



USAID
FROM THE AMERICAN PEOPLE



Razumkov
centre

UKRAINE: FROM WAR TO PEACE AND RECOVERY

Analytical Assessments
August 2024



I.

NATIONAL SECURITY AND DEFENCE: KEY DEVELOPMENTS, PROCESSES, TRENDS

August 2024 ushered in a brand-new phase of the Russia-Ukraine war. The Ukrainian defence forces operation in the Russian's Kursk region came as a total surprise not only to the general public, various experts and governments of partner countries, but also to Russia's military and political leadership. Given Kyiv's scarce and fragmented comments, it is difficult to objectively assess the degree to which the Kursk operation achieved its goals, but its operational results and international resonance suggest a possible strategic impact on the further course of the war. Currently, [opinions differ](#) on the expediency and effectiveness of the ground operation on Russian territory and the prospects for its course. However, irrespective of future developments in the Kursk operation zone, the operation is obviously more significant than just regular [episode of the war](#) and could become a turning point in the Russia-Ukraine war if successful and combined with other asymmetric actions.

Also, August is the occasion for drawing preliminary conclusions about the summer campaign as the most active phase of the Russian offensive, which began in October 2023. Despite significant progress at the cost of heavy losses in manpower and equipment, Russians failed to make an operational breakthrough. The intensity of their attacks apparently peaked in August, but there are [no signs of critical depletion](#) of offensive capabilities in the short term.

COMBAT ACTION

The expansion of active ground combat to the Russian territory has opened a new page in the Russia-Ukraine war. Launching an offensive on the border areas of the Kursk region on 6 August 2024, Ukrainian troops took control of about 1,300 sq.km. of Russian territory and nearly 100 settlements [in three weeks](#).

They also captured 594 Russian servicemen, including conscripts and Kadyrovites, whose captivity strongly encourages the Russian leadership to exchange POWs.

It is equally important that the Russia-Ukraine war has returned to the top news in the world media in a positive context for Ukraine.

By the end of August, the pace of the offensive slowed, but the operation continued and as [noted by President Zelenskyy](#), «all the defined tasks of our Kursk operation are being implemented». At the same time, [military and political goals](#) the President of Ukraine had in mind when deciding on this operation remain unclear. During the first days, official Kyiv refrained from making any comments and later mentioned certain tasks as having already been partially achieved during the operation, such as moving the war to enemy territory, replenishing the prisoner exchange fund, undertaking a pre-emptive strike to thwart a Russian offensive on Sumy, and raising the morale of the army and society. In addition, President Zelenskyy [declared](#) that Ukraine had no intention of annexing Russian territories and stressed the strategic importance of the Kursk operation as «part of a larger plan for Ukraine's victory, which he will share with the US President».

The Kremlin leader's inadequate reaction to the «Kursk situation» was both predictable and unexpected. The invasion of foreign troops into Russian territory has put Putin in a [dilemma](#) – whether to defend own territory or to continue the war of aggression against the neighbouring country («[liberation of Donbas](#)»), disregarding the safety of Russian citizens and ignoring the Russian laws. Putin is currently showing confidence that military gains in Donbas will allow him to solve the «Kursk problem» and probably does not see any serious internal political risks or threats to

his power. Are his actions an example of strategic thinking or a case of strategic miscalculations? The answer will be known in the coming months.

According to Russian defence laws, Putin should have declared martial law and mobilisation, but this could have disrupted the current «no-war» construct with the resulting socio-political consequences for the regime. Instead, the decision was made to launch a counter-terrorist operation, which goes against Russian legislation and indicates an inadequate managerial decision, when responsibility for a military operation is assigned to the special service (FSB), which receives additional powers to restrict the rights of Russian citizens in these territories. Meanwhile, the Russian army actions on its own territory are little different from their traditional scorched earth tactics with massive rocket and artillery fire and aerial bombardment.

It is unclear how the enemy's actions, the reaction of the Russian population, and the international community align with the calculations made during the planning of the Kursk operation. One possible intention of transferring the conflict to Russian territory was to influence the level of support for the Kremlin's policies among the Russian population. However, recent [opinion polls](#) indicate that the majority of Russians (78%) still approve of the so-called «svo» – special military operation, suggesting that the Kursk operation has not immediately impacted their opinions.

Also, Putin's statement about negotiating with Ukraine only after the withdrawal of Ukrainian troops from the Kursk region could be used by Ukraine at the upcoming Peace Summit as a proposal for negotiations after both sides have liberated occupied territories. This precedent may be of interest to other countries who have experienced horrors of armed conflicts.

As noted above, Russia's military and political leadership has prioritised the seizure of foreign territory rather than the defence of its own, arguing that it is a response to the Ukrainian invasion. The intensification of hostilities on multiple frontline areas simultaneously should be seen as an inability to respond quickly to unexpected strategic changes, as an intention to «strangle» Ukraine

using the remaining resources, and as a way to reassure domestic and foreign audiences of the Kremlin's unbreakable policy.

The most critical situation for the Ukrainian defence forces is in the [Pokrovsk direction](#), where Russians have concentrated their most capable forces and approached the outskirts of the city. Their advance in the town itself is [likely to slow down](#), but the risk of losing Pokrovsk, a key logistical hub for the Ukrainian army in Donetsk region is real. Elsewhere in the frontline, the enemy's territorial gains over the month have been limited.

On 26 August, on the occasion of Ukraine's Independence Day, the Russians expectedly carried out their [largest combined strike](#) yet, launching 127 missiles and 109 attack drones. This attack, which targeted civilians, is in line with Russia's strategy of instilling terror. Prior to this strike, the Russians had been accumulating missiles for almost a month and a half, giving an indication of their monthly production capacity. In total, Russia has used 223 missiles of various types over the past month, including over 60 ballistic missiles, marking a record since the start of the invasion. This increase in missile numbers can be attributed to both increased domestic production and supplies from North Korea. The majority of casualties and damage occurred in regions that had insufficient protection from Patriot and SAMP/T air defence systems, with ballistic missiles being the main cause.

The end of August is also the occasion for the preliminary results of the summer campaign as the most active phase of the Russian offensive, which began in October 2023. Russian troops made the biggest advance – almost 21 km in three months – in the Pokrovsk direction. However, total Russian losses are estimated at 107,500 personnel (about 36,000 per month), 852 tanks, 1,813 ACVs, 4,452 artillery systems, and 125 air defence units.

In response, the Ukrainian defence forces have carried out effective attacks on military and critical infrastructure facilities deep in the Russian territory, which directly affect the enemy's warfighting capabilities. One notable operation was the destruction of the CONRO TRADER railway ferry with dozens of fuel tanks in the port of Kavkaz on 22 August. This

operation is seen as a significant contribution to the overall strategy for victory and the de-occupation of Crimea.

UKRAINIAN GOVERNMENT'S POLICY DECISIONS AND ACTIONS IN THE DEFENCE SECTOR

The General Staff of the Armed Forces of Ukraine (AFU) has [prepared proposals](#) to empower military unit commanders to recruit those who have expressed a desire to serve in this particular unit without involving territorial centres for recruitment and social support (TRCs). The proposed changes will simplify the mobilisation process and improve the quality of candidate selection in accordance with the needs of the military unit and the wishes of the mobilised.

The AFU is [creating](#) a «unified system for working with families of killed (deceased), missing, and captured servicemen». Social support services (patronage) will be staffed by servicemen released from captivity and those who cannot participate in combat action for health reasons.

Regulatory changes have helped achieve one of the key goals of registering individuals liable for military service. [According to MP Fedir Venislavskiy](#), a member of the Parliamentary Committee on National Security, Defence and Intelligence, «millions of citizens have updated their data through Reserve+ app, hundreds of thousands – through TRCs and ASCs». He particularly mentioned the effectiveness of the Reserve+, which facilitated the registration process when the paper-based system «was largely destroyed, while the electronic registration of individuals in the format provided for by the law has not yet been launched». [The New York Times reports](#) that Ukraine had been drafting up to 30,000 people a month since May, when a new conscription law took effect, which is three times more than in [December 2023](#).

At the same time, key mobilisation issues, such as the quality of personnel, remain partially addressed. [Another MP, Roman Kostenko](#), SSU colonel and a veteran of the Russia-Ukraine, says that TRCs, in pursuit of higher numbers, tend to mobilise people who are then rejected by military units – so they remain in training centres, receive salaries, and

cannot be dismissed. Another quality-related issue is the age range of fighters, which is currently 25–60 years old, although according to the [military themselves](#), «people aged 40+ are considered old to perform assault missions».

