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UKRAINE: FROM WAR TO PEACE AND RECOVERY

Analytical Assessments
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I.

NATIONAL SECURITY AND DEFENCE: KEY DEVELOPMENTS, PROCESSES, TRENDS

September 2024 was one of the hottest months of the war, both on the battlefield and on the diplomatic fronts. The political factor played an increasingly significant role in escalating hostilities, influenced by domestic socio-political and economic processes, foreign policy dynamics, and hopes for potential peace talks.

Despite the ongoing creeping occupation, the Ukrainian defence forces prevented the enemy from making an operational breakthrough, even in areas where the situation had deteriorated significantly by the end of the month. In the Kharkiv sector, there were no notable changes along the contact line. The Kursk operation did not result in any territorial gains or significant redeployment of Russian reserves, but it did lead to two prisoner exchanges in September, which should be seen as one of expected results of this operation.

The conflicting positions of the warring parties, the ineffectiveness of international instruments to influence the aggressor, and disagreements among global powers on the ways and format of ending the war continue to hinder international peace initiatives. The existence of a secret strategy from the White House to support Ukraine and a secret plan for Ukraine's victory prepared by the Presidential Office only adds to the intrigue

COMBAT ACTION

In September, the intensity of the frontline action and the use of long-range weapons peaked, with over 150 engagements occurring daily and [sometimes exceeding 200](#). This suggested that the Russian military command was working towards a specific timeframe set by the Kremlin or influenced by economic, domestic or foreign policy factors. The Russian

forces took advantage of favourable weather conditions and launched offensive operations in areas where they had the advantage.

The most difficult situation for the Ukrainian defence forces remained at the Pokrovsk, Kurakhove and Vuhledar directions, where Russians made significant tactical gains due to their superiority in manpower and munitions, as well as the tactics of unending assaults by small groups with dozens of armoured vehicles. By the end of the month, fighting for key settlements in these areas continued, but the likelihood of losing them is becoming increasingly real, as the cost of holding completely destroyed positions under the threat of operational encirclement outweighs possible [risks](#) to Ukrainian defence from abandoning them.

The situation around Vuhledar became critical at the end of August, leading to the loss of the town. According to the military, the withdrawal of the 72nd Brigade from the area, mentioned by MP Mariana Bezuhla in the social media, was one of the reasons for defeat. The enemy immediately intensified their attacks on Ukrainian units undergoing rotation after the withdrawal, resulting in the disruption of the rotation process and the loss of well-equipped defensive positions. By the end of September, Ukrainian troops had to leave Vuhledar.

In the Kursk operation area, there were no significant operational changes. While Russians regained some control over the lost territory, they failed to completely drive out the Ukrainian forces. Ukrainian units carried out manoeuvre operations, presumably without the task (or capability) of capturing new territory. Ukraine's ultimate [military and political goals](#) in the Kursk operation remain uncertain, but they had partial success in achieving

some of the [announced goals](#), 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 boosting the morale of the army and society. President Zelenskyy has previously [stressed](#) the strategic importance of the Kursk operation as «part of Ukraine's grand plan for victory».

In September, there was an upward trend in Russian attacks on Ukraine using attack drones and glide bombs (KABs), while missile attacks decreased. The number of Shahed drones used by Russians in September [exceeded 1,330](#), which is 1.7 times more than the previous month and almost three times more than [September 2023](#). This dangerous trend is expected to continue as [production rates](#) of the Shahed-131/136 and cheap Gerber decoy drone in Russia are increasing rapidly. However, even if production volumes have indeed [reached 6,000 units per year](#), Russians still rely on foreign finished products or components to maintain this intensity of drone use. The low number of missile attacks in September indicates stockpiling for future massive strikes on Ukraine in the autumn and winter.

In response, Ukraine is increasing the volume and range of domestic production of weapons and ammunition, as well as improving their ability to hit important targets deep within enemy territory. One of the most successful attacks on Russian arsenals near [the towns of Toropets and Tikhoretsk](#) destroyed ammunition equal to [two months' worth](#) of consumption at the front.

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

Defence Minister Rustem Umerov delivered a [public report](#) on the progress of his first year in office, in response to a [critical article](#) published by a group of Ukrainian activists. The minister highlighted the annual funding for domestic arms production, which exceeded \$4 billion, and the increased share of ammunition produced in Ukraine, reaching 41% in 2024, up from 18% in 2023. He also mentioned the procurement of over a million drones by the Ministry of Defence and the

Ministry of Digital Transformation. Umerov acknowledged achievements in enhancing internal processes and services through digitalisation, combating corruption, and international cooperation. He concluded by noting that much of the «work remains out of the public eye», which is «natural in wartime».

However, the article eloquently titled «[Umerov's Ministry of Chaos](#)» presents a contrasting assessment of changes that have taken place (or not) in the ministry over the past 12 months. The authors harshly criticise issues in the country's [central military authority](#) such as management, planning, coordination, lack of clear division of powers and responsibilities, and described international cooperation as a «total failure», despite acknowledging some achievements in defence procurement.

