 32% of «neither bad nor good» assessment). In September–October 2022, seven months into the war, the share of citizens rating the economic situation as «very bad» or «rather bad» increased to 64.5%. However, the survey in February–March 2023 showed a reduction of negative assessments even compared to the pre-war period, as 55% of respondents now assess the economic situation as «very bad» or «rather bad»; 4% as «good» or «very good»; and 37% as «neither bad nor good».

Respondents generally assess their family wellbeing better than the economic situation in the country. In May 2021, only 36% assessed it as «very bad» or «rather bad»; 48% as «neither bad nor good»; and 14% as «good» or «very good». In September–October 2022, the share

²⁷ The total of answers «deals very well» and «deals rather well».

of Ukrainians who viewed their family wellbeing as «very bad» or «rather bad» slightly increased to 39%, while the share of those who considered it «good» or «very good» dropped to 10%. According to the February-March 2023 data, the assessments of family wellbeing, just like the assessment of the economic situation in the country, have somewhat improved, approaching figures recorded in May 2021: 35% rated it as «very bad» or «rather bad»; 50% as «neither bad nor good»; and 12% as «good» or «very good». This may be evidence of citizens' adaptation to the situation created by the war.

Before the war (May 2021 survey), Ukrainians did not particularly believe in rapid changes in the economy – only 12% thought that the country's economic situation would improve in the next 3 months, and 13% hoped that their family wellbeing would improve during the same period. More often than not, citizens expected the situation to worsen in the months following the survey: 22% said that the country's economic situation would worsen, and 18% thought that their family wellbeing would change for the worse. However, the most popular answer was no change in the situation in 3 months (56% and 57% of respondents, respectively, did not expect changes in the economic sphere and wellbeing of their families).

In September-October 2022, the share of those expecting the economic situation to worsen increased significantly to 35% (mostly due to the reduction to 37.5% of the share of those who used to believe that the situation would not change), while only 9.5% thought that the situation would improve. However, according to a February-March 2023 survey, the share of those expecting the economy to deteriorate over the next 3 months decreased to 23%. At the same time, the share of respondents anticipating the improvement has increased to 13%, just like the share of those who believe it will not change (to 45%).

Interestingly, the expectations of change in the short term are now less pessimistic than in December 2020: back then, 41% of respondents expected the economic situation in the country to worsen over the next 3 months, and 32% expected such a deterioration in their own family wellbeing.

After the onset of a large-scale war, economic expectations in the medium term (2-3 years) improved significantly. More specifically, the share of respondents expecting the country's economic situation to improve in the next 2-3 years increased from 30% in May 2021 to 43% in September-October 2022 and to 52% in February-March 2023. The shares of those expecting the situation to worsen decreased and amounted to 21%, 15%, and 11%, respectively. Similar reduction was observed in the shares of those who thought that the situation would not change (26%, 14%, and 11%, respectively).

The same trend is observed in expectations of changes in family wellbeing. The share of those expecting their family wellbeing to improve in the next 2-3 years increased from 29% in May 2021 to 41% in September-October 2022, and to 49.5% in February-March 2023. Instead, the proportions of Ukrainians expecting a deterioration in wellbeing decreased and amounted to 16.5%, 13%, and 10%, respectively, just like the share of those who thought that family wellbeing would not change (27%, 16.5%, and 13%, respectively).

Prosperity level. Despite a certain psychological adaptation to changes in the economic situation during the war, 21% of respondents admit that their family's income has significantly decreased since 24 February 2022, and for 32%, it has slightly decreased. 36% report that their income has not changed; 5% say that it has slightly increased, and 1% admit that it has significantly increased.

Ukrainians living in the Western region are less likely to report a decrease in income, as only 41% of them said that their income had decreased, either significantly or slightly. The drop in income is more frequently reported by those who have lived for some time in the areas of hostilities or in the areas subject to artillery shelling (60%), as well as by those who were forced to leave their places of residence during the war but have now returned home (61.5%).

The share of people who say they barely make both ends meet and lack money even to buy necessary products has been growing, from 9% in June 2021 to 14% in March-February 2023. The same growth was observed among

those who can afford only food and some essential inexpensive goods (from 38% to 42%), while the share of those who in general «have enough to live on, but it is quite difficult to buy durables such as furniture, refrigerator, TV» decreased from 44% to 34%. Meanwhile, the cumulative proportion of those who «live a comfortable life but still unable to make major purchases such as an apartment or car» and those who «can afford virtually everything we want» (7.5% and 7%, respectively) has not changed statistically.

Citizens' financial situation significantly depends on their age. Thus, the wellbeing of the elderly is particularly low – 29% of those aged 60+ admitted lacking money even to buy necessary products (in other age groups, the figure ranged from 6% to 11%), and 50% said they could only afford food and some essential inexpensive goods (in other age groups, the figure ranged from 35% to 45%). It should be noted, however, that self-assessment of own financial situation by the oldest age group has not changed statistically compared to 2021, while middle-aged and younger people now consider it worse than in 2021 (the share of those who say «in general, they have enough to live on» has decreased, while the share of those who admit that they can only afford food and some essential inexpensive goods has increased).

Those respondents who have lived for some time in the area of hostilities or areas subject to artillery shelling tend to assess their family wellbeing worse than the rest of Ukrainians – in particular, 16% of them admitted lacking money even to buy necessary products, and 53% said they could only afford food and some essential inexpensive goods. The same is true for those who had lived for some time in the occupied territory (19% and 63.5%, respectively), those who were forced to leave their places of residence and move elsewhere in Ukraine during the war (11% and 53%, respectively).

Sources of income. According to respondents' reports, their main source of income is a permanent job (40%), pension (24%), income of other family member(s) – spouses, parents (11%), temporary work or part-time jobs (8%), financial assistance from various sources (5%), business income (3%), previous cash savings

(2%), student scholarship and other sources (both 1%).

Those who were forced to leave their place of residence but have now returned home are more likely than the rest of Ukrainians to admit living on temporary work or part-time jobs (15.5%) and the income of other family members (20%). Respondents who travelled abroad during the war but had returned to Ukraine at the time of the survey are much more likely to report living on the income of other family members (29.5%), as well as on temporary work (15%), and less likely to say that their main source of income is a permanent job (30.5%) and a pension (7%).

Those who had to live in the temporarily occupied territory are less likely to mention a permanent job as their main source of income (22%). The same applies to those who have lived for some time in the area of hostilities or the area subject to artillery shelling (32.5%), but they are somewhat more likely to name financial assistance as their main source of income (9%).

When describing changes in work regime after 24 February 2022, 35.5% of respondents report no changes – they continue to work as before. 6% said that they had fully or partially switched to remote work with full pay; 3% fully or partially switched to remote work with partial pay; 1% went on a fully paid long-term leave, and another 1% went on a partially paid leave. 3% did not have a job before 24 February 2022, but they work now. 7% of respondents said they had lost their jobs (another 1% said they had gone on unpaid leave), while 29% said they had not worked or had no job before the war and do not have one now (this includes both pensioners and the unemployed, housewives, students, and people with disabilities).

Residents of the Western (45%) and Central (39%) regions are more likely than others to report working as before, while these numbers in the South (15%) and East (25%) are much lower. The shares of those who lost their jobs are as follows: 14% in the East, 10% in the South, 6% in the Centre, and 4% in the West.

Those who were forced to leave their place of residence and move elsewhere in Ukraine

during the war are less likely than other respondents to report working as before (27%). The same is true about those who have changed their place of residence but have already returned home (24%), those who spent some time abroad (23%), those who lived for some time in the area of hostilities or the area subject to artillery shelling (27%), and those who had to live in the temporarily occupied territory (16%).

Compared to all respondents, there are more people who lost their jobs among those who were forced to leave their place of residence and move elsewhere in Ukraine during the war (18%), as well as among those who changed their residence but have already returned home (14%), among those who had to live in the temporarily occupied territory (17.5%), and among those who lived for some time in the area of hostilities or the area subject to artillery shelling (15.5%).

The number of people who have fully or partially switched to remote work with full salary is higher among respondents who were forced to leave their place of residence and move elsewhere in Ukraine during the war (18%). The same applies to those who changed their place of residence but have already returned home (24%), and those who spent some time abroad (21%).

Those respondents who had a job both before the war and are currently employed were asked how their salary has changed since 24 February 2022. 45% of them reported that it had not changed, while almost as many (43%) said it had decreased. Only 8% admitted it had increased.

Humanitarian situation

37% of respondents answered positively to the question «Do you have relatives or close acquaintances (military or civilian) who were killed or injured as a result of hostilities or shelling after 24 February 2022?»

28% of respondents have close relatives or family members who moved abroad after 24 February 2022 and were still there at the time of the survey; 20% have relatives or family members who went abroad after 24 February 2022 but had already returned to Ukraine at the time of the survey. As many

as 8% have both relatives who are still abroad and those who have already returned.

Among respondents whose close relatives or family members have lived or are still living abroad, Poland (47%), Germany (18.5%), and the Czech Republic (9%) were the most frequently mentioned countries of residence.

When asked whether they had encountered any problems with utility services after 24 February 2022, respondents complained about periodic power outages (96%), absence of Internet access (74%), absence of mobile service (72%), water supply outages (50%), heat supply outages (35%), difficulties with the transmission of meter readings (20%), technical difficulties in paying for utilities (19%), and gas supply outages (16.5%).

75% of respondents reported having a water reserve at home. Also, many respondents have powerbanks (63%), another electric battery for powering household appliances (23%), lighting devices with rechargeable batteries (56%). Also, 33% of households stocked up with heating sources independent of centralised supply (wood, coal, pellets or oil products), 10% have an electrical generator, and 4% have solar panels of different sizes and capacities.

21.5% of respondents said that they or their families had received humanitarian aid from various organisations and institutions since the beginning of the war, and 15% received one-time humanitarian assistance. As many as 58.5% of the residents living in the East and the South have received humanitarian aid once or several times since the onset of the war, while in other regions these numbers are lower (37% in the Centre and only 12% in the West). The elderly (aged 60+) are most frequent recipients of humanitarian aid (48%), while this proportion in other age groups ranges between 30% and 34%.

The most frequent recipients of such assistance included citizens who lived for some time in the temporarily occupied territory (81%), those who stayed in the area of hostilities or the area subject to artillery shelling (78%), those who had to leave their place of residence and moved elsewhere in Ukraine during the war (74%), and those who had spent some time abroad (63%).

For the most part, humanitarian aid was provided to the poorest segments of the population, including 47% of those who reported lacking money even to buy necessary products, and 43.5% of those who could only afford food and essential inexpensive goods. At the same time, as many as 22% of those who had enough to live on, also received such aid.

10% of respondents received humanitarian aid from the UNHCR Office; 11% from other international humanitarian and volunteer organisations; 8% from the Ukrainian Red Cross Society; 10% from other Ukrainian humanitarian and volunteer organisations; 10% from religious associations; 9% from state institutions and local governments of their city (village), rayon or oblast; 2% from the company or institution where they or their family members work; and 3% reported a relative or friend sharing some humanitarian aid with them.

Assessment of changes in healthcare during the war. 52% of respondents reported visiting Ukrainian health facilities after 24 February 2022; 42% did not visit them because there was no need to do so; and 6% could not visit because they had no such opportunity. The latter answer is particularly common among residents of the Eastern region (14%).

49% of the respondents think that the healthcare situation has not changed since 24 February 2022. For 22%, it has worsened, and 7% feel that it has improved. The lower is the respondents' wellbeing, the more likely they are to indicate that the situation has worsened (from 11% of those who said they «to have enough to live on» to 26% of those who lack money even to buy necessary products) and very unlikely to indicate that the situation has improved (11% and 4%, respectively) or has not changed (58.5% and 48%, respectively).

The most common problems encountered by Ukrainians in health sector after the start of war included a significant increase in the price of necessary medicines (53%), inability to buy necessary medicines because of their unavailability (26%), reduced quality or inability to receive health services due to air raid alerts or power outages (25%). Another 18% complained that doctor's appointments or surgeries

were cancelled due to air raid alerts or power outages; 15% were unable to contact a doctor or call an ambulance due to communication issues; and 12% could not receive certain health services because of hostilities or martial law. Other problems included the absence of a narrow specialist (9.5%) or a family doctor (8%) who moved abroad or to another, as well as damage or destruction of a relevant health facility (2%).

Compared to other regions, Ukrainians living in the East are much more likely to mention the destruction of a health facility (7%), as well as the fact that narrow specialist they needed to see (20%) and their family doctors (19%) had gone abroad or to another region.

Assessment of problems in educational sector. Respondents who said that they or their children or grandchildren are studying at a secondary, vocational or higher education institution in Ukraine identify the following problems in the educational sector: reduced quality or inability to receive educational services due to air raid alerts or power outages (74.5%); distance learning leading to lower quality of knowledge (71%); impossibility to get quality distance learning due to communication issues (70%); and impossibility of conducting in-person classes (65.5%). Another 15% said that teachers had moved abroad or to another region. 8% reported that their schools had been damaged or destroyed (16% in the Eastern region), and 7% had to change their schools because of the occupation.

Foreign policy issues

Attitudes towards foreign countries, international organisations and associations. When asked to share their attitudes towards foreign countries, respondents are particularly positive about Poland (94%), the United Kingdom (91%), Lithuania (91%), Estonia (90%), Latvia (90%), Canada (90%), the Czech Republic (88%), the United States (88%), the Netherlands (86%), France (86%), Germany (85%), Moldova (82.5%), Slovakia (82.5%), Israel (75%), Japan (74%), Turkey (72.5%), Georgia (70%), Romania (69%), Armenia (66%), and Azerbaijan (65%). A relative majority (46%) have a positive attitude towards India. At the same time, negative attitudes are most often expressed towards Russia (94%), Belarus (81%), Iran (73.5%), China (60%), and Hungary (46.5%).

A negative attitude towards Russia sweeps across all regions – from 90% of those living in the East to 97% of residents of the Central region. Similarly, 95.5% of those who speak mostly Ukrainian at home, have a negative attitude towards Russia, while among Russian-speakers this figure is slightly lower at 88%.

While in April 2014, a relative majority (45%) of Ukrainians expressed a positive attitude towards Russian citizens, then in June 2017, roughly the same share of Ukrainians (42.5%) was already neutral about them. According to the latest survey, only 2% of respondents expressed a positive attitude towards Russians, 77% were negative, and 14% had a neutral attitude.

A positive attitude towards Russians is mostly expressed in the East and South (4% of residents), and then reduces to 2% in the Centre and 0% in the West. Negative attitudes are expressed by 70%, 56.5%, 80% and 84% respectively. Among those who speak Ukrainian at home, 0.6% are positive about Russian citizens, and among those who speak Russian – 5%. 82% and 59.5%, respectively, have a negative attitude.

The overwhelming majority (97%) of Ukrainians have a negative attitude towards the Russian government and the State Duma.

Speaking of international organisations and associations, most respondents are positive about the European Union (89%), NATO (79%), the UN (70%), the International Monetary Fund (64.5%), the International Committee of the Red Cross (63%), the OSCE (58%), and a relative majority have a positive attitude to the IAEA (48%). At the same time, 65% of respondents have a negative attitude to the CIS.

Attitudes towards foreign politicians. Most respondents express positive attitudes towards Boris Johnson (87%), Andrzej Duda (86%), Joe Biden (83%), Ursula von der Leyen (61%), Emmanuel Macron (59.5%), Recep Tayyip Erdogan (58%), and Justin Trudeau (51%). A relative majority of those polled are also positive about Olaf Scholz (50%) and Rishi Sunak (45%).

An overwhelming majority (97%) of Ukrainians have a negative attitude

towards Vladimir Putin, who is followed by Aliaksandr Lukashenka (92%), Viktor Orban (60%), Angela Merkel (52%), Xi Jinping (51%), and Donald Trump (49%).

Assessment of foreign assistance to Ukraine. Most Ukrainians (58%) believe that foreign humanitarian aid to Ukraine in its war against Russia is sufficient, while 27.5% think it is not. Also, 63.5% consider foreign assistance in providing shelter for refugees to be sufficient, while 20% share the opposite opinion. These assessments have remained virtually unchanged compared to September-October 2022.

The opinion about military and technical assistance as insufficient did not change either, with 69% of respondents believing so, and only 23% considering it sufficient. At the same time, while in September-October 2022, a relative majority (45%) considered international political support for Ukraine insufficient (vs 38% who considered it sufficient), now this relative majority (49%) consider it sufficient, while 38% share the opposite opinion.

Assessment of the government's foreign policy. 78% of those polled assess the Ukrainian government's foreign policy in the war positively, and only 6% negatively. The overwhelming majority of residents of all regions (from 73% in the East to 81% in the Centre) have a positive perception of the foreign policy, including 83% among those who trust President Zelenskyy and 51.5% among those who do not trust him.

Respondents highly appreciate the effectiveness of Ukraine's foreign policy in all areas, including strengthening relations with countries and international organisations (87.5% of positive answers), improving Ukraine's international image and its authority in the world (86%), expanding the group of allied countries that support Ukraine in countering Russian aggression (86%), winning external support to resist Russian aggression (86%), promoting Ukrainian initiatives on international platforms (86%), disseminating objective information in the world about the Ukraine war (85.5%), fostering EU and NATO integration (81% and 78%, respectively), protecting the rights of Ukrainians abroad (72%), and promoting the interests of Ukrainian business in global markets (67%).

Attitudes towards joining the European Union. If a referendum on Ukraine's EU accession was held in the near future, 79% of all respondents or 92% of those who intended to participate in the referendum would support joining this organisation, while 7% and 4%, respectively would vote against it. For comparison, in March 2021, 59% of all respondents or 80% of those who intended to participate would vote for EU membership, while the shares of those voting against it were 26% and 17%, respectively.

According to the latest poll, most Ukrainians, specifically 86% in the West, 82% in the Centre, 73% in the East, and 56% in the South, would vote for Ukraine's EU membership. The shares of those who would vote against are 3%, 5%, 11%, and 17%, respectively. Among those who speak mostly Ukrainian at home, 81.5% are going to vote for EU accession vs 5% of those who are against this move, while these proportions among Russian-speakers are 70% and 12%, respectively.

The younger the respondents, the more likely they are to vote for EU accession – the share of such respondents increases from 70.5% in the oldest (60+) group to 83.5% among those under 30.

Attitudes towards joining NATO. If a referendum on Ukraine joining NATO was held in the near future, 74% of all respondents or 87.5% of those who intended to participate in such a referendum would vote for joining the Alliance, while 8.5% and 5%, respectively, would vote against this move. In June 2017, supporters of joining NATO amounted to 48% of all respondents or 69.5% of those who intended to participate in the referendum. The shares of opponents made up 33% and 26%, respectively.

According to the latest poll, 85% of all residents of the Western region, 77% of the Central region, 65% of the East and 54% of the South would vote for joining NATO. The shares of NATO opponents are 4%, 5%, 14% and 21%, respectively.

With younger age, the respondents are increasingly likely to vote for NATO membership – the share of such respondents increases

from 65% in the 60+ group to 81% among those under 30.

Speaking of those who trust President Zelenskyy, 79% would vote for NATO membership and 5.5% would vote against it. Similar shares among those who distrust the president are 45.5% and 25.5%, respectively.

Among those who speak mostly Ukrainian at home, 78% are going to vote for NATO membership, and 6.5% would vote against it. Similar figures for those who speak mostly Russian are 64% and 14%, respectively.

Belief in victory, vision of victory, attitude to negotiations with the aggressor

93% of Ukrainians believe in Ukraine's victory in the war, while only 3.3% have no such belief. Moreover, this position regarding the victory has not changed since August 2022. The overwhelming majority of residents of all macro-regions are convinced of Ukraine's victory, including those living in the East (83.5%), South (91%), Centre and West (96%). The proportions of those not believing in the victory are 9% in the East, 3% in the South, 2.5% in the Centre, and 1% of those living in the West. Among those who speak mostly Ukrainian at home, 95% believe in the victory, along with 87% of Russian-speakers. Among those who trust the President Zelenskyy, 96% believe in Ukraine's victory, and so do 78% of Ukrainians who do not trust Mr Zelenskyy.

Among those who believe in Ukraine's victory, 50% think that it will come by the end of 2023; 26% – in 1-2 years; 7% – in 3-5 years; 1% – not earlier than in 5 years; and 0.4% think it is unlikely in their lifetime.

What situation would Ukrainians consider a victory? For the most part, a victory means driving Russian troops from the entire territory of Ukraine and restoring borders as of January 2014 (47% of those who believe in Ukraine's victory) or destroying the Russian army and promoting insurgency/disintegration within Russia (31%). Interestingly, the share of the latter has increased (22% in December 2022), while the share of the former has decreased (54% in December 2022). There are also fewer people who would be satisfied with the

expulsion of Russian troops from the entire territory of Ukraine except for the occupied Crimea (reduction from 8% to 4%).

According to the latest poll, 5% of respondents would consider driving Russian troops behind the 23 February 2022 line and stopping the war a victory, even if the Russian army holds on to the territories occupied after 24 February 2022.

The total percentage of Ukrainians who associate victory with restoring the January 2014 borders or destroying the Russian army and promoting insurgency/disintegration within Russia is overwhelmingly high in all regions (71% in the South, 76% in the East, 75% in the Centre, and 86% in the West).

The respondents were asked whether, after Ukraine's victory and de-occupation of its territory, they would support the complete severance of relations with the Russian Federation, up to a total ban on Russians entering Ukraine. If in August 2022, 76% would have supported such a ban and 14% would not do so, then exactly a year later the share of the former has increased to 82%, while the share of the latter has dropped to 9.5%.

The shares of those who would support such a ban are 94% in the West, 85% in the Centre, 75% in the East, and 56% in the South. The shares of opponents are 3%, 9.5%, 14%, and 18%, respectively. A complete severance of relations with Russia is also widely supported by those who speak Ukrainian (87%) and Russian (69%) at home, while 7% and 17%, respectively, do not support such measure.

Attitudes towards possible negotiations with Russia. In September–October 2022, 17% thought that negotiations «are an effective way to achieve peace that should be used now», while 64% disagreed with this opinion. In February–March 2023, the share of the former further reduced to 13%, while the share of the latter increased to 72%.

Progressively fewer people agree with the statement that «negotiations with Russia are

possible only after its troops are driven behind the contact line as of 23 February 2022» (down from 21% to 18%), and the number of those who disagree with this has increased from 60% to 65%. In the meantime, the number of those thinking that «negotiations with Russia are possible only after its troops are driven behind the 1991 borders» has increased from 57.5% in September–October 2022 to 61% in February–March 2023, while 22% and 21% disagree, respectively.

People living in the South are more likely to agree that negotiations with Russia can begin now (26%) compared to other regions (from 6% to 15%). Also in the South, the opponents of such idea make only a relative majority (46%), while in other regions they constitute the absolute majority (from 68% to 85%).

Similarly, residents of the South are more likely than people in other regions to agree that «negotiations with Russia are possible only after its troops are driven behind the contact line as of 23 February 2022» (28% vs 13–19%).

Those who believe that «negotiations with Russia are possible only after its troops are driven behind the 1991 borders» make the majority in all regions, from 56.5% in the South to 65% in the West.

Thus, despite expectations of a rapid offensive by Ukrainian forces in the summer of 2023 and the liberation of all occupied territories, the vast majority of Ukrainians believe in the country's victory in the near future (within 2 years). For most Ukrainians, victory means restoring Ukraine's 1991 borders or destroying the Russian army and promoting insurgency / disintegration within Russia. For most Ukrainians, immediate negotiations with Russia are hardly the most effective way to achieve peace; instead, the condition for such negotiations should be driving Russian troops behind the 1991 border of Ukraine. After Ukraine's victory and the de-occupation of its territory, the majority of its citizens would support a complete severance of all relations with the aggressor, up to a total ban on Russians entering Ukraine.

CONCLUSIONS AND RECOMMENDATIONS

The main changes in the activities of government institutions since the onset of large-scale Russian aggression consisted in the transformation of the nature, content and priorities of activities, functions and principles of interaction, in accordance with the provisions of the Constitution of Ukraine and current legislation governing the legal regime of martial law, as well as the conditions of war.

The main trends in wartime included consolidation of power around a common task – resisting aggression and ensuring the vital activity of society in war; concentration of power in the President as the guarantor of Ukraine’s sovereignty and territorial integrity, with his *de facto* control of the Parliament and the Cabinet; growth of formal and informal political influence of the Presidential Office and its leadership; increased tension between the central authorities and some local government institutions; complicated functioning of the judiciary for various external and internal reasons, along with the limited capacity of the Constitutional Court; reduced openness and accountability of government institutions; restriction of political competition both as a result of conscious consolidation of the political elite and the application of martial law regime and norms.

Concentration of power is objectively necessary in times of war, as it can increase the efficiency of the entire government system and speed up the processes of making and implementing necessary decisions. However, it poses certain risks and threats that may manifest themselves both during martial law and in transition to peace and post-war recovery.

Therefore, it is crucial for the ruling team to be aware of the «temporary nature» of their specific activities under martial law, to avoid the temptation of «transferring» them to the

post-conflict period and peacetime, and to prevent the use of certain wartime measures provided for by law to achieve goals other than those directly related to the task of winning the war.

Accordingly, if the above trends in the Ukrainian government activities can be justified or explained by the conditions of martial law, then upon returning to peacetime, they can quite expectedly trigger negative reactions both from society and international partners, affecting the internal political situation, the level of international support, and the pace of European and Euro-Atlantic integration.

The ruling team headed by President Zelenskyy proved to be rather effective in organising resistance to the aggressor and liberating the occupied territories in 2022, in adapting the economy and social sphere in wartime, in consolidating international support for Ukraine and attracting international assistance, etc. At the same time, the war has revealed defects of the government and its individual representatives, such as lack of professionalism, attempts to pursue group or corporate interests at the expense of the national interest, disregard for legal norms, secrecy from society, and outright corruption.

According to sociological research, such manifestations can offset people’s positive assessments of the government that are primarily associated with the Ukrainian forces’ successes in repelling aggression and liberating the occupied territories.

Of particular concern is the fact that, according to the latest opinion poll, half of the citizens assess the level of corruption in the country as higher than before the war.

Accordingly, there is a need for a real fight against corruption, especially in the area of ensuring the country’s defence capability, for greater openness, transparency and public control of the government (where this



will not harm Ukraine's defence goals), and for strict adherence to legal principles in the interaction of government agencies with each other and with local governments.

While finally taking its judicial system out of the state of «constant reset», Ukraine needs to adopt a professional, reasoned approach to appointments in the highest government offices, also abandoning the principles of personal or group political loyalty.

Sociological surveys conducted during the war show an increase in public demand for democratic governance, a growing value of democracy and freedom, strengthening of the foundations of national and civic identity, and

growing support for Ukraine's course towards European and Euro-Atlantic integration. There is a public demand for new political forces representing the social strata with the highest level of public trust, including the military and volunteers. It can be assumed that citizens will link these expectations to the period of return to peaceful life and post-war recovery.

Therefore, the Ukrainian government's consistency in preserving democratic principles of governance during the war, its readiness to resume work in the context of a full-fledged separation of powers and real political competition after the victory will be duly appreciated by Ukrainian society and Ukraine's international partners.

UKRAINE'S ECONOMY DURING THE WAR: LOSSES, CHALLENGES, OPPORTUNITIES, PROSPECTS FOR RECOVERY

Ukraine's economy, which has already become part of the global economy, entered 2022 with the risks and challenges inherited from the global coronavirus crisis. Deficit-ridden budgets, severed production and logistics ties, loss of the usual business environment, price destabilisation and accelerated inflation, and involuntary unemployment meant that any external influences and adversities could prove critical to further civilisational development.

As for Ukraine's economic environment, its main feature was the combination of these global challenges caused by controversial international processes, coupled with further deepening of internal economic contradictions and problems provoked by the government's weakness in establishing effective public administration. This was the reason why the country entered 2022 ignoring warnings from leading nations about the risks of aggression and was therefore not fully prepared to counter the invasion in a timely manner.

The global rise in the cost of energy, food, and agricultural commodities, coupled with the disruption of value chains and the growing volatility of financial markets, significantly affected the resilience of the global economy, which had just begun to recover from the coronavirus pressures. Moreover, the war-induced economic turmoil early in the invasion exacerbated the risks of displacing the humanitarian and democratic principles on which the civilised world was built. The countries could plunge into saving the wellbeing of own citizens, not caring much about Ukraine's fate.

However, something opposite had happened – it turned out, first, that the wellbeing of entire humanity depends to a large extent on Ukraine's economy and its ability to withstand an external invasion. Second, the events in and around Ukraine prompted world democracies to better understand the values that underpin modern civilisation, and thus to find ways to fight for their implementation.

SOCIO-POLITICAL CONTEXT OF THE UKRAINIAN ECONOMY

The large-scale military aggression of the «brotherly» country against Ukraine has radically transformed the global political, economic, security, and humanitarian map, dividing world history into «before» and «after» the invasion, and elevated the issue of war and peace to a new level of human civilisation's

self-determination. It was Ukraine that, through its own example of struggle for freedom and independence, contributed to the realisation by many countries of priorities of human development and the importance of defending economic freedom and humanitarian justice.¹

Despite the internal political «rumble», the Ukrainian authorities managed to quickly

¹ The Razumkov Centre has repeatedly addressed the issue of overcoming the crisis impact of Russian aggression.

See, in particular: Geopolitical and geoeconomic changes shaped by Russian aggression and renewal of the place of Ukraine in the world, Kyiv, Razumkov Centre, 2022, https://razumkov.org.ua/images/2022/17/2022_MATRA_IV_KVARTAL_1.pdf; How the world enters 2023: Economic prospects for Ukraine's recovery. Kyiv, Razumkov Centre, 2023, https://razumkov.org.ua/images/pdf/2023_MATRA_I_KVARTAL.pdf; Political, economic and structural consequences of Russian aggression for Ukraine and the international community. Challenges of Ukraine's economic recovery in the post-war period in view of European integration priorities. Kyiv, Razumkov Centre, 2023, <https://razumkov.org.ua/images/2023/04/21/2023-ECONOM-VIDNOVL-ENGL.pdf>. Numerous other publications are also available on the Razumkov Centre's website.

organise resistance. The Armed Forces of Ukraine promptly consolidated to counter Russian aggression and save lives, giving a worthy response to the aggressor from day one, while the government organised timely financial assistance to households and businesses, as well as facilitated the evacuation of people and the relocation of businesses from the hardest-hit areas. Moreover, perhaps for the first time in Ukraine's modern history, populism has been replaced by rationality and trust, primarily in the Armed Forces and their ability to defend the country.

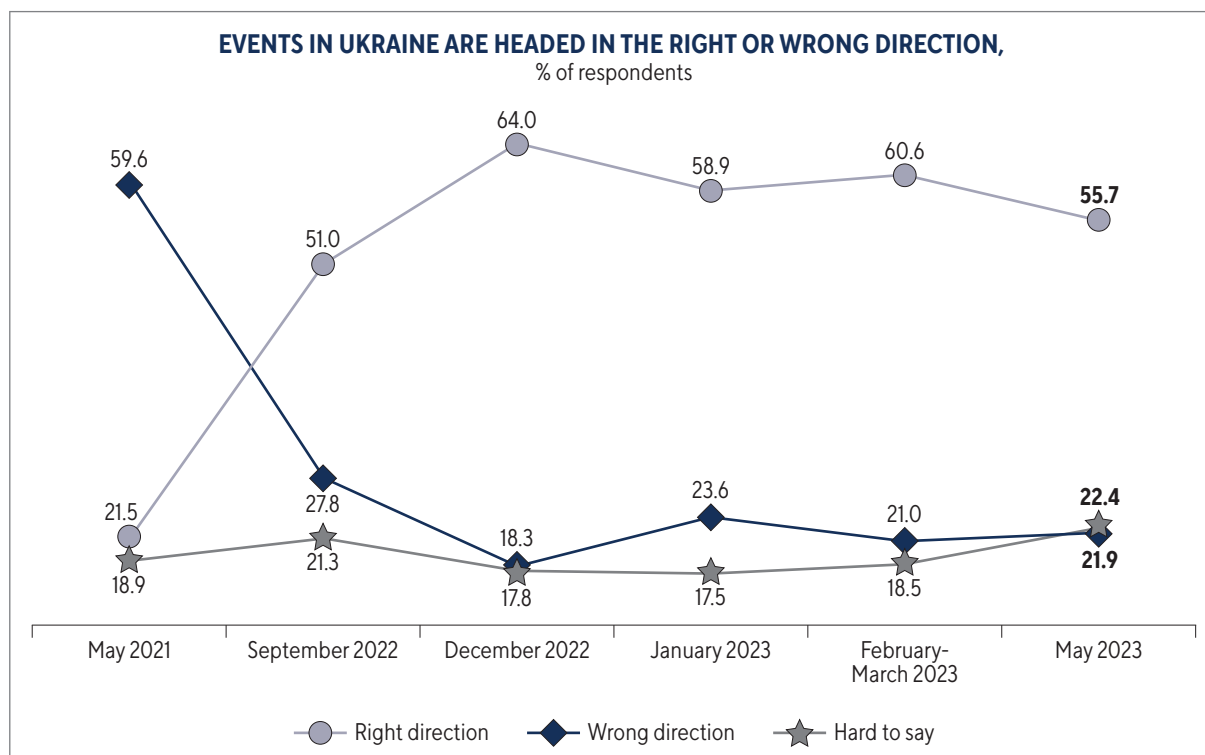
The above is clearly reflected in findings of the Razumkov Centre's sociological studies. Before the large-scale aggression, criticism prevailed in assessments of the country's development. In particular, in the middle of quiet 2021, almost 60% of Ukrainians believed that events in the country were headed in the wrong direction, while only 21.5% thought that the course of events was right (Figure «Events in Ukraine are headed in the right or wrong direction»). Such a negative emotional background in assessing the country's situation has been typical for the entire history of the

development of Ukrainian society, with the exception of brief «bursts» of social optimism – usually after another presidential election and the change of political elite.

After the nation started countering the Russian invasion, the share of those who thought that events were headed in the right direction has been steadily increasing, in particular compared to the «pre-war» figures. According to a September 2022 survey, already 51% of respondents believed that events in Ukraine were headed in the right direction, and only 28% shared the opposite opinion. In the spring of 2023, the share of the former grew even more to 56–61%, while the share of those who thought that events were headed in the wrong direction shrank to 21–22%.

The steady improvement in assessments was caused by:

- ✓ consolidation of society driven by the need to fight an external enemy;
- ✓ formation of a clear goal of social development and social action, with victory being the key concept;



- ✓ emergence of a clear idea within the «friend or foe» coordinate system, which gives a clear vision of what needs to be done first.

It is imperative for the Ukrainian government and society as a whole to maintain this unity in understanding the goals and objectives of the country's recovery, as well as their implementation. Recovery plans and projects are yet to be elaborated and approved, time and financial frameworks defined, and management and control ensured. In the meantime, the general directions of action aimed at Ukraine's socio-economic recovery should pursue two «macro goals» – the formation of the security structure of the national economy and the national economy's full integration into the European economic environment.

MACROECONOMIC ENVIRONMENT

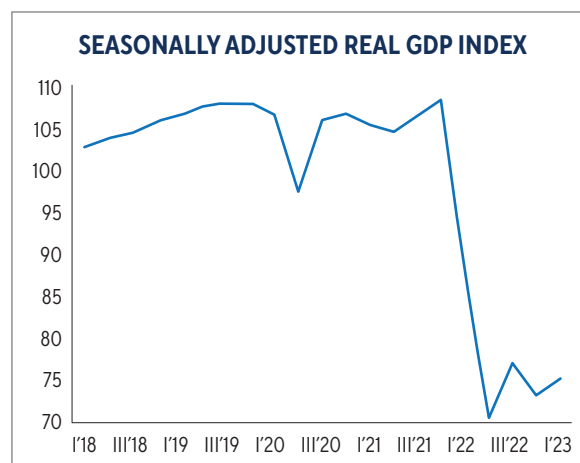
The scale of economic losses is evidenced by the results of the first year of the war. In 2022, the national economy lost 29.2% of real GDP² and 13.5 million people were forced to leave their homes. More than 7 million Ukrainians fell below the poverty line, the poverty rate reached 24%, while rebuilding and restoration of material losses is already estimated at several hundred billion dollars.³

Selected results of 2022. Although the above-mentioned drop in GDP by almost one-third is an extremely large figure, the vast majority of experts expected much more significant losses in the first months of the war. Even international financial institutions predicted that the Ukrainian economy would collapse by half. Despite this, the national economy has demonstrated a remarkable resilience, primarily due to the heroism of Ukrainians both on the battlefield and in «peaceful» activities. In particular:

- ✓ rebuilding on government-controlled areas is taking place even as hostilities continue;

- ✓ the country's energy system and infrastructure have proved to be much stronger, and therefore the impact of Russian attempts to destroy Ukraine's critical infrastructure and economy has been much less than previously estimated;
- ✓ the national banking system denied a collapse, maintained its solvency, and kept the hryvnia from shock devaluation and inflation;
- ✓ the recovery and even growth of economic activity after the first victories of the Armed Forces of Ukraine were faster than expected.

As a result, it became possible to halt the collapse already in Q3 2022, and then stabilize the economic dynamics, albeit at a very low level. (Figure «Seasonally adjusted real GDP index»).



When assessing the identified recovery trends, one should also take into account the acquired – and often non-recoverable – systemic losses:

- ✓ significant weakening of human capital in general, as well as a critical reduction in the size of the workforce, especially specialists, as a result of the mobilisation

² In the economic section (unless otherwise indicated), the authors use the statistical data available as of the end of the preparation of this publication in July 2023, officially presented on the websites of the State Statistics Service of Ukraine (<http://ukrstat.gov.ua>), the State Treasury of Ukraine (<https://mof.gov.ua/uk/state-treasury>) and the National Bank of Ukraine (<https://www.bank.gov.ua>).

³ Experts of the World Bank and the European Commission estimate the damage caused by the war in Ukraine between 24 February 2022 and 24 February 2023 at almost \$135 billion, while the reconstruction needs reach \$410.6 billion – T. Bogdan, Financial and economic consequences of war, https://lb.ua/blog/tetiana_bohdan/550614_finansovoekonomichni_naslidki.html.

of men and international migration of women, some of whom will hardly return to Ukraine even if the hostilities cease;

- ✓ collapse of industry in the East and South – regions with a significant concentration of industrial enterprises, which also determined the country's export potential (metallurgical and chemical industries). Only some enterprises were able to relocate their industrial capacities to western regions, which was not decisive for the new location of productive forces;
- ✓ destruction of production chains after the loss of many businesses engaged in supply, exports and logistics, especially those located in the areas of hostilities;
- ✓ real destruction of many infrastructure facilities, logistics and transport networks, including the blockade of ports, which significantly undermines international trade. Some of the de-blockade measures («grain corridors») concern only a part of Ukraine's export capacity but are hardly sustainable and are unlikely to operate in the second half of 2023. In other words, Ukraine's export capacity is under a long-term threat;⁴
- ✓ loss of homes and real estate by many. As a result, millions of people not only have no permanent housing, but also no prospects of having it in the next decade, which, in turn, reduces the incentives for emigrants and temporarily displaced persons to return, etc.

Peculiarities of the 2023 processes. The good news for the first 6 months of 2023 is that Ukraine's economy is gradually adapting and recovering, and at a faster pace than previously predicted. According to the State Statistics Service, in Q1 2023, the year-on-year decline in GDP was 10.5%, which is significantly better than earlier estimates of the Ministry of Economy (-14.1%) and the NBU (-13.5%). Moreover, seasonally adjusted real GDP in Q1 2023 even increased by 2.4% compared to Q4 2022.

The IMF also recognised the positive dynamics of Ukraine's economy, noting its greater resilience and better adaptability to new conditions than predicted. In particular, inflation is decreasing at a fast pace even in the face of increases in some housing and utility tariffs, while international reserves set records – as of 1 July 2023, they reached almost \$39 billion, the highest level in the history of Ukraine's independence. As a result, the IMF has improved its growth forecast of the Ukrainian economy in 2023 to a range of 1-3%.⁵

This creates further expectations that the economic dynamics in 2023 will be even better than projected in the spring. According to the NBU's April estimates, real year-on-year growth will reach 15.9% in Q2, 3.9% in Q3, and 3.7% in Q4.⁶ The continued success of the Armed Forces, which all Ukrainians wait for, will not only improve consumer and business sentiment, but also strengthen the economic capacity of domestic businesses, leading to faster real economic growth. Moreover, the inflationary component, which usually rises in times of hardship, will not have a significant impact on GDP dynamics in 2023 (Box «Inflationary expectations for 2022-2023»).

⁴ Before the war, these routes accounted for half of Ukraine's total external trade and 90% of the grain trade. – S.Torkington, Ukraine's economy will shrink by almost half this year, says World Bank, <https://www.weforum.org/agenda/2022/04/ukraine-economy-decline-war/>.

⁵ IMF Executive Board approves the first review of Ukraine's Extended Fund Facility and allocates a \$886 million tranche. <https://bank.gov.ua/en/news/all/rada-vikonavchih-direktoriv-mvf-zatverdila-pershiy-pereglyad-programi-rozshirenogo-finansuvannya-ta-vidlennya-transhu-obsyagom-886-mln-dol-ssha>

⁶ Inflation Report. April 2023, <https://bank.gov.ua/ua/news/all/inflyatsiyniy-zvit-kviten-2023-roku>.

INFLATIONARY EXPECTATIONS FOR 2022-2023

Inflationary surges have become almost commonplace for Ukrainians, and therefore no longer come as a shock. A 26% rise in prices in 2022 in times of war can be seen as totally acceptable, especially since inflation in many peaceful European countries was not much lower.

Amidst Russia-induced energy crisis, massive destruction of production and infrastructure systems, and the ensuing forced reduction in the supply of goods in the first half of 2022, inflation expectations were high, which exacerbated price spikes.