Ukraine has demonstrated new examples of developing, producing and using innovative weapons. On 24 August, there were reports of Ukraine using a domestically-produced long-range (600–700 km) Palianytsia drone missile, and successfully testing an unnamed ballistic missile. During August, Ukrainian drones hit several important targets in the Russian rear at more than 1,000 km. In the FPV drone segment, Ukrainian producers are approaching [full localisation](#) of production, which will protect them from undesirable dependence on Chinese components.

The Danish government [has announced](#) the allocation of \$116 million on the initiative to purchase weapons from Ukrainian manufacturers. In the near future, the Ukrainian defence forces will receive the first Bohdana self-propelled artillery systems from the batch of 18 units ordered by Denmark. Projects like this solve two critical tasks – supplying arms and developing the domestic defence industry.

The Ukrainian ADA-class corvette Hetman Ivan Vyhovskiy [was launched in Istanbul](#), with another corvette, Hetman Ivan Mazepa, currently under construction. Building of warships is a long-term investment in the development of Ukraine's defence capabilities.

FOREIGN EVENTS (EXTERNAL FACTORS)

The Biden administration's restrictions on the use of long-range foreign-made weapons remain unresolved, leading to missed opportunities. [Forbes](#) reports about the lost opportunity to destroy multiple Russian Su-34 Fullback aircraft this summer when dozens of them were redeployed to the Voronezh-Malshevo airbase some 100 miles from the Ukrainian border. However, due to the US ban on using long-range weapons on Russian territory, permission to use ATACMS missiles was denied by the Biden administration when requested by the Ukrainian command. As a result, the Russians proactively relocated the aircraft to airfields farther from the frontline.

Despite this, the US political leadership incorrectly focuses on destroying Russian aircraft at airfields, while the primary targets for ATACMS are Russian fuel infrastructure, logistical facilities, troop concentrations, and reserve transfer routes.

In the context of political constraints, neither the Kremlin nor the Western partners have substantively responded to the use of Western-made armoured vehicles and weapons during the Kursk operation. While the Kremlin resorted to issuing angry statements and threats, the Pentagon [said](#) that Ukraine could use weapons provided by the United States within the Kursk region, which is seen as a positive signal amid news of the White House considering expanding the use of its weapons in Russia.

[North Korea](#) presented its new kamikaze drones strongly resembling the Russian Lancet, possibly indicating the transfer of modern drone production technologies from Russia in exchange for Korean artillery shells and missiles.

Periodic reports of a possible invasion from Belarus are considered more of an information and psychological operation rather than a real threat. Belarusian manoeuvres and corresponding information attacks seek to create additional tension on Ukraine's northern border and, accordingly, to contain part of Ukraine's reserves. Although the likelihood of Belarus's involvement in the war is seen as [very low](#), the Ukrainian Foreign Ministry issued [a statement](#) on 25 August, urging «Belarusian officials not to make tragic mistakes for their country under Moscow's pressure» and warning that in case of a violation of the state border, «all troop concentrations, military

facilities, and supply routes in Belarus will become legitimate targets for the Armed Forces of Ukraine».

RUSSIA

The Kremlin has once again revived its nuclear blackmail rhetoric, officially announcing its intentions to amend the nuclear doctrine. Without disclosing the details, one of Russian deputy foreign ministers stressed the intention to take into account «what is linked with the escalation course of our Western adversaries in connection with our special military operation». In reality, however, many Ukrainian and foreign experts believe that the Kremlin has kicked itself beyond the red flags with its nuclear ultimatums and is now irritably trying to find ways out of the impasse.

An analysis of the most important events, political statements and decisions leads to the following conclusions:

- ✓ the Kursk operation is Ukraine's attempt to seize the strategic initiative, and it could become a turning point in the Russia-Ukraine war if successful and combined with other asymmetric actions;
- ✓ the almost 12-month-long Russian offensive is likely to be approaching its culmination. Despite the enemy's significant tactical and territorial gains, the Ukrainian defence forces have prevented a breakthrough;
- ✓ the Kursk operation is likely to be part of a comprehensive plan to turn the tide of the war and Ukraine's victory strategy announced by the President.

II. FOREIGN POLICY

August, traditionally viewed to be a kind of preamble to the new political season, was filled with important events and actions of global and regional significance. These included changes in the nature and content of the US election process, increasing threat of escalation in the Middle East, deterioration of the situation in some of Ukraine's neighbours, increasing international resonance of the Armed Forces of Ukraine's operations in Russia, and so on. At the same time, Kyiv continued its dialogue with foreign partners and promoted own interests and initiatives on the world stage.

INTERNATIONAL PROCESSES AND EVENTS

In August, US Vice President Kamala Harris managed to reboot the election race, adding optimism and confidence not only to Democratic voters in the United States, but also to some sceptics in the European establishment. Ms Harris secured full support at the Democratic Party convention (19-22 August) and, [according to opinion polls](#), her popularity has gained positive momentum. This allowed her to begin to slightly outpace Donald Trump at the national level. Although this is a local trend, but Mr Trump's staff is forced to adjust its election tactics. For Ukraine, it is important that Kamala Harris has [clearly defined](#) her solidarity with the country and supported the Euro-Atlantic partnership: «As president, I will firmly stand with Ukraine and our NATO allies... We will continue to stand with Ukraine in its fight for freedom against Russia's aggression».

Meanwhile, the situation in the Middle East remains highly explosive, especially after Israeli special services eliminated the leaders of Hamas and Hezbollah. The intensity of fighting on the Israeli-Lebanese front has increased. The peacekeeping efforts of the mediators – the United States, Egypt and Qatar – did not translate into positive results. Despite long negotiations, the Biden peace plan to cease fire in Gaza and release hostages has not yet been implemented. At the same time, the UK, France, and Germany warned the Iranian leadership in a joint statement

against further escalation. Therefore, the situation in the region remains dangerous.

The internal situation in Georgia and Moldova is becoming more complicated with the approaching elections in these countries. On 1 August, the so-called register of foreign agents was launched in Georgia. Having adopted the reactionary pro-Russian «law on foreign agents», the ruling Georgian Dream party, headed by the odious oligarch Bidzina Ivanishvili, has slowed down the country's European integration, degraded relations with the United States and is actually making an «anti-Western U-turn» in its foreign policy. The current government plans to legislate a ban on the opposition and to make an alliance with Russia. The parliamentary elections on 26 October will be a decisive moment, which, given the growing confrontation between the government and the opposition, could lead to a serious domestic crisis in Georgia. Moldova is also having elections in October, which Moscow will try to turn into a pro-Russian revenge. Official Chisinau is taking steps to minimise Russian influence. In particular, on 7 August, the Moldovan CEC refused to register the pro-Russian Victory bloc, led by the fugitive oligarch Ilan Shor.

As noted in previous reports, the international community's division along the «democracy-authoritarianism» line continues to deepen. Authoritarian states are seeking to increase their influence in the Global South and form a geopolitical centre of counterbalance to the collective West. The [fourth round](#) of Chinese «shuttle diplomacy» – the visits of China's Special Representative Li Hui to Brazil, South Africa and Indonesia in early August – should be viewed in this context. It was about consolidating «non-Western» countries around China, including by promoting Beijing's peaceful initiatives to end the war in Ukraine. The Russian dictator's visit to Azerbaijan on 18 August and the ensuing Baku's [application](#) to join the BRICS on 20 August are important events of the same nature. Another example of this global confrontation is the demarche of the pro-Russian military leadership of Niger and Mali, which severed diplomatic relations with Ukraine because Kyiv allegedly helped the Tuareg rebels.

FOREIGN POLICY ACTIVITIES OF UKRAINIAN GOVERNMENT

The Ukrainian government has improved and supplemented its foreign priorities framework. Meeting Ukrainian ambassadors on 19 August, President Zelenskyy **outlined five areas** of action in the foreign arena. *First*, to persuade allies, primarily the United States, the United Kingdom, France, and Germany, to lift restrictions on the use of weapons in russia. *Second*, to promote strengthening and extending sanctions against the aggressor, in particular, its nuclear industry, shadow tanker fleet, banking sector, etc. *Third*, to ensure prompt and timely military and financial assistance, as well as increased investment in the Ukrainian economy by partner countries, including within the framework of long-term agreements. *Fourth*, to consolidate the international community of Ukrainians around the issues of defending Ukraine, promoting its national interests and strengthening its position in the world. This would require a new structure, as well as Ukraine's stronger institutional presence in partner countries. *Fifth*, to organise the second Peace Summit this year, and increase the circle of support for the decisions of the first summit.