It is hard to say how objective the external criticism towards Ukraine's defence ministry is, as most of its work «remains out of the public eye». However, the fact that materials concerning the defence ministry are published and that the Minister responds to public criticism is seen as a positive aspect.

On 21 September, Ukrainian [social media](#) was [stirred up](#) by a post from a soldier named Serhii Hnezdilov, who declared himself AWOL to draw attention to the lack of fixed terms of service during the war. This demarche has amplified the [ongoing debate](#) around a wider range of issues such as mobilisation of those liable for service and society as a whole, military discipline, and social justice. A draft law on mobilisation was passed on 11 April 2024, but an [article](#) granting the right for mobilised individuals to be dismissed after 36 months of service was removed due to the state's inability to enforce it. The prospect of serving until the end of the war is a factor demoralising those already serving and one of the main reasons for conscripts to evade mobilisation.

Meanwhile, according to [official reports](#), the situation with mobilisation has improved, and its pace has tripled, including through [recruitment centres](#) that recruit roughly 6,500 volunteers per month. Despite the various efforts to secure human resources for defence, it is clear that both the [quantity and](#)

the quality of recruits need to be addressed. Due to the urgent need to replenish combat units, the timeframe for training is shortened, undermining the quality of training of new recruits and leading to excessive losses.

FOREIGN EVENTS (EXTERNAL FACTORS)

On 9 September, the Biden Administration has finally submitted a [classified report](#) to Congress on the US strategy for the war in Ukraine. The report was supposed to be submitted within 45 days – in June 2024 – as required by a decision in April 2024 to allocate \$60.8 billion in aid to Ukraine. Due to the confidential nature of the document, there is no public information available on its content. The report is [expected](#) to «establish specific and achievable objectives, define and prioritise US national security interests, and include the metrics to be used to measure progress». It is unclear how compatible the US strategy is with [Ukraine's victory plan](#), which was only presented to President Biden in late September.

The delay in preparing the strategy appears to be due to the Biden Administration's reluctance to change the [existing counter-productive policy](#) of «controlled escalation» through restrictions on the provision and use of Western military assistance to Ukraine, which has already resulted in a prolonged war without clearly defined end goals (for the US) and excessive human, territorial and material losses (for Ukraine).

Western partners expressed [concern](#) over [reports](#) of Iranian ballistic missiles being delivered to Russia, [hinting](#) at a possible lifting of the ban on the use of Western weapons to strike Russian territory. However, the Biden administration's stance remained unchanged, indicating that it still views Ukraine's enhanced military capabilities as a greater risk of «[sharp escalation](#)» than the supply of Iranian missiles to Russia. Instead, the biggest concern for the US is the increasing strategic partnership between Moscow and Tehran, including the supply of Russian Su-35 Flanker-E jets and assistance in upgrading Iran's cyber, space, and missile programs in exchange for ballistic missiles.

As of the end of September, restrictions on Ukraine's use of long-range weapons remained in place. Moscow attempted to influence political decisions to lift the ban through its tried-and-tested nuclear blackmail, amending its nuclear doctrine as a signal to the West. However, this strategy did not have the [desired effect](#) on Western politicians or Ukraine, especially against another [failed test](#) of Russia's latest Sarmat missile.

On 9 September, Latvian armed forces [reported](#) the fall of a Russian Shahed drone on the country's territory, noting that the military identified the aerial target in time but did not down it, as they had to verify whether it was a military object and aimed to attack Latvia. Latvia is already the third NATO member state after Poland and Romania to experience similar incidents of airspace violations by Russian missiles and combat drones. In all known cases, the military did not use weapons.

In late September, the security situation in the Middle East deteriorated yet again, but currently it is difficult to assess further developments in the region and their possible impact on the Russia-Ukraine war.

RUSSIA

Russia has planned a [significant increase in military spending](#) in the draft budget for 2025 to about \$142 billion (6.3% of GDP), which is 22% more than in 2024, twice as much as in 2023, and four times as much as in pre-war 2021. The share of spending on the army and other security agencies in 2025 will reach about 40% of federal budget.

In September, Putin [has increased the number of personnel](#) in the Russian army for the third time in the last two years. His recent decree, set to take effect on 1 December, will increase the total military personnel to 2.4 million, including 1.5 million troops, which is an increase of 180,000 from the current staffing level. Although the actual staffing may be lower, this increase in numbers and expenditures clearly indicates Putin's determination to continue the war.

The problem of human resources for a protracted war is as urgent for the Russian authorities as for Ukraine, although in Russia they use [different methods](#) to address this issue. Instead of mass mobilisation, the Russian command is forming infantry units from personnel of the aerospace and naval forces. For example, an [infantry battalion](#) has been formed from the crew of the Admiral Kuznetsov aircraft carrier and has already been deployed to the war zone. [Conclusion of contracts](#) with individuals accused of crimes or offences at the pre-trial stage is another Russian innovation. Previously, a «contract for war in exchange for exemption from liability» was only available to those who had already been convicted.