However, from day one of the aggression, European countries showed considerable support for Ukraine. A substantial portion of consumer demand in the country was met by imports, which compensated for a large part of the lost domestic supply (with real GDP falling by 29.2%, imports of goods and services decreased by only 4%), while large-scale external assistance, including humanitarian and free aid for

pensioners and the poor) helped maintain the wellbeing of the population.⁷

Two other factors are also worth noting:

- ✓ freezing of housing and utility tariffs helped to contain inflation;
- ✓ transition to a de facto hryvnia exchange rate regime has curbed inflationary import channels.

Since the beginning of 2023, inflation has shown a clear downward trend, including due to an ample supply of food and energy. There are reasons to believe that the inflationary potential has slowed down, and even possible increase in housing and utility tariffs will not lead to an inflationary surge.

However, critical risks should not be ignored, such as Russia resuming its intense air and missile attacks on both infrastructure and civilian housing. Also, food inflation in winter cannot be ruled out after possible environmental destruction similar to Russian terrorist attack on the Kakhovka Dam.

FACTOR OF GDP STRUCTURE BY CATEGORIES OF END USE FOR RECOVERY

Clearly consumer-driven model of the domestic economy is a certain obstacle to accelerating the recovery process, partially reflecting the country's rather low wellbeing, when the lion's share of produced goods and services is consumed. Even in the best periods, the level of consumption stayed at 80-95%, leaving very few resources for investment in the country. And in the initial period of external shocks (Q1 2020 and Q1 2022), consumption exceeded

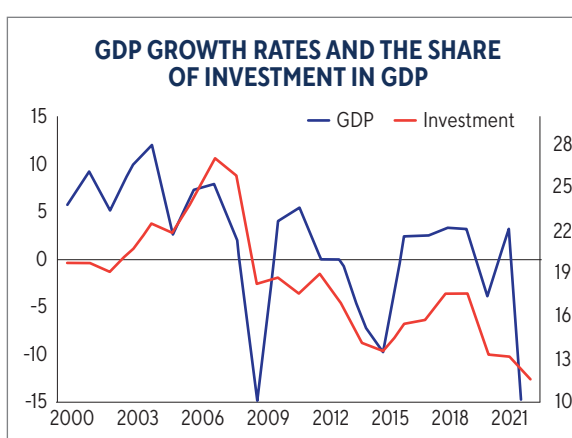
GDP (Figure «GDP structure by end-use categories»).

Partner assistance is clearly reflected in the GDP structure. In particular, the peculiarity of Ukraine's economic development in 2022 is that since Q2, the country has started receiving significant military, humanitarian, and financial assistance from partners. These external resources enabled the country not only to maintain consumption but also to expand investments that exceeded 20% of GDP – this only happened in the most successful periods of the country's development (Box «Investment as a growth factor»).

INVESTMENT AS A GROWTH FACTOR

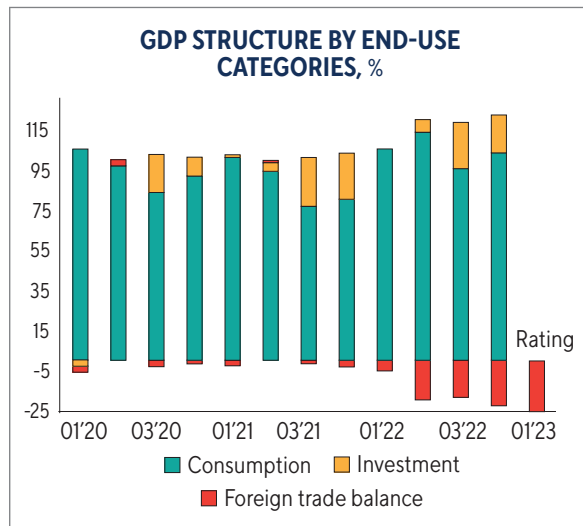
The experience of successful emerging economies shows that for economic acceleration, the share of investment in GDP should be at least 22-24%, while in many Asian countries it exceeds 30-35%. The same was true for Ukraine, when high growth rates (over 7% per annum) were maintained in 2000-2007, and the share of investment reached 20-25% of GDP (Figure «GDP growth rates and the share of investment in GDP»).

In the coming years, Ukraine's GDP will hardly exceed \$200 billion. Therefore, in order to accelerate its economy, Ukraine needs to invest about \$40-50 billion every year. Of course, domestic resources are out of the question – this figure can only be achieved through financial assistance from developed partner countries and the corresponding attraction of (foreign) labour.



⁷ Monthly Macroeconomic and Monetary Review. June 2023 – https://bank.gov.ua/admin_uploads/article/MMR_2023-06_en.pdf?v=4.

Of course, external resources injected into the national economy lead to an increase in imports and worsen the trade balance,⁸ whose growing deficit requires reliable sources of financing. External sector will be discussed in further subsections, but here it is necessary to note that external assistance increases the country's disposable income, which, even in difficult times, allows it to launch accelerated recovery processes.



Forecasts and prospects. The preliminary estimate of GDP dynamics in 2023 is positive, but various force majeure circumstances or new damaging «innovations» by Russia may cause a significant deterioration in Ukraine's economic environment. In particular, Russia's terrorist attack and the resulting destruction of the Kakhovka HPP will indefinitely delay the recovery of the agricultural sector in the southern regions. And blowing up of the Zaporizhzhia NPP, the risks of which remain high, could put a fifth of Ukraine's territory out of life.

Although the Ukrainian forces' military successes have given society the opportunity to look to the future with more confidence, it is also becoming increasingly clear that the liberation war will be long, bringing many more victims, losses and destruction. Therefore, we need to be clear-eyed about the following:

- ✓ the country will need to rebuild destroyed towns and villages for decades to come;

- ✓ for many years, Ukrainian fields will be unsuitable for agricultural work due to explosive remnant of war;
- ✓ numerous industrial facilities, including those that used to determine the structure of the national economy, will not be restored and able to produce products;
- ✓ millions of IDPs will not return to their homes, and possibly to the country in general.

The authors would like to point out a number of factors that will facilitate/inhibit the effectiveness and success of the country's recovery, which, as it was repeatedly stressed, should begin now.

Favourable factors include the following:

- ✓ reinforcement of the Armed Forces of Ukraine, which will accelerate the liberation of the country, de-occupy new territories, and improve the country's ability to defend itself from enemy bombing and sabotage attacks;
- ✓ continued provision of military and financial assistance by developed partner countries, which will strengthen Ukraine's defence capabilities, replenish foreign exchange reserves and protect the hryvnia from devaluation shock, thereby forming the basis for sustainable recovery;
- ✓ launch and implementation of international programmes and projects to rebuild Ukraine's economy (the Marshall Plan) despite the enemy's continued aggressive actions, primarily through the restoration of physical infrastructure;
- ✓ return of Ukrainians who were forced to leave the country earlier, their readiness to be involved in production processes;
- ✓ neutralisation of energy complications in Europe and recovery of aggregate demand, primarily in CEE partner countries, which will strengthen the export capacity of the domestic economy;

⁸ In Q1 2023, the foreign trade balance continued to deteriorate and reached 25% of GDP.

- ✓ better cooperation between the NBU and the government to support the real economy, etc.

The following **inhibiting** factors should not be ignored:

- ✓ long approval of measures and instruments to support Ukraine by international institutions, untimely provision of agreed financial resources, and delayed allocation of funds for political reasons, such as Ukraine's weak performance of its «homework»;
- ✓ Russia's access to the bombing systems of other unfriendly countries, which will increase the destruction and human losses;
- ✓ aggravated confrontation between the state's fiscal approaches aimed at expanding the tax base and the interests of business development and stimulation.

Meanwhile, the Armed Forces' successes give reasons to hope for the positive factors to grow stronger and for the negative ones to be consistently neutralised.

PUBLIC FINANCES

As noted, Ukraine entered 2022 with plans that completely ignored the risks of war, as evidenced by the state budget figures. At the end of 2021, the President signed the Law «On the State Budget of Ukraine for 2022», which the Verkhovna Rada adopted on 2 December. According to the document, the state budget revenues for 2022 were planned at UAH 1,324 billion (only 9.7% or UAH 117.2 billion more than planned for 2021), or 23.75% of GDP, and expenditures were to amount to UAH 1,499 billion (4.2% or UAH 61.1 billion more than in 2021), or 27.30% of GDP. National security and defence sector was to receive UAH 267.2 billion, which is fully consistent with «peacetime budgets».⁹

In other words, even the defence expenditures of the state budget showed no changes that would indicate the government's reaction to the growing risks, as Russia increasingly demonstrated its readiness for aggression. There were no plans to relocate businesses or introduce mobilisation measures, while military exercises or border strengthening measures were rather «cosmetic». This was especially true for the southern regions, which play a significant role in the country's food security.

Results of the 2022 budget implementation. Russian aggression obviously required rapid budgetary changes. The government should be commended for reorienting and increasing budgetary needs in line with wartime requirements. According to the results of 2022, state budget revenues amounted to UAH 1,787 billion (or 34.43% of estimated GDP), while expenditures reached UAH 2,705 billion (52.12% of GDP), meaning the deficit at 17.6% of GDP.¹⁰ At the same time, the state's military expenditures amounted to UAH 1,143 billion, social expenditures and law enforcement to UAH 1,403 billion, and debt service and repayment to UAH 608 billion.

The sources of financing the state budget were as follows:¹¹ 41% (UAH 1,306 billion) financed by tax and non-tax budget revenues, 35% (UAH 1,093 billion) by external loans and grants, 13% (UAH 400 billion) by monetary financing, and 9% (UAH 300 billion) by domestic borrowing. At the same time, the total military assistance to Ukraine from Western partners as of 15 January 2023 reached \$65.4 billion, or 46.5% of GDP in 2022.

In other words, the state has essentially created an unprecedented budget for Ukraine that clearly reflects the social and military orientation of public finances. This, as well as partner support and assistance, has become a significant factor in Ukraine's holding out.

⁹ Thus, defence expenditures in 2020 (UAH 120 billion) made about 9% of total state budget expenditures, or less than 3% of GDP, and in 2021 – UAH 128 billion or 8.6% of total expenditures (2.3% of GDP), which is a sign of peacetime budgets.

¹⁰ Execution of the State Budget of Ukraine. <https://index.minfin.com.ua/ua/finance/budget/gov/>.

¹¹ T. Bogdan, Financial and economic consequences of war, https://lb.ua/blog/tetiana_bohdan/550614_finansovoekonomichni_naslidki.html.

Peculiarities of the 2023 budget. Although the state budget for this year was adopted taking into account the ongoing war, it was based on overly optimistic figures. As a result, already on 21 March 2023, the Verkhovna Rada increased budget expenditures by UAH 537 billion (\$14.7 billion), with 96.5% of this increase to be used to finance the army.¹²

The state budget expenditures for 5 months (the latest available information) actually specify the expenditure structure that will be relevant for the entire 2023. Thus, out of the total budget expenditures of UAH 1,408 billion, defence expenditures amounted to UAH 745 billion (53% of total expenditures), public order and security – UAH 174 billion (12%), social protection – UAH 196 billion (14%), and all other expenditures, including healthcare, general government functions and education, will account for about 20% of total expenditures, which generally corresponds to the structure of 2022. However, there are reasons to believe that the country's budget will be further adjusted (increased) in the autumn, but the structure of expenditures will hardly change, except for possible slight increase in social protection funding.

It is obvious that the increase in expenditures, and thus the public finance deficit, requires reliable sources of funding. Facing limited domestic sources, the country's hope is partnership funding. In this context, it is important to determine which shares of the resources provided are and will be grant- and loan-based. Grant assistance would clearly be more appropriate, as it won't worsen the country's debt position. However, not all potential sponsors are ready to take such steps. Therefore, there are reasons to expect an

increase in total external debt and public debt (see the *Debt Positions* section).

Forecasts and prospects. The state of Ukraine's public finances is largely determined by the level of cooperation with the IMF. Although the IMF's decisions have not always been clear, Ukraine essentially has to comply with them.

The peculiarity of Ukraine's cooperation with this institution in 2023 was that the IMF, together with the government and the NBU, worked together on a programme for Ukraine from the very beginning of the year. Already on 31 March, the IMF Executive Board approved a four-year \$15.6 billion loan programme to support the country's economy as it battles Russia's invasion.¹³ Moreover, on 3 April, Ukraine received the first tranche of \$2.7 billion.¹⁴ Inclusive of these funds, the amount of assistance received by Ukraine from partners in Q1 2023 reached \$13.6 billion, and the NBU's international reserves exceeded \$32 billion.

An important general clarification is that implementing the new IMF programme, despite being an important historic decision, may prove difficult for Ukraine, as performance will be measured against 19 structural benchmarks, including institutional requirements (government's transparency and accountability, compliance with the rules of the game, tackling corruption, etc.)¹⁵ In the past, it was the institutional tasks that proved to be the most difficult for Ukraine.¹⁶ Therefore, it is natural that the IMF will closely monitor Ukraine's progress, especially in fighting corruption.

So, already in late May 2023 – only two months into the programme – the government

¹² Law of Ukraine «On Amendments to the Law of Ukraine 'On the State Budget of Ukraine for 2023' concerning Provision of Expenditures for the Security and Defence Sector», <https://zakon.rada.gov.ua/laws/show/2992-20#Text>.

¹³ Shalal A., et al. IMF approves \$15.6 bln Ukraine loan, part of \$115 billion in global support. – <https://www.reuters.com/world/europe/imf-board-approves-156-bln-loan-ukraine-source-2023-03-31/>.

¹⁴ IMF Executive Board approves the first review of Ukraine's Extended Fund Facility and allocates a \$886 million tranche. <https://bank.gov.ua/en/news/all/rada-vikonavchih-direktoriv-mvf-zatverdila-pershiy-pereglyad-programi-rozshirenogo-finansuvannya-ta-vidilennya-transhu-obsyagom-886-mln-dol-ssha>.

¹⁵ The list of 19 structural benchmarks of the EFF programme includes ten fiscal and four anti-corruption benchmarks – Interfax-Ukraine, <https://interfax.com.ua/news/economic/901538.html>.

¹⁶ In view of the exceptionally high uncertainty caused by Russia's war against Ukraine, the programme will involve a two-phased approach. The first phase will focus on securing macroeconomic and financial stabilisation during the war. The second phase, once active combat has subsided sufficiently, will focus on further entrenching macroeconomic policies and embarking on a more extensive set of structural reforms, support sustained growth, and facilitate Ukraine's path to the EU.

of Ukraine and the IMF reached a Staff-Level Agreement on the First Review of the IMF programme. According to the IMF press release, Ukraine has consistently met the quantitative performance criteria and structural benchmarks. Consequently, on 29 June 2023, the IMF Executive Board approved the First Review of the Extended Fund Facility (EFF) arrangement and disbursement of the second tranche of SDR 663.9 million (about \$886 million) to Ukraine.

One more important feature of the current stage of Ukraine's cooperation with the IMF deserves attention. After the first and rather successful review of the EFF arrangement, the IMF published an updated Memorandum, adding 4 structural benchmarks.¹⁷ On the one hand, this demonstrates confidence in Ukraine's ability to implement complex reforms. Moreover, these requirements for reforms are quite rational, from restoring medium-term budget preparation and updating the Public Debt Management Strategy to adopting Budget Declaration. These areas are crucial for the consistent transition of public finances to a peaceful rather than force majeure track. On the other hand, this imposes additional restrictions on a country at war, which must spend all available resources on defence. The Ukrainian authorities should be more persistent in drawing the attention of international institutions to the possibility of reforms in the face of aggression.

MONETARY AND BANKING SECTOR

In the first weeks of the invasion, Ukrainians were seriously concerned about the NBU's ability to maintain hryvnia's purchasing power and prevent its shock depreciation, preserve cash resources and citizens' savings, and prevent the collapse of the country's banking system. It should be acknowledged that the NBU achieved a positive result thanks to its institutional rulemaking, that is, timely adoption of decisions that determined the monetary peculiarities at the times of war.

Results of 2022. Particularly important in the institutional context was the adoption of

the basic principles of monetary policy for the period of martial law by the NBU Council on 15 April 2022,¹⁸ which ensured the reliable and stable functioning of the country's banking and financial system, and provided for the maximum support for Ukraine's defence needs along with the smooth functioning of the public finance system and critical infrastructure.

One of the peculiarities was that under martial law, the NBU could support the state budget by purchasing Ukrainian government securities on the primary market – a temporary institutional possibility arising from the martial law legislation. More importantly, the adopted Basic principles were to be in effect not only temporarily during the martial law regime, but also, if necessary, for some time after its lifting, until the country's economy and financial system returned to normal.

Today, more than 18 months into the war, it is safe to say that the country's monetary policy has been effective and successful. Let's take a look at the following positives:

- ✓ the NBU's efforts to slow down inflation and the use of exchange rate effects to do so should be considered correct. Clear effects are typical for the domestic economic environment: the weakening of the hryvnia accelerates inflation (including as a result of imports), while the strengthening of the hryvnia contributes to price stabilisation and higher purchasing power of households;
- ✓ the reliable and uninterrupted functioning of the banking and payment systems was vital in preserving Ukraine's political and economic environment during Russian aggression. The NBU took a number of restrictive measures in a timely manner, including a fixed exchange rate, certain administrative restrictions on FX markets (purchase and sale and currency transfers), and a sharp increase in the key policy rate, which reduced the risks of negative imbalances.

¹⁷ IMF adds 4 more structural benchmarks to EFF arrangement for Ukraine – «Economichna Pravda», <https://www.epravda.com.ua/news/2023/07/7/702015/>.

The National Bank of Ukraine Council adopted the Basic principles of monetary policy for the period of martial law. <https://bank.gov.ua/ua/news/all/>.

Throughout the entire period of countering the aggressor, the NBU remained an important «replenisher» for the state budget, especially in the first months of the war and during periods of temporary delays in foreign aid. Such support for state needs should undoubtedly continue in the future.

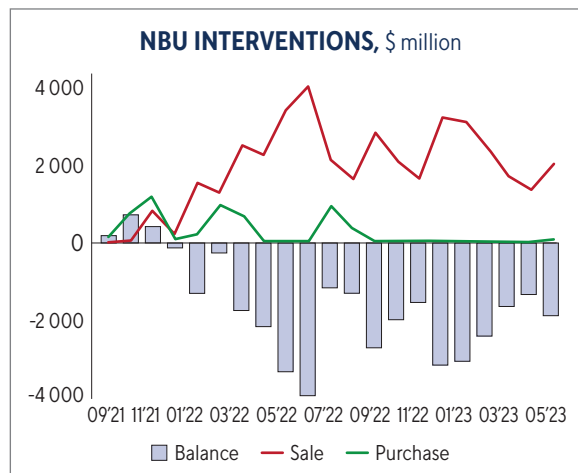
In terms of monetary policy, the NBU timely abandoned inflation targeting and switched to a de facto fixed exchange rate regime, which had a clear stabilising effect on the business environment and on the expectations of economic agents. NBU's interventions are a recognised and effective tool for supporting the national currency, which has kept the hryvnia exchange rate at a fixed level of UAH 36.57/\$1 for almost a year now. Of course, interventions eat away foreign exchange reserves, which the country needs not only to ensure currency support, but rather to equalise the balance of payments, cover trade deficits, and make foreign debt payments.

The NBU had to use its reserves to carry out interventions to support the hryvnia (Figure «NBU Interventions»), which became possible thanks to the broad financial support from partners. In 2022–2023 (as of the end of May), the NBU's net sales of foreign currency on the interbank FX market amounted to \$35.4 billion.

The NBU's ability to successfully manage the national currency's dynamics through interventions, the key policy rate, and temporary restrictive measures – even in the face of external shocks – is a sign of the central bank's growing role, and thus of the confidence of households and businesses.

Negative values of interventions here mean that the NBU's foreign currency sales exceed its purchases.

Preservation of household resources. The growth of this confidence was also facilitated by the NBU's active policy of preserving household resources, which is also a socially significant policy area. Moreover, given that loans to residents are consistently decreasing due to high estimates of non-return risks, households will probably have to rely on their own savings in future expenses, which requires preserving their real value.



Negative values of interventions here mean that the NBU's foreign currency sales exceed its purchases.

It appears that the domestic banking system is coping with this task, as evidenced by the rapid growth of household deposits, mainly due to timely and full payments to the military – from UAH 774 billion to more than UAH 1 trillion (a historical record) at the end of the year, which is also evidence of confidence in the banks' ability to preserve people's money.

Other ways to save money are traditionally associated with currency in cash – as the difficulties aggravate, households try to «store up» cash (usually US dollars), which under any circumstances have a recognised value for all economic agents. However, the associated benefits for households have a downside for the monetary system, namely devaluation pressure on the hryvnia, which will require new FX interventions and a loss of the country's foreign exchange reserves.

Therefore, the NBU effectively banning the free purchase of foreign cash from the very first days of the aggression was totally justifiable. As a result, the volume of purchases and sales on the cash markets dropped to a minimum, with a zero balance (only the previously purchased volumes were sold).

An important adaptive feature is that the NBU not only applied restrictive tools but also allowed for elements of liberalisation as soon as the financial situation improved. For example, in July 2022, along with the official devaluation of the hryvnia (abandoning the fixed rate of UAH 29.25/\$1 and setting a new official exchange rate of UAH 36.57/\$1), the NBU allowed individuals to purchase

non-cash foreign currency from banks and then place it on time deposits for a period of at least 3 (later 6) months – purchase of foreign currency on deposits with a reverse sale at the NBU exchange rate. In these settings, real dollars do not leave the banking system, which can be seen as «easing» pressure on the cash FX markets. At the same time, some households' funds become «tied» and unable to quickly go to the cash markets, creating certain, albeit minor, anti-inflationary effect.

Challenges to monetary stabilisation. The NBU will soon have to address a number of difficult issues regarding the monetary policy's future direction. Below are several possibilities, each of which poses significant challenges and may yield contradictory results:

- ✓ Keeping the key policy rate high has a depressing effect on the real sector's development and dynamics. The NBU will probably try to ease its interest rate policy, which may affect financial stability. Although the NBU's mandate does not oblige the central bank to actively support economic dynamics, overcoming the crisis requires expanding the money supply and facilitating access to funds;
- ✓ The continuation of the current hryvnia exchange rate, although a factor of macroeconomic stabilisation, will, amidst high inflation, increase the real exchange rate and thus worsen financial conditions for exporters, also producing a depressing effect on production processes, especially in industry.

Positive practices of preventing or mitigating devaluation and inflation risks, also with due consideration of the above «reverse» effects, will likely require a continued search for instruments, which, being somewhat specific to the country's current financial environment, are associated with dollar assets that the population trusts. The NBU has demonstrated its willingness and ability to do so.

RISKS AND CHALLENGES FOR THE REAL SECTOR

2022 was a historic year for Ukraine, when the country managed to withstand enormous challenges and losses and demonstrate its high capacity for recovery. 2023 is associated with the beginning of stabilisation processes, strengthening of the macroeconomic environment, and healing of the real sector's wounds. While launching an accelerated recovery is not yet possible, it is the resilience of key activity areas that forms the basis for positive changes, despite the enemy's attacks.

First of all, let's turn to certain areas and types of activity, the loss of which because of the war is unlikely to be ever compensated.

Industry. Ukraine's industry suffered perhaps the most critical losses as a result of Russian aggression. In 2022, industrial production shrank by 36.7%, and this primarily concerns the mining and metals sector, which has long been Ukraine's «calling card» and has received significant «supportive» resources.¹⁹ Even in 2021, there was a noticeable increase in production, which laid foundations for further expansion of both steel production and exports.

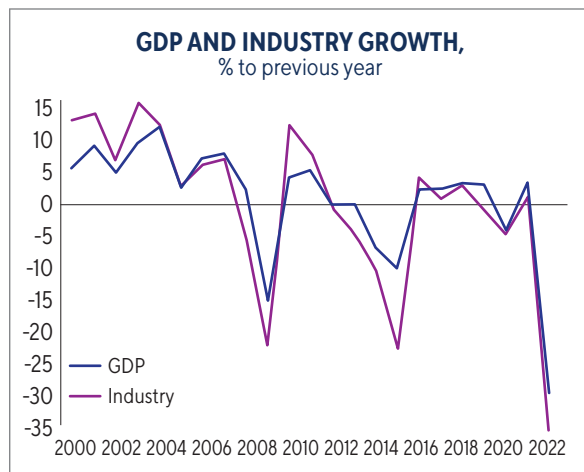
However, the war changed everything, and today it is clear that after losing major Mariupol plants (Azovstal and Ilich Iron and Steel Works) and suffering from the blockade of sea exports, Ukraine will fall out of the list of top metallurgical producers and exporters, also showing a significant decline in industrial production in general. It is unlikely that the metallurgical group will regain its position in domestic exports, at least without significant structural changes and large-scale investments in the latest metallurgical technologies.

Although the share of industry in Ukraine's GDP has notably decreased since the mid-2000s, **it is industry** that mostly **creates needs and demand** for transportation, logistics, service and distribution networks, and so on,²⁰ that is, has a systemic impact

¹⁹ It should be noted that not all industries suffered equal losses. In particular, food production declined by 21%, textile production by 31%, and production of chemicals and chemical products by 62%.

²⁰ Y. Yakymenko et al. The Year of President Zelensky: Achievements and Miscalculations – Kyiv, Razumkov Centre: Zapovit, 2020.

on economic dynamics in general (Figure «GDP and industry growth»). Therefore, industry's depression or delay in its recovery means heavy losses for the entire economic environment of the country.



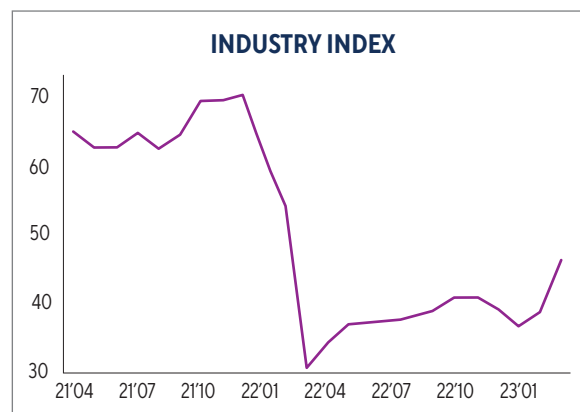
Moreover, positive expectations and intentions can be easily ruined by the aggressor. Unfortunately, new risks have emerged capable of not only bringing additional economic losses but also slowing down the country's recovery in general – these are massive bombardments of large industrial facilities and critical infrastructure, primarily related to the life support of the population – electricity, water supply, and heating, which is especially critical in winter.

Back in November 2022, Ukrainian cities and villages switched to dosed electricity supply, and rolling blackouts and emergency power cuts became commonplace. In addition to inconveniences for households, long-term electricity limitations mean shorter production hours for many industrial enterprises and virtually all consumer services; and as a direct consequence, a deterioration in the performance of the domestic economy.

Although Ukrainians have demonstrated a remarkable adaptability to such enemy provocations, incidents of this kind will unbalance the country's macroeconomic

environment and exert negative psychological pressures. This, in addition to the current business climate, could also reduce the domestic labour market. About 8 million of Ukrainians are already abroad, mostly women, children and the elderly. If the bombing continues, millions more vulnerable people may be forced to join them.

Nevertheless, it is safe to say that the national economy and business have generally managed to minimise losses and have adapted to the difficulties of war. This can be confirmed by the fact that the industry already stopped falling in the summer of 2022, and since the beginning of 2023, despite numerous enemy provocations, it has been consistently maintaining an upward trend in production (Figure «Industry Index»), including measures to set up defence production.²¹



A general remark should be made about industrial recovery. In recent years, Ukraine has lost its potential to produce defence equipment. This has materialised not so much in the decline in arms sales on foreign markets as in the enormous shortage of domestically manufactured weapons in the first weeks of Russian aggression. It was only thanks to partner assistance that the situation was gradually improving. However, from a strategic viewpoint, it will be extremely difficult to achieve an adequate level of security without domestic production of competitive products.

²¹ Ciaramella E. How the West Can Secure Ukraine's Future. – FOREIGN AFFAIRS, https://www.foreignaffairs.com/ukraine/how-west-can-secure-ukraines-future?utm_source=ctw&utm_medium=email&utm_campaign=buttonlink&mkt_tok=ODEzLVhZVS00MjlAAAGMPBq33TZr2gx3gKIFLQ8jV1toESLjLOWUW4rcUfmR-nrGHYI8zlw9D0I6vfiXpXm76zrD-VqJsaMNZ89uVsyZvqybP5LMYX9G2P7KnU.

As noted above, this necessitates a synchronous major acceleration of the economy, especially industry, and strengthening of the security sector. Combining these goals lies within the defence and military industries.

Agricultural sector. Russia's aggression has significantly damaged the domestic agricultural sector, which, nonetheless, is likely to remain a leader in the country's recovery. This sector is a major contributor to Ukraine's exports, which are critical for ensuring global food security, as well as maintaining domestic foreign exchange reserves, a stable hryvnia and macro-financial balance.

In previous years, Ukraine has secured a spot among the leading global grain exporters, particularly wheat. Although the war has affected Ukraine's wheat exports and its share in global exports has dropped from 9-11% to 7-9%, there are reasons to believe that Ukraine will be able to increase supplies to international markets as soon as the military situation returns to normal.²²

This is evidenced by the fact that Ukraine's agricultural goods and food products exports suffered much less than total exports, falling by about 10-12%. This relatively small decline is because the country's agricultural and food sectors already have a strong demand for their products on international markets, as well as to the grain deal. Therefore, one can assert that the grain deal and the formation of grain hubs on Ukraine's western borders have stabilised Ukrainian agricultural and food exports, which has also allowed to determine the supply of such goods on domestic markets, producing a stabilising effect on domestic consumer markets.

However, a general caveat is in order. The grain deal is based on agreements with Russia and mediated by Turkey. It remains unclear whether it is ethical to conclude agreements amidst the ongoing aggression. It seems that the government should think about alternative ways of domestic exports, even though this is an extremely difficult task.

The relevance of this area increases, because the grain deal expired in July 2023, and at the time of writing it was unclear whether the agreement would be in place, which Russia objected to, while Turkey assured that it would continue. In fact, there are few alternative ways to supply grain to foreign markets,²³ given the «dissatisfaction» of farmers in some CEE countries with the supply of Ukrainian grain to Europe. However, the significance of arranging grain exports is growing, as in 2023 Ukraine will be able to harvest a much smaller crop than in 2022, due to increasing losses of agricultural land (mine contamination, flooding, infrastructure destruction, etc.).

Ukraine already has a significant potential for the production and export of agricultural products that are in steady and strong demand around the world. Preserving and increasing logistics services linked to agricultural production and food industry, especially in the face of the sea blockade, is a fundamental task that can generate resources for the country's recovery in the relatively short term. Of course, this should be reflected in the upcoming Strategy for Agriculture and Rural Development, as well as in the programme principles for its implementation, which are in line with European integration processes.

New potential champions. When assessing the current state of the economy and its immediate prospects, it is necessary to identify industries and sectors that could become new «calling cards» of a revived Ukraine — economic champions. So far, it is not about leading enterprises, but possible areas for rapidly catching up with economic losses.

First, it is about a very attractive niche that has been growing in Ukraine over the past decade and remained virtually unaffected by the war — provision and trade of services in the field of «telecommunications, computer and information services» (ICT), an area that is becoming an increasingly important global factor in economic development. According to the World Bank, access to the Internet in Ukraine has been dynamically expanding and

²² This is about wheat only, but Ukraine is also a major exporter of corn, sunflower, oil, etc.

²³ The so-called Danube corridor is still under development and has a low capacity.

improving over the past ten years, allowing more professionals and ordinary users to connect to global networks. The growth in exports of relevant services was particularly significant. Moreover, the sector's growth was much less dependent on external problems. Even in the pandemic year of 2020, ICT exports grew by 19.6%; in 2021 the growth exceeded 37%; and in the crisis year of 2022, these exports grew by 6%.

Second, it is about the country's engagement in the European Green Deal, which is becoming even more relevant in the context of Russia's military aggression. Increasing the share of renewables in the electricity, transport and heat sectors is part of Ukraine's European integration commitments, which, despite the transformation challenges, can help the country achieve energy and economic independence. Ambitious aspirations have already been declared to create a new sector – production, transportation and supply of hydrogen based on investments from EU countries. This sector is attractive for investors because the EU sees hydrogen as a critical factor in the energy transition.

Third, it is about the development of defence and military industries focused on the production – either independently or in cooperation with foreign companies – of the widest range of weapons, which, on the one hand, can be used to defend the country and strengthen the position of the EU's eastern outpost, and on the other hand, can help occupy worthy export niches in one of the most economically profitable spheres.²⁴

Of course, the search for new champions is a very difficult and ambitious task that requires, above all, persistence and rational public policy.

Integration orientation. Significant positive expectations for improving the economic

environment and economic recovery are associated with decisions, initially adopted in 2022, and their further technical implementation – on «energy visa-free regime» (Ukraine's power system has already become an integral part of the European one), «economic visa-free regime» (exemption of Ukrainian business products from all tariffs and quotas), «transport visa-free regime» (liberalisation of road transport), and «customs visa-free regime» (further integration of Ukrainian customs with the European one). All this will facilitate the expansion of international trade and Ukraine's integration into European production, transport and logistics networks. In the meantime, a positive shift for exporters may be due to improved transport, primarily by rail, as maritime transport remains blocked. This, however, requires the expansion of the European-standard railway network that implies serious investment.

Ukraine's integration support is not limited to these «visa-free regimes». For example, in June 2022, the heads of states and governments of the Three Seas Initiative (TSI), which brings together 12 EU countries located between the Baltic, Black and Adriatic Seas, allowed Ukraine to participate in all TSI projects as a partner country.²⁵ The European Commission also added Ukrainian logistics routes to the four Trans-European Transport Network (TEN-T) paths. In particular, the North Sea-Baltic Corridor was extended to Ukraine, creating favourable conditions for the development of the country's transport infrastructure.²⁶ At the same time, funding is expected for the eastward extension of Via Carpatia, while other «exotic» transportation projects are also being considered.²⁷ It seems that now is perhaps the best time to fill such projects with Ukrainian content.

The government of Ukraine should also be credited for taking appropriate integration steps. For example, the Cabinet of Ministers

²⁴ In particular, Ukraine has a significant potential in producing modern weapons, which is discussed in greater detail in the security and defence section of this publication.

²⁵ O. Kunytskyi, Three Seas leaders agreed on a partnership for Ukraine – <https://www.dw.com/uk/lidery-initsiatyvy-trokh-moriv-pohodyly-partnerstvo-dlia-ukrainy/a-62195728>.

²⁶ Y. Bolzhelarskyi et al., Restoration of local cross-border railway connections as a way to solve the global problem of transport systems integration – <https://www.railway.supply/uk/vidnovlennya-lokalnih-transkordonnih-zalozhnykh-spoluchen-yak-shlyah-virishennya-globalnoi-problemi-integracii-transportnih-sistem/>

²⁷ For example, Poland and Ukraine are implementing a cross-border pipeline project to deliver Ukrainian vegetable oils to the port of Gdansk, which will partially unblock Ukrainian food exports.

passed a directive establishing a delegation to negotiate and sign the Single Market agreement between Ukraine and the EU. The EU's Single Market programme is a 7-year funding programme for the EU for the period of 2021-2027. It is designed to facilitate access to markets, create a favourable business environment, develop and grow businesses, ensure the competitiveness and sustainability of individual companies and entire sectors, which is extremely important for Ukraine as an EU candidate.

Moreover, Ukraine is pursuing integration outside Europe as well. In particular, it has applied to join the Trans-Pacific Partnership,²⁸ one of the largest free-trade-based alliances in the world. This will allow Ukraine to engage in free trade with 11 countries in the Asia-Pacific – the most dynamic region in the global economy. This is a rational and bold step that should strengthen the economy and facilitate the country's integration into global economic structures.

The war has significantly weakened the administrative and fiscal control over businesses that remained in the country. Moreover, this weakening allowed many of them to remain afloat. Therefore, certain economic measures introduced during the war should continue in peacetime, including:

- ✓ reduced taxation, rent and social payments for those businesses that have suffered the most from the aggression but continue to operate;
- ✓ increased special funding and financial support for enterprises that produce and supply military and defence products, as well as medical and protective equipment;
- ✓ targeted financial and monetary support for small and micro enterprises, the introduction of wider credit lines, and deferred loan repayments for those

enterprises that continued to operate during the war.

However, such measures are likely to be opposed by the IMF, which insists on expanding, or at least restoring pre-war parameters of the tax base, even in the face of ongoing war. Obviously, the solution to the most urgent and strategic problems of the real sector lies in the rational interaction of the government and business, whose joint decisions could be supported by international financial institutions.

FOREIGN TRADE AND DEBT POSITIONS

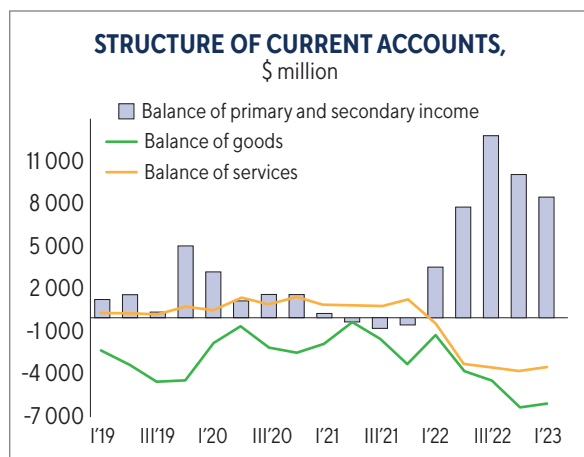
Russia's large-scale aggression, which has caused significant human losses and destroyed thousands of residential and industrial buildings, has disrupted economic ties inside and outside the country, most of which are unlikely to be restored.

Following Russian aggression in Donbas in 2014, the country also underwent large-scale transformations, in both economic and geographical terms. At the time, exports and imports of goods fell by 30% and 33%, respectively in just one year, and the reduction in export potential (primarily industrial) was mainly due to the loss of part of Donbas. The large-scale war that broke out in February 2022 not only caused foreign economic losses but also transformed the «traditional» structure of the balance of payments.

Balance of payments transformation in 2022. The foreign trade indicators in 2022 underwent significant changes. An important feature is that, despite the huge foreign trade deficit in goods and services, the current account balance was positive at \$8.6 billion. This was due to a high inflow of resources from income items, the so-called primary (mostly wages paid by foreign employers) at \$9 billion and secondary (partner assistance) at \$23.4 billion (Figure «*Structure of current accounts*»). These two items, which helped

²⁸ Ukraine has applied to join the Trans-Pacific Partnership – mind.ua, <https://mind.ua/news/20259663-ukrayina-podala-zapit-na-priednannya-do-transihookeanskogo-partnerstva>

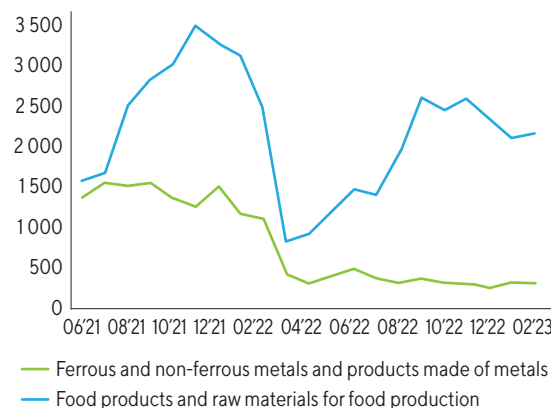
prevent the collapse of the balance of payments, are evidence of the international community's unequivocal support for Ukraine.



The negative impact had rapid but different implications across activity areas. For example, figures of the main export commodity groups almost halved – in March 2022 (the first full month of aggression), food exports fell by 55%, mainly due to a decrease in grain exports by 53.5%, while exports of ferrous and non-ferrous metals plunged by more than 60% (Figure «Main components of the export commodity structure»). Unfortunately, metallurgy is unlikely to recapture its leading position in Ukraine's export earnings in the coming years, as most of its capacities were concentrated in the South and East of Ukraine and are now completely destroyed.

In the agricultural sector, where exports have been restored thanks to the so-called grain deal, the situation is controversial. On the one hand, exports by sea are the most beneficial for Ukraine. On the other hand, it is already clear that Russia is not going to stop its provocations even if the deal is extended, while NATO or the UN refuse to provide security for ships carrying Ukrainian grain. In addition, although Ukraine has not negotiated directly with Russia but only contacted the UN and Turkey, it will have to indirectly accept the aggressor's terms, including on the inspection of ships. It seems that in times of war, even indirect agreements of this kind are neither correct nor acceptable.

MAIN COMPONENTS OF THE EXPORT COMMODITY STRUCTURE, \$ million



Therefore, Ukraine needs to multiply its political and diplomatic efforts aimed at creating alternative routes for domestic exports, such as expanding investments in rail transshipment in the cross-border regions of Poland and Romania. This generally fits in with the task of creating a new, Europe-oriented cross-border infrastructure.

Another noteworthy feature concerns trade in services. In previous years, a certain part of trade deficit in goods was covered by a surplus in trade in services. In 2022, the enemy's actions torpedoed the domestic system of services and destroyed trade in services. Only thanks to partners' entry (imports of services increased from \$14.4 billion to \$25.3 billion) did Ukraine remain in the global services trade system, albeit with a deficit of \$9.1 billion. Therefore, in 2022, the deficit in trade in goods and services reached a historic high of \$23.8 billion (or 16% of estimated GDP).

Meanwhile, trade in services can offer an important benchmark for further transformation processes. The only area, where exports performance not only did not suffer but even improved, is the export of ICT, or «telecommunications, computer and information services» according to NBU classification. If total exports of services in 2022 amounted to \$16.2 billion, then ICT exports alone exceeded \$7.5 billion, which is slightly less than half of the 2022 total and 5% more than in the successful 2021.