In his turn, Prime Minister Denys Shmyhal addressed the ambassadors, listing **the main areas of economic diplomacy**: a) accumulating macro-financial assistance from partners; b) receiving assistance for the reconstruction of the country; c) strengthening sanctions against the aggressor; d) stimulating foreign investment; and e) promoting Ukrainian goods on world markets.

Political dialogue with foreign partners

The intensity of political dialogue in August has somewhat decreased, but several important contacts and meetings did take place thanks to the Ukrainian diplomacy. In particular, on 23 August, Prime Minister of India Narendra Modi made his first-ever visit to Ukraine. Having signed four agreements, Ukraine and India **issued a joint statement**, which emphasised «ensuring a comprehensive, just and lasting peace» based on respect for the territorial integrity and sovereignty of states. This visit was more symbolic and demonstrated India's intention to act as a mediator and peacemaker. At the same time, the question of India joining the Ukrainian Peace Formula remains open. Other important contacts included talks with

the President of the United States and the Chancellor of Germany, as well as meetings in Kyiv with the President of Poland and the Prime Minister of Lithuania. Contacts with government officials and MPs of the United States and the United Kingdom were quite intensive. Also, in early August, Ukrainian Foreign Minister Dmytro Kuleba made his fourth African tour, visiting Malawi, Zambia and Mauritius for the first time. A series of consultations and negotiations with parliamentarians and government officials from the UK, Finland, Norway, Brazil and other countries also deserve attention.

The month saw the traditional rotation of heads of diplomatic missions accredited to Ukraine. President Zelenskyy **accepted the credentials** of the newly appointed ambassadors of the United Mexican States, the Italian Republic, the Slovak Republic, the Kingdom of the Netherlands, the Republic of India, and the Kingdom of Belgium.

Promotion of Ukrainian interests and initiatives globally

Ukraine tried to convert political dialogue with partners and contacts on international platforms into practical military and financial assistance and promotion of national interests and initiatives.

First. Fighting russian aggression, accumulating external support, including weapons for the frontline, and strengthening of the country's air defences is and will be the main priority. Outlining August events and trends, we should first of all mention the Ukrainian forces' operation in Kursk region, which had a wide international resonance and geopolitical significance. In August, the United States, Denmark, Germany, the Baltic states and some other countries announced new batches of military aid to Kyiv. Through the World Bank, Ukraine received a \$3.9 billion grant from the United States, while the European Commission transferred almost €4.2 billion under the Ukraine Facility programme.

On 28 August, Kyiv initiated an online meeting of the NATO-Ukraine Council at the level of defence ministers to discuss strengthening Ukraine's air defences. In the following days, informal meetings were held between foreign ministers and defence ministers of the European Union, where they also discussed military support for Ukraine. However, despite these

developments, the issues of allowing the use of Western weapons on the Russian territory and creating an air defence shield over western parts of Ukraine remain very urgent. Moreover, the situation at the front is aggravated by chronic delays in the delivery of planned military aid packages from allied states.

Second. The Ukrainian government is stepping up preparations for the second Peace Summit. The development of a joint plan for implementing specific points of the Peace Formula is underway. In particular, on 22 August, the [first online conference](#) on the implementation of the Energy Security clause of the Peace Formula was held, attended by representatives of more than 40 partner countries and international organisations. The conference adopted a joint communiqué on energy security. In parallel, preparations are underway for the Fourth Summit of the Crimea Platform, which is to be held in Kyiv in September 2024.

Third. Ukraine is preparing to sign new agreements on security cooperation with partner countries under the G7 Joint Declaration. To date, such agreements have been concluded with 25 countries. The final round of talks with Ireland was held, and negotiations with Montenegro have begun. At the same time, Kyiv and London held consultations on a [new enhanced agreement](#) based on the security cooperation agreement (2024) and the agreement on political cooperation, free trade and strategic partnership (2020).

UKRAINE'S STEPS TOWARDS THE EU

Hungary's EU presidency is expected to cause problems for the European Union and be unproductive for Ukraine. The European integration process for Ukraine is currently on hold primarily due to the complicated process of forming the European Commission and its approval by the European Parliament. As of the end of August, five EU countries [have yet to submit their candidates](#) for European Commissioners, causing delays. Optimistic forecasts suggest that the European Commission will start working in November 2024, while the first negotiating chapters for Ukraine may be opened in January 2025 during the Polish presidency. However, a renewed [public conflict](#) over historical issues between Ukraine and Poland, involving the Polish Prime Minister Donald Tusk, indicates that dialogue between the two countries, especially within

the context of EU enlargement, will be difficult.

Nonetheless, the current period of European integration cannot be considered a lost time. Ukraine has taken a number of important steps towards joining the EU, which remove some of Brussels' requirements and enhance Kyiv's negotiating position.

- ✓ In August, the law on ratification of the Rome Statute of the International Criminal Court entered into force, thus making Ukraine the 125th member of the ICC.
- ✓ The Verkhovna Rada ratified the Agreement on Ukraine's participation in the EU Anti-Fraud Programme (EUAF) and [adopted the Law of Ukraine](#) «On Amendments to the Customs Code of Ukraine on the Implementation of Certain Provisions of the EU Customs Code».
- ✓ On 20 August, Deputy Prime Minister for European and Euro-Atlantic Integration of Ukraine Olha Stefanishyna [presented a government plan](#) to create positions of deputy heads of oblast military administrations for European integration at the Congress of Local and Regional Authorities.
- ✓ In August, a series of screening sessions on the adaptation of national legislation to EU norms were held jointly with EU experts. Preparation of roadmaps on public administration and rule of law reform for negotiation cluster 1 (Fundamentals of the EU accession process) is underway.

Summarising the August 2024 events and processes, it becomes obvious that against the backdrop of the Ukrainian forces' effective operation in the Russian's Kursk region, partners' restrictions on the use of their weapons in the Russian territory and delays in the delivery of planned military assistance are becoming increasingly counterproductive and problematic. In this situation, it is crucial to enhance the effectiveness of formalised long-term security partnerships with allied states. On the other hand, it is necessary to intensify the sanctions process, international isolation and political and diplomatic pressure on the aggressor in order to force it to peace. In view of this and considering various pseudo-peacekeeping initiatives, the priority of holding the second Peace Summit is increasing.



CONSTITUTIONAL AND LEGAL FIELD

DEFENCE OF UKRAINE, ITS SOVEREIGNTY AND TERRITORIAL INTEGRITY

Amidst Russia's large-scale aggression, the defence of Ukraine's sovereignty and territorial integrity has traditionally been the focus of the Verkhovna Rada's legislative activity. On 12 August 2024, the Laws approving presidential decrees «[On extension of the martial law in Ukraine](#)» and «[On extension of the general mobilisation period](#)» entered into force. The adoption of these laws is primarily due to the ongoing armed aggression against Ukraine, the constant need to ensure comprehensive defence of the state, maintain the combat capability of the Armed Forces of Ukraine (AFU), and ensure human rights and freedoms. Therefore, the term of martial law and general mobilisation in Ukraine has been extended for 90 days starting from 12 August 2024.

In August, a number of laws directly regulating the organisation of the defence of Ukraine's sovereignty and territorial integrity, improvement of the legal status of the AFU servicemen, their social protection, as well as social protection of their family members have entered into force. These include the Laws «On Amendments to Certain Laws of Ukraine on the Legal Status of Foreigners and Stateless Persons Participating in the Defence of the Territorial Integrity and Inviolability of Ukraine» (20 August 2024, No. [3897-IX](#)), «On Amendments to the Law of Ukraine 'On Ensuring the Participation of Civilians in the Defence of Ukraine' to Improve the Procedure for Receiving, Declaring and Handling Firearms» (20 August 2024, No. [3899-IX](#)) and «On Amendments to Article 3 of the Law of Ukraine 'On Social and Legal Protection of Servicemen and Members of Their Families'» (20 August 2024, No. [3900-IX](#)). Each of these acts has its own distinct area of legal regulation of social relations related to the protection of sovereignty and territorial integrity of the state, the legal status of the AFU servicemen and their family members, as

well as other important issues that were not properly regulated before.