The Kremlin has openly resorted to «partial mobilisation» only once, in late 2022, and is currently avoiding making a socio-political decision that could be sensitive to the regime, even with requests from military commanders and pressure from the so-called «voenkors» (war correspondents). Russian sociologists [have noticed](#) an increase in public dissatisfaction with the government's actions, which has reached a maximum since the «partial mobilisation» of 2022. In response to potential expressions of discontent, the Russian [State](#)

[Duma](#) is proposing amendments to the criminal code to impose imprisonment for publicly insulting government officials on the Internet.

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

- ✓ significant escalation of hostilities in September 2024 was caused by domestic socio-political and economic factors, as well as foreign policy dynamics amidst expectations of lifting the ban on the use of long-range weapons and beginning of possible negotiations to resolve the conflict;
- ✓ although Russian troops held the initiative in almost the entire theatre of operations and achieved significant territorial gains, they still failed to make an operational breakthrough in any direction;
- ✓ Washington's stance on lifting the ban on long-range strikes on Russia using Western weapons remained unchanged, which increases the risk of further prolongation of the conflict and, accordingly, the cost of a war of attrition for Ukraine.

The opening of the new political season was rich in high-profile international events. There was an escalation of conflicts around the world, especially in the Middle East. The growing aggressiveness and militarisation of Russia's foreign policy against the backdrop of intensified military and political cooperation between authoritarian countries is a dangerous trend. In these settings, Ukraine has been actively promoting proven and new plans and initiatives to enhance external support in countering Russian aggression both in bilateral relations and on international platforms.

INTERNATIONAL PROCESSES AND EVENTS

The US election campaign is heating up, with Kamala Harris appearing to have a [certain advantage](#) over Donald Trump in the public debate on 10 September. Harris' support rating has slightly risen while Trump has had some unsuccessful performances. In an attempt to gain support, the Trumpist wing of the GOP resorted to the «Ukrainian factor» using Volodymyr Zelenskyy's visit to a defence plant in Pennsylvania to accuse the Democrats of «unfair competition» and Kyiv of interfering in the electoral process. However, the last-minute meeting between Zelenskyy and Trump helped neutralise the danger of losing bipartisan support. Nevertheless, there are concerns that the Ukrainian issue will continue to be exploited. In this context, Donald Trump's uncertain position on ending the Ukraine war and unacceptable statements by his entourage on this issue are quite worrisome.

Another significant concern is the increased threat of escalation in the Middle East. The ceasefire and hostage exchange agreement between Israel and Hamas has not been reached, so the situation in the Gaza Strip remains explosive. In addition, the Israel Defence Forces have targeted Hezbollah militants in a series of operations, killing their leadership on 27 September and then launching a ground operation in southern Lebanon. Iran's missile attack on Israel has

further heightened the risk of a large-scale conflict in the region.

Russia's aggressive stance and militarisation of its economy are increasing, as evidenced by the expansion of its nuclear deterrence doctrine, [announced by Putin](#) on 25 September, and the [decision](#) to increase the number of armed forces by 180,000 people. The country's budget for 2025 is set to allocate a record amount to [defence spending](#), estimated at around 6.3% of GDP.

While escalating its anti-Western rhetoric, Russia continues to build up military, political and economic cooperation with other authoritarian states, such as China, North Korea, Iran and Belarus. In particular, Secretary of Russian Security Council Sergei Shoigu visited North Korea (13 September) and then met with the Iranian leadership (17 September). On 29 September, the head of the Russian government met with the President of Iran to discuss an agreement on strategic cooperation, which is set to be signed at the BRICS Summit in Kazan (22-24 October). Various sources inform about the ongoing economic partnership between Beijing and Moscow, which helps the aggressor boost its defence industry. Other examples of cooperation include the delivery of Iranian missiles to Russia, naval exercises Ocean-2024 involving Russia and China, as well as preparations for the joint Russian-Belarusian military exercises Zapad-2024.

Various pseudo-peacekeeping statements, plans, and initiatives that call for a freeze in hostilities and further negotiations at the expense of the interests of Ukraine and its territories also trended in September. In particular, on the sidelines of the UN General Assembly session in late September, Chinese and Brazilian diplomats initiated the so-called [Friends of Peace platform](#), initially supported by about 15 countries, including South Africa, Turkey, Kazakhstan, Saudi Arabia, Mexico, Zambia, Kenya, Hungary, etc. Regrettably, this Chinese-Brazilian plan (the «6-point consensus») was also supported by Switzerland. In essence, it is an attempt to

create an alternative peace plan that is favourable to the aggressor, thus torpedoing the second Peace Summit.

India and the UAE are also offering mediation. Similarly, Austrian Chancellor Karl Nehammer said that Vienna could host negotiations between Ukraine and Russia «without preconditions and at eye level». Hungary's Viktor Orban continues to push his so-called peace initiatives. The leader of the Social Democrats in the Bundestag, Rolf Mützenich, proposed to create an international contact group for a peace initiative regarding the Russia-Ukraine war. Leaders and officials from various countries, such as the President of the Czech Republic and the Foreign Minister of Poland, also publicly shared their vision of the prospects for ending the war.