Peculiarities and prospects for foreign trade in 2023. During the first five months of 2023, there was a rather significant decrease in exports of goods (from \$17.8 billion to \$15.6 billion) and an increase in imports (from \$20.4 billion to \$25.3 billion), compared to the previous year.²⁹ Trade in services also continued to decline. As a result, the foreign trade balance showed almost threefold reduction (over 5 months, the deficit exceeded \$14.2 billion, or 55% of the full-year deficit of the previous year). This is largely due to accelerated economic activity and the growth of aggregate demand – consumer and investment demand for private reconstruction, which is a significant accelerator of imports. At the same time, private transfers from abroad and partner assistance almost doubled, which was not enough to balance the current account balance (\$1.4 billion deficit in 2023 vs \$3.1 billion surplus in 2022).

In terms of commodity trade, Ukraine already holds niches that help make use of the country's relative and absolute advantages. Recently, there has been considerable concern in the world about food security, possible food shortages or high food prices, which has intensified after Russia's aggression.

Demand for food and products used in food industry will continue to grow globally. And the basis of such products is cereals – a commodity that, on the one hand, largely determines the level of national food security, and on the other hand, the country's place in international supplies, that is, the share of the country's exports in world exports.³⁰ Therefore, agricultural production and the food industry is and will be strategic areas for Ukraine as leading contributors to foreign exchange earnings.

As already mentioned, Ukraine has to step up recovery programmes and projects, as external assistance is not endless. First of all, despite all the difficulties and delays, the second half of 2023 should see the launch of

the Marshall Plan projects. However, one can expect some contradictory effects.

First, there will be a significant increase in imports of goods and services that will be used to meet consumer and recovery project needs. If in 2022, the growth in imports was driven by the country's survival needs («compensation» for losses directly caused by the war), then further growth in imports will be associated with the start of recovery and broad structural transformations through the use of new approaches and technologies. At the same time, exports will grow at a much slower pace. As ever, this will result in the growing foreign trade deficit and additional pressure on the exchange rate.

Second, the inflow of (investment) capital within the Marshall Plan projects may intensify, financing part of Ukraine's trade deficit. At the same time, significant resources to help Ukraine will probably continue to come from partner countries, and this will fully cover the emerging deficit and help strengthen the hryvnia.

Debt positions. Rather high macro-economic risks in early 2022 were associated with Ukraine's external debt positions. However, these risks were localised, primarily thanks to assistance from partner countries.

In the first three quarters of 2022, Ukraine managed not only to sustain its debt burden but also to reduce both its total external debt and the NBU's debt dependence on the IMF (Table «*External Debt of Ukraine*»). The reduction in debt obligations was due to timely repayments even in the face of limited access to new loans on the capital markets. Meanwhile, the IMF's extremely cautious (at the time) position on Ukraine's support is surprising. Moreover, it is in stark contrast to the positions of many other creditors of Ukraine, as leading developed nations had already provided Ukraine with both large grants and large-scale concessional loans to counter the aggressor and to strengthen its social and economic development.

²⁹ Some of the imbalance is due to the fact that the first two months of 2022 were still reflecting the peacetime indicators, whose dynamics were less deficient.

³⁰ Grain: World Market and Trade. – USDA, <https://www.fas.usda.gov/data/grain-world-markets-and-trade>

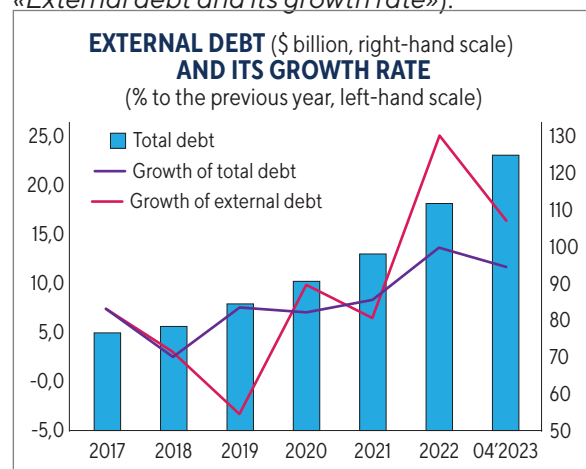
EXTERNAL DEBT OF UKRAINE, at the end of the period, \$ billion						
	2020	2021	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Total (gross external debt)	125.7	129.7	126.5	120.8	131.0	139.4
Public administration sector	47.8	51.3	55.4	55.0	65.3	72.8
National Bank of Ukraine	6.9	5.8	4.7	3.9	3.8	3.3
Direct investments: intercompany debt	17.5	22.1	20.6	20.2	20.6	20.7
Short-term debt by remaining maturity	48.5	48.3	42.4	38.2	38.0	39.2

One more feature of Ukraine's foreign debt policy deserves special attention, namely the successful restructuring of payments, including easing of the terms of payments on some debts. Thus, in September 2022, Ukraine signed a Memorandum of Understanding on the suspension of payments on public and publicly guaranteed debt with a group of its official creditors from the G7 and the Paris Club³¹ aimed at mitigating (suspending payments of principal and interest on bilateral debts from 1 August 2022 to the end of 2023) the economic consequences of russian aggression (increasing expenditure of social, health or economic support). The total debt stock covered by this Memorandum was about \$3.1 billion. This decision is certainly positive, as it has a stabilising effect, in particular, by reducing the risk of hryvnia devaluation.

Although the «saved» amounts were relatively small, the government demonstrated its ability to manage debt effectively. This is confirmed by the fact that in April 2023, the government agreed with creditors to defer debt payments once again until August 2024. Moreover, the largest official creditors – the United States, Canada, France, Germany, Japan, and the United Kingdom – agreed to defer payments (principal and interest) on external debt until the end of the new IMF programme in 2027.

In the meantime, Ukraine received significant credit support from international

financial institutions and some developed countries in Q4 2022 and Q1 2023, which led to a rapid increase in external debt (Figure «External debt and its growth rate»).



This essentially sets the requirements for complex procedures of further debt restructuring, as it will be extremely difficult for Ukraine to cope with the current payment schedule in the face of limited resources. In 2023, it is necessary to initiate negotiations on the restructuring of external public debt to commercial creditors and to further intensify them in 2024 to ensure some macroeconomic stability,³² support transition to sustainable economic growth, and avoid debt complications. The debt restructuring should guarantee that the target levels of public debt and financing needs are achieved to achieve debt sustainability in the post-war period.³³

³¹ Ukraine signs a Memorandum of Understanding on suspension of official debt payments with international partners in the G7 and Paris Club – Government Portal, <https://www.kmu.gov.ua/news/ukraina-pidpysala-memorandum-pro-vzaiemorozuminnia-shchodo-pryzupynennia-vyplat-za-ofitsiynim-borhom-z-mizhnarodnymy-partneramam-u-g7-ta-paryzkomu-klubi>.

³² N. Shevchuk. Threats: what is wrong with Ukraine's public debt. – LB.ua, https://lb.ua/economics/2022/09/29/530912_zagrozi_shcho_z_derzhavnim_borgom.html.

³³ T. Bogdan. Restructuring of the external public debt: necessary parameters and consequences. LB.ua, https://lb.ua/economics/2023/05/09/554363_restrukturizatsiya_zovnishnogo.html.

Significant improvement in the economic and investment situation in Ukraine even in the face of ongoing war, given the high risks that may negatively affect investment decisions, is still possible if Ukraine concludes investment insurance agreements (investment guarantees) with the largest donors, such as the US, EU, and Japan. They can be implemented as part of the assistance from partner countries. So far, a positive decision has not been reached, but this path may lead to an inflow of investments and an easing of debt pressure even before the war is over.

CONCLUSIONS AND RECOMMENDATIONS

The exceptionality of the current period for Ukraine, which determines not only the country's present, but also shapes its future prospects, consists in the availability of strong and long-term support from international partners that adds to security and macroeconomic stability. The government's task for the post-war recovery is to create an environment favourable to the development of national entrepreneurship in an open economic space and capable of withstanding competitive pressures in domestic and foreign markets.

The war has significantly weakened administrative and fiscal control over businesses, and it is thanks to this weakening that some companies have been able to continue their operations. Ukraine's recovery can be accelerated through further strengthening of free economic choice on the one hand, and international coordination and cooperation, especially the institutional one, on the other. Despite the devastating war, Ukraine still has a chance to speed up its integration into the European economic area and find worthy niches in the global division of labour by further opening up its domestic market to investment, which should be accompanied by further institutional strengthening of the foreign economic sector.

The post-war economic policy should be characterised by the minimum possible interference of the state in private business, which will lay the foundation for a consistent

general **reduction of the role of the state** in managing economic processes, and thus preventing «irrational» (read unverified, uncoordinated, openly politicised) decisions capable of limiting the economic freedoms of citizens and businesses.

Furthermore, saturation of the real sector with money thanks to the inflow of resources from partners will create a reliable basis for the renewed economy. This is the path towards economic acceleration scenarios that are possible well before the end of 2023, while achieving balanced economic growth will provide a powerful impetus to the effective transformations.

Combining resistance to global and national threats with accelerated full-scale industrial renewal and ensuring the competitiveness of its products in world markets is the task for Ukraine's defence industry, namely the production of modern weaponry at joint ventures with partner countries that can be supervised by US or UK companies. By combining production of modern weapons, including domestic developments, some of which can be exported, with training centres or bases that introduce broad training and retraining programs for the Armed Forces of Ukraine, and by creating analogues of NATO-standard weapons, Ukraine simultaneously gains leadership in promoting its products through proven **experience in practical application**.³⁴

Gradually, this will allow Ukraine not only to provide its Armed Forces with everything they need, but also to take a worthy place in the rapidly expanding global arms markets and to receive decent benefits from arms exports. It does not matter which domestic enterprises are involved – private or state-owned, large or small, etc. – they should all be efficient and effective for society.

As Ukraine draws closer and integrates into European institutions within the EU and NATO, it will be increasingly identified as Europe's outpost bordering Russia. Therefore, the requirements and, accordingly, assistance in building infrastructure will take on a new meaning.

³⁴ M. Sunhurovsky, «New Ukraine in the post-war world» in Geopolitical and geoeconomic changes shaped by Russian aggression and renewal of the place of Ukraine in the world, the Razumkov Centre, 2022.

UKRAINE'S ENERGY SECTOR AMIDST RUSSIAN AGGRESSION IN 2022-2023

THE STATE OF UKRAINE'S ENERGY SECTOR OF UKRAINE: THE IMPACT OF WAR AND EUROPEAN INTEGRATION PROCESSES

Despite the ongoing war, Ukraine's energy system provides consumers with the necessary electricity and fuel. Repairs are underway and infrastructure is being restored. The 2022-2023 heating season (HS) passed with no serious cataclysms in the heat supply sector. All this was thanks to prompt delivery of Western air defence systems that shot down most of the missiles and drones targeting critical infrastructure; provision by partner countries of a significant amount of equipment for repair works; and support of boiler houses using generators in the face of frequent power outages. Also, much fuel was saved owing to the relatively warm winter – as many as 9 bcm of gas in UGS and 1.2 million tonnes of coal in warehouses remained after the end HS.

In the meantime, the World Bank estimates the damage to Ukraine's electricity, gas and heating infrastructure, as well as coal production at about \$11 billion. As of the end of winter 2022-2023, the power system temporarily lost 44% of nuclear generation, 78% of TPP capacity, 66% of combined heat and power plants, 12% of hydroelectric power plants, 75% of wind farms, and more than 20% of solar power plant capacity as a result of the destruction and occupation.

The annual maintenance campaign at power plants has begun to prepare for the winter 2023-2024. At present, the scheduled maintenance of certain nuclear and thermal

power units does not affect electricity supply due to the operation of other NPP and TPP units, increased solar generation and additional imports. It is planned to add 1.7 GW capacity by the start of HS, and another 1.2 GW in December.

As of 1 July 2023, NPC Ukrenergo has completed about 60% of planned works to restore power grids in Ukraine. Since the beginning of the year, 14.5 thousand km of overhead lines, more than 70% of substations and electrical equipment have been repaired. Negotiations are also underway with ENTSO-E to increase electricity imports from Europe to meet the needs of Ukrainian consumers in the most critical periods.

The 2-year pilot «Construction of the Kakhovka hydroelectric installation¹ on the Dnipro River. Reconstruction of the Kakhovka HPP after the destruction and ensuring the sustainable operation of the Dnipro HPP during the reconstruction period» was agreed, followed by the approval of its implementation procedure. At the first stage, it is planned to design all engineering structures and the base for reconstruction. The second stage will commence after the de-occupation of the territories and involve the actual construction work.

The government has set the following priorities in the energy sector² for 2023:

- ✓ restoration of the Ukrainian energy system;
- ✓ energy efficiency, in particular, responsible energy consumption;
- ✓ development of green energy;

¹ The Cabinet of Ministers has approved a resolution on a pilot project to start the reconstruction of the Kakhovska HPP – Government portal, <https://www.kmu.gov.ua/news/uriad-zatverdyyv-postanovu-pro-eksperymentalnyi-proekt-z-pochatku-vidbudovy-kakhovskoi-hes-premier-ministr>.

² During the First inter-committee meeting of the Verkhovna Rada and the European Parliament, the Chairman of the Parliamentary Committee on Energy, Housing and Utilities Services Andriy Herus, announced the top 5 priorities in the energy sector. https://www.rada.gov.ua/news/news_kom/235417.html

- ✓ decentralisation, development of distributed generation;
- ✓ development of competitive energy markets and their integration with the European ones; promotion of exports and imports with the EU countries.

critical infrastructure, primarily heating and water supply, during power outages.

The Renewables for a Resilient Ukraine – R2U project for Ukrainian communities has been launched. This is the first project within the green recovery partnership agreements that will select up to 20 communities to conduct energy audits of critical infrastructure buildings for further RES equipment. The project is set to last for 18 months and is worth about €2 million, seeking to strengthen the resilience of Ukraine's energy system by decentralising electricity generation and distribution.

INTERNATIONAL SUPPORT

Ukraine's energy sector continues to receive assistance. Sanctions have been imposed to reduce Russia's revenues to fund its war and its military-industrial base. Close coordination to support Ukraine's energy security through its further integration into European energy markets was declared in a joint statement by the US and EU,³ which commit to addressing the climate crisis, accelerating the global clean energy economy, and building resilient and secure supply chains.

Europe's Energy Community Secretariat has established the Ukraine Energy Market Observatory to monitor all developments related to the energy market and corporate governance in Ukraine. The assessments will be published on a confidential basis and made available to domestic and international stakeholders with the aim of integrating the Ukrainian energy sector with European standards and transparent governance.

An initiative was launched to establish a strategic partnership between Ukraine and the EU in the field of renewable gases as part of Ukraine's declared plans to increase the share of electricity production from carbon-free sources to 90% by 2050 and, in particular, to increase the share of renewables to 30% by 2030.

An action was implemented to provide cities with backup electricity in case of damage to generation and grids in cooperation with the government, city administrations, and donors. It uses technological energy solutions to ensure generation reserves for large cities and protect

ADOPTION AND IMPLEMENTATION OF EU LEGISLATION

To rebuild the power system, it is necessary to ensure legal and regulatory frameworks and institutional implementation of the recovery policy. In view of this, the Verkhovna Rada of Ukraine adopted a number of key laws in 2023.

The bill on cogeneration development was signed into law,⁴ paving the way for the introduction of highly efficient heat production (implementation of Directive 2012/27/EU on energy efficiency) and demonstrating the willingness to decentralise generation, which is particularly relevant in times of threat of terrorist attacks.

JSC Market Operator joined the committee of European market operators (NEMO Committee) as an observer of the EU's integrated spot electricity market, which allows JSC Market Operator to start technical preparations for the unification of the spot markets of Ukraine and Europe.⁵ All nominated market operators (NEMOs) and transmission system operators (TSOs) of European countries have agreed to this. The NEMO Committee was established by the EU to regulate all organisational issues related to the functioning of the unified spot electricity market – SDAC (single day-ahead coupling) and SIDC (Single Intraday Coupling).

³ Joint statement by President Biden and President von der Leyen. – European Commission, 10 March 2023, https://ec.europa.eu/commission/presscorner/detail/en/statement_23_1613.

⁴ Law of Ukraine 2955-IX of 24 February 2023 – Official web portal of the Parliament of Ukraine, <https://zakon.rada.gov.ua/laws/show/2955-20#Text>

⁵ Explanation of the Licensing Department to the decision of the National Energy and Utilities Regulatory Commission (NEURC) to approve the draft decision that has the features of a regulatory act – NEURC Resolution «On Approval of amendments to the Licensing conditions for conducting business activity of performing the market operator functions», <https://www.nerc.gov.ua/storage/app/uploads/public/646/511/3be/6465113bebf3c697863339.pdf>.

Instead, the Energy Community Secretariat criticised the appointment of the Market Operator as NEMO through draft amendments to the Law «On the Electricity Market»,⁶ which is a direct violation of the Energy Community acquis and must be corrected. The Secretariat draws attention to the incomplete consideration of the requirements of the CACM Regulation.

One of the most important events in the energy markets is the adoption of the law⁷ implementing EU Regulation (EU) No 1227/2011 on Wholesale Energy Market Integrity and Transparency (REMIT) – a set of European rules and practices aimed at preventing abuse in the energy market – into national legislation. Practical implementation of the adopted draft law will prevent market participants from abusing the market, such as manipulation, trading on the basis of insider information, and taking advantage of monopoly positions. The draft law also provides for the establishment of a mechanism for influencing and holding accountable for violations. In particular, it arms the NEURC with additional tools to monitor, detect violations, investigate them, identify dishonest participants and impose fines on them.

Ukraine also started implementing secondary legislation required by the REMIT Regulation. On 18 July 2023, the NEURC approved a draft decision, which defines the procedure for registration of wholesale energy market participants and the list of information required for registration (registration form).

SITUATION ON ENERGY MARKETS

Electricity market

According to Ukraine's energy damage assessment prepared by the United Nations Development Programme (UNDP) and the World Bank,⁸ the power generation capacity has nearly halved since the onset of Russian

full-scale invasion in February 2022 to 30 April 2023, falling from 37.6 GW to 18.3 GW. Manoeuvring capacity in the system has suffered the most and decreased by 68% from 14.3 GW to 4.6 GW, primarily in thermal power plants. Available nuclear generation capacity decreased by 44%, from 13.8 GW to 7.7 GW (Zaporizhzhia NPP), and the capacity of hydroelectric power plants decreased by 29%, from 6.6 GW to 4.7 GW. Available RES capacity decreased by 24%, from 8.1GW to 6.2GW.

Electricity production in January-April 2023 fell by 32.5% compared to the same period in 2021. Electricity consumption in Ukraine in January-April 2023 amounted to 32.4 TWh, which is 18.9% less than in 2022 and 33.5% less than in 2021 (48.8 TWh).

The share of NPPs in the production structure for four months of 2023 was 53.4% (53.6% in January-April 2021), TPPs – 20.8% (25.6%), CHPPs – 7.8% (8.8%), HPPs and PSPs – 12.3% (6.1%), and RES – 5.7% (5.9%).

The report further states that the drop in production is due to Russian missile and drone strikes on energy infrastructure and reducing electricity consumption.

Regulatory changes

The Cabinet of Ministers revised the mechanism of special obligations (PSO) to provide electricity to households. Previously, the price of electricity was UAH 1.44/kWh for consumption up to 250 kWh per month and UAH 1.68/kWh for consumption above this amount.

The Cabinet's decision of 30 May 2023 to almost double the electricity tariff for households from 1 June 2023 to UAH 2.64 per kWh was quite expected, as the moratorium on raising heating and hot water tariffs during martial law and 6 months after its termination,

⁶ The Energy Community Secretariat gave a negative assessment of the Ministry of Energy's report on market coupling, – ExPro Consulting, <https://expro.com.ua/novini/sekretarat-energospvtovaristva-dav-negativnu-ocnku-zp-vd-mnenergo-schodo-market-coupling>

⁷ Law of Ukraine 3141-IX of 10 June 2023, – Official web portal of the Parliament of Ukraine, <https://zakon.rada.gov.ua/laws/show/3141-IX#Text>

⁸ Towards a green transition of the energy sector in Ukraine, Update on energy damage assessment. – United Nations Development Programme, June 2023, <https://www.undp.org/ukraine/publications/towards-green-transition-energy-sector-ukraine>

introduced last year by the CMU Resolution No. 502 of 29 April 2022, does not apply to electricity tariffs.

Such changes will help improve the financial performance of Energoatom and Ukrhydroenergo, which are subject to PSO and cover the difference between the market price of electricity (about UAH 5/kWh) and tariffs for household. The government also justifies the increase in household tariffs by the need to invest in the restoration of energy infrastructure.

In addition, the NEURC increased electricity distribution tariffs for most distribution system operators (DSOs, Oblenergos) by an average of 25-50%. The NEURC set new price caps on the day-ahead market (DAM), as well as on the intraday market (IDM) and the balancing market.

On the DAM and IDM:

- ✓ the maximum price caps for the minimum load hours (from 00:00 to 07:00 and from 23:00 to 24:00) are UAH 3,000/MWh, for the maximum load hours (from 07:00 to 19:00) – UAH 5,600/MWh, for the evening peak hours (from 19:00 to 23:00) – UAH 7,200/MWh;
- ✓ the minimum price cap is UAH 10 /MWh.

On the balancing market:

- ✓ the maximum cap price – 125% of the DAM price determined by the market operator for each billing period of the relevant delivery day;
- ✓ the minimum price cap is UAH 0.01/MWh.

Prices liberalisation in the wholesale electricity market by cancelling or changing price caps will not lead to «price shocks», as prices will increase at certain hours of the day and fall at others. This will allow businesses

to import resources to meet their production needs. At the same time, an increase in prices may lead to a decrease in effective demand in the commercial segment, which is likely to affect industrial output.

Electricity imports and exports

ENTSO-E, the European Network of Transmission System Operators for Electricity, has increased the capacity of interconnectors for electricity imports to Ukraine and Moldova from 1,050 MW to 1,200 MW. Electricity imports from the EU are now a significant source to cover possible deficits in the Ukrainian power system.

Ukrenergo, Ukraine's transmission system operator, has concluded an agreement with 15 EU system operators on possible provision of emergency assistance to Ukraine when necessary; previously, such contractual relations were only with the operators of the power systems of neighbouring countries.

Electricity exports have been suspended since 11 October 2022 after the first massive attacks on Ukraine's power system. The maximum capacity for electricity exports to the EU allowed by ENTSO-E is 400 MW. The Ministry of Energy decision of 7 April 2023 resumed electricity exports, provided that they are carried out in conditions of surplus and only in compliance with the priority of supplies to Ukrainian consumers.

With the growth of renewable energy generation since April 2023 and the surplus of electricity, it is now possible to unlock electricity exports to the EU during certain hours. Exports to Moldova and Poland were carried out without interruptions, while exports to Slovakia were suspended due to the lack of a procedure for holding joint auctions for access to interstate crossings.⁹

On 27 May 2023, Ukraine's power system received emergency assistance from Romania to cover the evening peak in consumption.

⁹ Exports to Slovakia started on 17 April but stopped on 21 April at the initiative of the Slovak transmission system operator. The issues of unblocking electricity exports were discussed at a joint meeting initiated by NEURC with representatives of the EC, the Energy Community, the Slovak regulator and the TSOs of Ukraine and Slovakia.

This was a situational measure used when the capacity of Ukraine's own power plants was insufficient for a certain period of time.

The government sees electricity exports as a source for:

- ✓ restoring the power system damaged by Russian missile attacks;
- ✓ supporting a PSO mechanism for households (electricity exporters have to pay 80% of their profits to the SOE Guaranteed Buyer);
- ✓ preparing for the heating season;
- ✓ generating additional revenues for Ukrenergo from auctions for access to interstate crossings and funds for grid repairs and settlements with RES producers.

Natural gas market

In the context of martial law and the current economic situation in Ukraine, Naftogaz of Ukraine (Naftogaz Group) extended the «Fixed» tariff plan for another year, from 1 May 2023 to 1 May 2024 inclusive, and the gas price will continue to be UAH 7.96 per cubic meter, including VAT.

Naftogaz of Ukraine's customers include more than 12.4 million Ukrainian households receiving gas under the «Fixed» annual tariff plan. The cost of gas delivery approved by the NEURC should remain unchanged for the duration of martial law.

Naftogaz of Ukraine announced that its functions and responsibilities as the supplier of last resort¹⁰ will expire on 22 July 2023 and that it has no grounds and technical capability to provide consumers of the supplier of last resort with the necessary volumes of gas throughout the entire balancing zone. Pursuant to the Law of Ukraine «On the Natural Gas Market», the Cabinet of Ministers shall determine the supplier of last resort for a period of three years based on the results of a tender.

Prior to the adoption of Law No. 7732, the actual selling price of gas was calculated as the arithmetic mean of the customs value of imports and quotations on the Dutch gas hub TTF. The revision of the tax legislation was prompted by a significant increase in spot prices in Europe, a ban on Ukrainian gas exports and a decrease in domestic consumption – this resulted in gas production becoming unprofitable for many companies, because the selling price in Ukraine is significantly lower than European prices. Until March 2022, the gas rent was calculated only from the customs value of imports.

According to Naftogaz, Ukraine's natural gas reserves in UGS as of 19 July 2023 amounted to 11.7 bcm, and the government planned to accumulate at least 14 bcm by the start of the next heating season in 2023-2024.

On 25 April 2023, the EU officially launched AggregateEU, a platform for joint gas purchases, with Naftogaz of Ukraine being one of participants. The platform allows companies to submit their gas demand forecasts for 12 months starting in June 2023 and conclude agreements either independently or through special agents. After the first tender, the EU plans to organise additional joint purchases, obliging governments to pool demand for 15% of their gas reserves stored for the heating season. This year, the volume is about 13 bcm of gas, or about 3% of the EU's total demand. Ukraine has the opportunity to purchase up to 2 bcm of natural gas under the EU's joint purchases.

In 2022, the Gas Transmission System Operator of Ukraine (OGTSU), together with ROSEN Europe B.V., carried out intrapipe diagnostics (IPD) of more than 2 thousand km of the main gas pipelines DN 1400 (1,176.75 km), DN 1200 (71.91 km), and DN 1000 (789.86 km). IPD of one of the main gas pipelines on the section from the state border with Moldova to the OGTSU compressor station deserves special attention, as this section enables gas transportation in reverse mode. IPD will increase the reliability of the national gas transmission system.

¹⁰ Directive of the Cabinet of Ministers of Ukraine No. 917-r of 22 July 2020.

Law on improving subsoil use

The adoption of the law on subsoil use¹¹, and important European integration legislation, provides for a large-scale reform of the subsoil use sector in Ukraine. The key provisions of the law include the following:

- ✓ introduction of a unified state electronic geoinformation system for the use of subsoil and its components, including access to data of the state register of special permits for subsoil use;
- ✓ the use of international standards and classifications in expert assessments, evaluation of resources and mineral reserves;
- ✓ free circulation of special permits that will facilitate the development of the Ukrainian subsoil use market and increase its attractiveness for investors;
- ✓ introduction of a mechanism for addressing the issue of dormant licences, which sets a fee for the licence renewal if less than 5% of the approved reserves have been extracted (excluding unproductive oil and gas wells) and a ban if production is less than 1%, which will improve the situation on the mineral market;
- ✓ introduction of a new rule on the priority right of the owner of a land plot of no more than 25 hectares to obtain a special permit for subsoil use without holding an auction (electronic bidding);
- ✓ replacement of the «geological exploration» concept with a comprehensive (end-to-end) special permit for a period of 3 to 20 years on land (and up to 30 years on the continental shelf and within the exclusive (maritime) economic zone of Ukraine), which allows combining exploration of mineral resources with their industrial development;

- ✓ introduction of an economic passport that will allow Ukrainians to receive part of income from the rent for the use of subsoil.

Gas distribution networks continue to return under the state control.¹² In June, Gas Distribution Networks of Ukraine LLC (branded as «Gazmerezhi») was granted the relevant powers in Dnipro city and Dnipro rayon. Previously, private companies belonging to the RGC Group (Regional Gas Company) operated in these regions (Kharkiv oblast, Dnipro city and rayon). Three new regional gas companies (Kyivoblغاز, Zhytomyrgaz and Lvivgaz) joined the Naftogaz Group.

NUCLEAR POWER

In early July 2023, Energoatom put one NPP power unit back into operation after repairs, adding 1,000 MW to the power system. As of 10 July 2023, 7 NPP units were operating in the integrated power system (IPS) of Ukraine.

Ukrainian intelligence obtained information about Russia considering a terrorist attack scenario at Zaporizhzhia NPP (ZNPP) with a radiation leak. The Ministry of Energy summed up the results of large-scale exercises of emergency services to overcome the consequences of such a terrorist attack.

At the occupied ZNPP, unit 4 was switched from cold shutdown to hot shutdown, despite the requirements of the State Nuclear Regulatory Inspectorate (SNRI) and Energoatom, and then unit 5, which is currently in hot shutdown, was switched to cold shutdown for preventive maintenance. Other units remain in cold shutdown mode. The Russian occupiers are using the ZNPP to blackmail Ukraine in order to disrupt the Ukrainian forces' counteroffensive in Zaporizhzhia oblast and force Ukraine into unfavourable negotiations. To this end, they keep at least one power unit in the hot shutdown, as it is much easier to create an emergency from this regime.

¹¹ Law of Ukraine 2805-IX, entered into force on 28 March 2023 – Official web portal of the Verkhovna Rada of Ukraine, <https://zakon.rada.gov.ua/laws/show/2805-20#Text>.

¹² Directive of the Cabinet of Ministers of Ukraine No. 429-r of 28 May 2022.

The IAEA also reported that rotations of its specialists took place at Khmelnytskyi, Rivne, Pivdennoukrainsk and Chornobyl NPPs. Said NPPs are meeting their operating and refuelling schedules, and IAEA experts confirm that there are no nuclear safety issues at these four facilities.

Recovery Conference (energy)

The UK launched the Innovate Ukraine Green Energy Challenge Fund at the Ukraine Recovery Conference (London, 21 June 2023). The UK government has allocated £10 million in grants for innovative ideas for clean energy in Ukraine. Business, research, charity and non-governmental organisations from Ukraine and other countries can apply for funding the projects worth between £50,000 and £2 million and use an innovative technology, idea or business model that is low-carbon, affordable and safe, and supports the energy resilience of Ukrainian communities suffering from a lack of energy capacity.

The event also featured the Energy Strategy of Ukraine until 2050, which envisages investment of \$383 billion in the construction of new energy generating capacities. Therefore, it is planned to increase wind generation up to 140 GW, solar generation up to 94 GW, energy storage capacity up to 38 GW, nuclear generation up to 30 GW, CHP and bioenergy generation up to 18 GW, and hydro generation up to 9 GW by 2050.

The government claims that plans for decarbonisation and green transformation remain relevant, and that the war has made these challenges even more urgent. Ukraine will actively use the potential of renewable energy – solar, wind, hydropower generation and hydrogen technologies. Russian attacks have pushed Ukraine to a radical reform – building a decentralised energy system¹³ that

should be more resilient and less vulnerable to enemy attacks. This includes the creation of mini-power plants and small generation facilities integrated into the existing energy system.

Also in 2023, a legislative framework will be developed to reform the State Reserve Agency, in particular, in terms of formation of minimum reserves of oil and oil products to ensure their continuous supply to the domestic market.

PROBLEMS OF THE RENEWABLES SECTOR IN UKRAINE

After the war is over, it is planned to introduce a new energy model meeting the security and sustainable development criteria and focusing on the efficient use of energy resources and clean energy technologies. The energy sector's recovery will also be based on innovation and the development of smart grids. Therefore, it is necessary to maximise the potential of renewables and ensure the efficient use of energy resources.

According to the UWEA¹⁴ and the NEURC, in 2022, the cumulative capacity of renewables increased by 106.6 MW, excluding domestic SPPs, of which 81.6 MW were new wind power capacities, 8.8 MW were new bioenergy plants, 15 MW were new solar power plants, and 2 MW were new hydropower capacities. At the end of 2022, the total installed capacity of RES in Ukraine reached 9.94 GW, excluding the occupied territory of Crimea. At the same time, the temporary occupation of parts of Kherson and Zaporizhzhia oblasts and constant shelling of Mykolaiv and Odesa oblasts halted the construction of new wind farms.

In order to develop renewable energy and implement Directive 2018/2001/EC,¹⁵ the National Renewable Energy Development

¹³ Address of Prime Minister of Ukraine Denys Shmyhal at a Government session on 3 January – Government portal, <https://www.kmu.gov.ua/en/news/promova-premier-ministra-ukrainy-denysa-shmyhalia-na-zasidanni-uriadu3012023>.

¹⁴ UWEA, <http://uwea.com.ua/ua/>.

¹⁵ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast) (Text with EEA relevance.), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2018.328.01.0082.01.ENG.

Action Plan until 2030¹⁶ (draft NREAP 2030) has been elaborated. It envisages a three-fold increase in the share of energy from renewables in gross final energy consumption – from 9% in 2020 to 27% in 2030, in particular in the following sectors:

- ✓ electricity – increase by 2 times, from 14% in 2020 to 25% in 2030, which requires an increase in capacity to 23.6 GW (an increase of 9.2 GW);
- ✓ heating and cooling – increase by 4 times, from 9% in 2020 to 35% in 2030, which requires the construction (modernisation) of 35.6 GW of heat generating capacities;
- ✓ transport sector – increase by 5 times, from 3% in 2020 to 14% in 2030, as well as increase the production and use of biomethane to 200 mcm /year in 2030, of which 135 mcm in the electricity sector, 58 mcm in the heat sector, and 7 mcm in the transport sector.

According to the NEURC, as of 1 January 2023, the installed capacity of renewable energy facilities that produce electricity from biogas and are entitled to a feed-in tariff in Ukraine was 135 MW. These facilities produced 503 million kWh in 2022, which is equivalent to about 255 mcm of biogas or 127 mcm of biomethane.

In the short and medium term, the energy system will continue to use coal, as 80% of TPPs worked on it. During the war, two coal-fired power plants and three coal mines were severely damaged and cannot be restored. Ukraine aims to phase out coal from its energy mix as soon as possible, and according to

the National Recovery Plan,¹⁷ its share is expected to decrease from 18% in 2019 to 2% in 2032, with nuclear power and biogas/methane filling this gap.

The new law on restoration and green transformation¹⁸ of Ukraine's power system is designed to facilitate the balanced development of renewables. This comprehensive legislation addresses many aspects of the functioning and development of Ukraine's energy markets and brings changes for both residential and non-residential consumers.

In particular, the law provides for the establishment of guarantee of the origin of «green» electricity and entitles RES producers to sell electricity independently and receive the difference between the feed-in tariff and the market price from the state (Feed-in-Premium mechanism), which will promote market development and improve competition. The document also offers additional incentives for distributed generation by consumers – a mechanism for self-production and conditions for supporting the electricity production from alternative sources by consumer generating units, including energy cooperatives and private households.¹⁹

Positive developments have been made in bioenergy sector. The memorandum²⁰ between Ukraine and the EU on a strategic partnership in the field of renewable gases, which provides for close cooperation in the production, transportation, storage and use of biomethane, hydrogen, its derivatives, and other synthetic gases, is being implemented. Ukraine has introduced a legislative framework for biomethane market development,²¹ which provides for the introduction of a mechanism for issuing appropriate

¹⁶ The State Agency on Energy Efficiency and Energy Saving has developed a draft National Renewable Energy Development Action Plan for the period up to 2030. Government portal, – <https://www.kmu.gov.ua/news/derzhenergoefektivnosti-rozrobleno-proekt-nacionalnogo-planu-dij-z-rozvitku-vidnovlyuvanoyi-energetiki-na-period-do-2030-roku>.

¹⁷ Ukraine's Recovery Plan, <https://recovery.gov.ua>.

¹⁸ Law of Ukraine No. 9011d of 13 February 2023, https://ips.ligazakon.net/document/view/JI088561?utm_source=biz.ligazakon.net&utm_medium=news&utm_content=bizpress01.

¹⁹ From 2018 to 2022, the total capacity of private households' installations generating energy from solar radiation increased more than fivefold and as of the beginning of 2022 amounted to 1205 MW (about 45 thousand units). Also, as of the beginning of 2022, private households installed 57 kW of wind power generating units and 264 kW of combined wind and solar power plants.

²⁰ The Government of Ukraine and the European Commission have signed a Memorandum of Understanding on Strategic Partnership in the field of biomethane, hydrogen and other synthetic gases. – Ministry of Energy of Ukraine, <https://www.mev.gov.ua/novyna/uryad-ukrayiny-ta-yevropeyska-komisiya-uklaly-memorandum-shchodo-strateichnoho-partnerstva>.

²¹ The Law of Ukraine No. 1820-IX of 21 October 2021 «On Amendments to Certain Laws of Ukraine on the Development of Biomethane Production».

guarantees of origin and the Procedure for the functioning of the biomethane register.²²

The creation of energy storage and balancing capacities remains urgent. Energy storage systems (ESS) are needed to smooth out imbalances in weather-dependent green generation (energy storage and use during periods of shortage). Despite the hostilities, the implementation of ESS projects in Ukraine continues.²³ Legislative changes regulated the electricity market activities related to electricity storage²⁴ and approved the Licensing Conditions²⁵ for conducting business activities in the area of energy storage.

Also important for Ukraine is the adoption of the law²⁶ that defines the direction of electric transport and electric charging infrastructure development over the next decade and regulates the connection and location of EV charging stations. Until 1 January 2025, the fee for non-standard connection of charging stations to the DSOs' electricity grid will only include the fee for setting up networks of the linear part of the connection.

Renewables will hardly develop without smart grids. The government has developed a concept for smart grids development in Ukraine by 2035²⁷ and facilitation of construction of production facilities for the manufacture of equipment for RES generation.

Green hydrogen is an important fuel and a key ingredient in the production of other environmentally friendly fuels.²⁸ Ukraine

has been identified as a key partner of the European Clean Hydrogen Alliance to participate in the production and supply (exports) of hydrogen, given its natural resources, interconnected infrastructure and level of technological development. Ukraine is conducting research on the possibilities of producing low-carbon hydrogen, competitive prices and supply routes.

Unfavourable conditions affecting payments to RES producers

In 2022, the debt of SOE Guaranteed Buyer to RES producers at the feed-in tariff reached at least 46.5%, for the following reasons:

- ✓ increase in Ukrenergo's debt to SOE Guaranteed Buyer (UAH 12.6 billion) and delays in payments by Ukrenergo for dispatching restrictions²⁹ during the seasonal increase in RES electricity production.
- ✓ insufficient (according to the latest revision) TSO transmission tariff for 2023, which is currently one of the key components of the feed-in tariff calculations. The relevant NEURC decision³⁰ does not fully cover the costs of the service to ensure an increase in the share of electricity production from alternative sources in 2023.
- ✓ no compensation for imbalances.³¹ There was no revision of imbalance charges and refunds to producers of overpaid funds due to the regulator's mistake since

²² Resolution of the Cabinet of Ministers No. 823 of 22 July 2022 «On Approval of the Procedure for the functioning of the biomethane register».

²³ Ukrhydroenergo plans to implement a project to build energy storage – Ukrainian Energy, <https://ua-energy.org/uk/posts/ukrhydroenergo-planuie-realizuvaty-proiekt-z-budivnytstva-energy-storage>.

²⁴ The Law of Ukraine No. 2046-IX «On Amendments to Certain Laws of Ukraine on the Development of Energy Storage Facilities».

²⁵ Resolution of the NEURC No. 798 of 22 July 2022.

²⁶ Law of Ukraine No. 2956-IX of 27 July 2023 – Official web portal of the Verkhovna Rada of Ukraine, <https://zakon.rada.gov.ua/laws/show/2956-IX#Text>.

²⁷ The government has approved the Concept for the introduction of smart grids in Ukraine until 2035 – Government Portal, <https://www.kmu.gov.ua/news/uriad-skhaluv-kontseptsiu-vprovadzhennia-rozumnykh-merezh-v-ukraini-do-2035-roku>.

²⁸ Green hydrogen can be combined with nitrogen from the air to produce green ammonia or with captured biogenic carbon to produce synthetic methanol and kerosene. This process of producing green fuels from renewable sources is also known as Power-to-X (PtX).

²⁹ RES electricity producers are entitled to compensation for the cost of electricity not supplied (and, accordingly, not sold to the SOE Guaranteed Buyer) if this is caused by the Ukrenergo dispatch team.

³⁰ Resolution of the NEURC No. 1788 of 21 December 2022 «On setting the tariff for electricity transmission services of NPC Ukrenergo».

³¹ According to the law, in case of deviation of the forecasted generation schedule from the actual one, RES producers must compensate for the losses of SOE Guaranteed Buyer from imbalances.

8 September 2022 due to the illegality of formula used for their calculation.³²

- ✓ limits on payments under the feed-in tariff, which put producers in unequal conditions: producers of electricity from solar and wind power plants receive 18%, biogas – 30%, and biomass – 75%. Additional payments are possible in case of a positive balance on the accounts of SOE Guaranteed Buyer at the end of the month.
- ✓ unregulated (until Q4 2022) issue of adjusting the feed-in tariff in accordance with actual changes in the Euro exchange rate, as expressly provided for by the Law, which resulted in a decrease in the level of payments.

Over six months of 2023, Ukrenergo's debt to SOE Guaranteed Buyer for renewable energy services increased by 87% to UAH 23.6 billion. According to SOE Guaranteed Buyer, 4,239 thousand MWh of electricity has been purchased at the feed-in tariff since the beginning of 2023, of which 69% is from solar power plants, 15% from wind farms, and the rest is bioenergy and hydropower.