Thus, in line with the Law of Ukraine 'On Amendments to Certain Laws of Ukraine on the Legal Status of Foreigners and Stateless Persons Participating in the Defence of the Territorial Integrity and Inviolability of Ukraine», persons who are or have been serving under contract in the Armed Forces of Ukraine, the State Special Transport Service or the National Guard of Ukraine, as well as persons involved in defending Ukraine as part of the Territorial Defence units or volunteer formations, will have the possibility to acquire Ukrainian citizenship under a simplified procedure. In addition, the law also provides for the possibility of submitting a declaration of renunciation of foreign citizenship instead of a document on the termination of foreign citizenship together with an application for Ukrainian citizenship (by persons who are or have been serving in the defence forces, or their spouses and children), as well as the possibility for foreigners and stateless persons who are defending Ukraine to submit an expired passport document for the purpose of acquiring Ukrainian citizenship, or to allow persons who acquired Ukrainian citizenship during martial law and submitted an obligation to pass exams on the fundamentals of the Constitution of Ukraine, the history of Ukraine and proficiency in the state language and who are performing military service under contract to fulfil their obligation within two years from the date of termination or cancellation of martial law.

NATIONAL SECURITY

On 24 August 2024, the [Law of Ukraine](#) «On the Protection of the Constitutional Order in the Field of Activities of Religious Organisations», which was adopted by the Verkhovna Rada just before Ukraine's Independence Day, was published in the parliamentary newspaper *Holos Ukrainy*. This act formally crossed the threshold in the long

parliamentary history of the legislative ban on the Moscow Church in Ukraine ([Draft Law No. 8371](#)).

When adopting this act, Ukrainian parliamentarians were guided by the need to respect and guarantee the constitutional right to freedom of conscience and religion (Article 35 of the Constitution of Ukraine), as well as the principles of Articles 9 and 11 of the European Convention on Human Rights, which provide for the right to freedom of conscience, religion and association in religious organisations and the possibility of limiting the relevant rights by law in the interests of national security or public safety, protection of the rights and freedoms of others.

At the same time, Ukrainian MPs, taking into account Russia's armed aggression against Ukraine and the support of this aggression by the Russian Orthodox Church, noted that numerous illegal actions of this church and its subordinate religious organisations on the territory of Ukraine pose a threat to national and public security, rights and freedoms of Ukrainian citizens. That is why, given that the Russian Orthodox Church is an ideological continuation of the Russian regime, an accomplice to war crimes and crimes against humanity committed in the name of Russia and the «Russian world» ideology, the activities of the Russian Orthodox Church in Ukraine are prohibited.

Accordingly, the activities of religious organisations affiliated with a foreign religious organisation whose activities are prohibited in Ukraine directly or as a component of another religious organisation are not allowed, and such religious organisations shall be terminated in accordance with the procedure established by [parts 1 and 2 of Article 3](#) of the Law. The Law, in particular, provides for the consequences of a ban on the activities of a foreign religious organisation in Ukraine,

the specifics of the termination of a religious organisation on the grounds of propaganda of the «Russian world» ideology, the specifics of proceedings on administrative claims for the termination of a religious organisation, etc.

Although the Law enters into force 30 days after its publication, the UOC-MP communities will actually have 9 months to «sever» their ties with the Russian Orthodox Church. In addition, from a formal standpoint, the law only provides for a ban on the activities of religious organisations with centres of influence in Russia as such, but not the church as a whole, such as UOC-MP. In other words, only specific parishes, monasteries, educational institutions and other legal entities of the UOC-MP, of which there are more than 12,000 in Ukraine, will be subject to a ban if they fail to comply with the requirements established by the law.

IMPLEMENTATION OF STRATEGIC COURSE TOWARDS FULL EU AND NATO MEMBERSHIP

Ratification of the Rome Statute of the International Criminal Court by the Ukrainian parliament [on 21 August 2024](#) was an important step towards achieving the irreversibility of Ukraine's European and Euro-Atlantic course, constitutionally enshrined in 2019. After all, with the ratification of this document, Ukraine becomes a full member of the International Criminal Court.

The latter gives Ukrainians access to the ICC's Trust Fund for Victims. In other words, numerous victims of Russian war crimes will have better chances of receiving compensation, as Ukraine will be able to influence the distribution of these funds. In addition, Ukraine will be able to participate in the Assembly of States Parties to the International Criminal Court, nominate its candidates for the position of judge, participate in the election of a judge and prosecutor of the International Criminal Court, etc.

IV. ECONOMY

DECISIONS

Ukraine and its leading partners are consistently adopting and implementing new agreements aimed at supporting our country. For example, on 22 August, the Verkhovna Rada [ratified](#) the Political, Free Trade and Strategic Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland and Ukraine.

Further liberalisation of trade in goods will generally [contribute to the revival of trade](#) between the UK and Ukraine and to the increased exports of domestic products to the UK market. Ukraine will also receive the opportunity to plan export logistics more flexibly and, in the long run, increase exports of high value-added goods.

The Verkhovna Rada also [ratified the Grant Agreement](#) between France and Ukraine to help restore and maintain critical infrastructure and priority sectors of Ukrainian economy. The agreement provides for €200 million in grants, which will be primarily earmarked for companies investing in Ukraine's critical infrastructure.

In addition, the Parliament ratified the Ukraine Recovery III Framework Loan between Ukraine and the European Investment Bank, which should improve Ukraine's investment attractiveness.

The Verkhovna Rada ratified the agreement between the EU and Ukraine on the latter's participation in the [EU Anti-Fraud Programme](#). According to the Agreement, Ukraine will participate as an associated country in all parts of the programme, to the extent that the applicable legal requirements, nature or scope of the activities financed allow for the participation of third countries. Ukraine's participation will allow it to join a common EU programme under which the European Commission provides funding, in particular for creating and implementing effective IT tools

to strengthen transnational cooperation with the European Commission, as well as providing technical and operational support to national investigations, in particular customs and law enforcement agencies to boost their fight against fraud and other illegal activities.

As reported earlier, Ukraine and the World Bank signed an agreement on a \$3.9 billion [grant from the United States](#). It was signed as part of the PEACE in Ukraine project, which has been the World Bank's main instrument for providing financial assistance to Ukraine since the start of full-scale war in 2022. So, in early August, Ukraine received a \$3.9 billion non-refundable grant, which became the [first tranche of direct budget support](#) from the United States in 2024. In total, Ukraine will receive \$7.8 billion in direct budget assistance from the United States this year, allowing it to confidently pass this financial period.

According to the Ministry of Finance, the PEACE in Ukraine project has already attracted over \$25 billion to the State Budget since June 2022. The said agreement will increase the amount of budget support under the project to almost USD 30 billion, of which more than 80% is from the United States (also see «Developments, processes, trends» section below).

Various bottlenecks should not be overlooked. Fitch [downgraded Ukraine's credit rating](#) to restricted default (RD) after the end of the grace period for the 2026 Eurobonds. This decision was made after a law came into force allowing Ukraine to suspend payments on its external debt until 1 October due to the war. As part of this law, Ukraine has launched the process of obtaining bondholder consent to restructure \$20 billion of international debt.

Earlier, Fitch Ratings [downgraded the country's long-term foreign currency issuer default](#) rating from «CC» to «C», which means a move from a likely default to an imminent one. Fitch typically does not assign Outlooks

to sovereigns with a rating of «CCC+» or below, which underscores the seriousness of Ukraine's financial situation.

At the same time, Fitch has kept Ukraine's local currency rating at «CCC-«, which means that this debt is unlikely to be included in restructuring agreements with external creditors.

On 2 August, S&P Global downgraded Ukraine's rating to «selective default», noting significant financial risks for the country.

DEVELOPMENTS, PROCESSES, TRENDS

As noted earlier, the NBU's estimates and forecasts in its April Inflation Report suggest that the [economic recovery will continue](#), albeit at a moderate pace. These estimates are confirmed in practice. In line with [NBU projections](#), consumer inflation in July [rose](#) to 5.4% year-on-year, compared to 4.8% in June, as temporary factors that previously kept inflation low wore off. In the coming months, inflation is expected to accelerate further, primarily due to a rapid rise in producer prices, in particular in terms of higher business costs for labour and electricity, higher excise taxes, and the effects of the hryvnia devaluation carried over from previous months.