The reasons for that are different – on the one hand, it is «fatigue from the long war» and attempts to find acceptable compromise, and on the other hand, it is pseudo-peacekeeping demagoguery and populism in favour of the aggressor, as well as attempts to resolve the so-called «Ukrainian crisis» at the expense of Ukraine.

FOREIGN POLICY ACTIVITIES OF UKRAINIAN GOVERNMENT

In early September, the Ukrainian foreign ministry underwent personnel changes, with Andrii Sybiha taking charge. The new minister announced and partially implemented personnel updates in embassies and the central apparatus, focusing on several [key priorities](#) for Ukrainian diplomacy. These include ensuring Ukraine's defence capability, advancing towards the EU and NATO, promoting the Peace Formula especially in Asian, African, and Latin American countries, and seeking justice and compensation from the aggressor country. Other important areas of the MFA's work include developing parliamentary and economic diplomacy, engaging experts and businesses in foreign policy development, supporting Ukrainians abroad, promoting digitalisation of consular services, etc. The new minister also stressed the need to revise the current Foreign Policy Strategy of Ukraine (adopted in 2021), which is generally logical and justified given the current realities of the war.

Political dialogue with foreign partners

With the start of a new political season, the intensity of political dialogue has markedly increased. Important contacts in September included the visit of the Prime Minister of the Netherlands Dick Schoof to Zaporizhzhia and a meeting with the head of the Irish government Simon Harris with the ensuing signing of the [Agreement on Support for Ukraine and Cooperation between Ukraine and Ireland](#). Quite productive were the contacts with the allied countries at the 24th meeting of the Ramstein Contact Group and on the sidelines of the Ambrosetti Forum (Italy, 7 September), and so were the meetings with US Secretary of State Antony Blinken and UK Secretary of State for Foreign and Commonwealth Affairs David Lammy. In September, Kyiv welcomed IAEA Director General Rafael Grossi and Prosecutor of the International Criminal Court Karim Khan.

Effective consultations and negotiations on the sidelines of international events organised by Ukraine, namely the Fourth Summit of the Crimea Platform, attended by more than 60 participants (11 September) and the 20th annual Yalta European Strategy meeting (13 September) also deserve attention.

The Ukrainian delegation was active on the sidelines of the UN General Assembly. In particular, meetings were held with US President Joe Biden, Vice President Kamala Harris and presidential candidate Donald Trump, as well as with the leaders of the EU and the Global South countries. According to President Zelenskyy, there were nearly [thirty high-level meetings](#) and consultations. The Ukrainian president spoke at the Summit of the Future, the UN General Assembly, the UN Security Council, etc.

It was critical for Ukraine to use the UN's high platforms to promote its interests, but practical results of the visit to the United States were also important. At the G7+Ukraine meeting, a Joint Declaration of Support for Recovery and Reconstruction of Ukraine was adopted, which, among other things, provides for coordinated support and additional financial assistance worth about \$50 billion by the end of the year. In his turn, the US President announced a record-breaking aid package to Ukraine in the amount of \$8 billion.

However, the issue of using long-range weapons against Russia remains open. One can assume that this issue, as well as the Ukrainian «Victory Plan», will be considered at the next Ramstein Group meeting, which is scheduled in October under the chairmanship of Joe Biden.

Promotion of Ukrainian interests and initiatives globally

Kyiv tried to promote Ukrainian agenda on international platforms by implementing own projects and initiatives.

First. Ukrainian diplomats are working at various levels on organising a second Peace Summit and are in consultations and negotiations to formalise the components of the Peace Formula, such as food and energy security, release of prisoners, and bringing the aggressor to justice. An [online conference](#) was held on 4 September to discuss the implementation of the Food Security clause of the Peace Formula with participants from 75 partner countries and international organizations. The Ukrainian side aims to prepare a joint plan to implement all points of the Peace Formula and hold the second Peace Summit by the end of 2024, although it may be difficult given the current circumstances.

Second. During the visit to the United States, Ukraine presented the «Victory Plan» to the allied countries, which [apparently](#) includes four general components, such as security guarantees for Ukraine, continuation of military operations, supply of modern weapons and financial support. This initiative caused a flood of different assessments and comments, while the US promised to study the document carefully. In any event, it is good that Kyiv is trying to actively shape the Ukrainian agenda and promote its vision of the path to a just end to the war. Moreover, this Victory Plan, together with the Peace Formula, is gaining particular relevance against the surge of various «peace initiatives».

UKRAINE'S STEPS TOWARDS THE EU

In September, preparations for the practical opening of accession negotiations continued,

with the Ukrainian Government Office for the Coordination of European and Euro-Atlantic Integration submitting [a report](#) to the European Commission on 9 September on the pro-European reforms implemented between April and August 2024. Interministerial meetings were held to implement the Commission's recommendations, and the EU-Ukraine bilateral screening session took place in Brussels on 17 September on the key negotiation cluster «Fundamentals of the EU Accession Process».