In total, since the beginning of the year, UAH 13.5 billion has been paid for electricity generated in 2023 and UAH 0.96 billion for electricity generated in 2022. For example, in June 2023, 44.4% of electricity was paid for at the feed-in tariff.

Gradual commissioning of RES facilities

In Ukraine, renewable energy facilities are gradually being commissioned thanks to the



liberation of the territories previously occupied by Russia. As of 31 January 2023, the liberated Tryfoniv SPP, where about 20% of solar panels were damaged, gradually resumed electricity production and contributed to meeting the energy needs of Kherson oblast.

Despite the hostilities, DTEK commissioned the first stage of the 114 MW Tylihul wind farm on 18 May 2023. The facility consists of 19 Vestas turbines (Denmark) with a unit capacity of 6 MW. The company plans to raise funds for the construction of the second stage of the 384 MW Tylihul wind farm.

Despite the ongoing war, growing debts to renewable energy producers and significant damage to facilities, European investors are still interested in green projects. To remain this way, producers demand the adoption of a draft law that would extend the validity of technical specifications for 3 years.

³² The Supreme Court has declared unlawful the formula (version of 15 January 2021) established by the regulator, according to which SOE Guaranteed Buyer purchased electricity from RES producers. A new formula is being developed.

CONCLUSIONS AND RECOMMENDATIONS

1. In restoring and building a new energy model for Ukraine, energy prices, energy security, and environmental friendliness³³ should be taken into account, as these are fully in line with the European Commission's proposed Plan for the renewal and transformation of Europe³⁴ and ending its dependence on Russian fossil fuels by 2030 (REPowerEU), diversification of supplies by adding non-Russian natural gas and increasing the amount of renewable gases such as biomethane and renewable hydrogen. Ukraine should also place special emphasis on energy saving and energy efficient technologies.³⁵

2. In the course of its the post-war recovery, Ukraine should become one of Europe's leaders in clean energy by creating proper economic and legal conditions for the development of solar and wind generation and promotion of hydrogen and biofuel projects. Dynamic introduction of energy storage systems is an important element in increasing the energy system's balancing capabilities.

3. Ukraine's EU candidate status raises the issue of accelerating the reform of electricity and natural gas markets based on competition and transparency. First and foremost, it is necessary to address the problem of distortion of the existing market models by improving the PSO system and setting price caps in accordance with Ukraine's obligations under the Energy Community Treaty.

4. One of the key tasks for the government in terms of Ukraine energy sector's European integration is to abandon cross-subsidisation and switch to market prices for all categories of consumers. At the same time, vulnerable consumers should receive subsidies in cash to cover their minimum energy needs.

5. The most important laws adopted in 2023 in terms of accelerating Ukraine's European integration in energy markets and transforming its energy sector from fossil fuels to green energy included the Law «On Amendments to Certain Laws of Ukraine on Restoration and Green Transformation of the Energy System of Ukraine» and «On Amendments to Certain Laws of Ukraine on Prevention of Abuse in Wholesale Energy Markets» (on REMIT). Implementation of these laws should be a priority for the government in the energy and European integration sectors.

6. The Energy Strategy of Ukraine until 2050, approved by the Cabinet of Ministers in April 2023, is unrealistic, as it disregards the practical prospects of Ukraine's socio-economic development. Its projections for the construction of new nuclear power units, gas production, electricity exports and the creation of new generating capacities appear to be seriously overstated. Moreover, the Energy Strategy development process lacked transparency and input from a wide range of experts. In view of the above, this document needs to be substantially revised and made more open for relevant experts.

³³ Resilience, decarbonisation, energy security, compliance with the needs of economic development and European integration course – aspects of the new energy sector of Ukraine formation. – Government portal, <https://www.kmu.gov.ua/news/stiikist-dekarbonizatsiia-enerhetychna-bezpeka-vidpovidnist-potrebam-ekonomichnoho-rozvytku-ta-ievrointehratsiinomu-kursu-aspekty-formuvannia-novoi-enerhetyky-ukrainy>

³⁴ REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition. – European Commission, https://ec.europa.eu/commission/presscorner/detail/en/ip_22_3131.

³⁵ See Annex 1 to this section on relevant European experience.

ENERGY-INTENSIVE INDUSTRIES IN THE CRISIS. CHALLENGES OF THE GREEN TRANSITION

The EU's Energy Intensive Industries (EII)s³⁶ are embedded in many strategic value chains with high energy consumption. The EIIs share the ambitions of the Paris Agreement and acknowledge the extent of the transformation challenge, as well as the new opportunities it brings. Given the long investment cycles for these industries, meeting the targets of making the European continent climate-neutral by 2050 requires fast action. Energy-intensive enterprises are those whose production costs include more than 3% of electricity and energy costs, which may equally apply to industrial and agricultural production and most logistics companies.

The European Commission aims for climate-neutral competitiveness. The challenge is to lower emissions while keeping industry competitive and positioning it to exploit the huge potential global market for low-emission technologies and services.

EU directives that affect energy-intensive businesses are being constantly improved and revised to better reflect the EU's climate ambitions and encourage businesses and consumers to be environmentally sustainable:

- ✓ Revision of the Energy Taxation Directive (ETD).³⁷

- ✓ Amendment of the Renewable Energy Directive (RED)³⁸ to include the new 2030 climate change targets.
- ✓ Directive³⁹ on the development of infrastructure for alternative fuels.
- ✓ Revision of the EU Emissions Trading System (EU ETS),⁴⁰ including maritime, aviation (CORSIA),⁴¹ and proposals for ETS as a stand-alone resource.
- ✓ Carbon Border Adjustment Mechanism (CBAM).⁴²
- ✓ Effort Sharing Regulation (ESR).⁴³
- ✓ Energy Efficiency Directive.⁴⁴

The EU offers financial incentives for companies to become energy efficient by **setting energy efficiency obligations and through support programmes in the form of grants, tax breaks, and reduced interest rates on loans for energy efficiency measures.**

These directives and regulations are part of the Fit for 55⁴⁵ package under the European Green Deal. **The main focus is on combating climate change, saving energy, supporting**

³⁶ Energy-intensive industries. – European Commission, https://single-market-economy.ec.europa.eu/industry/strategy/energy-intensive-industries_en

³⁷ Revision of the Energy Taxation Directive (ETD) – European Commission, https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en

³⁸ Renewable Energy Directive. – European Commission, https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en

³⁹ Alternative Fuels Infrastructure Directive (AFID), <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0103>.

⁴⁰ Revision for phase 4 (2021-2030). – European Commission, https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/revision-phase-4-2021-2030_en.

⁴¹ CORSIA, Carbon Offsetting and Reduction Scheme for International Aviation.

⁴² Carbon Border Adjustment Mechanism. – European Commission, https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en.

⁴³ Effort sharing 2021-2030: targets and flexibilities. – European Commission, https://climate.ec.europa.eu/eu-action/effort-sharing-member-states-emission-targets/effort-sharing-2021-2030-targets-and-flexibilities_en.

⁴⁴ Energy efficiency directive. – European Commission, https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive_en.

⁴⁵ Fit for 55. – European Commission, <https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55-the-eu-plan-for-a-green-transition/>.

innovation, and developing a resource-efficient and low-carbon industrial sector.

The EU uses regulation, pricing instruments and subsidies to stabilise production processes. The following subsidies and financing instruments, including funds, are available for energy-intensive industries:⁴⁶

- ✓ The Innovation Fund – 2020–2030.
- ✓ The Just Transition Fund (2020–2027) targets areas and industries undergoing structural change (e.g. coal).

Existing subsidies have small budgets and only certain sectors may receive them, which hinders a smooth transition to carbon neutrality.

REGULATION AND POLICIES

- ✓ Masterplan⁴⁷ for a competitive transformation of EU energy-intensive industries enabling a climate-neutral, circular economy by 2050.
- ✓ A New Industrial Strategy for Europe.⁴⁸

The document underpins the important role of industry in the transformation towards a carbon-neutral economy. The industry has to reduce its own carbon footprint while accelerating the transition by providing affordable clean technology solutions. These efforts should be supported by policies and financial instruments at EU and national levels, as well as the private sector.

- ✓ The EU Emissions Trading System (EU ETS) is the main EU policy instrument

used to set a price on CO₂ emissions for energy-intensive industries. The 4th phase of the EU ETS runs from 2020 to 2030 and provides for a greater annual reduction in the available allowances.

The price of emissions allowances traded on the EU ETS reached a record high⁴⁹ of €100.34 per metric ton of CO₂ in February 2023.

TECHNOLOGIES

There is a range of technologies⁵⁰ available that can help reduce CO₂ emissions of current processes (energy efficiency, carbon capture and storage (CCS), electrification using electricity from renewable sources, biomass, low-carbon hydrogen or other synthetic fuels), process intensification and circular economy. However, higher upfront capital costs and higher operational costs create an effective barrier to their uptake.

Iron and steel industry has the greatest share of emissions, followed by oil refineries, cement, petrochemicals and fertiliser production, together making up over 70% of industrial emissions in the EU ETS. In addition to the above, the EU ETS sectors include lime and plaster; paper and pulp; aluminium, inorganic chemicals and hollow glass.

A climate-neutral industry requires a source of climate-neutral energy, as all processes in the energy-intensive industries require energy by definition. This implies that one either has to use a renewable energy source or a fossil energy source using carbon capture. There are no other options available.

⁴⁶ EU funding possibilities in the energy sector. – European Commission, https://energy.ec.europa.eu/topics/funding-and-financing/eu-funding-possibilities-energy-sector_en.

⁴⁷ Masterplan for a Competitive Transformation of EU Energy-intensive Industries Enabling a Climate-neutral, Circular Economy by 2050. Report from the High-Level Group on Energy-Intensive Industries, https://www.glassallianceurope.eu/images/cont/2019-11-28-eii-masterplan-report-final-online_file.pdf.

⁴⁸ A New Industrial Strategy for Europe. – EUR-Lex, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0102>.

⁴⁹ European Emissions Trading System (EU-ETS) carbon pricing from January 2022 to June 2023. – Statista, <https://www.statista.com/statistics/1322214/carbon-prices-european-union-emission-trading-scheme/>.

⁵⁰ Energy-intensive industries Challenges and opportunities in energy transition. – European Parliament's, [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652717/IPOLE_STU\(2020\)652717_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652717/IPOLE_STU(2020)652717_EN.pdf).

SUPPORT MEASURES IN THE EU DURING THE ENERGY CRISIS

Since the start of the energy crisis in September 2021, €758 billion has been allocated and earmarked across European countries to shield consumers from the rising energy costs⁵¹ (€646 billion in the EU, of which €265 billion has been allocated in Germany alone, €103 billion in the UK, €8.1 billion in Norway).

As a result of Russia's invasion of Ukraine, wholesale electricity and gas prices in the EU increased several times, seriously affecting households and businesses, and leading to liquidity problems for energy companies.

In response, some European governments have taken measures at the retail level, while others have introduced taxes on energy companies' excess profits. A number of countries provided emergency liquidity to energy companies facing soaring energy costs, and some energy companies were even nationalised. Other measures included:

- ✓ Outsourcing the energy-intensive parts of the value chain.⁵² There is a need to reduce energy prices to ensure the competitiveness of energy-intensive production stages that remain in the EU.
- ✓ Subsidies to overcome the period of high energy prices. This seems to be the preferred strategy currently, allowing to avoid irreversible large-scale relocation abroad, but it is expensive, does not help to drive down energy prices and poses risks of fragmentation within the EU.
- ✓ Imports of energy-intensive products. However, this strategy may result in temporary higher unemployment and factory closures in energy-intensive industries.

- ✓ Price caps on natural gas and electricity for industrial consumers are decided nationally and vary from country to country.

A mix of these policy strategies are being implemented. Existing energy-intensive industries are only subsidised in **clearly justified cases, provided that they invest in decarbonisation to achieve industrial competitiveness and environmental sustainability.**

Under the EU Temporary Crisis and Transition Framework⁵³ adopted on 23 March 2022 in response to the Russian invasion of Ukraine, the Commission has by early 2023 already approved state aid subsidies of €672 billion to EU companies. Moreover, the EU emissions trading system (ETS) guidelines were revised to provide €60 billion between 2021 and 2030 in compensation for higher electricity costs in aluminium, steel and certain chemical sectors alone.

However, if governments decide to support all industrial sectors, then household electricity prices will have to rise. This will imply a great fiscal stimulus ultimately benefitting energy producers, many of which pay taxes outside the EU.

If energy prices remain high, supporting energy-intensive activities would mean subsidising energy prices permanently. However, this policy is a short-term solution that may hinder competitiveness in the longer term. **The European Commission wants all EU states to «wind down» energy support measures in force at present by the end of this year.**⁵⁴

The aim is that targeted assistance is to be given where the need is greatest, that is, where the repercussions of the current crisis are hard to cope with due to particularly high energy costs and the situation in international competition.

⁵¹ National fiscal policy responses to the energy crisis.—Bruegel, <https://www.bruegel.org/dataset/national-policies-shield-consumers-rising-energy-prices>.

⁵² Adjusting to the energy shock: the right policies for European industry – Bruegel, <https://www.bruegel.org/policy-brief/adjusting-energy-shock-right-policies-european-industry>.

⁵³ Temporary Crisis and Transition Framework – European Commission, https://competition-policy.ec.europa.eu/state-aid/temporary-crisis-and-transition-framework_en.

⁵⁴ EU wants end to energy support measures by 2024. – argusmedia, <https://www.argusmedia.com/en/news/2452673-eu-wants-end-to-energy-support-measures-by-2024>.

For example, in Germany, the Federal Ministry for Economic Affairs and Climate Action and the Federal Ministry of Finance presented in April 2022 a package of measures for the companies particularly affected by the war⁵⁵ worth up to €5 billion. Eligible energy-intensive and trade-intensive companies could receive a grant of up to €50 million towards their increased gas and electricity costs.

The programme is precisely targeted and designed to cut the costs of the increased gas and electricity prices for particularly affected energy-intensive and trade-intensive companies. At the same time, the programme is designed to ensure that energy consumption

is not boosted, and no price-driving effects are triggered. In addition to the eligibility requirements, the programme also contains a strict rule preventing the payment of bonuses to directors.

In Eastern Europe,⁵⁶ since the outbreak of Russian invasion of Ukraine, governments have provided support to combat the rapid rise in energy prices amounting to around €11 billion (1.7% of GDP) in Poland and €7 billion (2.5% of GDP) in the Czech Republic. Hungary's keeping price caps partially in place costs about €5 billion (3.0% of GDP). Overall, measures taken have failed to fully mitigate the effect of extremely high prices, and the energy crisis in Europe is clearly affecting industry.



⁵⁵ €5 billion aid programme launched for energy-intensive industry. – Federal Ministry for Economic Affairs and Climate Action, <https://www.bmwk.de/Redaktion/EN/Pressemitteilungen/2022/07/20220714-5-billion-euros-aid-programme-launched-for-energy-intensive-industry.html>.

⁵⁶ Energy crisis: Europe's industry shutting down – bne IntelliNews, <https://www.intellinews.com/energy-crisis-europe-s-industry-shutting-down-255913>.

SOCIAL SPHERE: LOSSES FROM THE WAR AND PROSPECTS FOR RECOVERY

The current situation in Ukraine is unprecedented in terms of the number of people in need of social protection. It is safe to say that almost every Ukrainian has been affected by the war one way or another. Millions of people have lost loved ones, homes, and jobs. Tens of millions have been traumatised physically and/or psychologically. Some have coped with the trials and are overcoming their difficult life circumstances on their own, but the majority need support.

DIFFICULTIES OF HUMANITARIAN RESPONSE

The ongoing hostilities in Ukraine contribute to ever-increasing humanitarian needs, especially for those who stay in communities near the contact line. Further escalation of fighting and disasters in 2023, including the destruction of the Kakhovka Dam, have amplified the challenges for people who already find it difficult to meet their needs.

According to the UN Office for the Coordination of Humanitarian Affairs, nearly 17.6 million people are in need of humanitarian assistance and social and legal protection in Ukraine.¹ According to preliminary estimates, about 13.4 million Ukrainians have received humanitarian assistance from different operators totalling \$2.9 billion, which is 67% of the total need. Despite significant efforts to ensure that humanitarian activities are carried out in all parts of Ukraine, insecurity and access problems have made it difficult to provide support in areas under Russian military control. In 2023, due to the deteriorating security situation and changes in the frontline, humanitarian partners lost access to nearly 60,000 people in 40 settlements in the East. By the end of April 2023, more than 300 humanitarian organisations had provided cash assistance worth almost \$780,000 to war-affected persons. In 2023, at least \$4.3 billion

will be needed to meet all the needs of these people.²

As the area of hostilities is very large, it is now difficult to assess the actual number of people in Ukraine who will need social protection and, accordingly, humanitarian response. For objective reasons, there is no data on the number of casualties, both military and civilian. There is also no data on the birth rate for 2022. Therefore, all official figures available today are approximate. According to the Razumkov Centre's sociological survey conducted in February-March 2023, 60% of respondents did not receive humanitarian aid from any source, while 37% received it once or several times.³

With the outbreak of Russia's full-scale aggression, the humanitarian aid system has undergone fundamental changes. Along with the newly established entity, the Coordination Headquarters for Humanitarian and Social Affairs under the presidential Office,⁴ which to some extent centralised provision of international humanitarian aid, a number of other executive bodies, including the central-level ministries of social policy, reintegration, economy, youth and sports and others, are simultaneously performing coordination and organisational functions related to the provision of humanitarian support for the civilian population.

¹ Ukraine Humanitarian Response 2023: Situation Report, 3 August 2023. <https://reliefweb.int/report/ukraine/ukraine-humanitarian-response-2023-situation-report-3-august-2023-enuk>.

² Press service of the Ministry of Reintegration, <https://minre.gov.ua/>.

³ See page 135 of this journal for more detail.

⁴ The Coordination Headquarters for Humanitarian and Social Affairs is working actively and efficiently to address specific problems of Ukrainians in war – Andriy Yermak, <https://www.president.gov.ua/news/koordinacijnij-shtab-z-gumanitarnih-i-socialnih-pitan-aktivn-73469>.

Over more than 18 months of active fighting, the humanitarian aid system in place has expanded and improved, with new actors joining it, regulations undergoing necessary changes, etc. The assistance model has now adapted to the needs of wartime, not least through the coordination of these processes at the highest level. Humanitarian aid is currently provided by Ukrainians themselves – volunteers, NGOs, charities, concerned citizens, and the international community. At the same time, there are still problems and unresolved issues in the field of humanitarian aid, which is why some needs remain partially or completely unmet.⁵

FINANCIAL COMMITMENTS IN THE AREA OF SOCIAL PROTECTION

Despite the war, the state has been fulfilling all its social obligations to Ukrainians. The Prime Minister reported that about UAH 800 billion was allocated for all social payments in 2022.⁶ In turn, most Ukrainians are also positive about the government actions in terms of fulfilling the state's social obligations, as evidenced by the results of the Razumkov Centre's public opinion poll.⁷

At the same time, domestic experts believe that the country's budget is still far from meeting Ukraine's European integration intentions⁸ in terms of social standards. The maximum that the budget managed to provide during the active phase of war is to maintain minimum social standards (subsistence minimum and minimum wage) at the level of the end of 2022. There are no plans to increase the minimum wage in 2023, despite the

expected 20–30% rise of inflation. Also, although it is now impossible to increase social benefits in Ukraine, the requirements for the pension insurance record will continue to grow. For example, in 2023, Ukrainians turning 60 will not be able to receive a pension unless they have 30 years of service. In case of granting pensions, they will be postponed until the age of 63.

Nevertheless, despite the economic downturn (Ukraine's real GDP fell by 10.5% in Q1 2023 compared to Q1 2022)⁹ and the growing budget deficit (in January–March 2023, the state budget was reported with a deficit of UAH 220.3 billion, or about \$6 billion),¹⁰ the government is doing everything possible to help people survive in difficult times. That is why social security is one of top priorities in financing this year's state budget.¹¹ Total expenditures on social support programmes, including expenditures of the Pension Fund and the Social Insurance Fund, amount to UAH 791.0 billion in 2023, which is 12.4% of projected GDP. The key social policy's priorities for 2023 include the uninterrupted funding of payments to those categories of citizens for whom state benefits are the main source of income, including pensions; support for citizens in difficult life circumstances; digitalisation of social services, etc.

The expenditures available to the Ministry of Social Policy in 2023 increased by almost UAH 41.9 billion compared to the previous year, reaching UAH 444.13 billion. They include payments to the elderly (UAH 271.86 billion), to people in difficult life circumstances (UAH 86.1 billion), to low-income individuals (UAH 53.45 billion), and to families with

⁵ For more detail, see: Resolution of the Verkhovna Rada of Ukraine on the Preliminary report of the Parliamentary Temporary Investigation Commission on the investigation of alleged violations of the legislation of Ukraine in the field of receiving, distributing, transporting, storing, using for the intended purpose of humanitarian and other assistance, as well as inefficient use of state property that can be used for temporary accommodation of internally displaced persons and other needs of the state, https://zakon.rada.gov.ua/laws/show/3044-20?fbclid=IwARIsdEezirwbZb2Kk_yfpagdU9b9HB_ANsCIKKCIIaq2ooAenzu8JBSUbMc#n14.

⁶ Prime Minister of Ukraine Denys Shmyhal during a government meeting, https://t.me/Denys_Smyhal/4210, https://t.me/s/denys_smyhal?after=4199.

⁷ See pages 118–199 of this journal for more detail.

⁸ Marianna Onufryk. Social issues in the Budget 2023: Is there any European integration progress? – Rubric, <https://rubryka.com/blog/social-budget-2023/>.

⁹ NBU, <https://bank.gov.ua/ua/news/all/prosto-pro-ekonomiku-na-osnovi-materialiv-inflyatsynogo-zvitu-za-sichen-2023-roku>.

¹⁰ The general fund of the state budget received UAH 152.2 billion in March – Press service of the Ministry of Finance of Ukraine, https://mof.gov.ua/uk/news/u_berezni_do_zagalnogo_fondu_derzhavnogo_biudzhetu_nadiishlo_1522_mlrdriven-3916.

¹¹ Law of Ukraine On the State Budget of Ukraine for 2023, <https://zakon.rada.gov.ua/laws/show/2710-20#Text>.

children (UAH 26.85 billion). UAH 3.56 billion is to be allocated for payments to people with disabilities. At the same time, the Pension Fund and the Social Insurance Fund have their own revenues to ensure payments to vulnerable populations.

So, despite the difficult economic situation, the government managed to preserve the same funding for social protection of vulnerable populations as in 2022. Although Ukraine continues to face the largest budget deficit and the largest funding needs in its history, financing the recovery to ensure the country's socio-economic sustainability is crucial. It is about restoring critical infrastructure, social facilities, housing, etc. Such projects are clearly of a «forced» nature, as they are aimed at quickly restoring more or less acceptable socio-economic conditions for the functioning of society. The state needs \$17 billion to implement rapid reconstruction projects alone.¹²

EXTERNAL FINANCIAL ASSISTANCE

External financial assistance plays a critical role in maintaining the external stability of the economy, slowing down inflation and providing social services. Almost all social programmes, social payments and functioning of the state apparatus in Ukraine are currently financed by international assistance. Domestic budget revenues (taxes, loans, privatisation proceeds, etc.) are channelled for military needs. In 2022, the general fund of the state budget received UAH 1,491 billion. Of this amount, UAH 480.6 billion was gratuitous international assistance in the form of grants.

In 2023, 46% of the state budget deficit of UAH 1,600 billion (\$38 billion) was also financed by international aid.

Although the commitments are cyclical and often delayed¹³ (and, in fact, most of the aid is debt obligation),¹⁴ they help Ukraine to continue paying salaries and pensions and to maintain essential public services such as hospitals, schools, and housing for IDPs. They also allow Ukraine to ensure macroeconomic stability and repair damaged critical infrastructure, such as energy facilities, water systems, transport networks, roads and bridges.

Meanwhile, the existing level of financial support does not meet current needs. According to the Kiel Institute for the World Economy report,¹⁵ military, social and humanitarian support was balanced in the first 10 months of the conflict. Significant funds were allocated to humanitarian aid and social commitments. However, already in early 2023, military assistance accounted for about half of all support, and now it is 70%. The UN Office for the Coordination of Humanitarian Affairs acknowledges that funding, which was very significant in 2022, is now low, making it even more difficult to operate. To date, humanitarian organisations have received only 24% of the \$3.9 billion needed for the 2023 response.¹⁶

Although Ukraine continues to receive loans amidst unprecedented economic uncertainty caused by the war,¹⁷ and the situation with external financing is clear for this year, leading

¹² Ukraine should be rebuilt by Ukrainians, – Yulia Sviridenko – Government portal, <https://www.kmu.gov.ua/news/ukrayinu-mayut-vidbudovuvati-ukrayinci-yuliya-sviridenko>.

¹³ After a significant initial increase in commitments starting in February 2022, new aid fell to almost zero over the summer before increasing significantly again towards the end of the year. The cyclical nature of aid can be demonstrated in the case of financial assistance, as we can combine our data on commitments with detailed disbursement data provided by the Ministry of Finance.

¹⁴ Supporting Ukraine: More critical than ever. – CEPR PRESS Centre for Economic Policy Research, London, UK, https://cepr.org/system/files/publication-files/182384-supporting_ukraine_more_critical_than_ever.pdf.

¹⁵ Ukraine Support Tracker. A Database of Military, Financial and Humanitarian Aid to Ukraine. – Kiel Institute for the World Economy, <https://www.ifw-kiel.de/topics/war-against-ukraine/ukraine-support-tracker/>.

¹⁶ Ukraine Humanitarian Response 2023: Situation Report, <https://reports.unocha.org/uk/country/ukraine>.

¹⁷ IMF Executive Board Approves USD 15.6 Billion under a New Extended Fund Facility Arrangement for Ukraine and First Disbursement of USD 2.7 Billion. National Bank of Ukraine, <https://bank.gov.ua/en/news/all/rada-direktoriv-mvf-uhvalila-programu-rozshirenogo-finansuvannya-dlya-ukrayini-obsyagom-156-mlrd-dol-ssha-ta-zatverdila-pershiy-transh-u-sumi-27-mlrd-dol-ssha>.

Ukrainian experts believe that the question of receiving relevant funds in the coming years has not yet been resolved.¹⁸ To do so, the Ukrainian government will have to fulfil a number of requirements, including the key one – no further deterioration in the financial situation, in particular in tax and fiscal policy. Thus, on 9 June, the Ukrainian government approved a new version of the memorandum with the IMF¹⁹ (and received a new tranche of \$900 million), outlining Ukraine's current and future commitments.

The new tasks (structural benchmarks) facing Ukraine primarily include the need to reduce expenditures²⁰ and transition to the National Revenue Strategy aimed at reducing external dependence.²¹ Therefore, the country has de facto declared «revenue mobilisation», which will be reflected in the 2024 budget and relevant consultations are underway.

Ukraine did not achieve the indicative target²² for the general government cash balance (permissible deficit) excluding grants, due to higher than expected²³ defence spending. For example, in March 2023, Ukrainian servicemen began receiving money under a new system: guaranteed payments of UAH 30,000 for all were cancelled but

reserved for certain areas and the execution of combat orders; payments of UAH 100,000 were reserved for those directly involved in hostilities or working in the occupied territory.

The indicative target for social expenditures was not achieved either,²⁴ suggesting the additional need for cost savings, in particular, for social payments. For example, the UAH 258.1 billion planned for June 2023 is proposed to reduce to UAH 249 billion, and the UAH 372.6 billion planned for September to reduce to UAH 359.6 billion. Next year, further spending cuts are envisaged, to UAH 172 billion in March and to UAH 270 billion in June 2024. At the same time, such cuts do not apply to members of supervisory boards or top managers of state-owned companies, who continue receiving gigantic salaries.²⁵

Another tendency is to reduce spending on payments to IDPs. The IDP support mechanism is being improved to encourage their employment, along with better verification of their financial situation.²⁶ From 1 August 2023, payments to all IDPs currently receiving assistance will be automatically extended for another 6 months, until January 2024.

¹⁸ I. Burakovsky I. What to Expect from the London Ukraine Recovery Conference?, <https://nv.ua/ukr/opinion/vidbudova-ukraini-shcho-bude-na-konferenciji-z-vidnovlennya-ukraini-urc-2023-novini-ukrajini-50324779.html>.

¹⁹ IMF-Ukraine: Letter of Intent and Memorandum for Economic and Financial Policy, 19 June 2023 – National Bank of Ukraine, <https://bank.gov.ua/ua/news/all/mvf-ukrayina-list-pro-namiri-ta-memorandum-pro-ekonomichnu-ta-finansovu-politiku-19-cheravnja-2023-roku>

²⁰ Annex 1. Letter of intent, https://bank.gov.ua/admin_uploads/article/Lol_MEFP_Ukraine_2023-06-19.pdf

²¹ The goal of the National Revenue Strategy is to reduce Ukraine's external dependence – Minister of Finance. <https://interfax.com.ua/news/economic/906672.html>

²² Indicative planning is a way of regulating economic processes by recommending certain goals, setting priorities for the national economy developments and using state financial and other indirect incentives for their implementation. It is advisory in nature and fundamentally different from the directive method of implementing the set goals, <https://tusovka.kr.ua/news/2018/05/14/indikativne-planuvannya>

²³ For example, while the lower limit of the total cash balance (permissible deficit) was set at minus UAH 356.5 billion in April, the actual figure was almost UAH 364.6 billion. In June, the plan was minus UAH 638 billion, while the actual figure was minus UAH 730 billion.

²⁴ Annex 1. Letter of Intent, 19 June 2023, https://bank.gov.ua/admin_uploads/article/Lol_MEFP_Ukraine_2023-06-19.pdf?v=4

²⁵ The government will not limit salaries in state-owned companies, but is looking for ways to save on them. Is it worth taking away hundreds of thousands of hryvnias a month from state managers? – Forbes, <https://forbes.ua/inside/uryad-ne-bude-obmezhuvat-zarplati-u-derzhkompaniyakh-ale-shukae-yak-zekonomiti-na-nikh-chi-varto-vidbirati-u-derzhmenedzheriv-dokhodi-u-sotni-tisyach-griven-na-mistsyats-01072022-6924>

²⁶ On 11 July, the Cabinet adopted a resolution «Some issues of support for internally displaced persons», which amends the procedure for allocating accommodation payments to IDPs. Ministry of Social Policy, <https://www.msp.gov.ua/projects/821/>

From 1 September, assistance will be extended for those, whose financial situation requires such support, and will not be extended for IDPs, whose financial situation allows them to make substantial expenditures without state assistance. Also, payments will not be extended to persons who have returned to their abandoned places of residence or have been abroad for more than 30 consecutive calendar days with no justified, document-confirmed reasons.²⁷

Ukraine plans to reform its tax and budget policies and update the 5-7-9 preferential loan programme already in 2023. In particular, the tax burden on both businesses and individuals is increasing. The focus is on several categories of taxes, the reform of which will expand the tax base – the employment tax/personal income tax, corporate income tax and excise duties. These steps are aimed, in particular, at bringing the labour market out of the shadow and pursuant to clause 15 of the Memorandum of Economic and Financial Policies of 8 December 2022,²⁸ in which Ukraine committed itself to quickly restore the pre-war tax policy, which, in particular, provides for legislative changes in terms of limiting the moratoria on tax audits from 1 July 2023, and the specifics of the application of the simplified tax regime under the single tax of 2%. The implementation date was postponed to 1 August 2023.

Large businesses will be excluded from the 5-7-9 loan programme starting from September 2023, with preferential loans only available to SMEs. The problem, however, may be that it will be difficult for small companies to get such loans since they may not meet

many criteria. For example, there are delays in the payment of compensation to banking institutions for interest on loans from the state; business entities are denied loans because the areas of possible hostilities and de-occupied territories are in a high-risk zone; business entities cannot fully fulfil their previous obligations under existing loan agreements, as most businesses have lost access to their enterprises due to military aggression and long-term temporary occupation and cannot fully operate.²⁹ There are concerns that funding for this loan programme will be reduced, which is exactly the reason for limiting large businesses' access to it.

Banks have issued 8,000 loans worth UAH 28.3 billion to businesses since the beginning of 2023.³⁰

Most loans under this programme launched in 2020 were anti-crisis loans (UAH 62 billion) and loans for anti-war purposes (UAH 55 billion). Another UAH 28.6 billion was issued to refinance previously obtained loans, and UAH 12.4 billion – for investment purposes. Agrarians received UAH 29.7 billion in loans to support their operations, and trading companies took out UAH 1.5 billion in loans to replenish working capital.³¹

The most frequent recipients of loans under the programme are companies operating in the following sectors:

- ✓ agriculture (54%);
- ✓ trade and production (23%);
- ✓ industrial processing (13%).

Lviv, Odesa, Dnipropetrovsk, Kharkiv, Kyiv, Vinnytsia oblasts and the city of Kyiv are the leaders in terms of the amount of loan agreements concluded. As of today, 45 banks participate in the programme, with PrivatBank (26.8 thousand), Oschadbank (9.2 thousand) and Raiffeisen Bank Aval (5.3 thousand) issuing the largest number of loans.

²⁷ Justified reasons include, in particular, situations when a person was on a business trip or internship, undergoing treatment or rehabilitation, caring for a sick child, or rehabilitating a child.

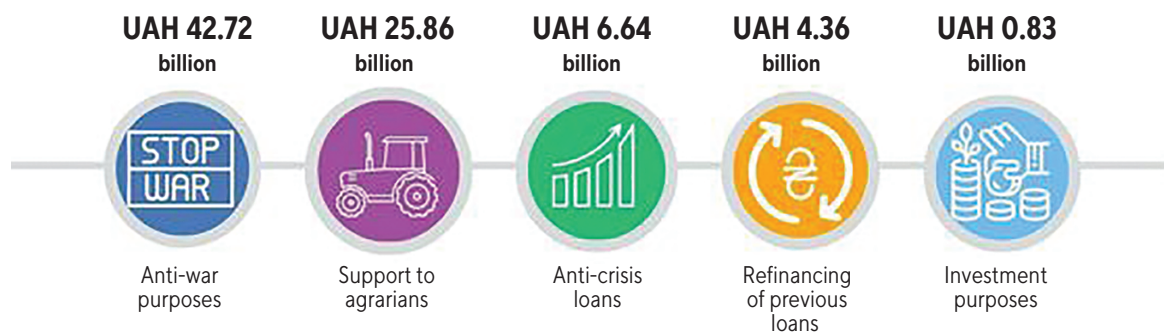
²⁸ Memorandum of Economic and Financial Policies. – Ministry of Finance of Ukraine, https://mof.gov.ua/en/memorandum_of_economic_financial_policies-677.

²⁹ The program of affordable loans of 5-7-9% should work for the de-occupied territories – Ministry of Reintegration of the Temporarily Occupied Territories, <https://minre.gov.ua/en/2023/06/12/the-program-of-affordable-loans-of-5-7-9-should-work-for-the-de-occupied-territories/>.

³⁰ Since the beginning of 2023, businesses have received 8,000 affordable loans worth UAH 28.3 billion. – Ministry of Economy of Ukraine, <https://www.me.gov.ua/News/Detail?lang=uk-UA&id=fe976a6c-5ca3-47ff-abea-737d29d03488&title=ZPochatku2023-Roku>.

³¹ Ibid.

STATE PROGRAMME «AFFORDABLE LOANS 5-7-9%»
DURING THE MARTIAL LAW PERIOD

 Banks issued **19,416 loans** to businesses in the amount of **UAH 80.43 billion**


Source: Cabinet of Ministers of Ukraine, Ministry of Finance of Ukraine

The pension system reform continues in Ukraine. The PAYG pension system is in crisis due to the following factors:

- ✓ reduction in the number of workers paying the unified social contribution, with insurance contributions to the PAYG system (excluding the military) falling by 25%;
- ✓ 30% reduction in economic activity in 2022, according to statistical observations;



- ✓ the insured persons to pensioners ratio is 1:1, meaning that one working Ukrainian who pays the unified social contribution actually supports one pensioner. Due to migration, this ratio may worsen, having negative implications for the financing of PAYG pensions;
- ✓ the average pension as of 1 April (UAH 5,238.25) often does not cover basic needs and is the lowest in Europe;
- ✓ the replacement rate (the percentage of salary that can be received as a pension) is about 27%, which means that a person's income is reduced by three times upon retirement.

Each of these factors increases the likelihood of negative consequences for the pension system and for every Ukrainian. In such settings, the pension system may be underfunded by insurance contributions. This may lead to a forced revision of the insurance system parameters, such as raising the retirement age, increasing insurance contributions, etc., or to a reduction in the parameters that affect the size of pensions. As a result, the replacement rate will further decline and pensioners' living standards will fall.

Amidst the mounting negative trends in the PAYG pension system and IMF warnings against growing pension expenditures from the budget and against additional categories of beneficiaries entitled to early retirement, attempts to introduce a mandatory funded pension system continue in Ukraine.³²

However, the IMF believes that introducing a funded pension system in Ukraine is premature and rightly insists that the government should focus on strengthening the PAYG system until the end of the war. Moreover, the introduction of the funded pension should not undermine the PAYG system functioning. The IMF believes that the PAYG system should be preserved to remain viable after the war.

The introduction of the second pillar should not create a deficit in the PAYG system, meaning that any changes that could increase pension expenditures should include references to the sources of such expenditures, and no additional money should be taken from the budget. Members of the Ukrainian government promised that in the event of a partial redistribution of funds from the unified social contribution to the funded pension, they would look for compensators for the losses incurred by the PAYG pension system.

LABOUR MARKET

The problem in the field of employment is seen as one of the most hard-to-solve problems as of now. The war has radically exacerbated the demographic crisis, which has been bothering Ukraine since independence, and could lead to a massive labour shortage after the war ends.³³ Since the beginning of 2023, one-fifth (21.1%) of enterprises in Ukraine have shut down, seriously affecting employment opportunities in the country. Nevertheless, the labour market in Ukraine has been gradually recovering, although reaching only half of its pre-war level so far, while the recovery process has been thwarted by a series of massive attacks on energy infrastructure.

Moreover, the labour market recovery is rather uneven. The destruction, closure and

relocation of businesses, refugees moving abroad and the growing number of IDPs have created a situation of mismatch between the geographical location of jobs and of labour force. The labour market shows the deepening occupational and regional disparity, which hinders further employment recovery. According to some reports, the positive employment trend is stabilising only thanks to the western regions. While the East, North, and South of Ukraine have not yet recovered to the level of early 2022, the West and partly the Centre offer even more vacancies than before the start of the full-scale war. For example, Ivano-Frankivsk is now ranked fifth by the number of vacancies, replacing Kharkiv, where the situation with jobs has declined significantly, as many businesses have been destroyed or shut down, while others have relocated to safer regions.

In turn, private businesses are facing a shortage of skilled workers. Despite the high unemployment rate, there is a serious deficit of certain professions, as well as professional and qualification imbalance and certain differences between labour supply and demand. According to the State Employment Service, the highest demand is for skilled blue-collar workers.³⁴ Their shortage is now 20-25% higher than in 2021. One of the reasons for this shortage is the mass mobilisation of men. Just like businesses, the Armed Forces also need qualified specialists. Employee reservations do not always work, especially when it comes to small and «non-strategic» companies. Another reason is the massive migration of women of blue-collar occupations, who, unlike office workers, can quickly find a well-paid job in the EU having the right speciality. Moreover, refugee status gives them the right to official employment.

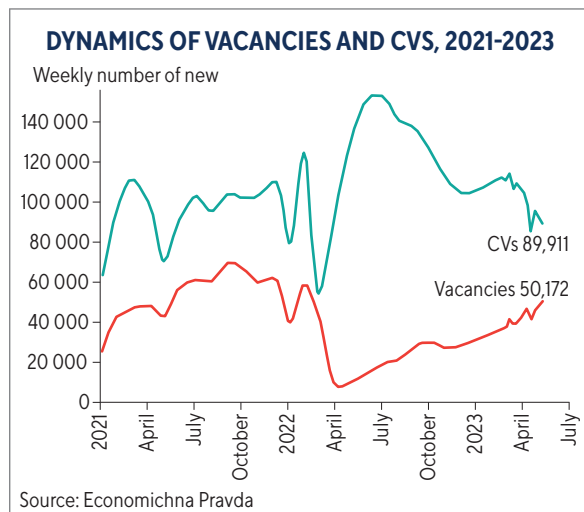
This has changed the trends in the labour market. From being an unconditional employers' market during the entire 2022, it gradually transforms into a job seekers' market.

³² Draft Law No. 9212 «On funded pension provision» has been registered in the Verkhovna Rada and is currently being considered by the relevant parliamentary committee.

³³ Assessing the role of the demographic factor for economic growth and post-war recovery. Razumkov Centre, <https://razumkov.org.ua/images/2023/05/22/2023-MATRA-I-KVARTAL-7.pdf>.

³⁴ Labour market 2023: who do employers look for and who are they ready to pay up to UAH 70 thousand – State Employment Centre, <https://www.dcz.gov.ua/publikaciya/rynok-praci-2023-kogo-shukayut-robotodavci-ta-komu-gotovi-platyty-do-70-tysyach-grn/>

According to the work.ua portal, starting from April 2023, the rate of new vacancies has returned to almost 80% of the 2021 average, while the number of CVs exceeds the 2021 average by only 10%. The NBU's Inflation Report explains this trend as «a revival of economic activity thanks to improvements in the energy sector and seasonal activity».³⁵



Thus, regional and occupational disparities have deepened compared to the pre-war period, holding back further employment recovery and, consequently, obstructing economic recovery. However, the situation with the shortage of personnel is being «balanced» by the economic downturn, so there is no collapse yet.