The [State Statistics Service reports](#) that the Industrial Producer Price Index (a measure of the average change in wholesale prices for raw materials and intermediate goods) rose by 8.8% in July 2024 compared to June, with an annual growth rate of 33.3%, marking the highest level of producer inflation since the beginning of 2023.

The acceleration in producer inflation is mainly [driven by the energy sector](#). Factors such as losses in generating capacity, more expensive electricity imports, and rising costs of alternative energy sources contribute to this trend. The producer price index in the energy sector has reached 66.6% year-on-year.

This rapid increase in producer prices creates a so-called inflationary overhang, leading to an acceleration of inflation in consumer markets. Notably, food production has seen a year-on-year inflation rate of 14%.

To support the purchasing power of the population, Ukraine's Ministry of Finance has attracted over \$93 billion of [budget support from international partners](#) since February 2022. These funds were used for the priority needs in the social and humanitarian sphere.

Also, the Ministry of Finance, together with the World Bank (WB), aims to ensure transparency in the attraction and use of funds. Ukraine has already received approximately \$40 billion through WB mechanisms, which have a targeted purpose agreed upon by the partners and the Ukrainian government.

The European Union has also set up an Audit Council as part of its € 50 billion [Ukraine Facility](#) for 2024-2027 to monitor and control the use of EU funding and prevent misuse, with €7.9 billion already raised.

One of positive features of Ukraine's current economy is the consistent improvement of foreign trade. In 7 months of 2024, Ukraine's trade turnover reached \$61.7 billion. Between January and July, Ukraine imported goods worth \$39.1 billion and exported goods worth \$22.6 billion, as [stated on the official website of the State Customs Service](#).

It is worth noting that losses in the energy sector due to Russian bombing and the forced reduction in electricity production have also put pressure on the balance of payments. Thus, imports in July [increased primarily due to](#) higher electricity imports, as well as higher imports of machinery related to ensuring access to energy.

Within the trade structure, [taxed imports](#) amounted to \$32.9 billion, or 84% of total imported goods, which is very important for the state budget.

According to the State Customs Service, the largest imports of goods came from China (\$7.7 billion), Poland (\$4 billion), and Germany (\$3.1 billion); while the largest exports were to Poland (\$2.4 billion), Spain (\$1.8 billion), and China (\$1.8 billion).

It should be noted, however, that, in addition to the significant trade deficit, the export-

import structure still has serious sectoral imbalances. For example, Ukraine still tends to export goods with a low level of processing (raw and semi-raw materials), while importing manufactured goods with a high level of processing. Thus, in the total volume of imported goods in January-July 2024, about half of them were:

- ✓ machinery, equipment and transport worth \$13.4 billion (UAH 97.5 billion paid to the budget during customs clearance of these goods, which is 30% of customs revenues);
- ✓ fuel and energy worth \$5.1 billion (UAH 82.2 billion paid to the budget during customs clearance of these goods, which is 26% of customs revenues).

At the same time, the top three most exported goods from Ukraine included food products (\$14.1 billion), metals and metal products (\$2.5 billion), and mineral products (\$2 billion).

It is crucial for Ukraine to keep those niches in international markets where the country has absolute and relative advantages. First of all, this applies to the agricultural sector and food production.

As of 12 August 2024, Ukraine has exported 4.9 Mt of grains and pulses since the beginning of the new marketing year (July-June), up 58.9% year-on-year. In particular, in August, Ukraine exported 1.26 Mt of grain, up 48.6% year-on-year.

Another positive trend is that Ukrainian farmers are increasing processing of agricultural

products and corresponding exports. Thus, the total exports of Ukrainian flour since the beginning of the season as of 12 August amounted to 6.3 kt (in 2023/24 – 14.9 kt), including wheat flour – 5.7 kt (14.3 kt).

The increase and improvement of domestic processing of rapeseed and soybean seeds, as well as exports of rapeseed and soybean oils and meals is another positive example of the diversification of international markets, which has become a noticeable trend in the development of Ukrainian oil and fat industry over the past year. Exports of sunflower oil are also increasing – in the first half of 2024, exports boosted by 30% compared to the same period in 2023.

This improvement of Ukraine's export capacity in the agricultural sector has a positive impact on the financial sector. In the first half of August, shares of four Ukrainian agricultural holdings continued to rise on international stock exchanges.

A bold albeit controversial institutional move by the State Property Fund – the corporatisation of SOE Agrarian Investments Fund and the creation of the State Land Bank LLC on its basis – may also contribute to further strengthening of the agricultural sector. The land bank project is ideologically aimed at ensuring the efficient use of state land, increasing revenues to the state budget and creating equal conditions for all market participants. However, experts often point to high corruption risks that have repeatedly emerged in land issues in the past. Therefore, the authorities will need to make significant efforts to ensure that a rational idea is not discredited by various shenanigans.

V.

ENERGY SECTOR

In August, the situation in Ukraine's power system was consistently improving, with only four days with consumption restrictions and limited outage schedules introduced for no more than two consumer groups at a time and only in the evening. The Slovak operator provided emergency assistance to Ukrenergo only four times, and the use of cross-border crossings never exceeded half of their capacity. This relative stability was attributed to lower daytime temperatures in most regions, increased generation from solar power plants, and the restoration of generation and distribution facilities. Plans were in place to [restart nuclear power units](#) and [60-70% of the thermal generation capacity](#) destroyed by Russian attacks by October.

Everything changed on 26 August. In the largest combined attack on the Ukrainian power system since the beginning of the war, especially the infrastructure for delivering power to nuclear power plants, units 1, 3 and 4 of Rivne NPP [were shut down](#) and the capacity of South Ukraine NPP had to be reduced. Later that day, unit 3 of the South Ukraine NPP was also shut down due to a disruption in the system.

The damage from the Russian strikes would have been much worse if not for [measures taken](#) to cover the fuel and energy facilities, as well as the presence of first- and second-level protection at the electricity transmission and distribution facilities installed as part of the [pilot project](#) to protect critical infrastructure.

Nevertheless, the temporary loss of 1.5 GW of power while abnormally high air temperatures persisted, increasing consumption by 1.0-1.3 GW, led to renewed emergency and / or hourly outage schedules for two or three consumer groups and prevented market participants [from resuming electricity exports](#) to Romania, Hungary, and Moldova.

An analysis of the 26 August attack showed yet another change in the Russian tactics.

While in the spring of 2024 they tried to disable the units of thermal and hydro-electric power plants, the August attacks targeted the nuclear power generation infrastructure. And, unlike previous attempts, the cruise missiles used for these purposes were equipped with cluster warheads.

The new tactic was partially successful. Although most of the attacked objects had second-level physical defences, they did not prevent minor damage from submunitions. Moreover, the restoration of the attacked facilities was significantly slowed down by the need to dispose of a large number of cluster munitions.

The 26 August attack shows that Russian military and political leadership has not abandoned the idea of disabling the Ukrainian energy sector. Therefore, attacks on the nuclear generation, which guarantees the integrity of the entire power system, are likely to continue. By doing so, Russia will not even formally violate Part 1 of Article 56 of [Protocol I](#) to the Geneva Conventions for the Protection of War Victims, as it will not strike nuclear power plants per se, but rather the infrastructure for delivery of its power.

Meanwhile, rapid transients resulting from multiple failures of switchgear and/or stationary units can put nuclear reactors into super-hard modes. [INES level 2 or 3 incidents](#) at Rivne and South Ukraine NPPs in August were avoided only due to the exceptional professionalism of dispatchers and the symptom-based emergency response system implemented in Ukraine.

To preserve the integrity of Ukraine's integrated power system, that is, to [fulfil the government's priority task](#), it is necessary to urgently:

- ✓ equip new and upgrade existing physical protection at transmission and distribution facilities, taking into account the enemy's use of air-launched cruise missiles with cluster warheads;

- ✓ create and maintain dispersed stocks of the most vulnerable equipment (block and autotransformers, switchgear, etc.) at transmission and distribution facilities;
- ✓ provide for deeper unloading of nuclear power units at NPPs immediately after the Air Force notifies the Ukrainian airspace of cruise missiles.

These tasks should be carried out in parallel with preparations for the 2024-2025 heating season.