The composition of the new European Commission, presented by Ursula von der Leyen on 17 September, is significant for Ukraine in the context of accession negotiations. It is positive to note that key positions in the Commission have been filled by allies and friends of Ukraine. In particular, Kaja Kallas (Estonia) became the EU High Representative for Foreign Affairs and Security Policy, Valdis Dombrovskis (Latvia) was appointed European Commissioner for Economic Affairs, Andrius Kubilius (Lithuania) was appointed European Commissioner for Defence, Piotr Serafin (Poland) will be in charge of budgetary issues, and Marta Kos (Slovenia) will coordinate the EU enlargement process.

During her visit to Kyiv on 20 September, the European Commission President Ursula von der Leyen announced that Ukraine would receive a €35 billion macro-financial loan and comprehensive support for its energy sector for the winter. The discussions also covered topics such as support for accession negotiations and assistance in organising the second Peace Summit.

September marked a challenging period for national diplomacy, with growing instability and conflicts worldwide, as well as the military and political integration of authoritarian countries against the West. In these settings, the uncertainty of US foreign policy after the presidential election is a true global challenge. On the other hand, the pseudo-peacekeeping efforts of some non-Western states is growing, aimed at freezing the war in Ukraine in favour of the aggressor. Therefore, Ukraine's priority is to preserve and expand the alliance of allied countries, and to put its plan for a stable and just peace on the global agenda.

III. ECONOMY

DECISIONS

On 13 September, the Cabinet of Ministers [approved the draft](#) State Budget for 2025 and submitted it to the Verkhovna Rada the next day, as prescribed by law. The basic figures are the projected macroeconomic indicators, namely 2.7% GDP growth (below the current year's forecast), inflation at 9.5%, and the exchange rate of UAH 45/\$1. The 2025 budget anticipates revenues of UAH 2 trillion, expenditures of UAH 3.6 trillion, and the necessary external financing of \$38.4 billion.

Meanwhile, the IMF has adjusted its forecast of Ukraine's economic development in 2025 (see *Developments, Processes, Trends* subsection below), which will prompt the government to adjust its budget figures taking into account the IMF's position.

The [priorities](#) of the 2025 budget are defence and security, as well as the financing of protected budget items. The [main economic indicators](#) specified in the draft Budget 2025 are as follows: resources for the security and defence sector – over UAH 2.2 trillion (26.3% of GDP); support for socially vulnerable citizens – UAH 419.2 billion (including the Pension Fund – UAH 238 billion); healthcare – UAH 211 billion, education – UAH 169 billion.

The budget process for adopting the country's main financial document will be very difficult this year. On the one hand, MPs will demand an increase in expenditures (with no reference to available budgetary resources) when considering the budget in the Parliament, and on the other hand, they will try to keep macroeconomic and budgetary balances from shock deficits (including through international support).

In this context, the International Monetary Fund (IMF) has articulated conditions for Ukraine under which it will continue providing sustainable financial support. The most critical

ones include tax increases to cover budget gaps and the requirement to devalue the hryvnia.

The Verkhovna Rada is already working in this direction, having [adopted as a basis](#) the draft law No. 11416-d on substantial increases in certain taxes and fees. In particular, the [updated version](#) of this bill, prepared for another first reading, provides for an increase in the military tax from 1.5% to 5% for the period until 31 December of the year in which martial law is lifted, as well as a 50% corporate income tax rate for banks in 2024.

In the near future, the Cabinet of Ministers is expected to draft a bill amending the Budget Code of Ukraine to transfer the military tax to a special fund of the State Budget to be used for the needs of the security and defence sector. This provision should toughen the implementation of the State Budget.

While tax increases are mentioned in government statements and actions, the NBU [wants to avoid](#) a significant weakening of the hryvnia, as the national currency has already lost more than 10% since the regulator cancelled the fixed exchange rate. On the other hand, devaluation inevitably means an acceleration of inflation and a return to double-digit rates, which could have a depressing effect on economic activity and household solvency.

We agree with this position of the NBU.

DEVELOPMENTS, PROCESSES, TRENDS

The Ukrainian economy grew by 3.5% [$\pm 1\%$] in August 2024 compared to August last year, as [reported](#) by the Ministry of Economy. For the first eight months of the year, GDP growth is estimated at 3.9% [$\pm 1\%$].

Industry's recovery was the main contributor to economic growth, also having a [positive impact](#) on the transport sector. An increase in domestic rail freight and cargo handling at

seaports is important factor for business and consumer sentiment. Moreover, for the first time in three months, businesses in August improved their assessments of their near-term performance.

Meanwhile, international financial institutions are concerned about the dynamics of Ukraine's economic recovery. The IMF [forecasts](#) Ukraine's GDP growth in 2024 at 3% and inflation at 9%. The IMF's [previous forecast](#) envisaged GDP growth in the range of 2.5% to 3.5% and inflation of 8%. This downgrade is largely due to complications and a slowdown in economic dynamics in the second half of 2024 due to Russian attacks on energy infrastructure, the impact of the war on the labour market, and the level of business activity expectations.