The official unemployment rate, according to the State Employment Service, more than halved over the year, which is a historic minimum. As of 1 June 2023, 119.2 thousand people³⁶ were officially unemployed, compared to 137.3 thousand in March 2023, and 286.9 thousand a year ago.

This is explained by substantial changes in conditions offered by the state when registering with the Employment Centre. For example,

the period of registration and payment of unemployment allowance has been reduced. Starting from 1 January 2023, the maximum unemployment allowance will be UAH 6,700, or the size of the minimum wage (previously, the state paid 150% of the minimum wage). Second, two-thirds of the unemployed are now women, whereas a year ago the number of unemployed men and women was almost equal. In addition, **military registration is now an important factor**, as one no longer can register at employment centres without it.

Since these figures concern **people officially registered** with employment centres across the country, actual numbers may differ significantly. The NBU estimates that unemployment rate in Ukraine will remain high, rising from 9.8% to 25.8%. For reference, the unemployment rate in May 2023 was around 20%.³⁷ According to more pessimistic estimates, the unemployment rate is somewhere near 30%.³⁸ **This is the result of the destruction of enterprises and a decline in business activity in the face of high risks and the forced migration of millions of Ukrainians.**

Moreover, unemployment is increasingly becoming structural. One of the reasons for such unemployment is difficulties moving to a region offering «proper» jobs to potential employees. Instead, many IDPs are forced to move to regions where there is a limited offer of jobs in their speciality. This is why the share of those who lost their jobs after the full-scale invasion and those who are still unemployed is particularly high among IDPs. However, many of those who have returned to their previous place of residence, are also unable to find work.

Although the unemployment rate in the western regions of Ukraine, which rose to 30% in 2022, has now fallen to 15%, the number of job seekers has not increased dramatically,

³⁵ Inflation Report, April 2023 – NBU, https://bank.gov.ua/admin_uploads/article/IR_2023-Q2.pdf?v=4.

³⁶ In the total number of registered unemployed, 33.7 thousand (or 29%) were men, and 85.5 thousand (or 71%) were women. See Analytical and statistical information – State Employment Service. <https://www.dcz.gov.ua/analitics/67>.

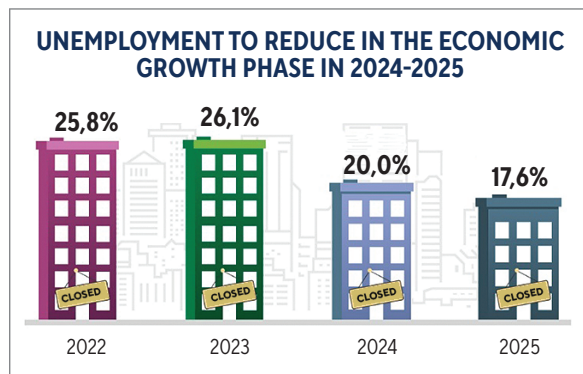
³⁷ Inflation Report, May 2023 – NBU, https://bank.gov.ua/admin_uploads/article/IR_2023-Q2.pdf?v=4.

³⁸ Labour market in Ukraine: Chances of finding a job are increasing, but not everywhere – Ukrinform, <https://www.ukrinform.ua/rubric-economy/3654742-rinok-praci-v-ukraini-sansi-znajti-robotu-zrostaui-prote-ne-skriz.html/>

as one might expect due to the influx of IDPs. In reality, contrary to the popular perception of IDPs mostly moving westward, the leading regions by the number of hosted IDPs are Dnipropetrovsk and Kharkiv oblasts. People move to Kharkiv and Dnipro from small settlements in the regions suffering from fighting, while in the West, IDPs cannot compete for jobs due to different region-specific employment patterns. Therefore, structural unemployment is predominantly observed in the West, where there is a serious mismatch between what employers need and what employees can offer.

The situation on the labour market is expected to improve as security risks decline and the economy recovers. In the absence of significant shocks, the unemployment rate will drop against the intensifying economic activity. Ukraine's recovery will help eliminate structural imbalances, in particular through investments in the affected regions and the return of refugees and IDPs to their homes.

Ukraine's reconstruction will require more workers. For example, the NBU expects the unemployment rate to start declining in 2024 by 1.5–2%. However, the effects of the war will still be felt sharply in the labour market, in particular through increased skill and regional imbalances.



The labour market increasingly escapes to shadow, as evidenced by the growing share of people trying to find work unofficially. According to the State Employment Service,³⁹ about 3 million people worked

without official registration in March 2023, which is more than 20% of the working-age population of Ukraine. The requirement for men to have military registration for official employment also contributed to the increase in informal employment. Both employees and employers (who can save on taxes this way) may be interested in informal employment. Therefore, despite the ongoing State Employment Service inspections, the shadow labour market continues to exist.

The situation on the labour market is further complicated by the massive outflow of people from the country. The loss of Ukraine's labour force today is estimated at more than 30%, which is about 5.5 million people, most of whom have gone abroad. Bringing these people back and engaging them in the post-war recovery is one of the key challenges for the future of the Ukrainian economy.

In order to encourage job creation, increase employment and reduce unemployment, the government has approved a procedure for compensating employers for part of the actual costs associated with the payment of a unified contribution to the obligatory state social insurance for creating new jobs and for hiring officially registered unemployed.⁴⁰

The new mechanism provides for the payment of compensation in the amount of 50% of the actual unified contribution paid for an employed person taking a new job. The compensation will be paid to employers who pay their employees a salary of at least three minimum wages during the year. Provided that such salary level is maintained, compensation will be paid for each employed person over the next 12 months at the expense of funds in the budget of the Compulsory State Social Insurance Fund in the event of unemployment.

The mechanism also provides for compensation to small businesses for actual expenses in the amount of the unified social contribution for hiring registered unemployed persons for new jobs. This mechanism is expected to come into effect on 1 January 2024.

³⁹ Ukraine's budget loses UAH 100 billion a year because of unregistered workers – State Employment Service, <https://www.work.ua/news/ukraine/2359/>.

⁴⁰ See: <https://document.vobu.ua/doc/18684>.

HOUSEHOLD INCOME

The war has affected the level of citizens' incomes. The year 2023 may prove critically difficult, especially for low-income Ukrainians, whose real incomes will shrink the most. The Razumkov Centre's survey shows that income of 37% of respondents has decreased, while 10% have lost their jobs since the start of the full-scale war. Reasons for the loss of jobs included closure or suspension of the enterprise (30%) and staff reduction (14%).⁴¹ This suggests a significant dependence of household income on the economic situation: income may grow as economic activity intensifies, the balance of payments improves, and the country's export potential increases. This will also stimulate the demand for labour and help improve its quality.

Financial situation of pensioners will not worsen as much as that of working citizens may do. Several massive pension recalculations have already taken place in 2023. During the March indexation, the pension payments of 10.5 million Ukrainian pensioners were recalculated, along with increases of the minimum pension to persons with disabilities among the Chernobyl accident first responders.

Starting from 1 July, pensions granted in accordance with the Laws of Ukraine «On Civil Service», «On Service in Local Self-Government Bodies», «On the Status of People's Deputy of Ukraine», and «On Scientific and Scientific-Technical Activities» will be indexed by 19.7%, effecting civil servants, MPs, representatives of local self-government bodies and scientists.

The decline in Ukrainians' real incomes was caused by wage cuts by some businesses and high inflation. Although most business owners have restored their employees' remuneration to pre-war levels, people have still lost some of their previous income, primarily due to inflation that exceeded 26% according to official figures.

In 2023, employers are not required to adjust their employees' salaries, as relevant provision of the Law «On Indexation of Personal

Income» was temporarily suspended when approving the state budget for 2023. This easing is one of many government measures taken to support businesses in times of war. The minimum wage will not change either, as it was «frozen» at UAH 6,700/month since 1 October 2022, but this does not mean that employers cannot increase salaries on their own initiative to support their teams in difficult times or to be more competitive in the labour market to attract more skilled professionals.

Meanwhile, despite the objective decline in income for two-thirds of Ukrainians, their self-assessments of wellbeing virtually did not change, as people's needs have reduced significantly during the war. They are more likely to be satisfied with what they have and to think that they have enough money to buy food or clothes even with a significant decline in income.

The NBU projects real wages to resume their growth in 2023. According to the IMF forecast based on the results of the First Review under EFF, inflation in Ukraine will decline to 15.5% in 2023, while real incomes will increase by 1%.⁴² The argument is that after the full opening of the borders, many businesses will have to compete for workers, including with foreign employers, which will be a significant factor in further wage growth. In this regard, the wage gap between the mobile and sedentary labour force is expected to grow. Meanwhile, nominal household incomes are still mostly supported by payments to the military and by social benefits, although many recipients say that the size of social assistance is insufficient.

EUROPEAN INTEGRATION FACTOR

Ukraine is facing a formidable military aggression, but its European integration processes have never stopped. The aspiration to become the EU member is an important priority, as well as the motive and driving force behind a number of key reforms based on

⁴¹ Results of a sociological survey conducted by the Razumkov Centre's sociological service on 23-28 June 2023 on behalf of the «Dzerkalo Tyzhnia» newspaper.

⁴² IMF Executive Board completes the First Review under the Extended Fund Facility (EFF) Agreement for Ukraine – International Monetary Fund, 30 June 2023, <https://www.imf.org/en/News/Articles/2023/06/29/pr23249-ukraine-imf-exec-board-completes-1st-rev-eff-arrangement>.

European values. On 28 February 2022, the President of Ukraine signed an application for the country's membership in the European Union.⁴³ **On 23 June, the European Council decided to grant Ukraine the EU candidate status at a summit in Brussels.**⁴⁴ The European Commission evaluated Ukraine's application based on its ability to meet the criteria set by the European Council in Copenhagen in 1993 and in Madrid in 1995.

The expert community agrees that in 2022 Ukraine has made significant progress on its path to European integration, although many questions remain about Ukraine's readiness to become part of the EU, in particular in terms of economic capacity. The economic eligibility criteria require having a «functioning market economy and the ability to cope with competitive pressure and market forces within the EU» (Copenhagen criteria).⁴⁵

Speaking of the economic criteria, Ukraine has maintained its sustainable macroeconomic development, demonstrating resilience in the areas of macroeconomic and financial stability.⁴⁶ In 2023, social and humanitarian issues have been given as much attention as economic or anti-corruption issues. As the prospect of EU membership is an important driver of reforms, backed by strong EU funding, Ukraine has a number of current and future commitments in the humanitarian and social bloc.⁴⁷ In turn, Ukraine's candidate status significantly increases the level of EU responsibility for the processes in political, economic, social and humanitarian spheres, as well as for Ukraine achieving progress in these areas.

The Annual Report on the Implementation of the EU-Ukraine Association Agreement shows that as of the end of 2022, Ukraine has fulfilled 72% of its obligations under the Agreement. Overall **progress in implementing the Agreement in 2022 increased by 9%**, suggesting the generally positive trend. However, the European Commission assesses Ukraine's preparation for EU accession in the area of social policy and employment as «entry level», which is one point out of five possible. In other words, the European Commission assesses progress in this section (along with some others) as the lowest. The overall progress in meeting the requirements is only 54%, which is one of the lowest among other areas, while Justice, Freedom, Security and Human Rights scored 91%, which is one of the highest indicators.⁴⁸ All in all, Ukraine has committed itself to approximating its legislation to a significant number of EU directives in the areas of employment, social policy and equal opportunities.

Nonetheless, since the onset of the war, the process of preparing and adopting social legislation, which constitutes the legal basis for social justice in society in the current circumstances, has intensified in Ukraine. For example, during its seventh session (February–July 2022), the Verkhovna Rada of the 9th convocation adopted as many as 19 laws regulating issues in the social sphere under martial law.⁴⁹ Such a revival of the legislative process in the social vector gives grounds for optimism regarding Ukraine as a state governed by the rule of law, whose priority values are human beings, their rights and freedoms.

⁴³ Volodymyr Zelenskyy signed an application for Ukraine's membership in the European Union. Official website, <https://www.president.gov.ua/en/news/volodimir-zelenskij-pidpisav-zayavku-na-chlenstvo-ukrayini-u-73249>.

⁴⁴ Ukraine. European Council, <https://www.consilium.europa.eu/en/policies/enlargement/ukraine/>. The EU officially recognises Ukraine as a candidate for accession: draft decision – European Pravda, <https://www.eurointegration.com.ua/news/2022/06/22/7141765>.

⁴⁵ Accession criteria (Copenhagen criteria), <https://eur-lex.europa.eu/EN/legal-content/glossary/accession-criteria-copenhagen-criteria.html>

⁴⁶ For more detail, see section «Ukraine's economy during the war: losses, challenges, opportunities, prospects for recovery» of this publication.

⁴⁷ Analytical Report following the Commission Opinion on Ukraine's application for membership of the European Union. <https://www.europeansources.info/record/analytical-report-following-the-commission-opinion-on-ukraines-application-for-membership-of-the-european-union>.

⁴⁸ Report on the Implementation of the EU-Ukraine Association Agreement for 2022, https://eu-ua.kmu.gov.ua/sites/default/files/inline/files/zvit_pro_vykonannya_ugody_pro_asociaciyu_za_2022_rik.pdf.

⁴⁹ During the work of the seventh session of the Verkhovna Rada of Ukraine of the ninth convocation, 19 laws of Ukraine in the social sphere were adopted. – Verkhovna Rada of Ukraine, <https://www.rada.gov.ua/news/razom/227453.html>.

CONCLUSIONS AND RECOMMENDATIONS

Priority measures to overcome the humanitarian crisis

The humanitarian crisis will predictably deepen and will require Ukraine to establish an effective system of providing humanitarian aid to the population, which would include the following approaches and measures.

- ✓ The operational response should be primarily aimed at meeting the immediate needs of vulnerable populations, including girls, women and the elderly. This includes providing food, drinking water, education, healthcare, and housing. The state should help solve the immediate problems of vulnerable populations who are unable to engage in economic activity due to age, physical disability or other reasons.
- ✓ The existing regulatory and legal acts in the field of humanitarian aid in Ukraine under martial law should be brought in line with the current Law of Ukraine «On Humanitarian Aid», in particular:
 - define a single responsible body (humanitarian aid coordination headquarters) with an exhaustive list of state executive bodies tasked to coordinate with the humanitarian headquarters;
 - regulate a number of humanitarian aid issued at the legislative level, in particular, regulate the legal status of a donor, acquirer, recipient, as well as powers of coordination and humanitarian headquarters, proper accounting and reporting at all levels;
 - develop an appropriate mechanism to regulate the activities, duties and responsibilities of all stakeholders involved in the coordination, accounting, reporting, distribution, transportation, storage, and use of humanitarian aid for its intended purpose;
 - develop a single centralised coordinated system for the formation of the need for humanitarian aid by recipients of reliable information about persons in need of assistance, the volume and

types of assistance required, in order to avoid ineffective meeting of potential acquirers' humanitarian needs.

- ✓ A unified state register should be developed to include citizens in need of housing solutions, followed by better coordination at all levels of programmes for the construction of new housing, purchase of housing on the secondary market, reconstruction of departmental dormitories, rebuilding of non-residential premises that are not used for their intended purpose, lending, compensation, and creation of social (including temporary) housing funds.
- ✓ In view of multiple facts of improper storage of humanitarian and other aid, violation of the storage periods of goods, initiated criminal proceedings and unsatisfactory organisation of the receipt, storage and distribution of humanitarian and other aid by military administrations, an inventory of humanitarian and other aid should be conducted.

Financial support and fundraising for reconstruction

Ukraine's budget requires significant injections and support from the international community. The budgetary financing needs for 2023 are covered by partners' firm commitments (excluding the costs of early recovery and reconstruction). External assistance is vital in supporting the social sphere and delivering social services, ensuring economic resilience, and slowing down inflation. However, insufficient or reduced donor support in the coming years may exacerbate financing troubles, calling for difficult political compromises. Moreover, the volume of assistance and the dominance of loans in its composition generate high risks of a debt crisis. To mitigate them, it is necessary to:

- ✓ Seek to increase the share of grants in the financing structure and work on the post-war restructuring of the external public debt on the terms of its partial write-off.
- ✓ Improve coordination of Western assistance to Ukraine given the cyclical nature and delays in the provision of foreign aid point. The creation of a central body and/or platform that would

allow Ukraine to plan ahead and ensure that its most urgent financial, military and humanitarian needs are met could significantly improve the situation.

- ✓ Given the need to increase revenues to the state and local budgets and due to Ukraine's high dependence on external assistance and the need to reduce it in the future, develop further initiatives implementing the National Revenue Strategy⁵⁰ aimed at expanding the domestic revenue base and reducing the country's dependence on external financial assistance.
- ✓ Develop a mechanism for attracting representatives of the world's largest companies to invest, showcasing Ukraine as a good place for investment, which will encourage economic recovery, including through creation of new jobs. Participation of Ukrainian private capital is equally important for sustainable economic growth and, consequently, Ukraine's ability to repay donors after the war. Reconstruction assistance initiatives should build on an analysis of the impact of national private players, where possible.

Prevention of the demographic factor's negative impact on the recovery

The above-mentioned negative demographic trends will have a significant impact on the pace and effectiveness of Ukraine's post-war recovery. Thus:

- ✓ Given the extraordinary migration processes and population losses in Ukraine, any quantitative and qualitative estimates regarding the country's population in Ukraine are only assumptions that do not allow for decision-making, especially in the social policy area. That is why it is necessary to introduce a **proper system of statistical data**, in particular in the social sphere, which would enable informed decision-making in social protection.
- ✓ **Resolving the issue of job shortages should be a cross-cutting task of the**

country's social policy. Job creation is a key factor for reintegrating various groups of people affected by the war. It will contribute to economic development by increasing the purchasing power of the population and is a reliable tool for overcoming poverty. Formation of the jobs supply will help maintain the current income level of citizens and prevent reduction in their savings. The experience of post-war reconstruction in Bosnia and Herzegovina confirms that ignoring the problem of targeted job creation led to long-term stagnation of production activity and produced chronic unemployment, which remained at 30-40% of the workforce for 10 years after the end of the war (in 1996-2007) and still remains one of the highest in Europe (16%).⁵¹

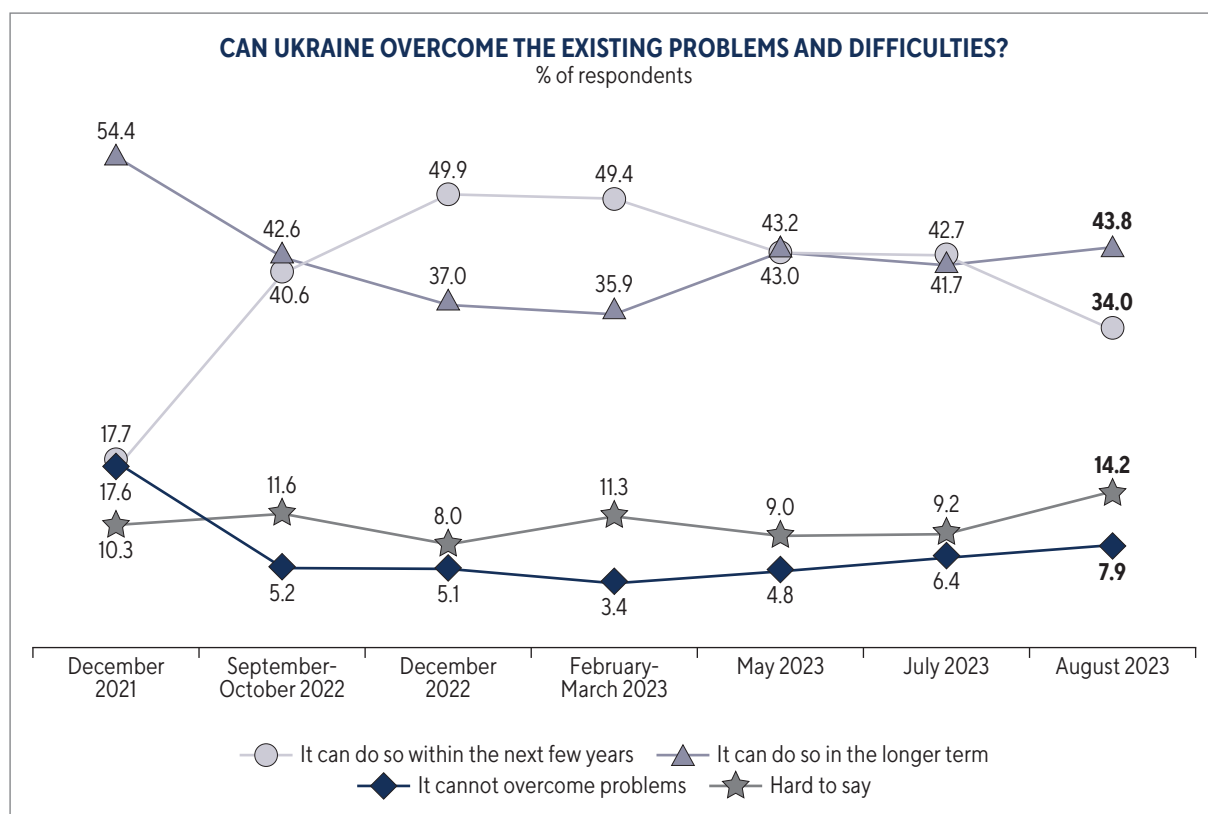
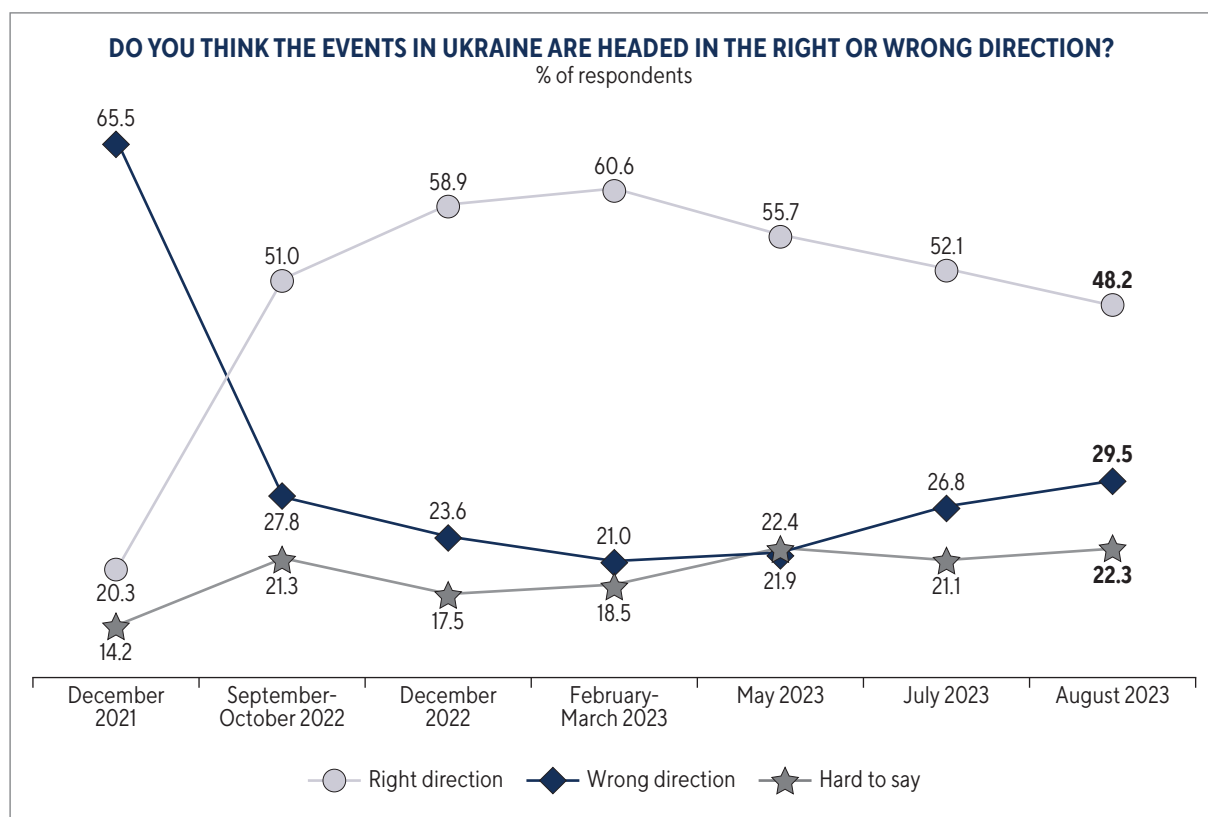
- ✓ Recovery and restructuring will require **redistribution of the labour force between sectors of the economy**, thus increasing its productivity. In order to address the problems of unemployment and excess labour force in certain regions, it is necessary to elaborate short-term relocation or reorientation plans for some enterprises, and to help businesses that cannot pay salaries and taxes due to the hostilities.
- ✓ Supporting the development of the local economy is crucial for people to be able to provide for themselves. Economic development should take into account the war-induced specific concentration of Ukraine's labour resources, namely labour-deficient eastern and central regions and labour-surplus western regions.
- ✓ With the growing demand for skilled labour and its increasing shortage in the labour market, especially in the context of on-going mobilisation, employment support measures will be particularly important, such as stimulating entrepreneurship; promoting employment of women, youth, people of pre-retirement and retirement age; training and retraining for veterans/veterans with disabilities; regulating mobilisation, reservation and travel abroad; providing information support for social inclusion of veterans and IDPs.

⁵⁰ On 24 March 2023, the Cabinet of Ministers passed a decision instructing the Ministry of Finance to start preparing the NRS for 2024-2030. <https://finclub.net/ua/news/minfin-rozrobyt-natsionalnu-stratehiu-dokhodiv-do-2030-roku.html>.

⁵¹ Lessons For Rebuilding Southeast Europe, The Bosnia and Herzegovina Experience – Reliefweb, <https://reliefweb.int/report/bosnia-and-herzegovina/lessons-rebuilding-southeast-europe-bosnia-and-herzegovina-experience>.

UKRAINE: A YEAR IN WAR

CITIZENS' OPINIONS



HOW DO YOU TRUST THE FOLLOWING SOCIAL INSTITUTIONS?																
% of respondents																
	July-August 2021				February-March 2023				May 2023				July 2023			
	Trust*	Distrust**	Hard to say	Trust-distrust balance***	Trust*	Distrust**	Hard to say	Trust-distrust balance***	Trust*	Distrust**	Hard to say	Trust-distrust balance***	Trust*	Distrust**	Hard to say	Trust-distrust balance***
Armed Forces of Ukraine	68.3	24.8	6.7	43.5	95.8	2.7	1.5	93.1	93.0	3.5	3.4	89.5	92.6	5.3	2.3	87.3
	53.5	33.4	13.1	20.1	87.2	6.6	6.3	80.6	85.9	7.7	6.4	78.2	86.8	8.6	4.6	78.2
Volunteer units																
President of Ukraine	36.2	57.6	6.2	-21.4	82.9	11.5	5.6	71.4	83.3	11.3	5.4	72.0	79.9	15.0	5.2	64.9
National Guard of Ukraine	53.6	36.0	10.4	17.6	85.7	10.4	3.9	75.3	82.9	9.8	7.4	73.1	81.0	13.8	5.3	67.2
Volunteer organisations	63.6	25.1	11.3	38.5	87.9	6.5	5.6	81.4	81.7	9.7	8.6	72.0	82.9	11.2	5.9	71.7
State Emergency Service	61.4	28.7	9.9	32.7	85.4	8.8	5.8	76.6	80.0	13.1	7.0	66.9	81.3	13.4	5.4	67.9
State Border Guard Service	55.0	34.3	10.7	20.7	82.1	12.7	5.2	69.4	79.1	13.0	7.9	66.1	77.9	16.4	5.6	61.5
Ministry of Defence of Ukraine	—	—	—	—	78.1	15.0	6.9	63.1	75.3	16.6	8.2	58.7	74.9	19.1	6.1	55.8
Security Service of Ukraine (SBU)	37.5	49.7	12.7	-12.2	74.1	18.3	7.6	55.8	65.6	22.3	12.0	43.3	66.9	25.1	7.9	41.8
NGOs	47	37.4	15.5	9.6	65.8	20.1	14.1	45.7	61.1	24.6	14.3	36.5	60.4	25.8	13.8	34.6
Church	63.5	26.3	10.3	37.2	69.7	16.9	13.4	52.8	60.8	24.7	14.6	36.1	58.2	28.2	13.7	30.0
National Police of Ukraine	38.5	52.9	8.5	-14.4	71.5	22.2	6.4	49.3	59.2	30.4	10.4	28.8	61.3	30.7	8.0	30.6
Mayor of your city/town/village	57.1	33.6	9.3	23.5	62.1	29.6	8.3	32.5	58.2	32.3	9.5	25.9	60.5	31.8	7.7	28.7
Local council of your city/town/village	51.4	37.8	10.7	13.6	56.4	32.4	11.3	24.0	55.2	33.3	11.6	21.9	55.1	33.8	11.1	21.3
Ukrainian media	45.4	45.8	8.9	-0.4	65.1	26.2	8.8	38.9	48.9	37.5	13.6	11.4	55.7	36.0	8.3	19.7

* The total of answers «fully trust» and «rather trust».

** The total of answers «fully distrust» and «rather distrust».

*** The difference between those who trust and those who distrust.

HOW DO YOU TRUST THE FOLLOWING SOCIAL INSTITUTIONS? % of respondents															(continued)	
July-August 2021					February-March 2023					May 2023					July 2023	
Trust*	Trust**	Hard to say	Trust-distrust***		Trust*	Trust**	Hard to say	Trust-distrust***		Trust*	Trust**	Hard to say	Trust-distrust***		Trust*	Trust-distrust***
Ukrainian Parliament Commissioner for Human Rights (Ombudsperson)	31.7	40.1	28.1	-8.4	52.3	22.7	25.0	29.6	46.3	28.0	25.7	18.3	41.8	34.2	24.0	7.6
National Bank of Ukraine	29.1	60.1	10.9	-31.0	57.7	29.2	13.2	28.5	45.8	37.2	17.1	8.6	48.4	40.1	11.5	8.3
Cabinet of Ministers of Ukraine	21.5	72	6.6	-50.5	50.0	41.4	8.5	8.6	39.4	48.8	11.9	-9.4	39.1	52.2	8.7	-13.1
Verkhovna Rada of Ukraine	18.7	75.1	6.1	-56.4	41.0	51.0	7.9	-10.0	34.9	55.2	10.0	-20.3	36.2	56.3	7.6	-20.1
National Anti-Corruption Bureau of Ukraine (NABU)	15.2	69.6	15.3	-54.4	35.1	41.5	23.4	-6.4	29.8	48.7	21.5	-18.9	28.8	54.5	16.8	-25.7
Specialised Anti-Corruption Prosecutor's Office	13.6	69.3	17.2	-55.7	33.9	42.0	24.0	-8.1	27.2	49.5	23.3	-22.3	27.7	54.4	17.9	-26.7
National Agency on Corruption Prevention (NAZK)	13.2	69.6	17.2	-56.4	31.7	42.6	25.8	-10.9	26.5	49.1	24.4	-22.6	26.1	55.2	18.7	-29.1
Trade Unions	21.2	54.8	24.0	-33.6	30.9	38.0	31.2	-7.1	26.4	42.0	31.6	-15.6	25.3	44.8	29.9	-19.5
Prosecutor's Office of Ukraine	17.8	71.1	11.1	-53.3	36.8	48.0	15.3	-11.2	26.3	58.3	15.4	-32.0	27.8	60.3	11.8	-32.5
Commercial banks	18.2	70.7	11.1	-52.5	34.2	48.1	17.8	-13.9	25.6	55.7	18.6	-30.1	30.7	54.1	15.3	-23.4
State apparatus (officials)	14.9	75.7	9.4	-60.8	25.3	63.7	10.9	-38.4	20.7	66.4	12.9	-45.7	23.0	67.4	9.7	-44.4
Courts (judicial system as a whole)	15.5	74.2	10.4	-58.7	24.8	58.9	16.3	-34.1	16.8	69.6	13.7	-52.8	19.0	69.7	11.4	-50.7
Political parties	16.1	71.7	12.2	-55.6	21.7	63.3	15.0	-41.6	14.8	68.8	16.5	-54.0	17.0	68.2	14.9	-51.2

* The total of answers «fully trust» and «rather trust».

** The total of answers «fully distrust» and «rather distrust».

*** The difference between those who trust and those who distrust.

HOW MUCH DO YOU TRUST THE FOLLOWING POLITICIANS, OFFICIALS AND PUBLIC FIGURES?				
% of respondents				
	July-August 2021	February-March 2023	May 2023	July 2023
Volodymyr Zelenskyy				
Trust*	32.6	84.9	83.5	80.8
Distrust**	61.0	9.9	11.0	13.6
I do not know the person	0.4	0.5	0.3	0.6
Hard to say	6.1	4.7	5.1	4.9
<i>Trust-distrust balance***</i>	-28.4	75	72.5	67.2
Vitaliy Kim				
Trust*	—	—	62.7	71.1
Distrust**	—	—	14.7	12.9
I do not know the person	—	—	10.6	7.8
Hard to say	—	—	12.1	8.3
<i>Trust-distrust balance***</i>	—	—	48.0	58.2
Mylhailo Podoliak				
Trust*	—	59.5	50.7	52.1
Distrust**	—	19.2	24.1	24.5
I do not know the person	—	12.1	11.0	13.0
Hard to say	—	9.2	14.1	10.3
<i>Trust-distrust balance***</i>	—	40.3	26.6	27.6
Oleksiy Danilov				
Trust*	11.9	54.9	46.1	51.9
Distrust**	43.3	19.6	23.3	24.5
I do not know the person	36.5	15.0	17.9	13.3
Hard to say	8.3	10.4	12.7	10.3
<i>Trust-distrust balance***</i>	-31.4	35.3	22.8	27.4
Serhiy Prytula				
Trust*	21.8	65.0	55.8	55.0
Distrust**	56.5	21.7	29.3	31.3
I do not know the person	8.9	2.5	2.9	4.0
Hard to say	12.9	10.8	12.0	9.6
<i>Trust-distrust balance***</i>	-34.7	43.3	26.5	23.7
Vasyl Maliuk				
Trust*	—	24.7	26.4	33.1
Distrust**	—	14.7	14.9	15.5
I do not know the person	—	49.2	46.5	39.9
Hard to say	—	11.3	12.3	11.6
<i>Trust-distrust balance***</i>	—	10.0	11.5	17.6

* The total of answers «fully trust» and «rather trust».

** The total of answers «fully distrust» and «rather distrust».

*** The difference between those who trust and those who distrust.

HOW MUCH DO YOU TRUST THE FOLLOWING POLITICIANS, OFFICIALS AND PUBLIC FIGURES?				
	% of respondents			
	July-August 2021	February-March 2023	May 2023	July 2023
Ihor Klymenko				
Trust*	—	27.2	21.6	32.0
Distrust**	—	16.9	16.2	17.2
I do not know the person	—	42.5	48.1	38.2
Hard to say	—	13.3	14.1	12.6
<i>Trust-distrust balance***</i>	—	<i>10.3</i>	<i>5.4</i>	<i>14.8</i>
Vitaliy Klychko				
Trust*	25.6	57.9	48.4	47.7
Distrust**	64.2	27.5	34.8	35.5
I do not know the person	0.6	1.6	1.3	2.4
Hard to say	9.6	13.0	15.5	14.4
<i>Trust-distrust balance***</i>	<i>-38.6</i>	<i>30.4</i>	<i>13.6</i>	<i>12.2</i>
Serhiy Sternenko				
Trust*	14.9	29.2	28.2	34.0
Distrust**	42.7	18.0	21.7	23.5
I do not know the person	28.4	40.9	37.3	30.9
Hard to say	14.1	11.9	12.9	11.6
<i>Trust-distrust balance***</i>	<i>-27.8</i>	<i>11.2</i>	<i>6.5</i>	<i>10.5</i>
Oleksiy Reznikov				
Trust*	—	51.3	43.1	43.3
Distrust**	—	26.0	32.0	35.4
I do not know the person	—	12.1	10.3	9.4
Hard to say	—	10.5	14.5	11.9
<i>Trust-distrust balance***</i>	—	<i>25.3</i>	<i>11.1</i>	<i>7.9</i>
Denys Shmyhal				
Trust*	10.6	51.6	36.1	41.4
Distrust**	69.1	30.2	39.3	37.9
I do not know the person	7.7	3.7	5.9	6.9
Hard to say	12.5	14.5	18.8	13.8
<i>Trust-distrust balance***</i>	<i>-58.5</i>	<i>21.4</i>	<i>-3.2</i>	<i>3.5</i>
Andriy Yermak				
Trust*	10.3	40.6	37.5	37.8
Distrust**	58.5	36.0	40.0	41.8
I do not know the person	22.6	8.1	7.6	7.8
Hard to say	8.6	15.3	15.0	12.6
<i>Trust-distrust balance***</i>	<i>-48.2</i>	<i>4.6</i>	<i>-2.5</i>	<i>-4.0</i>

* The total of answers «fully trust» and «rather trust».

** The total of answers «fully distrust» and «rather distrust».

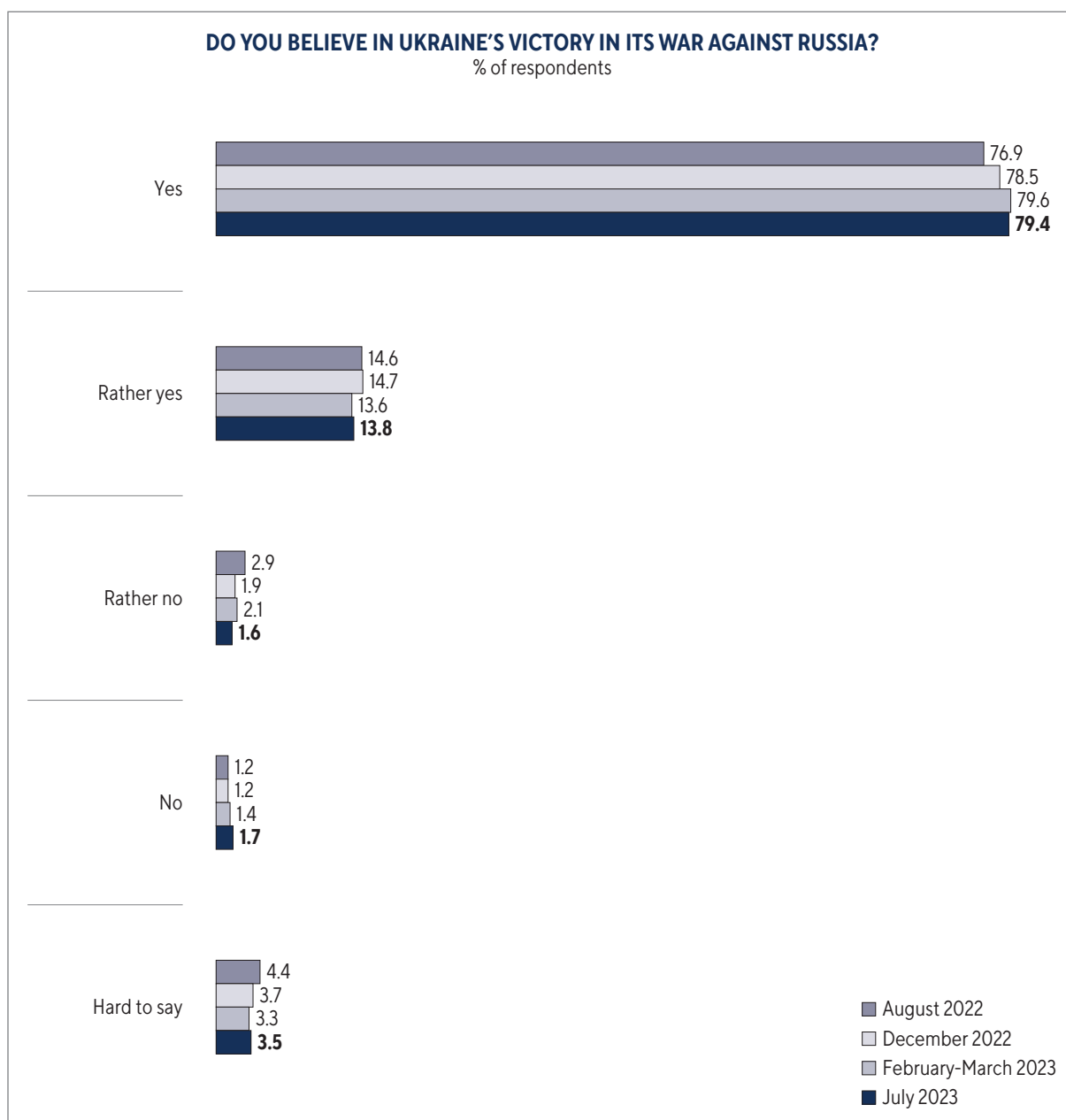
*** The difference between those who trust and those who distrust.