As part of these efforts, Ukraine in August: **determined** a list of energy goods, the import of which is free of customs duties; **initiated** the construction of 700 MW of highly manoeuvrable power plants; **established** an additional annual support quota for renewable energy producers; **allowed** not to apply restrictive measures to consumers who provide at least 80% of the total electricity consumption through their own production; **prioritised** the financing of JSC Fund for Decarbonisation of Ukraine; and **launched** the pilot on the distribution of liquefied petroleum gas to meet the needs of household consumers.

Ukraine continued to build up generation capacity reserves. According to the results of the first special auction for the purchase of frequency maintenance reserves for 5 years, held in accordance with the **NEURC resolution**, Ukrenergo **purchased** 99 MW of capacity, which meets the need for this type of reserves. The second auction resulted in the **purchase** of 240 and 260 MW of reserves for loading and unloading services in each hour (41 and 62% of the auctioned needs). The proximity of prices of the concluded contracts to the economically justified ones gives hope that the respective projects will be implemented on time. The third special auction is scheduled for October.

By the end of the year, the authorities **are obliged** to install generating units designed to produce and store enough electricity to cover consumption in public and administrative buildings, health and educational facilities, and institutions and agencies of the social protection system.

Naftogaz Ukraine **assured** that it is «ready to provide the state with the necessary fuel resources and guarantee the timely conclusion of contracts with heat producers», even with the expected connection of up to 1 GW of new gas piston and gas turbine units to Ukraine's integrated power system (IPS).

To this end, Naftogaz Group plans to **pump** at least 0.6 bcm of gas into underground storage facilities by the end of the year in addition to the **planned 13.2 bcm**. Gas will be purchased under a guaranteed agreement with the European Bank for Reconstruction and Development, under which Naftogaz **will receive €200 million** to create strategic reserves of natural gas and maintain energy security. The respective volumes «**will be used in case of emergencies** and only for business needs», although the procedure for handling these reserves has not yet been developed.

A number of decisions by the Cabinet of Ministers and the NEURC **resolutions**, as well as a decrease in electricity consumption due to prolonged stabilisation blackouts have helped to decrease **electricity arrears** to producers in August to UAH 14.0 billion (-UAH 2.0 billion compared to July).

Instead, debts on the balancing market increased again (by UAH 0.8 billion). This problem can be solved by ensuring the solvency of all energy market participants, from producers and suppliers to end consumers. Unfortunately, the matter has not progressed beyond the NSDC's **regular instructions** to the Cabinet. For some unknown reason, the government is actually sabotaging the **reduction** of the list of protected consumers, where critical infrastructure companies make no more than one-third.

Ukraine's gas transmission system is operating properly, fully meeting the nominations of customers for storage and capacity reservation services. In August, the Gas Transmission System Operator of Ukraine LLC ensured the daily transit of 40-42 MCM of Russian gas. About 89% of the gas went to Slovakia, and 11% to JSC Moldavian SDPP in Transnistria. Transportation was carried out through the Sudzha GTS. At the same time, the **Ukrainian President said** that after

31 December 2024, «no one's going to extend the agreement with Russia. This is the end of the line. As for the transit of gas from other companies, if we receive a request from some of our European colleagues (and we are all in the European Union), we will consider their request».

Meanwhile, Ukrtransnafta transported 25-27 kt of Russian oil per day to refineries in Slovakia and Hungary (operated by the private Hungarian company MOL). The transit was carried out via the southern branch of the Druzhba pipeline, to the Fenyéslitke and Budkovce refineries. The crude oil belonging to LUKOIL was replaced by oil from other owners, primarily Tatneft. As a result, MOL lost 17% of Urals in July, Slovakia and Hungary accused Ukraine of violating Article 276(2) of the EU-Ukraine Association Agreement, which prohibits one of the parties to «interrupt or reduce the existing transport or transit of energy goods». However, immediately after receiving the European Commission's conclusion that Ukrainian sanctions had no impact on current transit operations, Hungary declared that there were «good chances» of resolving the problem. At the same time, as Mykhailo Podolyak, the Advisor to the Head of the Presidential Office, noted: «Ukraine has fulfilled and will continue fulfilling its contractual obligations in full until the stipulated expiry date of such contracts». In this way, he corrected his own statement regarding the termination of the southern branch of the Druzhba pipeline from 1 January 2025.

The domestic market had enough oil products to meet demand, which remained high due to the holiday season, farmers' activity and a large number of road transport. As the bill on increasing excise tax rates on petroleum products (passed by the parliament back on 18 July 2024) was signed into law only on 1 September 2024, petrol station owners did not raise petrol and diesel prices in August, which are still expected to rise by at least UAH 2.00-2.50 per litre. The rise will also affect LPG, which will be reduced in supply in September and the excise tax rate will increase by 185%. This will raise retail prices by UAH 5.50-6.50 per litre, making it economically unfeasible to install LPG equipment on vehicles.

Despite the challenges facing domestic motorists, a noticeable increase in the density of Ukraine's air and missile defences, improved protection of infrastructure facilities, private investors' activity in developing decentralised generation, energy market participants' compliance with repair schedules, and their confident elimination of the consequences of the 26 August attack add optimism for September. First of all, this concerns shorter duration of stabilisation blackouts – from 3-4 to no more than 2 consumer groups at a time.

In the future, much will depend on the practical implementation of the Energy Security clause of the Peace Formula, as the joint communiqué states that international assistance is critical to protecting Ukraine's energy infrastructure from military threats.

VI.

SOCIAL SPHERE

Migration processes. The number of Ukrainian refugees in the EU is increasing, and the National Bank of Ukraine (NBU) sees the negative risks of an even greater outflow of migrants abroad with fewer returns. According to the [NBU's forecasts](#), many more people may leave Ukraine soon – about 400,000 in 2024 and 300,000 in 2025.

Legislative decisions by receiving countries to integrate Ukrainian migrants into host communities and their children – into educational systems, and promote family reunification abroad could further contribute to this outflow. These developments are expected to have a negative impact on labour supply, consumer demand, and GDP growth. The changing structure of the economy and the growing need for skilled labour could exacerbate labour market imbalances, leading to higher wage growth than productivity growth in certain sectors. However, the rapid reconstruction of housing and infrastructure, as well as increasing number of jobs and economic recovery could encourage migrants to return to Ukraine.

The latest data for the first half of 2024 for Poland is provided by [Bizblog.pl](#): 77% of new foreign companies (or roughly 15.2 thousand) in Poland were opened by Ukrainians. This is almost as much as for the whole of 2022 and more than half (53%) of last year. Since the full-scale Russian invasion, Ukrainians have opened almost 60 thousand companies in Poland, which is 11.2% of all foreign companies in the country. This is due to the fact that many Ukrainians have difficulty finding a job in their specialty, so it is easier for them to start own business than to work as an employee without qualifications. At the same time, [Rzeczpospolita reports](#) that Polish entrepreneurs are experiencing staff shortages due to a reduction in migration and expectations of tighter policies towards migrants.

It is expected that the «net» return of migrants to Ukraine will begin in 2026 and will be gradual (about 400,000 people), as the long duration of their stay abroad may

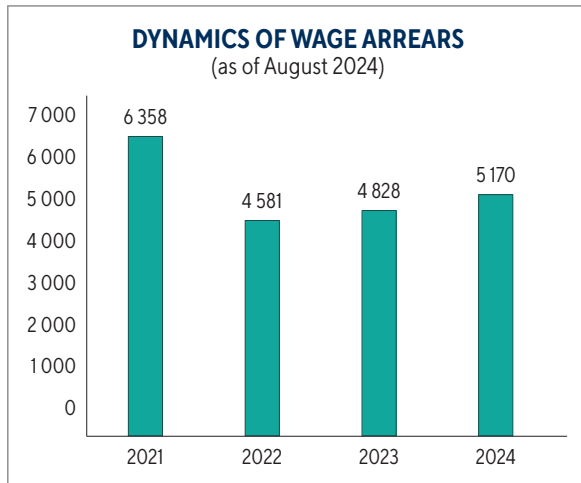
complicate adaptation in the new place, while conditions in Ukraine, including due to power outages, will be more difficult than expected.