Let's have a look at important forecast adjustments to the current year's figures. Thus, nominal GDP in 2024 will amount to UAH 7.5 trillion, which is 3% less than the economic forecasts of the previous year. The state budget deficit, including grants, will amount to about 14% of GDP, while external financing will be just over 12% of GDP. In turn, the NBU forecasts a tighter budget deficit at 18.4% of GDP.

Another systemic risk deserves special attention – staff shortage. This is the increasingly acute problem for domestic businesses that hinders business operations and increases structural unemployment, where the skills of those unemployed do not meet the needs of businesses. This is why the government's [Skills Alliance initiative](#), supported by donors, international partners and the business community, is so important. The goal is to provide retraining or skills upgrading opportunities for more than 180,000 workers over the next three years. In our opinion, this is an extremely important initiative that requires high-quality implementation.

As for the macroeconomic components, special attention should be paid to the continued recovery in foreign trade. In August, exports grew by 27% year-on-year, reaching \$3.4 billion, which is one of the [highest figures](#) this year. However, the growth came from a relatively low base, when the Ukrainian

corridor for maritime exports was minimally operational.

More importantly, exports of metallurgy products grew by 47% – this year's maximum. This could be due to the stabilisation of electricity supplies to metallurgical enterprises, with some companies already receiving uninterrupted energy through electricity imports. The 35% increase in iron ore exports was largely driven by the launch of ore exports through Odesa ports.

Exports of goods in 2024 are expected to reach \$37.2 billion, while imports will reach \$71.7 billion. The negative foreign trade balance will amount to \$34.5 billion, which is \$5 billion more than in the previous IMF forecast.

It should be noted that the acceleration of inflation is the reason for this weakening of macroeconomic dynamics. The State Statistics Service [reports](#) that consumer inflation in August 2024 accelerated to 7.5% yoy from 5.4% in July.

The increasing inflationary pressures is [primarily due to](#) the effects of this year's poorer harvests and higher business costs for food, energy, and labour, as well as the carryover from the hryvnia's depreciation in previous months.

Alongside the increase in exports, Ukraine has seen positive actions by its international partners that strengthen the country's economic environment in the short and long term.

First of all, Ukraine's successful completion of a massive public debt restructuring operation, including 13 series of Eurobonds and one series of sovereign-guaranteed bonds of Ukravtodor, is seen as systematically positive result. The restructuring involves the exchange of approximately \$20.5 billion of debt (or approximately \$24 billion including capitalised interest) for eight new series of Eurobonds with a nominal value of \$15.2 billion.

The transaction reduced Ukraine's public and guaranteed debt by \$9 billion, representing a nominal reduction of 37% and a 60% reduction in its net present value at

a 14% discount. At the same time, debt payments were reduced by 93%, which will save \$11.4 billion over the next three years.

This transaction was **one of the largest** in the history of Ukraine's sovereign debt and, more importantly, meets the IMF's goals in terms of Ukraine's debt sustainability.

Following the successful completion of the Eurobond restructuring, Fitch upgraded Ukraine's Long-Term Local-Currency Issuer Default Rating (IDR) to «CCC+» from «CCC-», which is another positive development. Fitch has assigned the new bonds a «CCC» rating, which is in line with Ukraine's expected foreign currency sovereign IDRs. This decision takes into account the deferral of principal payments until 2029 and moderate coupon payments in the coming years.

The agency forecasts that Ukraine's total public debt will reach 89.6% of GDP in 2024, down from its previous forecast of 92.5%. However, Fitch **warns** that the country still faces significant financial challenges due to the war and dependence on foreign aid.

Alongside such positive news, the fact that Turkey has officially applied to join BRICS, seeking to strengthen its global influence and create new ties beyond its traditional Western allies, raises some concern. And since the BRICS remains heavily influenced by China and Russia, this may increase the risks of «compromise» decisions regarding the end of the war and peace negotiations for Ukraine. It is worth noting that BRICS will also discuss

further expansion at the summit in Kazan in October, where they may also consider applications from Malaysia, Thailand and Azerbaijan.

Events in Ukraine continue to affect global finance. For example, since Russia's invasion of Ukraine, European ESG funds' investments in defence companies have more than doubled. About one-third of ESG-oriented funds in Europe and the UK invested €7.7 billion in the sector, up from €3.2 billion in Q1 2022.

The increase is partly due to higher share prices of defence companies following Russia's attack on Ukraine. However, many investors also **agreed** with governments' argument that supporting defence producers has not just risks, but also a positive social impact, primarily by increasing productive jobs.

Although the total value of funds' assets in the sector remains small – less than 1% of the total €1.5 trillion in assets – the sector is becoming increasingly attractive to investors, especially after the outbreak of the Ukraine war. The MSCI Europe Aerospace and Defence Index has increased 1.8 times since the beginning of 2022, while investments in defence funds have grown from \$5.8 billion to \$17.6 billion in July 2024.