HOW MUCH DO YOU TRUST THE FOLLOWING POLITICIANS, OFFICIALS AND PUBLIC FIGURES?				
	% of respondents			
	July-August 2021	February-March 2023	May 2023	July 2023
Ruslan Stefanchuk				
Trust*	—	34.7	26.9	31.0
Distrust**	—	27.4	33.7	35.6
I do not know the person	—	22.6	23.1	20.1
Hard to say	—	15.3	16.3	13.3
<i>Trust-distrust balance***</i>	—	7.3	-6.8	-4.6
Davyd Arakhamia				
Trust*	—	26.7	18.1	21.5
Distrust**	—	38.8	45.7	49.0
I do not know the person	—	18.6	19.3	15.9
Hard to say	—	15.9	16.8	13.6
<i>Trust-distrust balance***</i>	—	-12.1	-27.6	-27.5
Oleksiy Arestovych				
Trust*	—	25.9	20.3	19.4
Distrust**	—	58.6	65.3	65.4
I do not know the person	—	3.7	3.6	5.1
Hard to say	—	11.9	10.8	10.1
<i>Trust-distrust balance***</i>	—	-32.7	-45.0	-46.0
Petro Poroshenko				
Trust*	17.6	24.4	17.1	19.7
Distrust**	75.5	64.8	73.1	70.7
I do not know the person	0.4	0.1	0.5	0.5
Hard to say	6.3	10.7	9.4	9.1
<i>Trust-distrust balance***</i>	-57.9	-40.4	-56.0	-51.0
Yuriy Boyko				
Trust*	17.8	6.0	6.1	9.8
Distrust**	73.0	81.6	77.0	76.0
I do not know the person	3.0	6.5	8.6	6.6
Hard to say	6.3	5.9	8.4	7.6
<i>Trust-distrust balance***</i>	-55.2	-75.6	-70.9	-66.2
Yulia Tymoshenko				
Trust*	19.9	13.2	8.7	10.4
Distrust**	72.2	75.7	80.4	78.0
I do not know the person	0.8	0.7	0.6	1.2
Hard to say	7.2	10.4	10.3	10.3
<i>Trust-distrust balance***</i>	-52.3	-62.5	-71.7	-67.6

* The total of answers «fully trust» and «rather trust».

** The total of answers «fully distrust» and «rather distrust».

*** The difference between those who trust and those who distrust.



WHEN DO YOU THINK VICTORY WILL COME?
% of respondents who believe in Ukraine's victory

	August 2022	February-March 2023	July 2023
By the end of this year	31.2	49.9	35.4
In 1-2 years	34.3	25.9	37.8
In 3-5 years	7.1	7.4	8.9
Not earlier than in 5 years	2.1	1.1	1.2
Probably not in my lifetime	1.7	0.4	0.3
Other	0.5	0.2	0.5
Hard to say	23.1	15.0	15.9

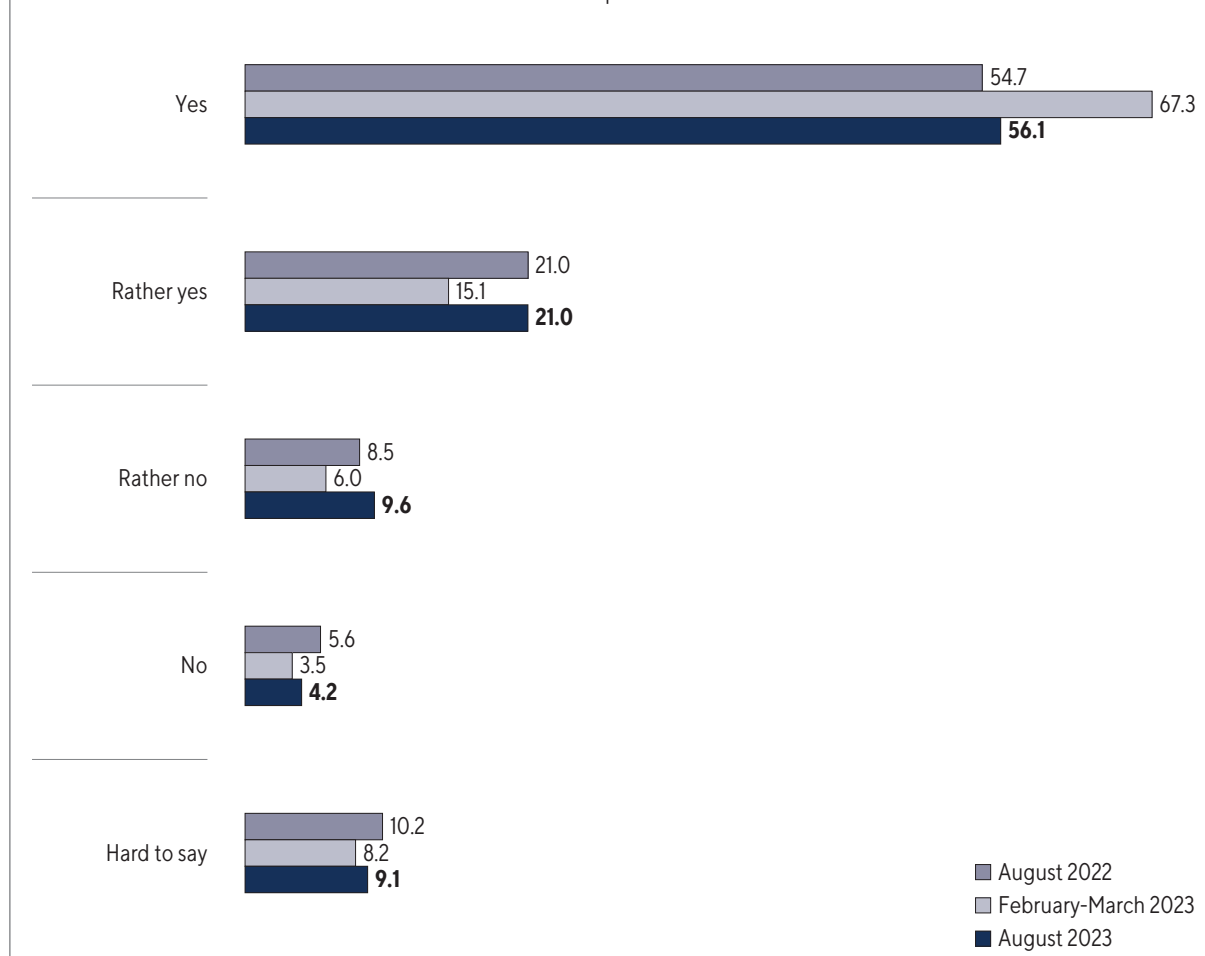
WHAT SITUATION WOULD YOU PERSONALLY CONSIDER A VICTORY IN THE WAR?

% of respondents who believe in Ukraine's victory

	August 2022	December 2022	February-March 2023	July 2023
Stopping the war even if the russian army holds on to the territories occupied after 24 February 2022 (Kherson, Zaporizhzhia, Donbas)	3.1	3.3	4.6	5.2
Driving russian troops behind the 23 February 2022 line (ORDLO and Crimea remain occupied)	7.4	6.2	4.6	9.0
Driving russian troops from the entire territory of Ukraine except for the occupied Crimea	8.7	8.0	4.4	5.7
Driving russian troops from the entire territory of Ukraine and restoring borders as of January 2014	54.7	54.1	46.9	52.6
Destroying the russian army and promoting insurgency / disintegration within Russia	20.4	22.4	30.8	20.8
Other	0.4	0.3	1.0	1.3
Hard to say	5.3	5.6	7.6	5.5

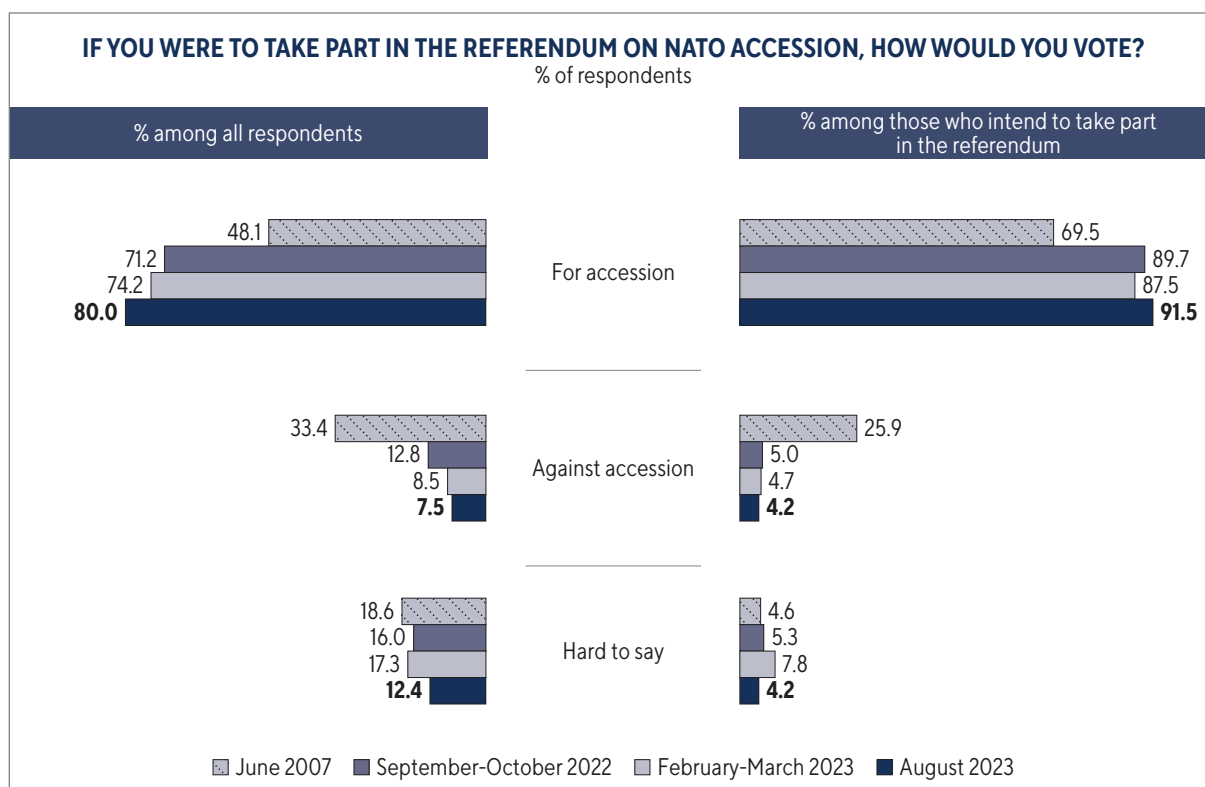
AFTER UKRAINE'S VICTORY AND DE-OCCUPATION OF ITS TERRITORY, WOULD YOU SUPPORT THE COMPLETE SEVERANCE OF ALL RELATIONS WITH THE RUSSIAN FEDERATION UP TO A TOTAL BAN ON RUSSIANS ENTERING UKRAINE?

% of respondents



There exist different opinions about the negotiations with Russia. STATEMENTS DO YOU AGREE WITH THE MOST? % of respondents			
	September-October 2022	February-March 2023	August 2023
Negotiations are an effective way to achieve peace that should be used now			
Yes	16.6	13.1	20.8
No	63.7	72.4	66.1
Hard to say	19.7	14.5	13.2
Negotiations with Russia are possible only after its troops are driven behind the contact line as of 23 February 2022			
Yes	20.6	17.6	25.6
No	59.7	64.7	53.9
Hard to say	19.7	17.7	20.4
Negotiations with Russia are possible only after its troops are driven behind the 1991 borders			
Yes	57.5	60.7	62.2
No	21.9	21.3	18.1
Hard to say	20.7	18.1	19.7

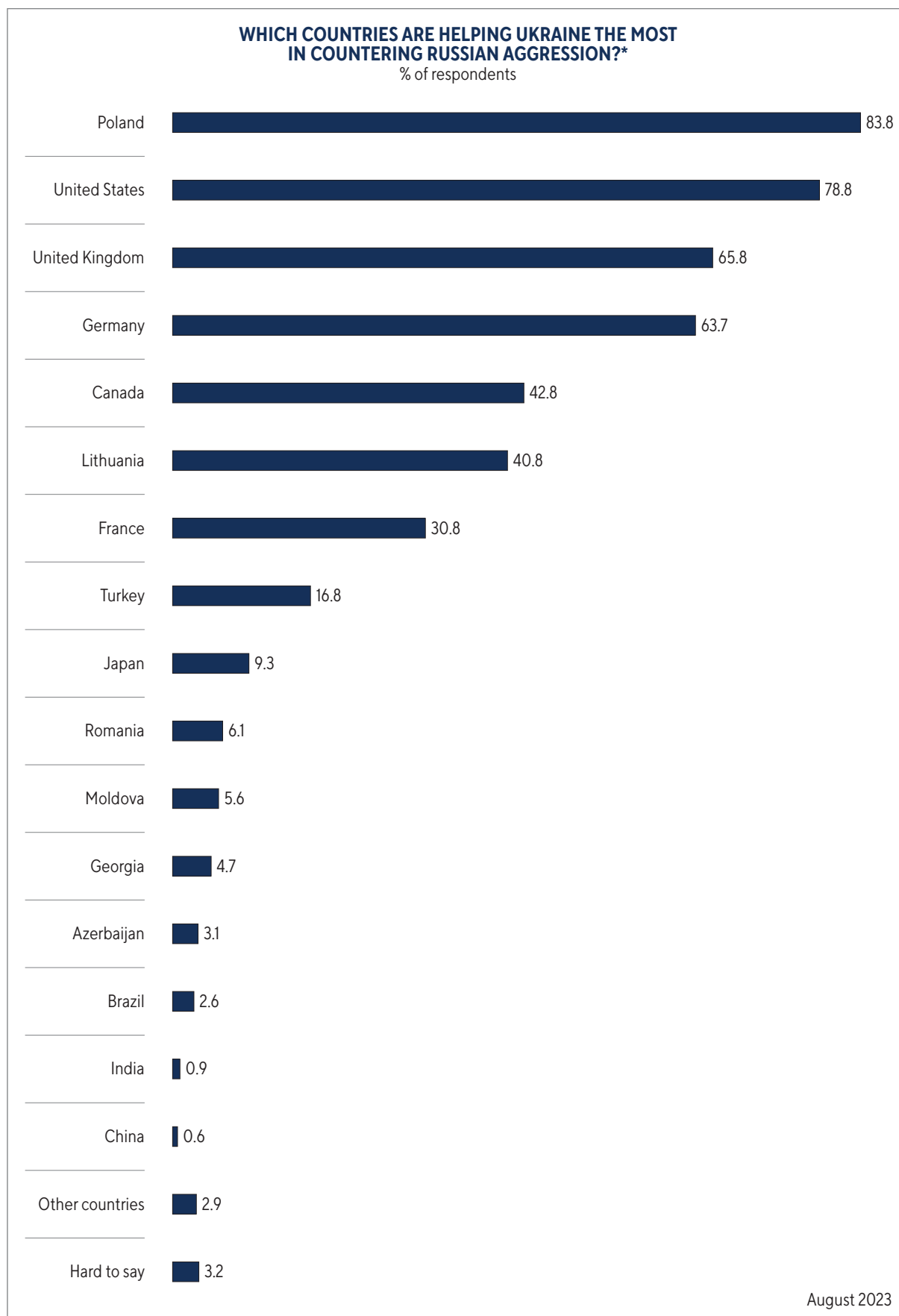
HOW WOULD YOU ASSESS FOREIGN ASSISTANCE TO UKRAINE IN ITS WAR AGAINST RUSSIA? % of respondents			
	September-October 2022	February-March 2023	August 2023
Shelter for refugees			
Sufficient	63.2	63.5	67.0
Insufficient	21.0	19.6	22.3
Hard to say	15.9	16.9	10.7
Humanitarian			
Sufficient	56.5	58.1	59.5
Insufficient	29.4	27.5	26.7
Hard to say	14.0	14.4	13.8
Political			
Sufficient	38.4	49.1	39.3
Insufficient	44.6	38.2	46.6
Hard to say	17.0	12.6	14.1
Military and technical			
Sufficient	23.1	23.1	16.8
Insufficient	67.7	69.1	73.7
Hard to say	9.2	7.7	9.5



HOW OFTEN DO YOU RECEIVE INFORMATION ABOUT THE WAR FROM EACH OF THE FOLLOWING SOURCES?
% of respondents

	All the time	From time to time	Rarely	Never or almost never	Hard to say
Relatives, friends, neighbours, colleagues, acquaintances	48.0	35.9	9.1	6.4	0.6
Messengers (Viber, Telegram, WhatsApp, etc.)	47.0	22.6	9.6	19.5	1.2
Social media (Facebook, TikTok, Instagram, Twitter, etc.)	44.4	25.4	10.2	19.4	0.6
YouTube	41.8	26.8	11.3	18.9	1.1
United News telethon	27.5	32.2	20.1	19.1	1.1
Ukrainian online media	25.9	29.3	16.9	26.6	1.3
Other news from Ukrainian national TV channels	16.7	34.8	21.3	25.9	1.3
Local online media	16.7	24.9	17.5	39.2	1.6
Local TV	10.8	26.3	21.3	40.3	1.4
Radio	10.7	19.8	24.0	44.3	1.3
Foreign media	9.5	17.6	17.0	52.6	3.4
Local print media	6.0	9.1	17.3	65.8	1.8
National print media (newspapers and magazines)	5.3	10.0	18.8	64.3	1.7

February-March 2023



* Respondents could mark up to 8 countries.

WHAT IS YOUR ATTITUDE TO SOME STATES? % of respondents						
	Totally positive	Mostly positive	Mostly negative	Totally negative	Hard to say	Balance of attitude*
Poland						
February-March 2023	73.6	20.6	1.5	0.9	3.4	91.8
August 2023	68.4	25.2	1.8	2.1	2.5	89.7
United Kingdom						
March 2021	24.0	53.8	9.6	3.3	9.2	64.9
February-March 2023	59.7	31.4	3.3	0.9	4.7	86.9
August 2023	56.6	34.2	2.8	1.4	5.1	86.6
Canada						
February-March 2023	51.5	38.4	3.6	1.1	5.4	85.2
August 2023	48.6	41.1	2.5	1.8	5.9	85.4
United States						
October 2014	11.2	42.3	14.7	14.4	17.4	24.4
March 2021	23.5	46.2	14.2	6.4	9.8	49.1
February-March 2023	52.3	35.5	6.3	1.4	4.5	80.1
August 2023	55.0	34.5	4.2	1.2	5.1	84.1
Germany						
March 2021	24.6	54.6	9.7	3.0	8.1	66.5
February-March 2023	39.8	45.3	7.3	1.4	6.0	76.4
August 2023	44.4	45.3	4.1	1.5	4.7	84.1
France						
February-March 2023	34.9	51.2	6.8	0.6	6.5	78.7
August 2023	35.8	52.9	4.4	1.5	5.6	82.8
Lithuania						
February-March 2023	59.6	31.1	3.0	0.9	5.4	86.8
August 2023	59.6	31.1	3.0	0.9	5.4	82.7
Latvia						
February-March 2023	58.9	31.1	3.1	1.2	5.7	85.7
August 2023	49.2	39.3	4.4	2.0	5.1	82.1

* Difference between shares of those with positive and negative attitudes.

WHAT IS YOUR ATTITUDE TO SOME STATES?						
% of respondents						
	Totally positive	Mostly positive	Mostly negative	Totally negative	Hard to say	Balance of attitude*
Czech Republic						
February-March 2023	43.2	44.6	5.2	0.3	6.8	82.3
August 2023	36.3	50.8	3.7	1.8	7.3	81.6
The Netherlands						
February-March 2023	44.0	42.1	3.4	1.2	9.2	81.5
August 2023	35.4	48.6	2.9	1.5	11.5	79.6
Estonia						
February-March 2023	55.0	35.1	3.1	0.6	6.2	86.4
August 2023	45.1	40.9	4.5	2.0	7.4	79.5
Slovakia						
February-March 2023	34.2	48.3	5.4	1.7	10.4	75.4
August 2023	25.3	52.2	7.8	1.8	12.9	67.9
Moldova						
March 2021	14.5	50.8	13.7	3.9	17.0	47.7
February-March 2023	34.9	47.6	7.0	1.0	9.5	74.5
August 2023	20.6	54.7	9.5	2.3	12.9	63.5
Japan						
February-March 2023	32.7	41.3	7.6	1.4	17.0	65.0
August 2023	24.1	44.6	9.0	2.4	19.9	57.3
Turkey						
March 2021	17.4	52.0	13.1	2.9	14.5	53.4
February-March 2023	23.6	48.9	13.1	2.3	12.0	57.1
August 2023	17.6	53.5	14.1	2.5	12.3	54.5
Israel						
February-March 2023	27.8	47.6	10.4	1.9	12.4	63.1
August 2023	18.9	47.6	14.8	3.6	15.2	48.1
Romania						
February-March 2023	23.6	45.4	10.6	4.5	15.9	53.9
August 2023	14.5	49.8	12.5	5.1	18.1	46.7

* Difference between shares of those with positive and negative attitudes.

WHAT IS YOUR ATTITUDE TO SOME STATES?						
% of respondents						
	Totally positive	Mostly positive	Mostly negative	Totally negative	Hard to say	Balance of attitude*
Georgia						
February-March 2023	28.5	41.2	15.3	3.3	11.8	51.1
August 2023	13.9	47.7	17.6	4.9	15.9	39.1
Azerbaijan						
February-March 2023	21.8	43.0	12.2	1.7	21.2	50.9
August 2023	11.3	39.4	15.2	4.9	29.1	30.6
Armenia						
February-March 2023	20.8	44.9	12.5	3.2	18.6	50.0
August 2023	8.9	39.4	19.1	7.9	24.6	21.3
India						
February-March 2023	12.7	33.6	24.7	7.8	21.3	13.8
August 2023	5.6	26.5	28.5	13.9	25.5	-10.3
China						
February-March 2023	7.7	17.3	37.3	22.5	15.1	-34.8
August 2023	3.6	18.5	31.7	29.6	16.6	-39.2
Iran						
February-March 2023	5.3	11.6	23.0	50.5	9.5	-56.6
August 2023	2.2	9.6	20.1	57.3	10.8	-65.6
Belarus						
March 2021	16.8	41.6	19.8	11.2	10.6	27.4
February-March 2023	3.1	9.3	24.4	56.3	6.9	-68.3
August 2023	1.5	5.9	18.0	68.5	6.0	-79.1
Hungary						
February-March 2023	15.1	24.0	26.3	20.2	14.4	-7.4
August 2023	8.4	28.1	24.3	25.8	13.4	-13.6
russia						
September-October 2013	16.9	35.9	17.7	13.8	15.7	21.3
October 2014	7.2	16.1	19.5	44.4	12.8	-40.6
March 2021	7.5	18.9	25.5	38.2	10.0	-37.3
February-March 2023	1.6	1.4	6.2	87.6	3.1	-90.8
August 2023	0.9	1.7	4.7	90.0	2.7	-92.1

* Difference between shares of those with positive and negative attitudes.

WHAT IS YOUR ATTITUDE TO SOME INTERNATIONAL ORGANISATIONS AND ASSOCIATIONS OF STATES? % of respondents						
	Totally positive	Mostly positive	Mostly negative	Totally negative	Hard to say	Balance of attitude*
European Union						
September-October 2013	17.2	31.7	15.9	18.4	16.8	14.6
October 2014	15.0	46.1	15.3	10.4	13.2	35.4
March 2021	24.7	40.8	13.4	10.2	10.9	41.9
February-March 2023	50.2	38.4	4.0	1.6	5.9	83.0
August 2023	35.8	50.4	5.6	1.7	6.4	78.9
NATO						
September-October 2013	4.4	15.2	19.0	40.6	20.8	-40.0
October 2014	13.2	35.8	13.1	21.5	16.5	14.4
March 2021	18.9	34.1	16.5	17.9	12.6	18.6
February-March 2023	45.1	34.0	8.0	4.2	8.7	66.9
August 2023	31.3	47.2	8.7	3.0	9.8	66.8
International Monetary Fund						
September-October 2013	4.0	23.4	18.3	21.5	32.8	-12.4
October 2014	6.9	35.1	17.1	13.8	27.2	11.1
March 2021	7.0	28.1	26.3	21.6	17.0	-12.8
February-March 2023	22.3	42.2	15.1	3.9	16.5	45.5
August 2023	15.9	45.5	15.6	5.1	17.8	40.7
United Nations						
February-March 2023	27.0	42.8	12.1	4.8	13.3	52.9
August 2023	14.4	45.3	18.3	7.8	14.1	33.6
International Committee of the Red Cross						
February-March 2023	25.5	37.1	17.9	4.9	14.6	39.8
August 2023	14.7	38.3	21.5	12.8	12.7	18.7
OSCE						
February-March 2023	19.6	38.1	14.7	5.5	22.1	37.5
August 2023	11.5	36.6	23.6	8.4	19.8	16.1
IAEA						
February-March 2023	15.5	32.5	16.3	5.8	29.9	25.9
August 2023	8.9	32.9	23.7	8.7	25.8	9.4
CIS						
February-March 2023	5.1	11.7	20.8	44.4	18.1	-48.4
August 2023	3.3	16.3	21.3	38.8	20.3	-40.5

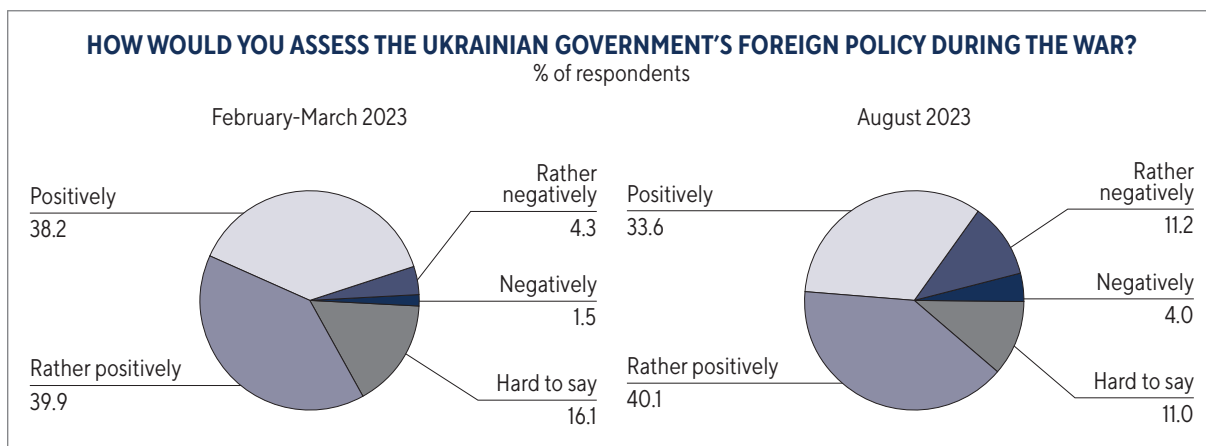
* Difference between shares of those with positive and negative attitudes.

WHAT IS YOUR ATTITUDE TO SOME FOREIGN POLITICIANS?							
% of respondents							
	Totally positive	Mostly positive	Mostly negative	Totally negative	I don't know/ I've never heard of him (her)	Hard to say	Balance of attitude*
Andrzej Duda							
February-March 2023	58.6	27.3	3.4	1.4	3.5	5.8	81.1
August 2023	54.5	32.1	3.6	1.7	2.9	5.1	81.3
Boris Johnson							
March 2021	10.5	30.5	11.8	6.4	24.1	16.7	22.8
February-March 2023	59.2	27.8	4.5	2.2	1.2	5.1	80.3
August 2023	52.7	31.9	5.5	2.5	2.0	5.4	76.6
Joe Biden							
March 2021	14.9	35.0	15.1	11.5	5.5	18.1	23.3
February-March 2023	44.1	38.5	6.5	2.3	1.0	7.5	73.8
August 2023	34.6	44.9	8.2	3.1	0.9	8.4	68.2
Ursula von der Leyen							
February-March 2023	26.8	34.4	8.4	2.5	17.9	9.9	50.3
August 2023	19.4	37.3	8.7	4.5	19.0	11.0	43.5
Justin Trudeau							
February-March 2023	19.3	31.3	5.5	3.9	27.0	12.9	41.2
August 2023	20.1	30.4	5.1	4.2	24.6	15.7	41.2
Emmanuel Macron							
February-March 2023	14.2	45.3	20.2	4.6	3.7	12.0	34.7
August 2023	15.5	46.7	16.2	4.9	4.4	12.3	41.1
Recep Tayyip Erdogan							
March 2021	5.2	25.9	12.2	6.6	28.0	22.1	12.3
February-March 2023	16.3	41.5	20.6	3.7	4.5	13.4	33.5
August 2023	14.8	46.1	18.2	3.2	4.3	13.3	39.5
Rishi Sunak							
February-March 2023	20.7	24.2	5.6	3.7	34.6	11.3	35.6
August 2023	20.5	27.4	5.4	5.4	28.4	13.0	37.1
Olaf Scholz							
February-March 2023	13.2	36.6	20.3	6.1	9.4	14.4	23.4
August 2023	16.1	40.6	13.9	6.4	8.8	14.1	36.4
Angela Merkel							
September-October 2013	10.3	34.0	12.2	12.3	9.2	22.0	19.8
October 2014	9.4	39.7	19.7	11.9	1.2	18.1	17.5
March 2021	23.0	46.1	12.4	5.3	0.7	12.6	51.4
February-March 2023	5.5	23.3	31.4	20.9	2.5	16.4	-23.5
August 2023	4.8	24.2	27.1	26.5	3.4	14.1	-24.6

* Difference between shares of those with positive and negative attitudes.

WHAT IS YOUR ATTITUDE TO SOME FOREIGN POLITICIANS?							
% of respondents							
	Totally positive	Mostly positive	Mostly negative	Totally negative	I don't know/ I've never heard of him (her)	Hard to say	Balance of attitude*
Viktor Orban							
February-March 2023	2.6	11.8	25.6	34.2	13.8	11.9	-45.4
August 2023	1.9	13.1	21.6	38.2	12.3	12.9	-44.8
Xi Jinping							
February-March 2023	1.7	10.1	27.7	22.9	19.7	18.0	-38.8
August 2023	1.7	12.8	21.3	27.9	16.7	19.5	-34.7
Donald Trump							
March 2021	4.9	19.7	35.9	22.7	1.0	15.8	-34.0
February-March 2023	5.6	23.7	28.2	20.8	3.7	18.1	-19.7
August 2023	3.6	20.7	24.0	32.4	3.9	15.4	-32.1
Aliaksandr Lukashenka							
September-October 2013	14.3	34.3	15.7	15.0	2.3	18.4	17.9
October 2014	23.4	40.0	15.4	7.3	0.7	13.3	40.7
March 2021	11.1	22.7	26.0	27.4	0.9	11.9	-19.6
February-March 2023	0.5	2.8	15.9	76.3	0.3	4.2	-88.9
August 2023	0.5	3.6	13.3	78.3	0.5	3.7	-87.5
Vladimir Putin							
September-October 2013	12.2	29.8	23.2	19.8	0.5	14.5	-1.0
October 2014	6.0	9.5	14.7	59.6	0.1	10.1	-58.8
March 2021	2.4	5.8	16.3	66.1	1.0	8.5	-74.2
February-March 2023	0.1	0.4	5.4	91.2	0.3	2.6	-96.1
August 2023	0.1	1.0	5.4	90.1	0.8	2.5	-94.4

* Difference between shares of those with positive and negative attitudes.



IS UKRAINE'S FOREIGN POLICY EFFECTIVE IN THE FOLLOWING AREAS?

% of respondents

Improving Ukraine's international image and its authority in the world



Expanding the group of allied countries that support Ukraine in countering russian aggression



Strengthening relations with countries and international organisations



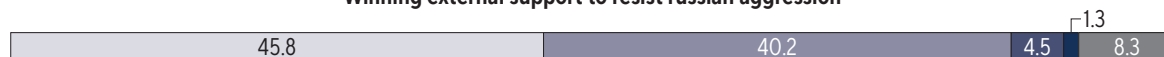
Disseminating objective information about the Ukraine war in the world



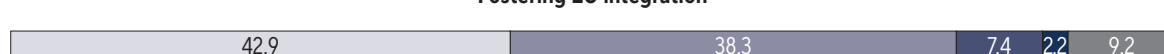
Promoting Ukrainian initiatives on international platforms



Winning external support to resist russian aggression



Fostering EU integration



Fostering NATO integration



Protecting the rights of Ukrainians abroad



Promoting the interests of Ukrainian business in global markets



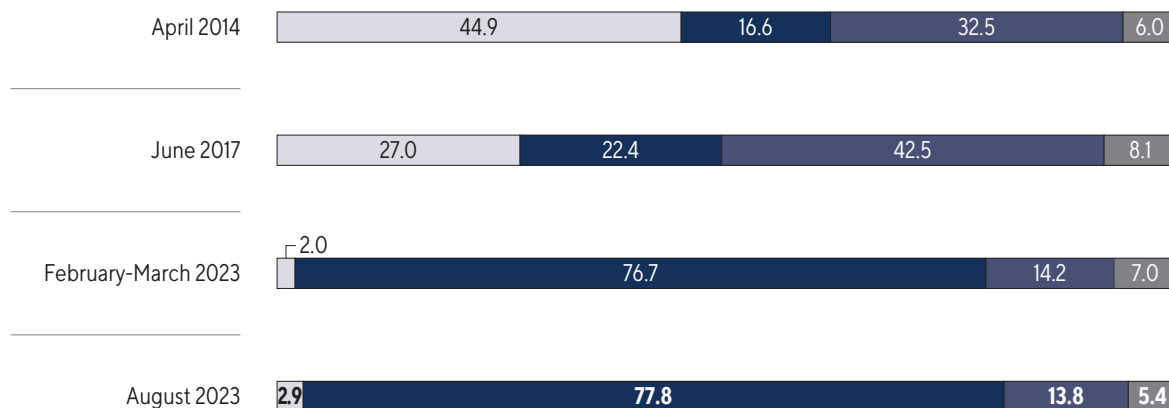
☐ Yes
 ☐ Rather yes
 ☐ Rather no
 ☐ No
 ☐ Hard to say

February-March 2023

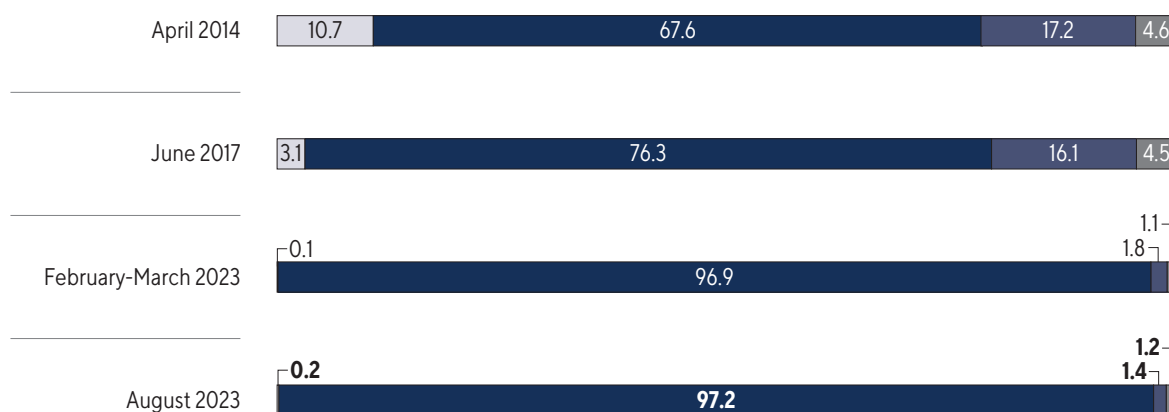
WHAT IS YOUR ATTITUDE TO...

% of respondents

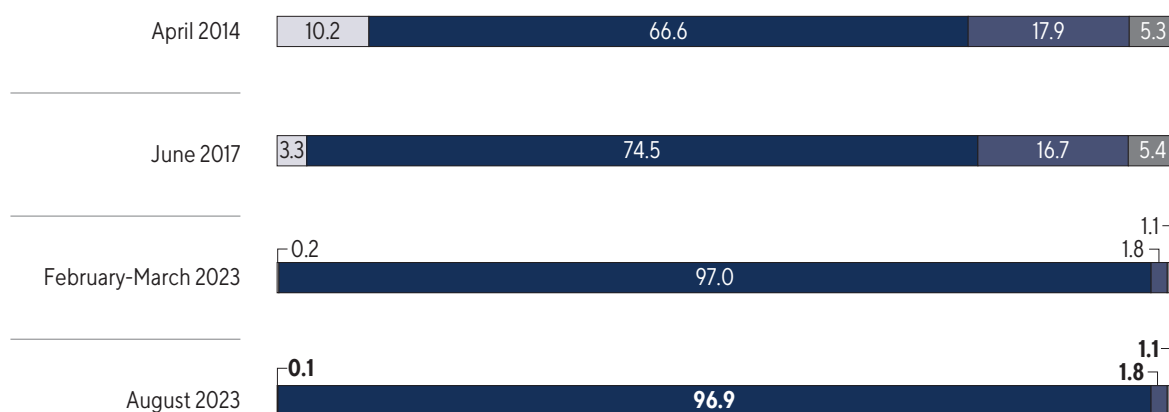
Citizens of Russia



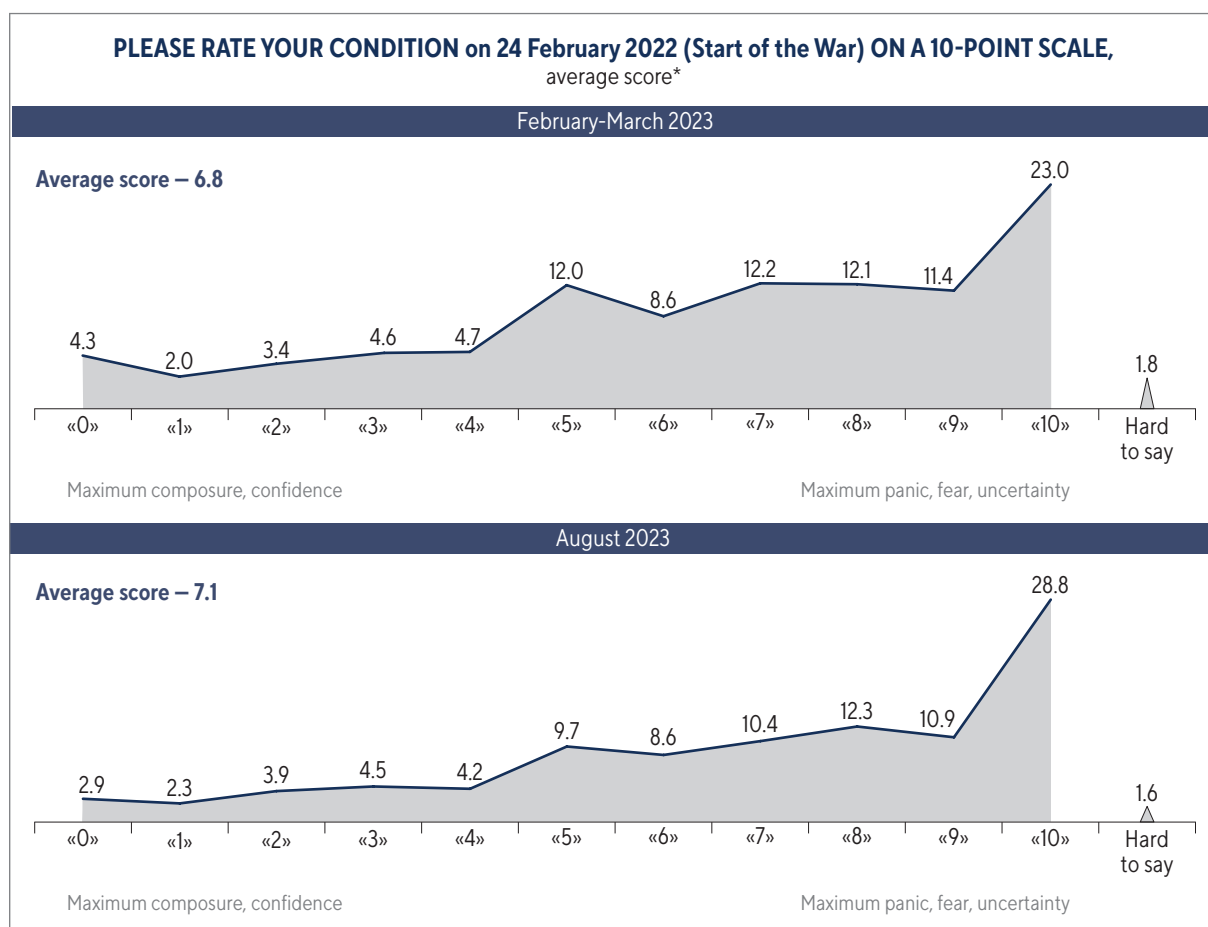
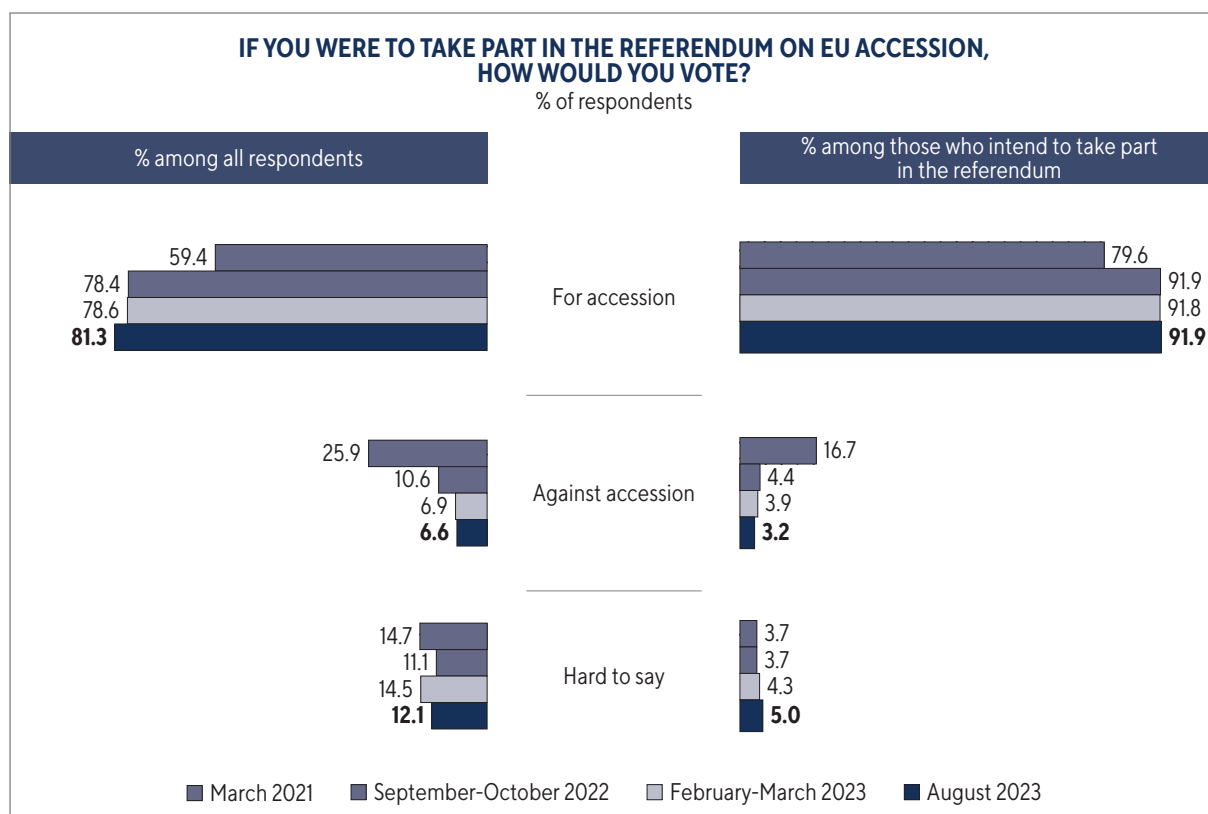
Russian government



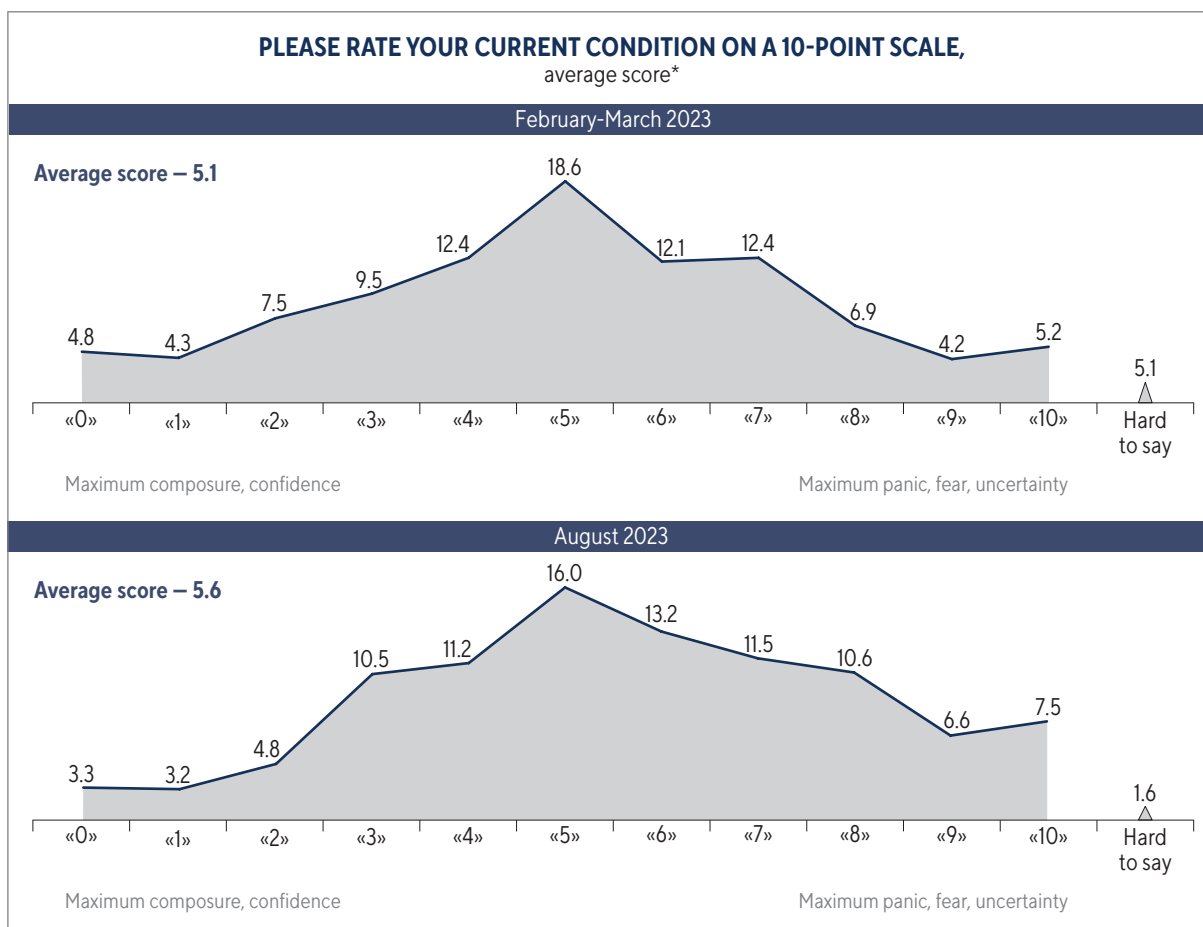
Russian State Duma



Positive
 Negative
 Neutral
 Hard to say



* On a 10-point scale, where «0» means «maximum composure and confidence», and «10» means «maximum panic, fear, uncertainty».