As of August 2024, about 4.32 million Ukrainian citizens were granted temporary protection in the EU after the outbreak of the military conflict in the country. The top three receiving countries have not changed: about 60% of all Ukrainian refugees are registered in Germany (1.36 million), Poland (966,78 thousand) and the Czech Republic (360,78 thousand). In June, the largest increase in the number of Ukrainian refugees was recorded in Germany (+15.01 thousand), Poland (+12.52 thousand) and the Czech Republic (+4.37 thousand).

Meanwhile, the number of Ukrainians decreased in two EU countries: Estonia (-1.25 thousand) and France (-80 people). But instead of going home, most of them moved to countries with large Ukrainian communities, which makes adaptation easier. The ongoing outflow of Ukrainians abroad is explained by energy and economic problems, as well as security risks. Migration sentiment is likely to increase with the approach of cold weather and possible power outages.

The number of internally displaced persons will also remain significant, as [IOM surveys](#) show that many of them have nowhere to return to due to the extensive destruction.

Wage arrears. According to the Opendatabot service citing the Ministry of Justice, more than [34,000 wage arrears](#) have been registered in Ukraine, and as of 6 August 2024, 1,872 companies had failed to fulfil their obligations to employees. The situation is particularly critical in Sumy oblast, where the number of such companies is the highest (5.6 thousand proceedings or 16.4% of the total). Kyiv has 3.4 thousand wage arrears (9.8%), followed by Dnipropetrovsk oblast – 2.2 thousand or 6.6%. It is noteworthy that in the first year of full-scale Russian invasion, the number of new cases of wage arrears decreased, but this year there are already 7.1% more than in the whole of 2023.



State-owned enterprises and joint-stock companies were the largest debtors, with over 11,000 and 9,000 court proceedings, respectively, accounting for 33.8% and 28.8% of all arrears. Limited liability companies come next, with 4.9 thousand cases or 14.2%. Subsidiaries and municipal enterprises account for 12.5% and 4.3% of all arrears. These figures indicate a deep crisis in the public sector. When state-owned enterprises are unable to pay salaries, it is not just a problem – it is an alarm signal for the entire economy.

Legislative activity. The Draft Law No. 10147 «On Safety and Health of Employees at Work», submitted by the Cabinet of Ministers in October 2023, passed the first reading in the parliament. It is designed to «create a new national system for the prevention of occupational risks by introducing a risk-based approach to the organisation of safety and health at work and implementing the provisions of Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work». The draft law aims to bring Ukrainian legislation closer to European standards in the relevant fields. The new approaches provide for the occupational health and safety system based on the «proactive» principle of preventive measures.

Among other things, it is proposed to remove from the Labour Code Articles 190-192, which prohibit the employment of individuals under 18 years of age in heavy work and work in harmful or hazardous working conditions, as well as engaging in night work, overtime and work on weekends. The article stating that all individuals under 18 are hired only after a preliminary medical examination and are subject to mandatory medical examinations every year until they reach the age of 21 is excluded.

Instead, occupational health and safety standards will be determined separately for each company. This is not an obligation to establish minimum occupational health and safety requirements, but only the possibility of such implementation, i.e. requirements for the workers' safety and health at work are introduced arbitrarily. Providing workers with collective and individual protective equipment is made dependent on the employer's sole discretion. All of this may lead to negative consequences in terms of observing the basic requirements of the proposed system of safety and health at work. Such approaches are inconsistent with the essence, principles and objectives, including those of the state, in the field of occupational safety and health.

If passed, this draft law may essentially eliminate the Law of Ukraine on Labour Protection. Its provisions violate about 150 labour protection regulations, including International Labour Organization (ILO) Convention 129 on Labour Inspection, ILO Convention 87 on Freedom of Association, and Convention 98 on Collective Bargaining, also weakening the rights of trade unions. As a result, about 30% of Ukrainian workers may suffer as their rights to ensure safety and healthy working conditions are curtailed.

In general, the implementation of EU regulations into national legislation in the manner proposed in the draft law does not seem optimal. Given these circumstances, the draft requires significant revision.

VII.

CITIZENS' OPINIONS ABOUT CURRENT ISSUES¹

WHAT ARE THE MAIN PROBLEMS IN THE UKRAINIAN LABOUR MARKET AND IN EMPLOYMENT?*	
% of employed (employers, employees, working co-owners of companies, self-employed)	
Mobilisation	73.3
Labour shortage	53.5
Outflow of qualified personnel abroad	47.6
Ukrainian businesses continue to operate in the grey or black market, which is not conducive to the return of those who have left	25.7
Imbalance between salary expectations of job seekers and financial capabilities of businesses	22.1
Students going abroad to study	21.9
Employee burnout and fatigue	21.0
Reluctance of recruiters and employers to work with applicants aged 40+	19.2
Lack of strategic management of demographic processes	15.0
Redistribution of employees within the country (concentration of job seekers in safer regions)	15.0
Lack of specialists with knowledge of English and other foreign languages	14.5
Employees' willingness to work remotely (online)	14.3
Low level of inclusiveness, few initiatives to engage veterans and people with disabilities	14.3
Unwillingness to work for little-known companies	6.0
Other	0.3
I don't see any problems	3.0
Hard to say	2.7

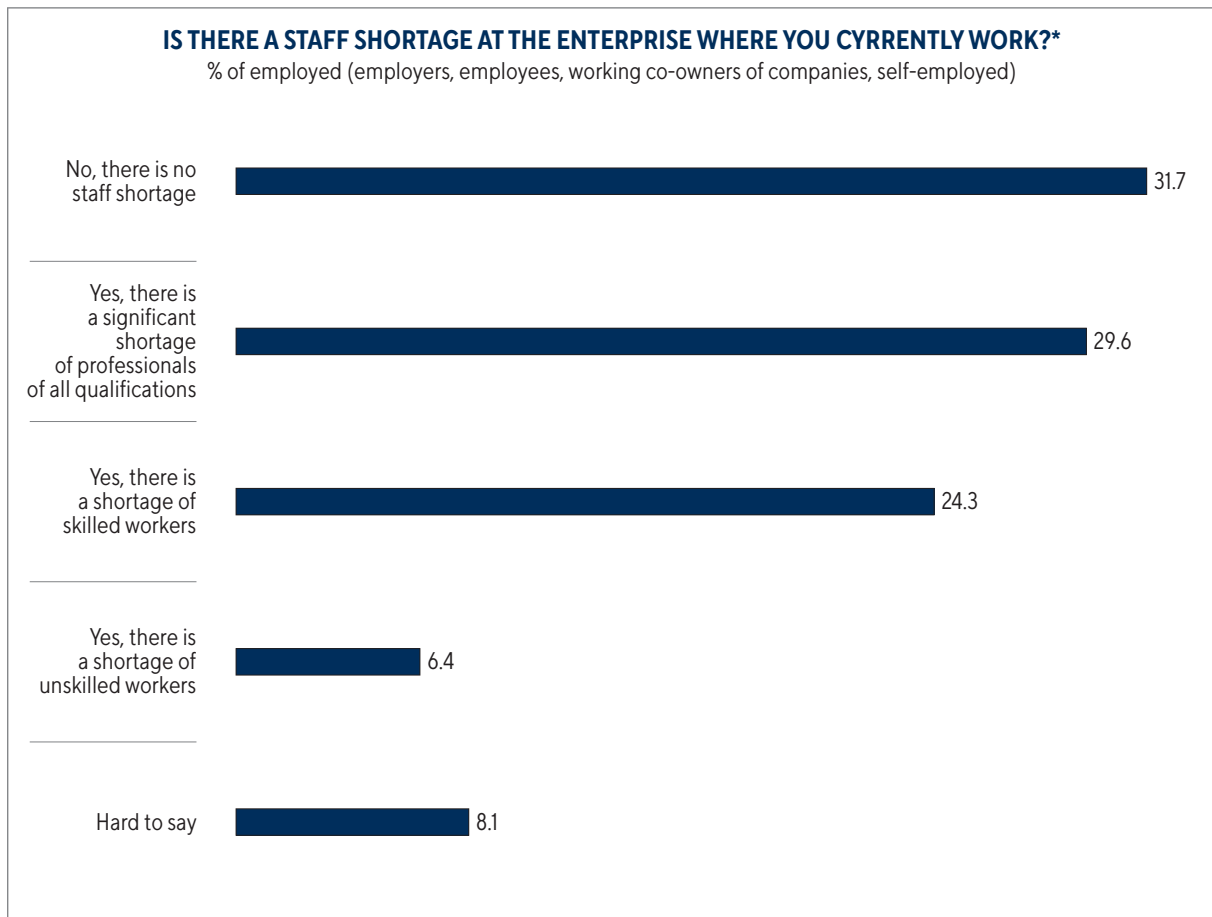
* Respondents could choose all possible options.