Consequently, there are also growing needs and opportunities for Ukraine to be involved in the international weapons sector, improving its own investment climate and establishing cooperation with leading Western arms manufacturers.

IV.

ENERGY SECTOR

On 26 August, Ukrainian power system sustained the largest combined attack since the beginning of the war, which was aimed at power supply infrastructure of nuclear power plants. As a result, units 1, 3 and 4 of Rivne NPP and unit 3 of South Ukraine NPP were temporarily shut down. Only the exceptional professionalism of dispatchers and the symptom-based emergency response system implemented in Ukraine helped avoid the transition to an off-design reactor control mode, which threatened a Level 3 incident. The level 2 physical protection available at most of the attacked facilities, while reducing the damage, did not protect the extremely vulnerable equipment from multiple sub-munitions damage. The temporary loss of 1.5 GW of power among hot weather increased energy demand by 1.2 GW, renewing imbalances in the national power system.

It was after the 26 August attack that the UN Human Rights Monitoring Mission in Ukraine [concluded](#) that the Russian armed forces had violated the fundamental principles of international humanitarian law, given the number of regions affected, the coordinated nature of the attack and the scale of damage to civilians and critical systems providing vital services.

Ukraine managed to balance its power system after 11 days of removing the consequences of the enemy attacks. This made it possible to cancel the hourly blackout schedules that were in place on 1–6 September for one to three consumer groups at a time. Emergency assistance from European operators was used only five times during the month, and the use of cross-border crossings never exceeded half of their capacity (20 GWh on 25 September).

The relative balance was achieved thanks to lower daytime temperatures and the restoration of generation and distribution facilities. Plans are to [launch](#) nine nuclear power units in October and [return](#) 60 to 70% of the thermal generation capacity destroyed by Russian attacks.

In September, the baseload capacity of Ukraine's integrated power system (IPS) was provided by 8 NPP units generating about 5.4 GW of power. One unit remained under maintenance. Sources of manoeuvrable power included 4–6 power units of TPPs and CHPPs, as well as HPPs and PSPs, which together generated about 2.7 GW of electricity. In the meantime, deteriorating weather conditions significantly reduced the efficiency of SPPs, and their electricity generation almost halved over the month.

Due to hostilities and technical problems, an average of 560 Ukrainian settlements were without electricity (+50 compared to the previous month), and up to 86 more due to weather conditions (16 September). The fact that the number of settlements left without power for various reasons has been growing for the fifth month in a row (400 in April) causes serious concern. Moreover, about 300 settlements were without power for two or more days in September.

The situation should be remedied by the decisions of Headquarters for the preparation of housing and communal services and the fuel and energy sector for the autumn–winter period, which has formulated six [main tasks](#) for October 2024: preparing TPPs and CHPPs for stable operation in winter; ensuring physical protection of critical infrastructure; developing algorithms for action in case of force majeure; installing cogeneration units and modular boiler houses in the affected regions; ensuring stable water supply in at-risk areas; and promoting the use of individual heating stations.

As part of this work, the [government defined](#) a list of measures to install gas piston and gas turbine units on technical fleet vessels to ensure stable energy supply; [established](#) a procedure for guaranteeing the origin of electricity generated by a highly efficient cogeneration unit; [approved](#) the procedure for using state budget funds for the rapid recovery of Ukraine, including to restore energy infrastructure; [defined](#) a list of expenses of gas

distribution system operators related to the repair of infrastructure damaged by combat action.

According to the Prime Minister, the Ukraine Energy Support Fund has already accumulated €560 million. [Negotiations](#) with ENTSO-E to increase electricity imports from the EU are in their final stages. Ukraine financed the purchase of 170 MW of power equipment; imported more than 1.8 thousand units of generator and 120 thousand units of battery equipment. 83 out of 169 cogeneration units delivered to heat supply companies were put into operation.

The domestic market has enough petroleum products to meet demand, which remains at the highest monthly level due to the farmers' activity and a large number of road transport. A significant stock of diesel fuel has been built up. There is also no shortage of liquefied petroleum gas, despite a significant increase in its prices.

Ukraine's gas transmission system is operating properly, and nominations of customers for storage services and capacity reservations are being fulfilled in full. In the meantime, the Prime Minister has [confirmed](#) that «there are no official negotiations on the continuation of the transit of russian gas», and that Ukraine is not ready to cooperate with russia, is not planning to do so and will not extend the agreement with it.

[Gas reserves](#) in underground storage facilities increased to 7.6 bcm (+0.7 bcm; excluding 4.7 bcm of long-term storage gas and 0.6 bcm of gas owned by non-residents). The rate of its accumulation makes it possible to «[optimistically predict](#) realisation of the plan, namely 13.2 bcm by 1 November».

Naftogaz Ukraine [noted](#) that «gas remains almost the only reliable source of energy in times of war», so «the heating season will start on time».