* On a 10-point scale, where «0» means «maximum composure and confidence», and «10» means «maximum panic, fear, uncertainty».

HOW WELL OR NOT WELL DOES THE GOVERNMENT DEAL WITH PROBLEMS IN THE FOLLOWING AREAS AFTER 24 february 2022?					
	% of respondents				
	Very well	Rather well	Rather bad	Very bad	Hard to say
National defence					
February-March 2023	25.4	56.4	11.0	2.2	4.9
August 2023	18.1	50.5	20.7	5.0	5.7
Energy supply					
February-March 2023	18.0	61.6	12.9	3.4	4.0
August 2023	15.6	60.5	15.7	4.1	4.0
Administrative services					
August 2023	14.5	54.3	14.6	5.2	11.4
Foreign policy					
February-March 2023	26.0	48.7	12.5	3.0	9.8
August 2023	14.3	50.7	18.3	5.7	11.0
Assistance to IDPs					
August 2023	11.4	49.7	14.9	4.3	19.7

HOW WELL OR NOT WELL DOES THE GOVERNMENT DEAL WITH PROBLEMS IN THE FOLLOWING AREAS AFTER 24 february 2022? % of respondents (continued)					
	Very well	Rather well	Rather bad	Very bad	Hard to say
Humanitarian aid to victims					
August 2023	10.3	51.9	19.9	4.8	13.1
Social protection and pensions					
February-March 2023	8.6	44.0	28.8	8.2	10.4
August 2023	8.6	38.9	30.3	12	10.2
Education					
February-March 2023	6.3	49.5	24.1	5.4	14.7
August 2023	6.8	43.6	26.1	8.1	15.4
Health					
February-March 2023	6.2	47.6	30.3	5.7	10.3
August 2023	6.0	43.6	34.3	9.7	6.5
Economy					
February-March 2023	6.8	37.9	40.0	5.5	9.8
August 2023	4.0	28.4	44.7	14.4	8.5
Restoration of housing					
August 2023	3.9	19.9	34.9	14.1	27.1
War on crime					
February-March 2023	4.9	33.3	35.6	11.7	14.5
August 2023	3.7	25.9	38.4	19.5	12.5
Reconstruction of country					
February-March 2023	5.6	32.3	26.7	9.1	26.2
August 2023	3.5	23.0	37.0	14.8	21.6
Fight against unemployment					
August 2023	3.4	14.8	42.6	21.6	17.7
New jobs					
August 2023	3.2	12.4	40.5	26.2	17.6
Problems of veterans					
August 2023	2.9	17.2	31.1	13.4	35.3
Justice					
February-March 2023	3.7	25.0	37.3	10.8	23.2
August 2023	2.6	15.7	39.4	25.1	17.2
Fight against corruption					
February-March 2023	4.1	19.5	44.5	21.3	10.7
August 2023	2.3	11.5	39.0	40.1	7.0

HOW WOULD YOU ASSESS THE LEVEL OF CORRUPTION IN THE FOLLOWING INSTITUTIONS?*

% of respondents

	No corruption	Scores									Very high level of corruption		Hard to say	Average score
		1	2	3	4	5	6	7	8	9	10			
Verkhovna Rada of Ukraine														
February-March 2023	0.7	2.3	4.5	7.3	13.2	12.5	11.7	13.1	10.9	14.0	9.8	6.80		
August 2023	0.2	0.6	2.4	4.6	12.6	8.4	10.2	14.7	12.7	26.1	7.6	7.62		
Ukrainian authorities in general														
February-March 2023	0.8	2.4	4.5	5.3	14.1	11.4	17.0	12.9	8.8	14.9	7.8	6.84		
August 2023	0.4	0.7	2.7	4.3	13.4	9.8	13.4	13.0	10.9	24.2	7.1	7.44		
Cabinet of Ministers of Ukraine														
February-March 2023	1.6	4.1	5.0	8.9	19.0	13.6	14.6	7.1	6.1	8.7	11.3	6.06		
August 2023	0.5	1.4	3.1	6.2	14.0	9.3	12.0	14.9	10.5	17.2	10.9	7.10		
Ministry of Defence of Ukraine														
February-March 2023	3.9	4.0	6.1	9.8	18.0	12.7	12.7	7.7	4.8	7.8	12.5	5.80		
August 2023	1.6	3.2	5.1	7.0	15.3	10.8	11.3	11.7	8.9	14.8	10.3	6.62		
Office of the President of Ukraine														
February-March 2023	6.3	4.4	8.0	11.8	16.3	11.1	10.1	5.8	6.4	8.4	11.4	5.56		
August 2023	2.2	3.8	5.5	6.6	14.4	9.5	11.6	11.9	8.0	13.8	12.6	6.51		
Regional authorities in your oblast														
February-March 2023	1.4	4.2	7.2	9.8	18.7	12.1	11.7	5.3	3.3	7.1	19.2	5.72		
August 2023	0.6	1.7	5.5	7.4	17.5	12.2	10.1	9.5	6.9	11.9	16.7	6.47		
Local authorities in your community														
February-March 2023	3.6	7.0	8.5	9.7	19.8	12.6	9.6	4.5	3.4	7.6	13.8	5.40		
August 2023	1.8	4.4	7.3	7.6	18.4	11.6	9.5	9.0	6.3	11.4	12.5	6.11		
Anti-corruption agencies (NABU, SAP, NAZK)														
February-March 2023	3.7	5.0	7.0	8.6	15.8	8.0	7.3	4.5	5.8	6.6	27.6	5.55		
August 2023	3.5	4.1	5.5	5.4	14.1	9.3	8.1	6.9	6.7	9.3	27.1	6.06		
NGOs fighting corruption														
February-March 2023	7.8	8.0	9.5	9.6	13.9	7.9	5.2	3.6	2.3	5.0	27.2	4.71		
August 2023	4.7	7.3	7.5	5.8	13.2	6.9	6.3	5.2	4.7	6.5	31.9	5.37		
President of Ukraine														
February-March 2023	20.8	14.3	8.8	6.6	11.6	7.2	5.6	2.2	3.5	4.5	14.8	3.96		
August 2023	15.9	9.2	6.9	5.9	13.6	8.0	6.7	4.2	2.5	5.6	21.4	4.51		

* On a 10-point scale, where «1» means «no corruption», and «10» means «very high level of corruption».

DO YOU THINK THE LEVEL OF CORRUPTION IN UKRAINE IS LOWER, HIGHER OR THE SAME NOW AS IT WAS BEFORE 24 february 2022?

% of respondents

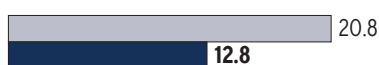
The level of corruption is now higher than it was before 24 February 2022



The level of corruption is now the same as it was before 24 February 2022



The level of corruption is now lower than it was before 24 February 2022



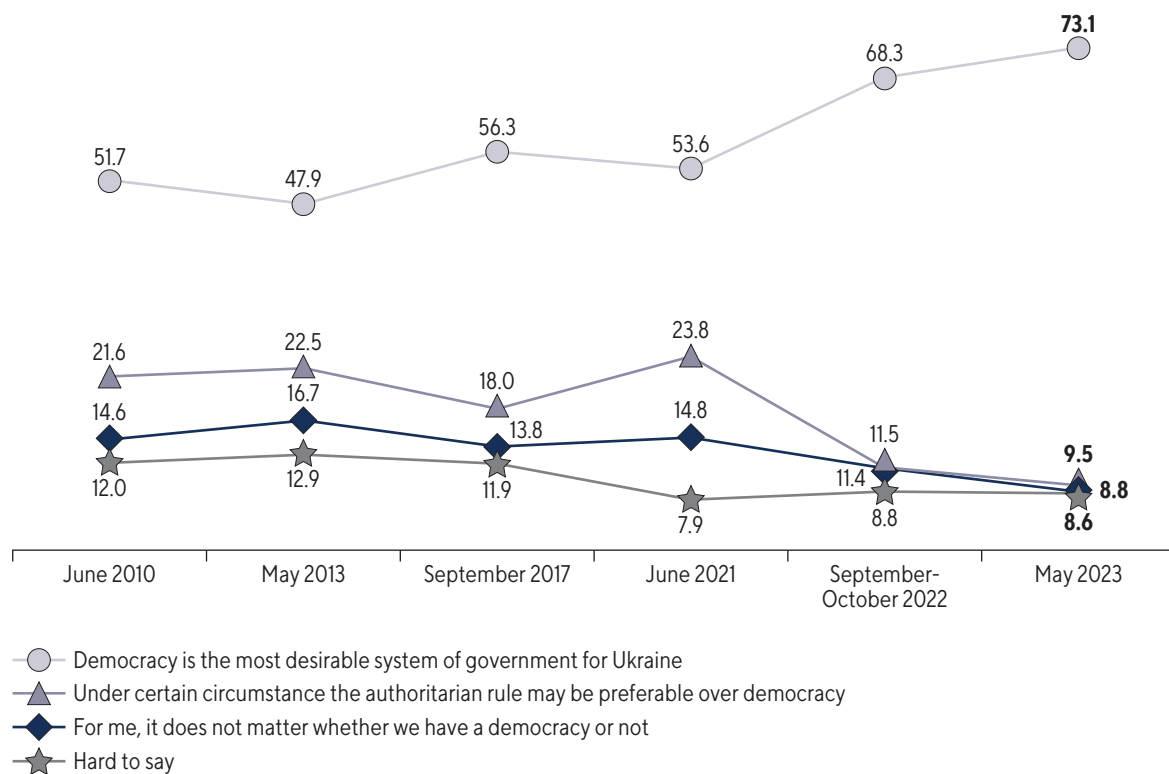
Hard to say

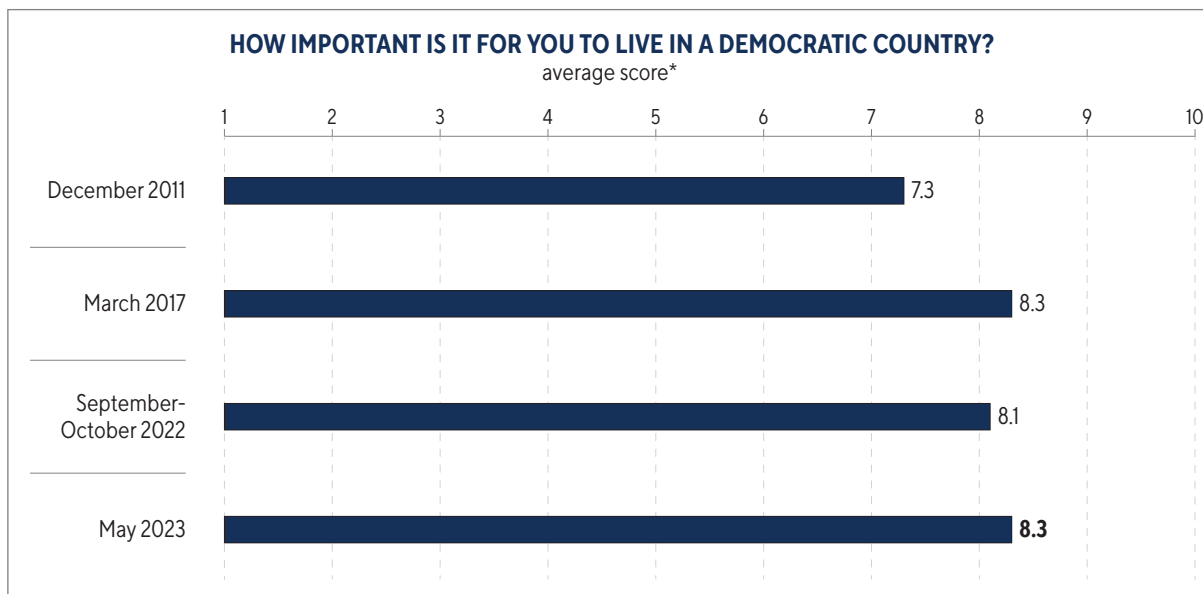


■ February- March 2023
■ August 2023

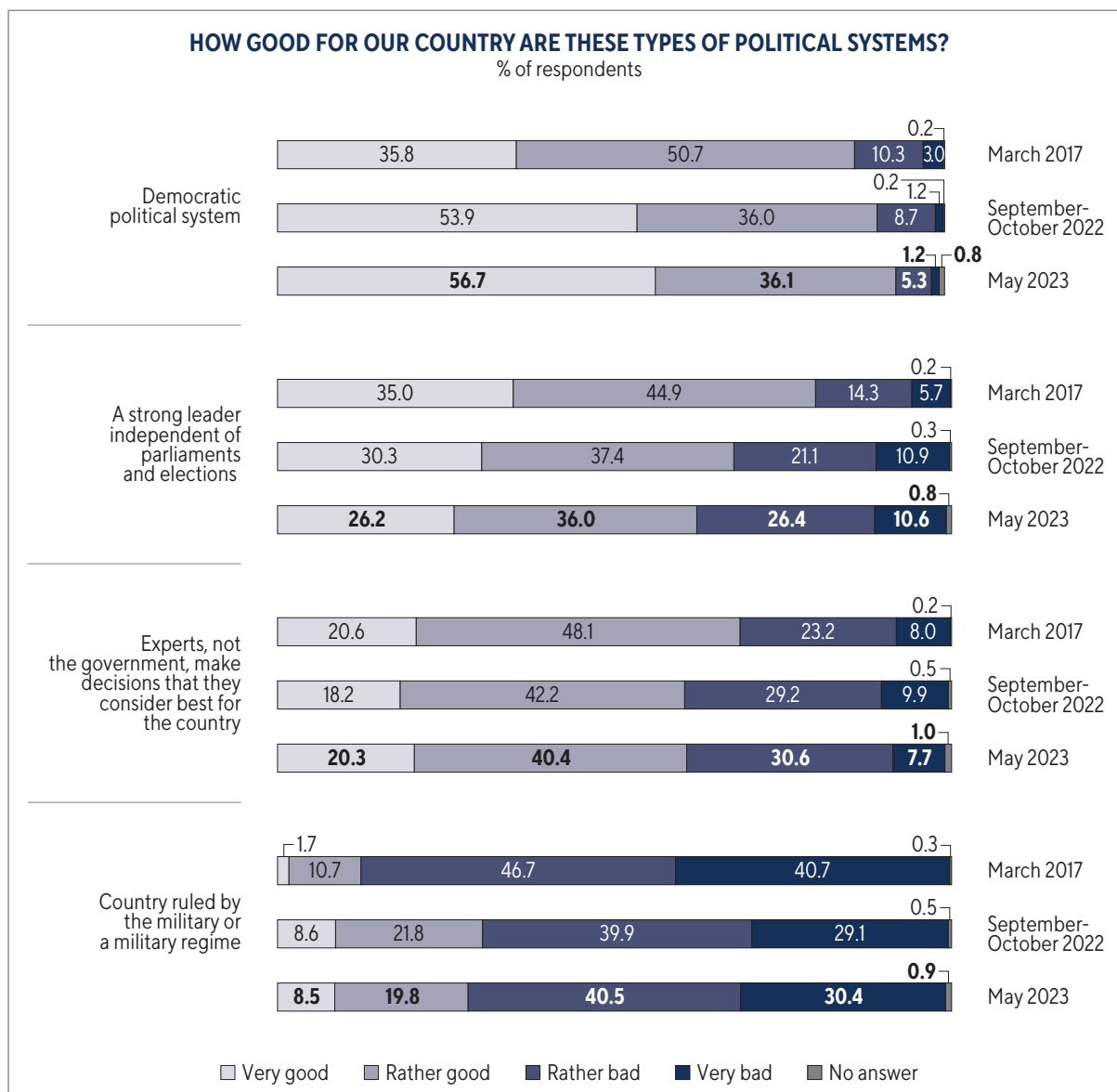
WHICH OF THE FOLLOWING STATEMENTS WOULD YOU RATHER AGREE WITH?

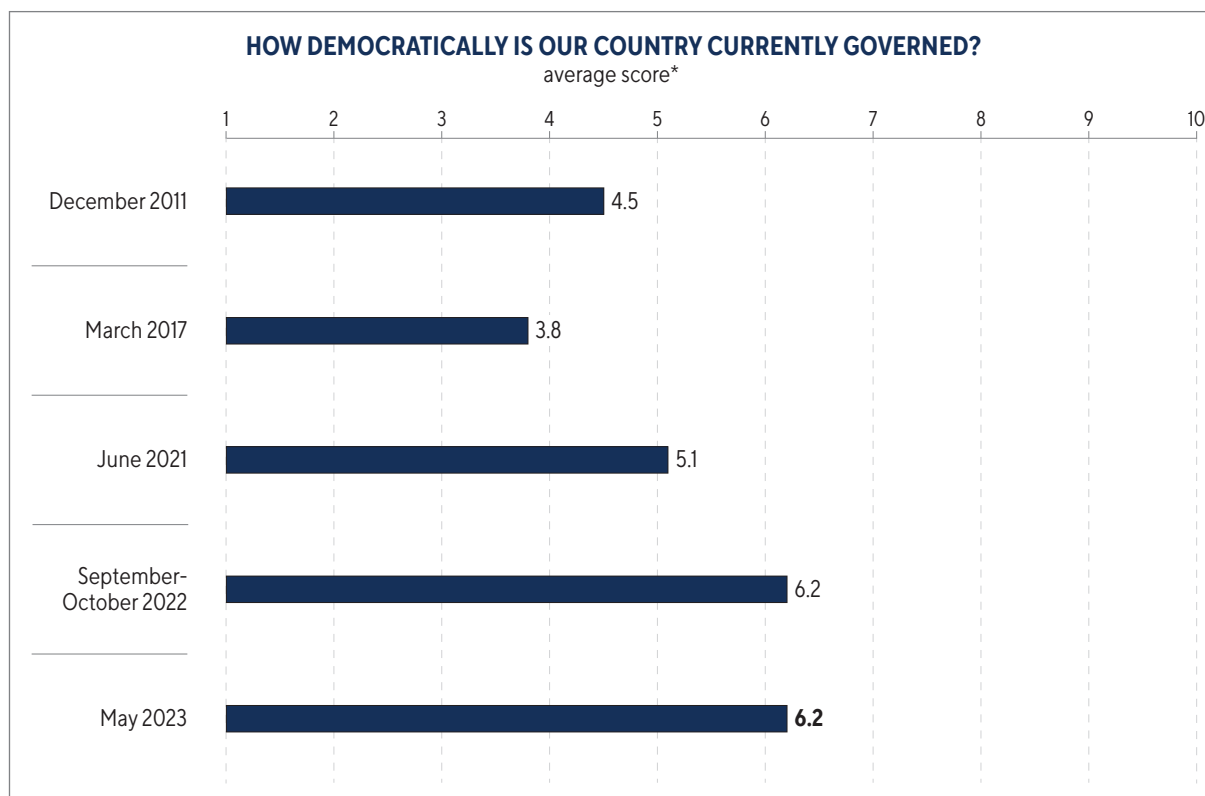
% of respondents



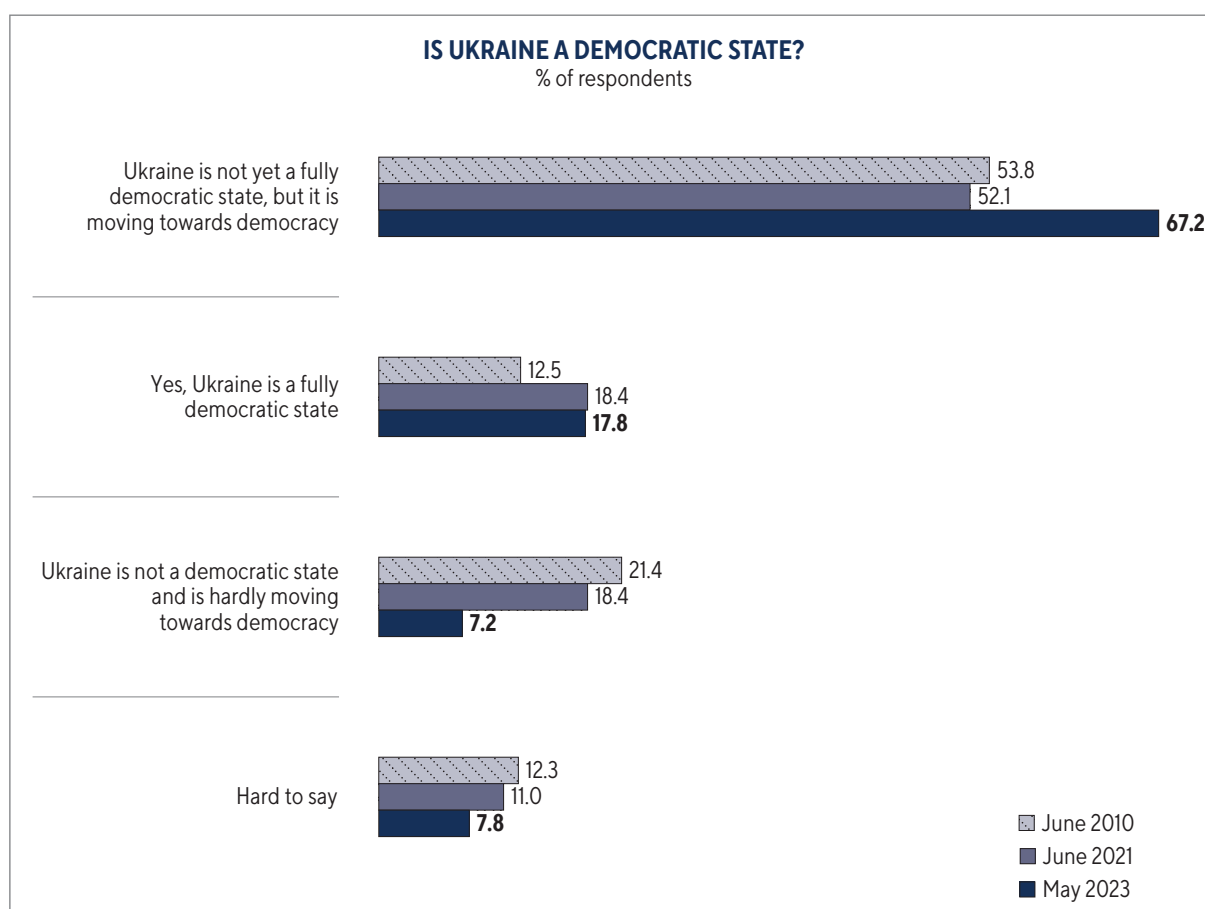


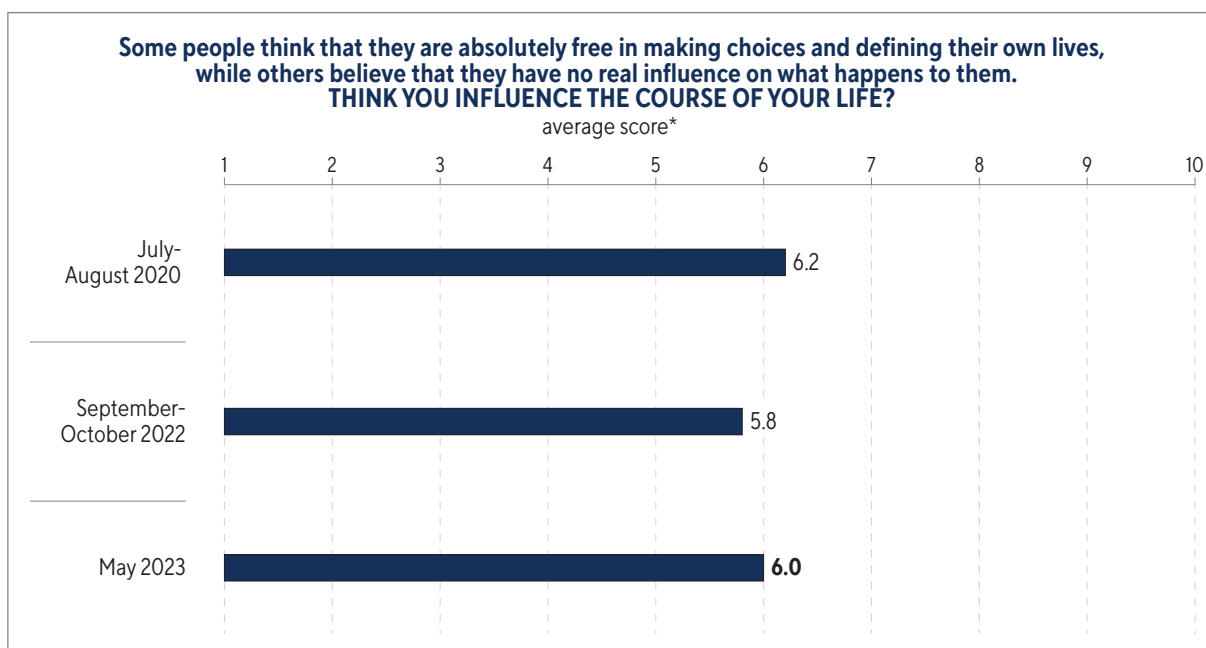
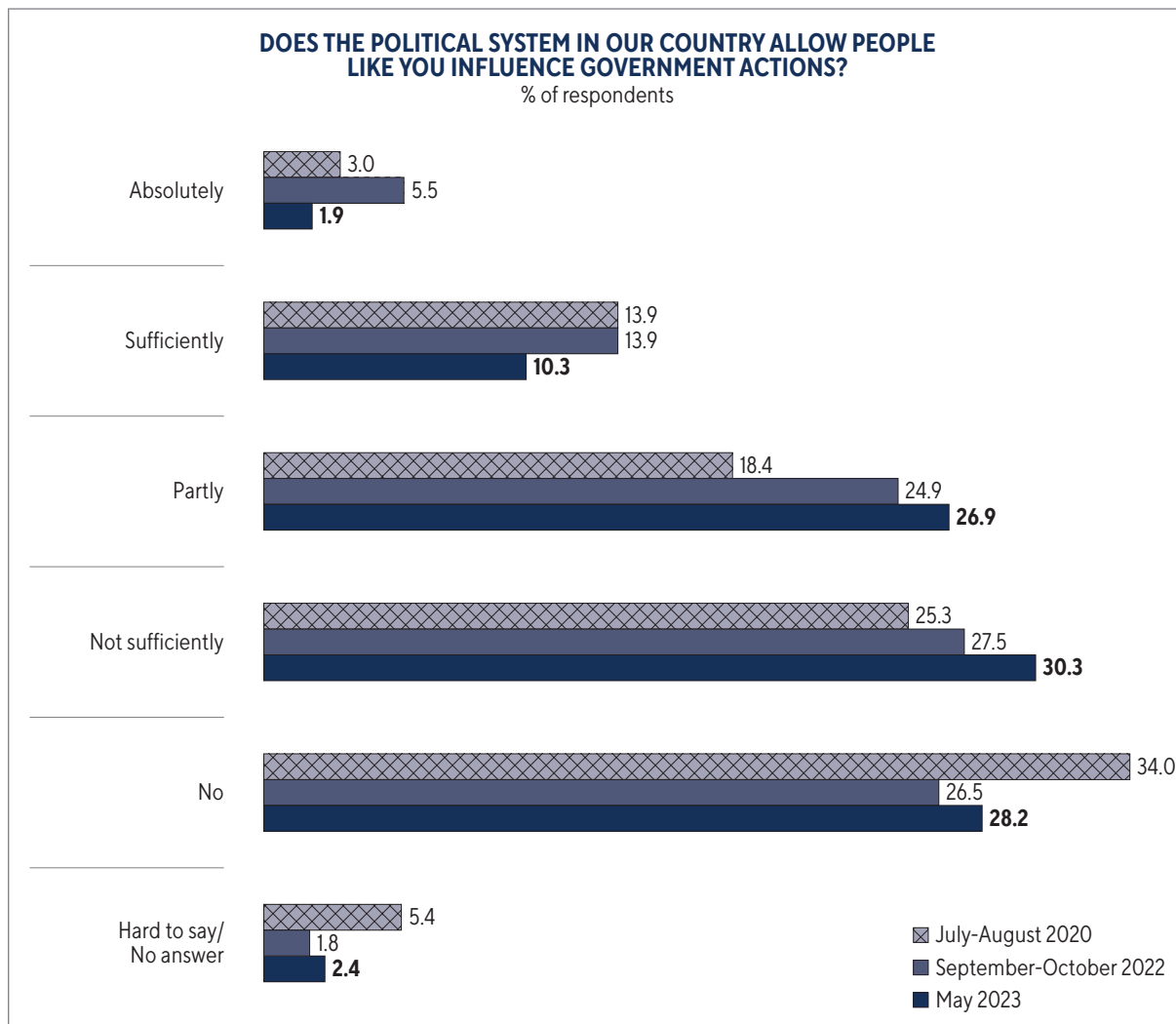
* On a 10-point scale, where «1» means «not important at all», and «10» means «very important».



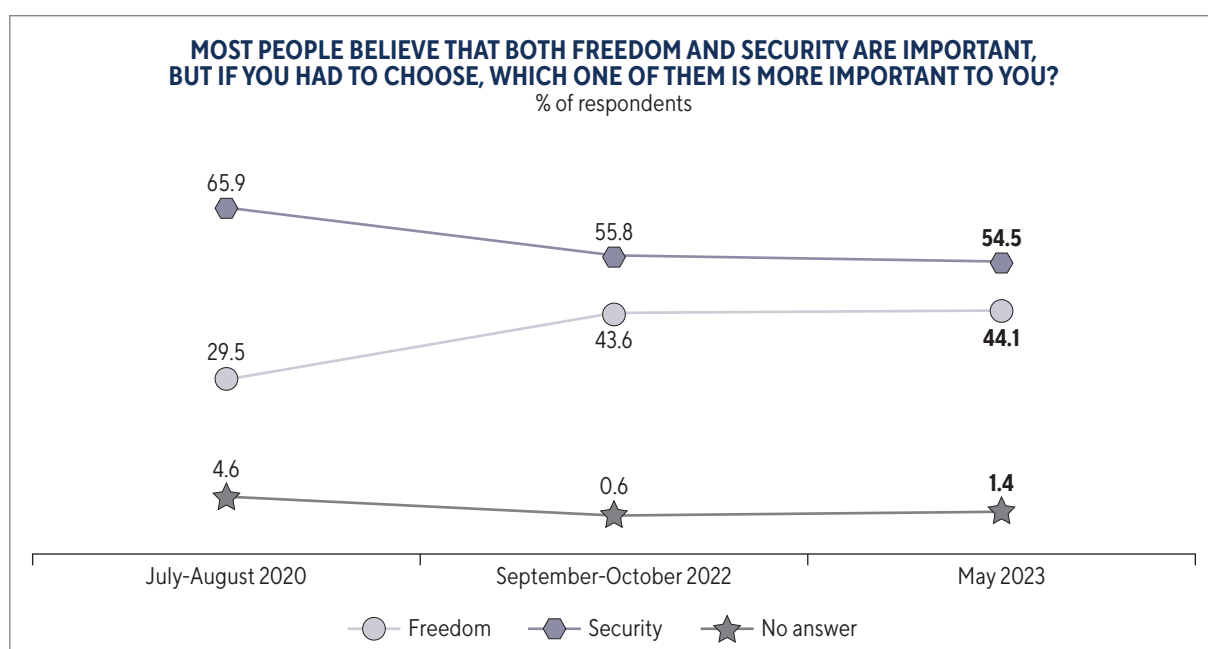
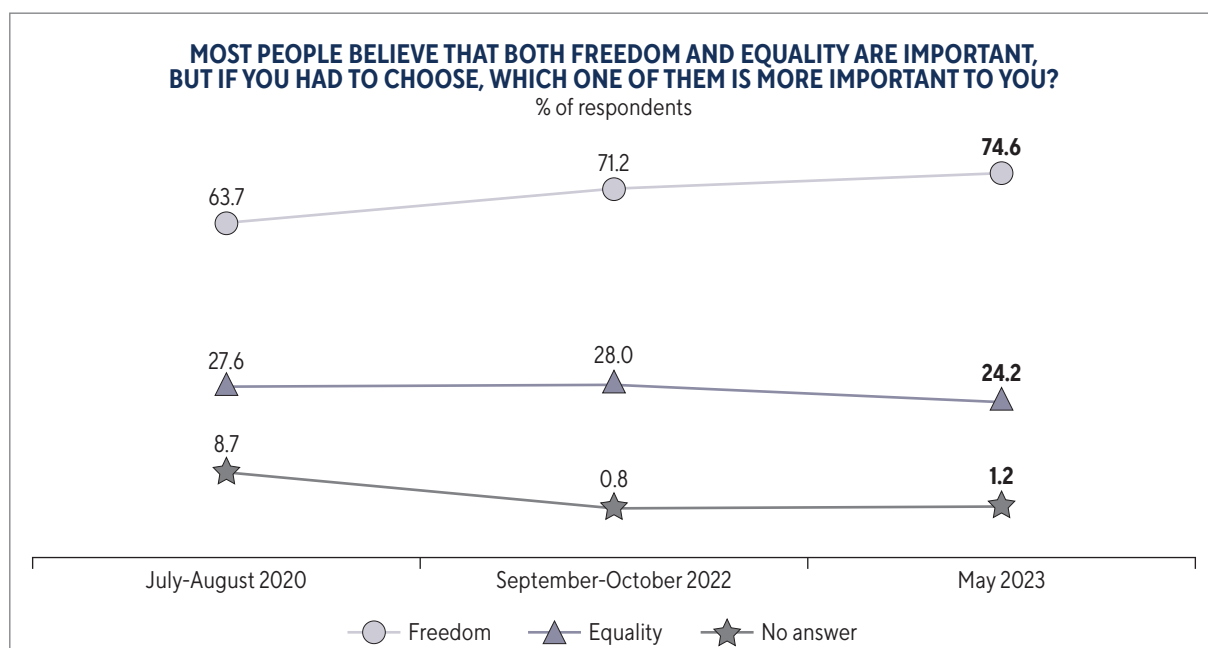
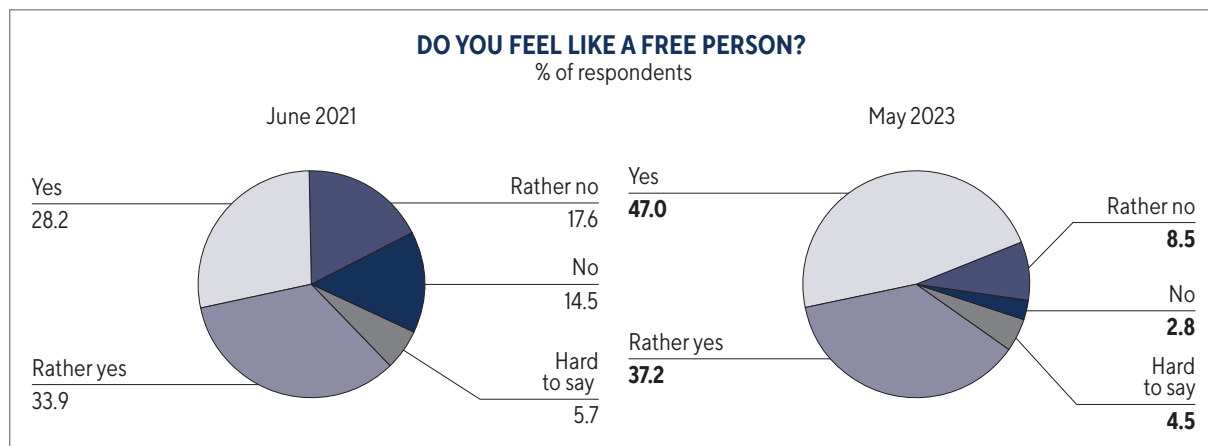


* On a 10-point scale, where «1» means «not democratically at all», and «10» means «very democratically».