¹ Results of a sociological survey conducted by the Razumkov Centre's sociological service on 6-12 June 2024 as part of the Pact's ENGAGE (Enhance Non-Governmental Actions and Grassroots Engagement) programme in Ukraine funded by the United States Agency for International Development (USAID). The contents of the survey are the sole responsibility of Pact and its partners and do not necessarily reflect the views of USAID or the United States Government.

The face-to-face survey was conducted 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 (the survey in Zaporizhzhia, Mykolaiv, Kharkiv and Kherson regions was 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 a quota method of selecting respondents at the final stage (when respondents were selected based on gender and age quotas). The sample structure reflects the demographic structure of the adult population of the surveyed areas as of the beginning of 2022 (by age, gender, type of settlement).

A total of 2,016 respondents aged 18+ were interviewed. The theoretical sampling error does not exceed 2.3%. Additional systematic sampling deviations may be caused by the effects of Russian aggression, in particular, the forced evacuation of millions of citizens.

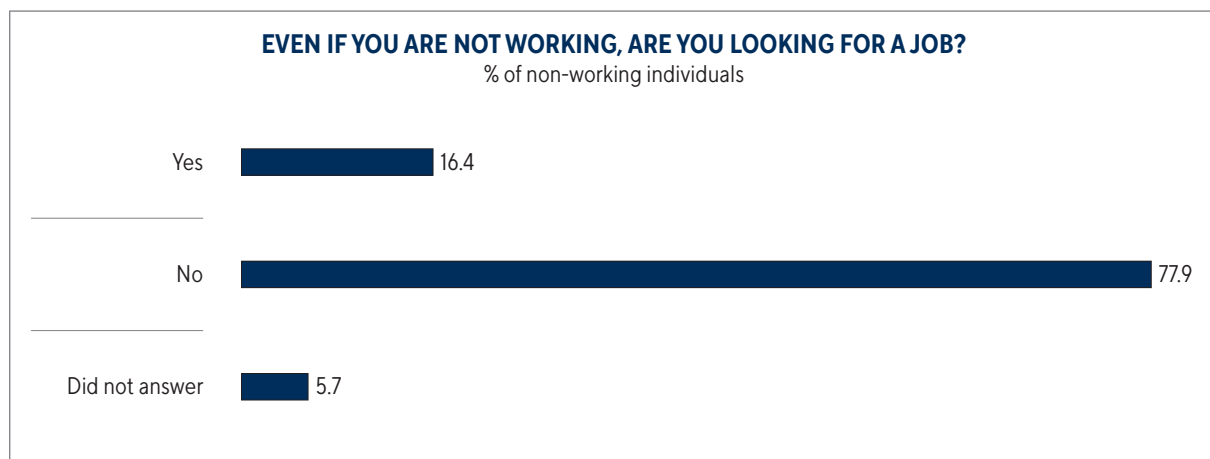
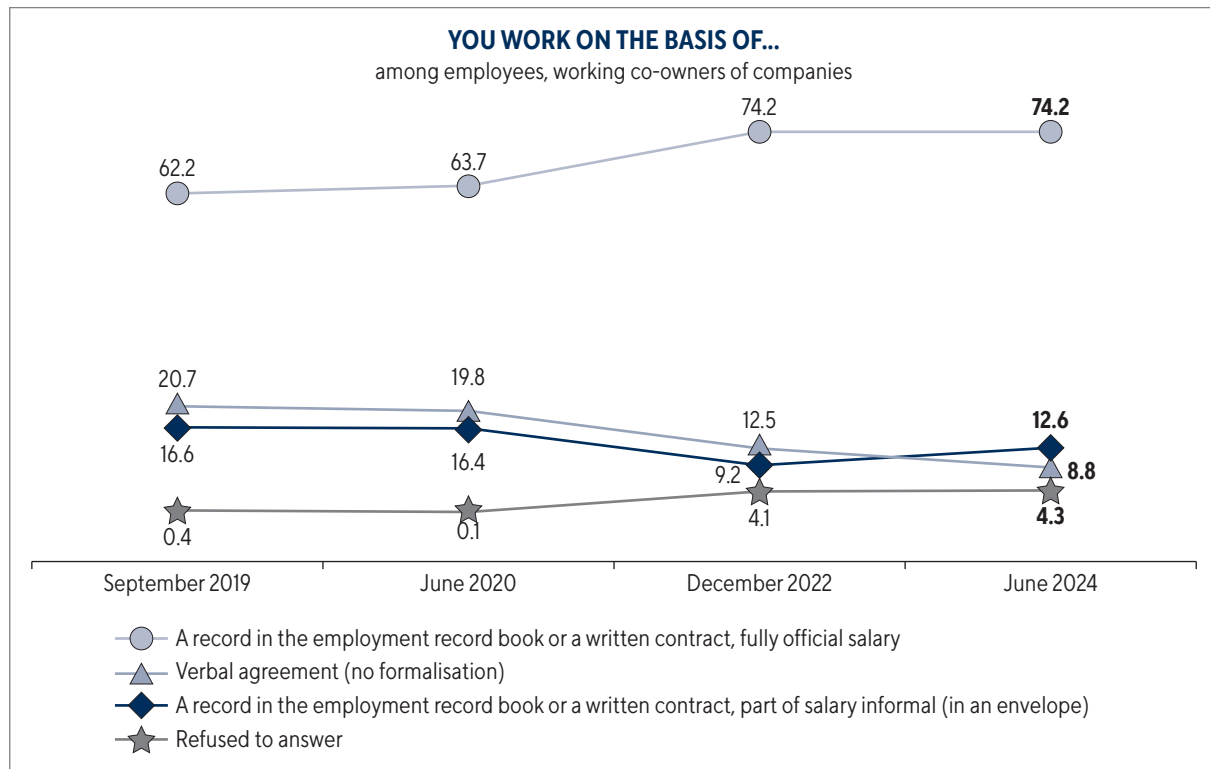


*Respondents could choose all possible options.

WHAT IS NEEDED TO ADDRESS THE STAFF SHORTAGE IN UKRAINE?*
% of employed (employers, employees, working co-owners of companies, self-employed)

Retraining employees and redistribution of responsibilities in the workforce	53.5
Expanding programmes to attract young professionals	52.4
Encouraging Ukrainians currently abroad to return to Ukraine	52.3
Introducing training and adaptation programmes for older employees	30.2
Adapting workplaces and employment conditions for older workers and workers with disabilities	23.7
Automating production processes	21.6
Involving women in male professions	15.5
Attracting labour from other countries	6.6
Raising the retirement age	1.4
Other	3.6
No need to do anything	2.7
Hard to say	5.7

* Respondents could choose all possible options.



WHAT PROBLEMS DO YOU ENCOUNTER WHEN LOOKING FOR A JOB?*

% of non-working job seekers

Low salaries for available vacancies	56.3
Lack of jobs in my speciality	51.9
Lack of skills and competences required by employers	34.0
Despondency in job search	12.9
Lack of active job search skills	11.1
The need for additional education	9.3
Active hostilities on the territory of residence	8.3
Unwillingness to work	0.0
Other	7.4
Hard to say/refused to answer	1.0

* Respondents could choose up to three options.

The team of contributors:

Y. Yakymenko (project manager), A.Bychenko, O.Melnyk, M.Mischenko, M.Pashkov, O.Pyshchulina, V.Omelchenko, H.Riabtsev, P.Stetsiuk, M.Sunhurovskiy, V.Yurchyshyn.

Editorial and publishing department: Z.Mischenia, K.Mokliak, T.Ovsiannyk

This publication was conducted by Razumkov Centre as part of its project implemented under the USAID/ENGAGE activity, which is funded by the United States Agency for International Development (USAID) and implemented by Pact. The contents of this publication are the sole responsibility of Pact and its implementing partners and do not necessary reflect the views of USAID or the United States Government.

Our address:

01032, Kyiv, 33b Taras Shevchenko Blvd, 7th floor

Telephone: (38 044) 201-11-98

Fax: (38 044) 201-11-99

e-mail: info@razumkov.org.ua

Website: www.razumkov.org.ua