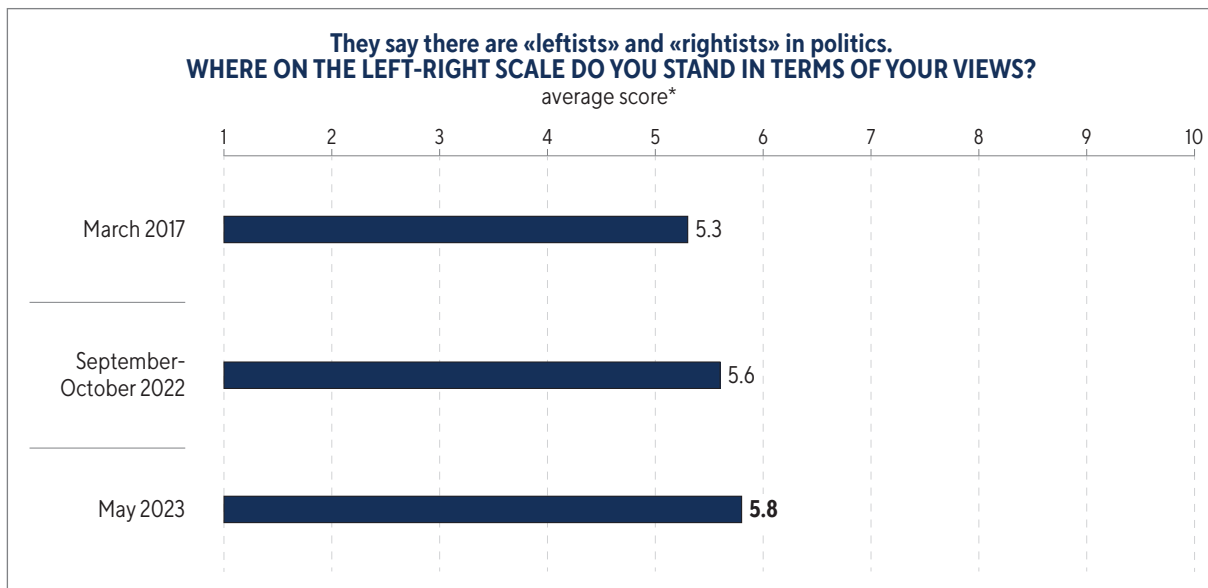




* On a 10-point scale, where «1» means «have no influence at all», and «10» means «have strong influence».



WHICH OF THE FOLLOWING STATEMENTS IS MORE APPEALING TO YOU? % of respondents				
	June 2010	December 2017	June 2021	May 2023
Obviously, both freedom and prosperity are important, but I am ready to endure some material difficulties for the sake of personal freedom and guarantees of all civil rights	32.4	38.0	43.1	50.9
Obviously, both freedom and prosperity are important, but I am ready to give up some of my rights and civil freedoms to the state in exchange for better well-being	30.1	25.0	30.8	23.0
Hard to say	37.6	37.0	26.1	26.1

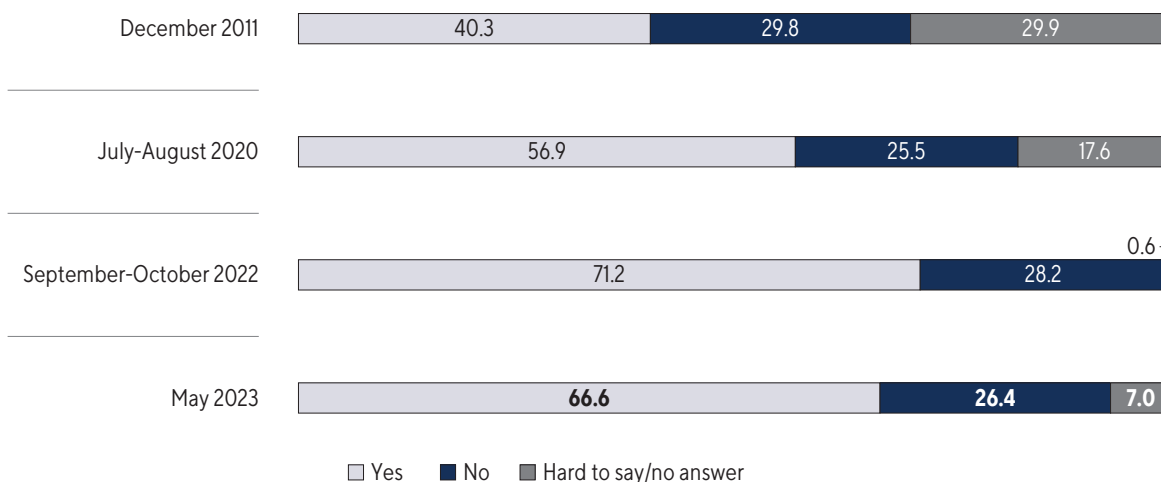


* On a 10-point scale, where «1» means «left-wing», and «10» means «right-wing».

HOW DO YOU SEE THE FUTURE OF UKRAINE? % of respondents						
	April 2003	March 2010	March 2019	June 2021	September-October 2022	May 2023
Ukraine will be a highly developed, democratic and influential European state	31.1	37.7	41.5	40.0	64.7	64.0
Ukraine will be a country that follows its special course of development (like China)	8.0	16.3	19.9	13.3	13.6	16.2
Ukraine will be an underdeveloped appendage to Russia	4.7	8.5	2.0	2.0	0.8	0.3
Ukraine will be an underdeveloped appendage to the West	10.4	4.5	7.2	10.0	3.9	3.4
Ukraine will forever remain a "Third World" country – underdeveloped and uninfluential	10.8	5.3	6.8	10.8	1.7	2.4
Ukraine will disappear as an independent state	4.9	2.7	3.1	5.2	1.5	0.7
I don't care about the country's future	2.2	0.8	2.0	1.1	0.5	0.0
Other	2.9	3.6	2.8	1.9	1.4	0.8
Hard to say	25.0	20.6	14.8	15.8	11.9	12.2

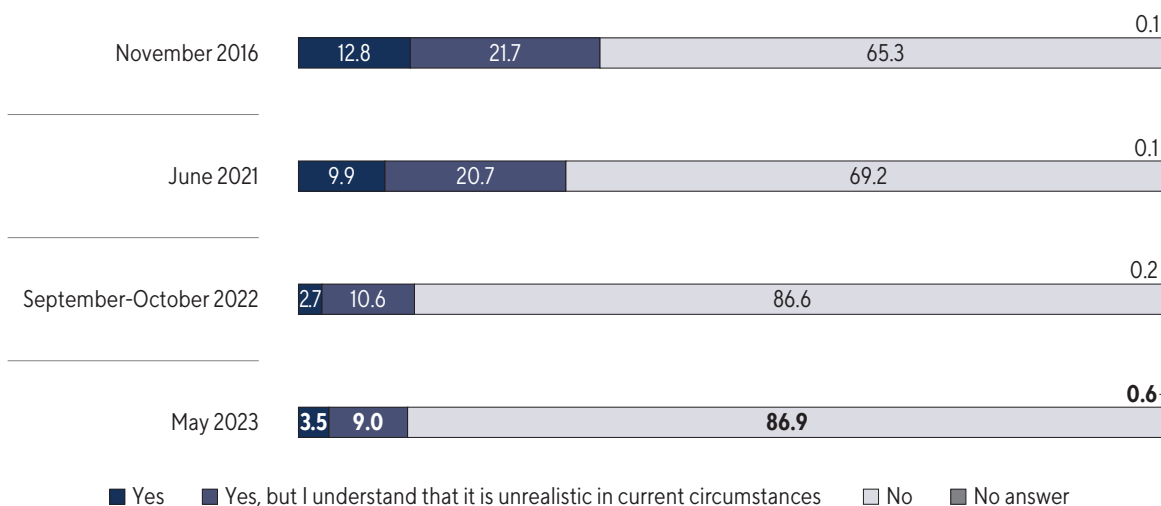
IF THE NEED ARISES, ARE YOU READY TO DEFEND YOUR COUNTRY?

% of respondents



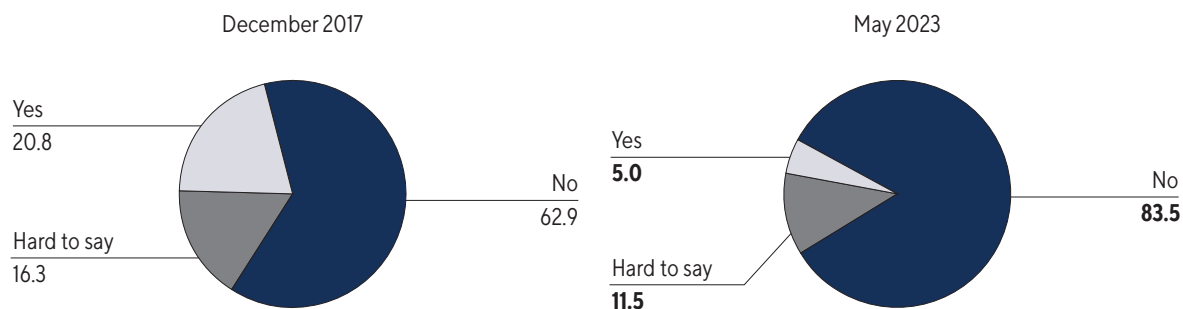
DO YOU WANT THE SOVIET UNION RESTORED?

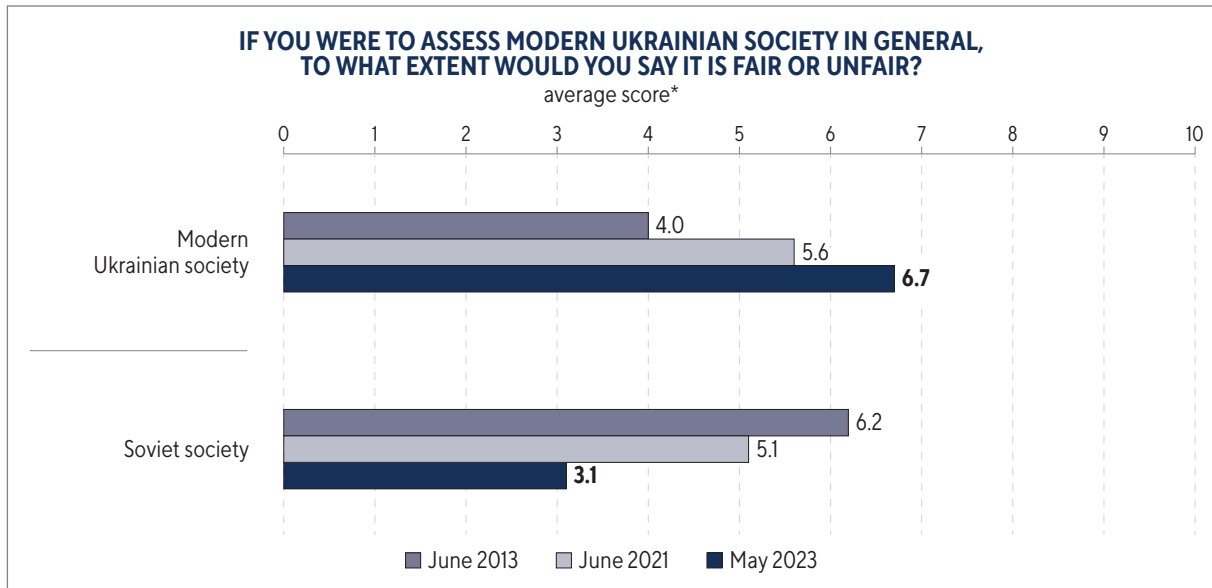
% of respondents



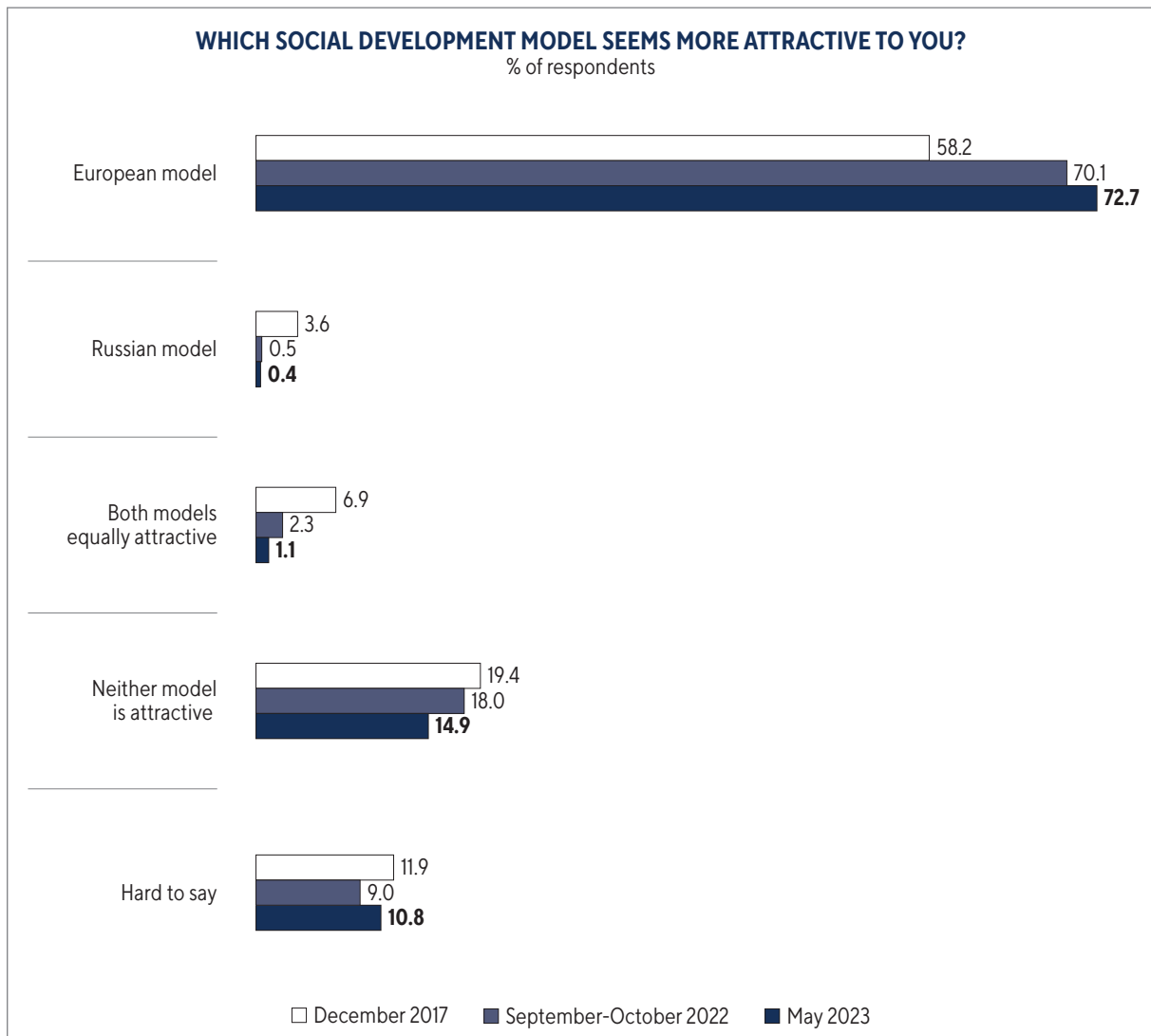
WOULD YOU LIKE TO HAVE SOVIET ORDERS RESTORED NOW?

% of respondents





* On a scale from 0 to 10, where «0» means extremely unfair and «10» means completely fair.



HOW WOULD YOU DESCRIBE THE SITUATION IN UKRAINE IN THE FOLLOWING AREAS?						
% of respondents						
	December 2020	January-February 2021	May 2021	September-October 2022	February-March 2023	July 2023
Economic situation in the country						
Very bad	27.6	28.6	22.1	21.5	15.7	23.4
Rather bad	44.4	40.6	37.9	43.0	39.6	42.5
Neither bad not good	23.0	26.0	32.2	28.9	36.8	27.6
Good	1.9	1.8	4.7	3.7	4.0	3.3
Very good	0.2	0.1	0.7	0.5	0.3	0.2
Hard to say	3.0	2.8	2.4	2.5	3.5	3.0
<i>Average score*</i>	<i>2.0</i>	<i>2.0</i>	<i>2.2</i>	<i>2.2</i>	<i>2.3</i>	<i>2.1</i>
Wellbeing of your family						
Very bad	14.0	11.1	10.4	10.5	8.3	10.6
Rather bad	33.8	32.1	25.5	28.1	26.5	31.0
Neither bad not good	42.0	46.4	47.6	49.5	49.7	45.5
Good	7.2	6.3	13.0	8.5	11.4	9.9
Very good	0.2	0.4	0.9	1.1	0.7	1.3
Hard to say	2.9	3.6	2.6	2.3	3.4	1.6
<i>Average score*</i>	<i>2.4</i>	<i>2.5</i>	<i>2.7</i>	<i>2.6</i>	<i>2.7</i>	<i>2.6</i>

* On a 5-point scale, where «1» means that the situation is very bad, and «5» means that the situation is very good.

HOW THE SITUATION IN UKRAINE WILL CHANGE IN THE FOLLOWING AREAS IN COMING 3 MONTHS?						
% of respondents						
	December 2020	January-February 2021	May 2021	September-October 2022	February-March 2023	July 2023
Economic situation in the country						
Improve	8.3	6.9	11.8	9.5	13.4	7.8
Worsen	40.8	32.2	22.1	35.2	22.7	34.9
Will not change	39.0	47.8	55.7	37.5	45.3	42.9
Hard to say	11.9	13.1	10.5	17.9	18.5	14.4
Wellbeing of your family						
Improve	9.2	7.8	12.6	9.2	13.3	8.3
Worsen	32.3	23.8	18.3	25.9	18.0	30.9
Will not change	43.7	53.2	57.1	45.2	48.0	44.9
Hard to say	14.8	15.3	12.0	19.7	20.7	15.9

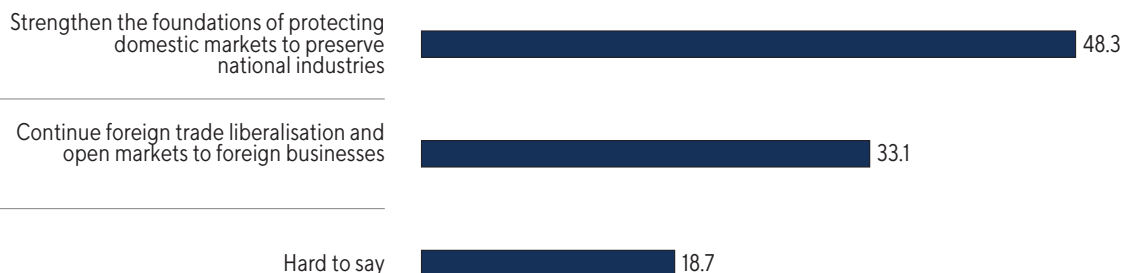
HOW THE SITUATION IN UKRAINE WILL CHANGE IN THE FOLLOWING AREAS IN THE NEXT 2-3 YEARS?						
% of respondents						
	December 2020	January-February 2021	May 2021	September-October 2022	February-March 2023	July 2023
Economic situation in the country						
Improve	22.8	19.7	29.9	43.4	52.1	36.6
Worsen	26.7	25.0	21.2	14.8	11.0	20.3
Will not change	20.4	21.0	26.1	14.1	11.1	13.1
Hard to say	30.1	34.4	22.8	27.7	25.8	30.1
Wellbeing of your family						
Improve	24.7	20.8	29.2	40.6	49.5	34.3
Worsen	21.8	19.5	16.5	12.8	10.0	19.3
Will not change	21.8	24.3	27.1	16.5	13.1	15.1
Hard to say	31.7	35.5	27.1	30.0	27.5	31.4

HOW CAN YOU BEST DESCRIBE YOUR FAMILY'S FINANCIAL SITUATION?						
% of respondents						
	Квітень 2017 р.	Березень 2019 р.	Червень 2021 р.	Серпень 2022 р.	Лютий-березень 2023 р.	Серпень 2023 р.
We barely make both ends meet and lack money even to buy necessary products	17.6	15.4	9.2	13.5	14.2	10.7
We can afford only food and essential inexpensive goods	44.8	37.1	38.3	37.8	42.0	44.7
In general, we have enough to live on, but it is quite difficult to buy durables, such as furniture, refrigerator, TV	30.9	41.1	43.8	39.0	33.7	37.1
We live a comfortable life but still unable to make major purchases, such as an apartment or car	4.3	5.2	6.4	7.2	6.1	5.2
We can afford virtually everything we want	0.2	0.1	0.9	0.3	1.3	0.3
Hard to say/no answer	2.1	1.1	1.4	2.2	2.6	2.0

HOW HAS YOUR FAMILY'S INCOME CHANGED AFTER 24 february 2022?		
% of respondents		
	February-March 2023	August 2023
Significantly increased	0.9	0.8
Slightly increased	5.1	7.3
Has not changed	35.6	34.1
Slightly decreased	31.8	31.4
Significantly decreased	20.8	21.5
Hard to say	5.8	5.0

IN THE POST-WAR PERIOD, THE COUNTRY SHOULD...

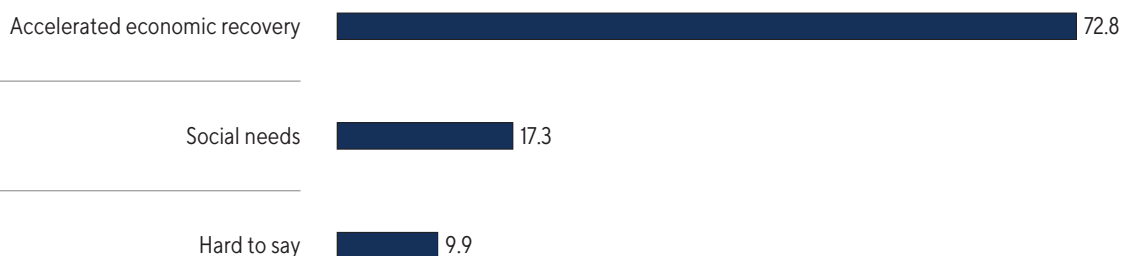
% of respondents



August 2023

GIVEN THE LIMITED RESOURCES IN THE POST-WAR PERIOD, WHAT SHOULD BE THE PRIORITIES FOR THE STATE BUDGET FINANCING?

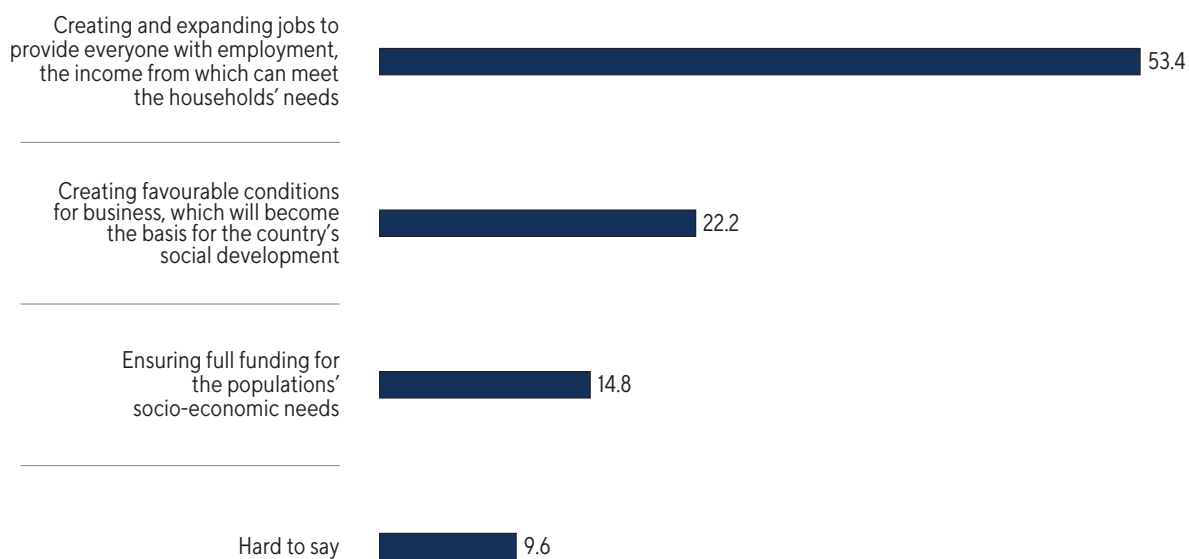
% of respondents



August 2023

TO ACCELERATE ECONOMIC RECOVERY AND THE WELFARE OF THE POPULATION IN THE POST-WAR PERIOD, WHAT ARE THE GOVERNMENT'S TOP PRIORITIES?

% of respondents



August 2023

HAVE YOU ENCOUNTERED THE FOLLOWING PROBLEMS WITH UTILITY SERVICES AFTER 24 february 2022?

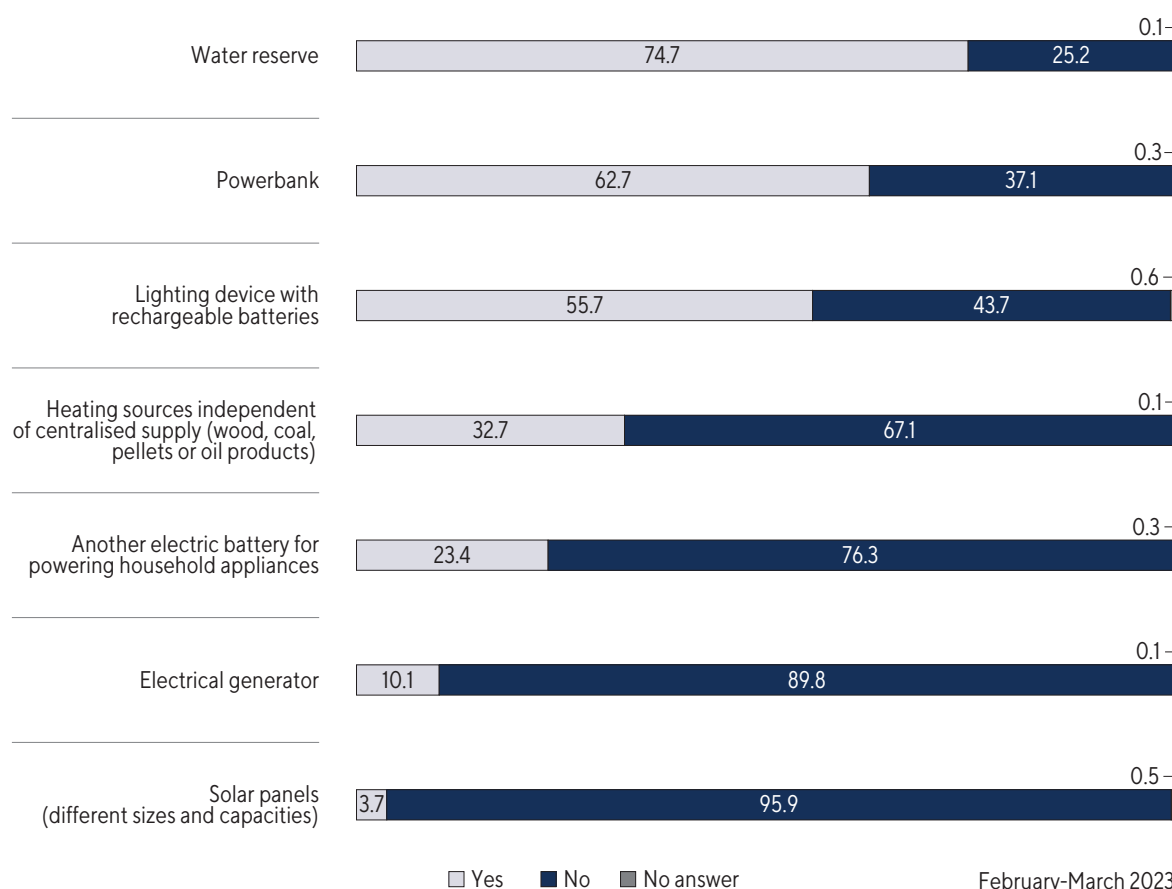
% of respondents

	Yes	No	I do not have this service now, although I had it until 24 February 2022	I do not have this service now and I never had it before 24 February 2022	Hard to say
Periodic power outages	95.6	3.4	0.2	0.0	0.8
Periodic absence of Internet access	73.7	21.0	0.1	3.2	2.0
Periodic absence of mobile service	72.2	25.4	0.2	0.4	1.9
Periodic water supply outages	49.9	42.1	0.1	6.9	1.0
Periodic heat supply outages	35.4	52.9	0.2	10.1	1.4
Difficulties with the transmission of meter readings	20.1	74.6	0.3	1.9	3.2
Technical difficulties in paying for utilities	19.3	76.5	0.2	0.5	3.5
Periodic gas supply outages	16.5	78.1	0.1	3.4	1.9

February-March 2023

DO YOU HAVE AT HOME...?

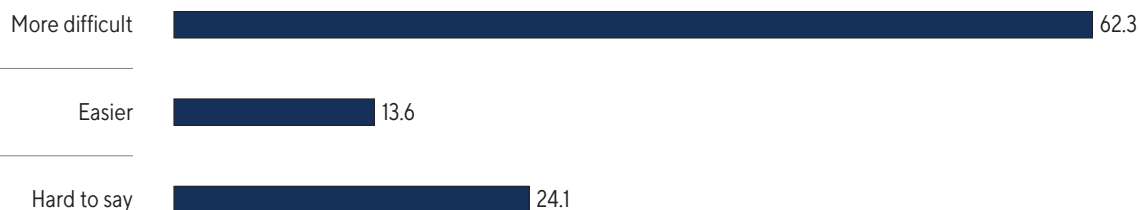
% of respondents



February-March 2023

**DO YOU THINK THE NEXT HEATING SEASON OF 2023-2024
WILL BE MORE DIFFICULT OR EASIER THAN THE PREVIOUS ONE?**

% of respondents



August 2023

**ARE YOU READY TO PAY THE MARKET PRICE FOR ELECTRICITY AND GAS,
WHICH IS HIGHER THAN THE CURRENT ONE (WITH SUBSIDIES FOR LOW-INCOME FAMILIES)
FOR RELIABLE ENERGY SUPPLY THROUGHOUT THE YEAR?**

% of respondents



August 2023

**Some experts believe that understated electricity prices for households
are also paid by people themselves, but through reduced allocations for social programmes, pensions,
increased inflation and rising prices for goods and services.
DO YOU AGREE WITH THIS STATEMENT?**

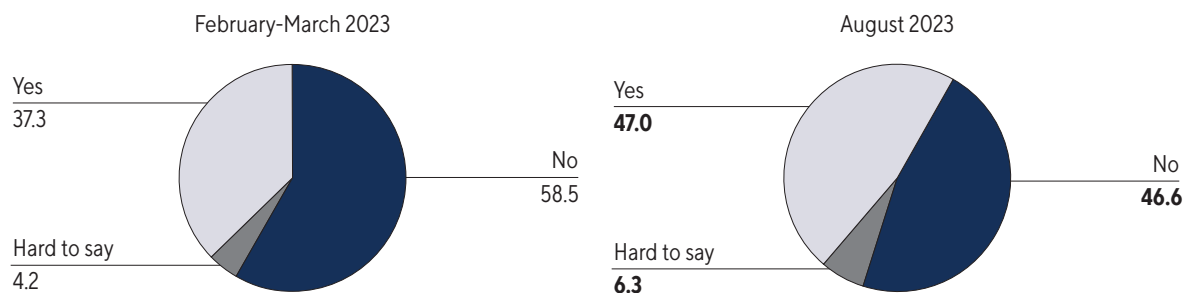
% of respondents



August 2023

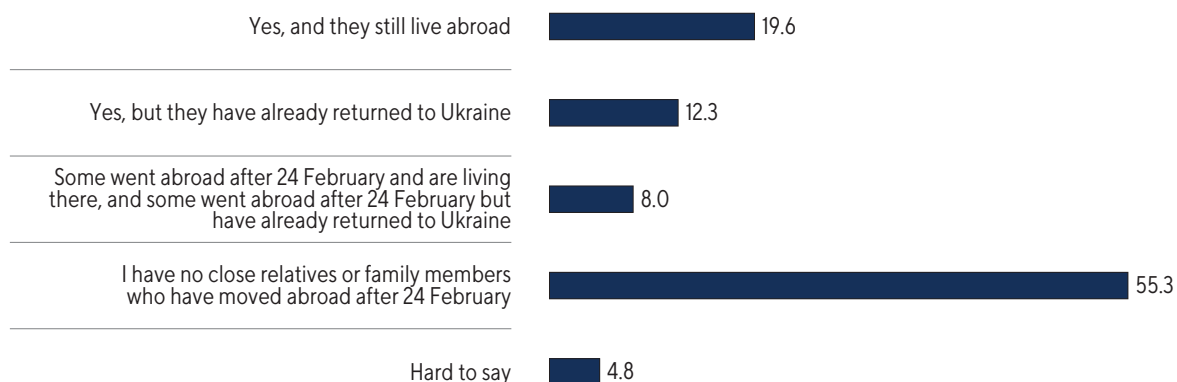
**DO YOU HAVE RELATIVES OR CLOSE ACQUAINTANCES (MILITARY OR CIVILIAN) WHO WERE KILLED
OR INJURED AS A RESULT OF HOSTILITIES OR SHELLING AFTER 24 FEBRUARY 2022?**

% of respondents



DO YOU HAVE CLOSE RELATIVES OR FAMILY MEMBERS WHO HAVE MOVED ABROAD AFTER 24 February 2022?

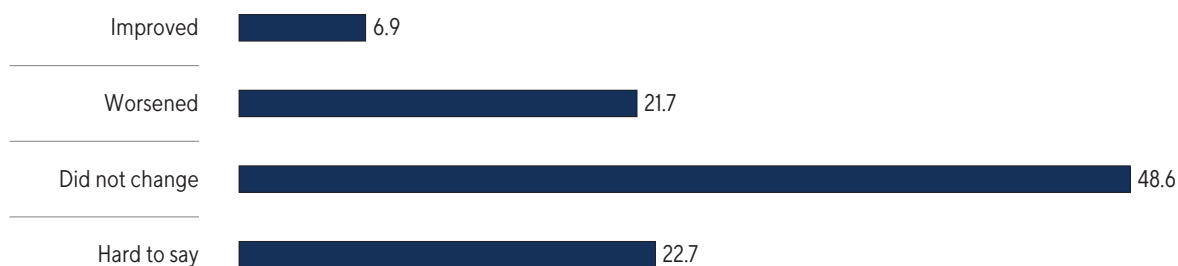
% of respondents



February-March 2023

HOW DO YOU THINK THE SITUATION IN HEALTH CARE HAS CHANGED AFTER 24 February 2022?

% of respondents



February-March 2023

HAVE YOU ENCOUNTERED THE FOLLOWING PROBLEMS IN HEALTH SECTOR AFTER 24 February 2022?

% of respondents

	Yes	No	Hard to say
Significant increase in the price of necessary medicines	53.0	39.3	7.7
Inability to buy necessary medicines because they weren't available	25.9	67.9	6.2
Reduced quality or inability to receive health services due to air raid alerts or power outages	24.6	66.4	9.0
Cancellation of a doctor's appointment or surgery due to air raid alerts or power outages	18.0	72.4	9.6
Inability to contact a doctor or call an ambulance due to communication issues	14.9	77.1	8.0
Inability to receive certain health because of hostilities or martial law	12.3	80.3	7.4
Absence of a necessary narrow specialist as he/she moved abroad or to another region	9.5	77.8	12.6
Absence of a family doctor as he/she moved abroad or to another region	8.3	82.0	9.8
Damage or destruction of a relevant health facility	2.3	93.5	4.2

February-March 2023

ARE YOU, YOUR CHILDREN OR GRANDCHILDREN STUDYING AT A SECONDARY, VOCATIONAL OR HIGHER EDUCATION INSTITUTION IN UKRAINE?

% of respondents



February-March 2023

HAVE YOU ENCOUNTERED THE FOLLOWING PROBLEMS IN EDUCATIONAL SECTOR AFTER 24 February 2022?

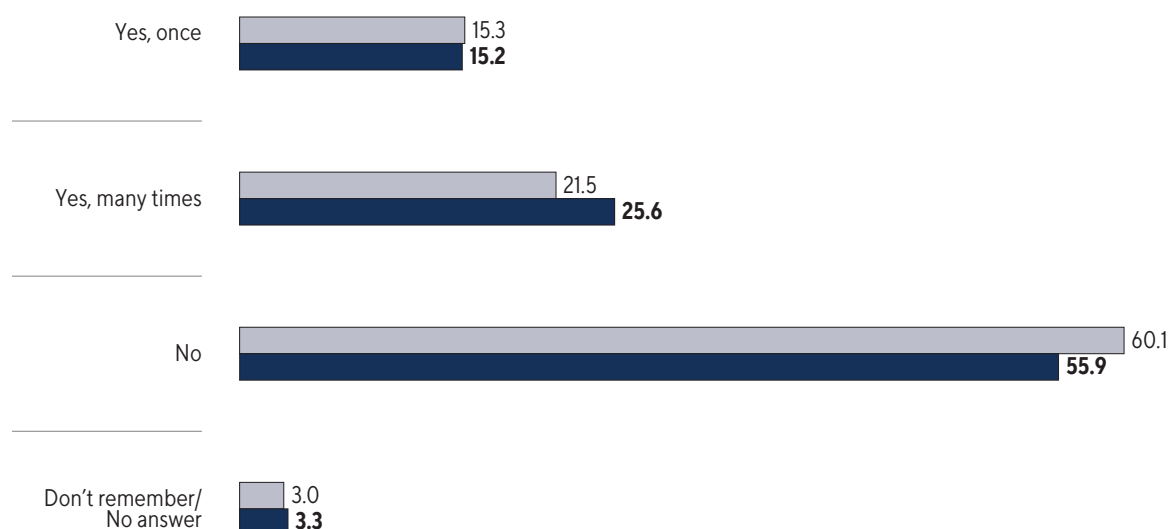
% of those who said that he/she, his/her children or grandchildren were studying at a secondary, vocational or higher education institution in Ukraine

	Yes	No	Hard to say
Reduced quality or inability to receive educational services due to air raid alerts or power outages	74.5	20.2	5.4
Distance learning leading to lower quality of knowledge	71.0	21.7	7.3
Impossibility to get quality distance learning due to communication issues	70.0	23.7	6.3
Impossibility of conducting in-person classes	65.5	29.5	5.0
Absence of teachers as they moved abroad or to another region	14.6	74.0	11.3
Damage or destruction of a relevant educational facility	7.8	88.4	3.8
Forced change of an educational facility due to the occupation	6.8	90.7	2.5

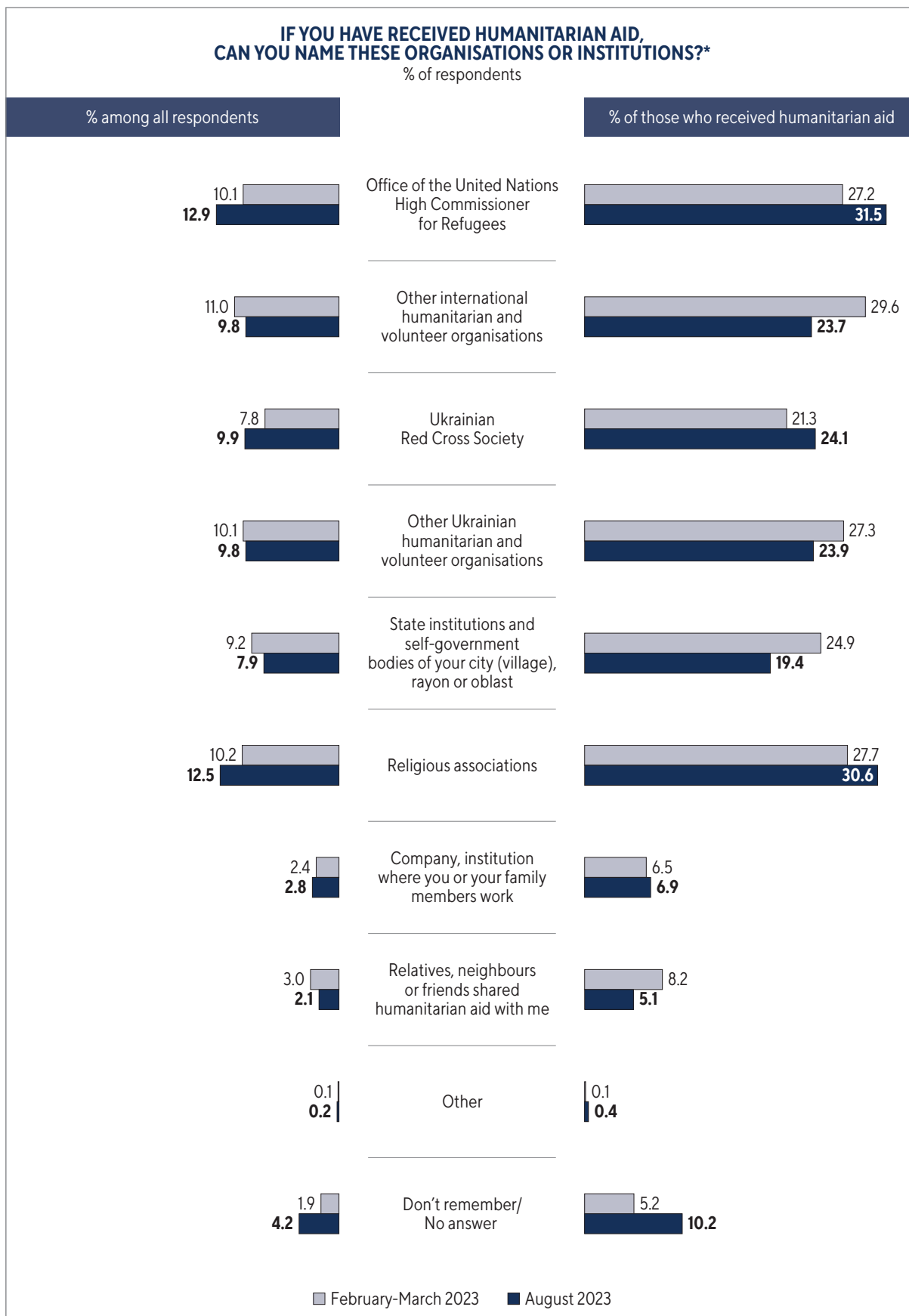
February-March 2023

HAVE YOU (YOUR FAMILY) RECEIVED HUMANITARIAN ASSISTANCE FROM ANY ORGANISATIONS OR INSTITUTIONS SINCE THE BEGINNING OF THE WAR (22 February 2022)?

% of respondents



February-March 2023 August 2023



* Respondents were asked to name all organisations, which they received humanitarian aid from.