In turn, the Ministry for Reconstruction [announced](#) that it had begun developing, together with USAID, a feasibility study for projects to provide uninterrupted electricity, heat and water supply to more than 800,000 residents of Vinnytsia, Khmelnytskyi and Ternopil. However, it has not been reported

whether these projects will be implemented and when this might happen.

Quite worrisome is the fact that the winners of auctions held by Ukrenergo in August did not fully guarantee the construction of new capacity. Only 33 of 48 companies deposited financial collateral into escrow accounts. In other words, in a year's time, the power system will have only 99 MW of frequency support reserves (which meets the [demand](#)), 68 MW of [reserves](#) for loading services and 210 MW for loading and unloading services in each hour (12% and 50% of [the demand](#)). It is possible that the incomplete guarantee was caused by the controversial [change](#) of Ukrenergo management. For the same reason, the third special auction scheduled for October is likely to be cancelled.

The debt problem has not yet been resolved, seriously limiting the possibilities for renovation and repairs. Once again, Ukrenergo's debt to renewable energy generation has increased to UAH 26 billion, although the previous management planned to [pay it off](#) in full by the end of the year. At the same time, electricity market participants owe the operator approximately the same amount for transmission and dispatching services. Debts on the balancing electricity market are growing by UAH 0.7-0.8 billion every month. The problem can be solved by ensuring the solvency of all energy market participants, from producers and suppliers to end consumers. However, the matter has not progressed beyond the NSDC's [regular instructions](#) to the Cabinet of Ministers. For reasons unknown, the government is effectively boycotting the [reduction](#) of the list of protected consumers, where critical infrastructure companies make no more than one-third.

Although the International Energy Agency's [special report](#) «Ukraine's Energy Security and the Coming Winter» overlooks the debt problem, it identifies 10 key measures that are needed to «safeguard an essential level of energy services in Ukraine through the coming months». Let's analyse them.

1. *Bolster the physical and cyber security of Ukraine's critical energy infrastructure* – These activities are already underway. The relevant tasks were given to market participants and the General Staff of the Armed Forces

shortly after a preliminary assessment of the consequences of the 26 August attack. They included multi-level coverage of energy infrastructure facilities with missile and air defence systems, as well as the installation of new and modernisation of existing physical protection at energy facilities, including substations near nuclear power plants, taking into account the enemy's use of cruise missiles with cluster warheads.

2. *Expedite the delivery of equipment and spare parts for repair*, including by simplifying imports and clearly defining priority needs – This task has been partially fulfilled by [defining a list](#) of energy goods that can be imported into the customs territory of Ukraine without paying customs duties, in particular under agreements financed by the Energy Community Secretariat.

3. *Increase and decentralise power supply*. This includes backup power systems, gas-fired thermal power plants, as well as solar and wind power plants supplemented by energy storage systems – It is crucial to avoid substituting the installation of small power plants of 1-10 MW with the purchase of autonomous gasoline or diesel generators with a capacity of 5-10 kW or plants with unguaranteed capacity (primarily photovoltaic panels without inverters and energy storage systems), [masking](#) the insufficient capacity of the installed power plants by their number, as well as concealing the start of operation of such facilities.

4. *Expand electricity transmission capacity with the European Union*. The existing restrictions can be removed by revising the «relatively conservative guidance on network risk management» – As part of these efforts, Ukrenergo is taking steps to remove systemic bottlenecks and increase the volume of export operations and the capacity of cross-border crossings. However, the Prime Minister's statement that «[negotiations](#) with ENTSO-E to increase electricity import limits from the EU to 2.2 GW are at the final stage» is overly optimistic. Increasing the maximum cross-border capacity to 2.0 GW is more likely.

5. *Engage consumers in energy saving and demand response, while continuing investments in energy efficiency*. It is proposed to reduce the default temperature of the heat

carrier in district heating systems; set a social tariff that safeguards a certain volume of consumption at subsidised rate, after which consumers pay a higher price; conduct public information campaigns to explain the content of energy efficiency measures – The Cabinet of Ministers will definitely not change electricity prices and distribution tariffs for households and state-funded organisations at least until 1 May 2025. However, the proposal to reduce the minimum permissible temperature in homes from 18 to 16°C is quite acceptable and was already [implemented](#) during the 2022-23 heating season, although in peacetime the relevant proposals [contradicted](#) the position of the Ministry of Health.

6. *Prepare back-up options for winter heating*. Expedited delivery of smaller combined heat and power units should focus on bolstering supply in the worst-affected regions. Investment in reliable back-up options should also include LPG heaters, wood and coal stoves, and associated reserves of fuel, especially for rural areas – The government claims that more than 80% of schools and 100% of hospitals are already provided with back-up power sources. Moreover, 370 modular boiler houses and 380 cogeneration units with a total capacity of 1 GW [are to be commissioned](#) by the end of the year. However, following the 185% hike in the [excise tax rate](#) on LPG, its use as a boiler fuel in most regions of Ukraine is questionable. A [pilot](#) on distributing humanitarian aid in the form of LPG to meet the needs of household consumers in Donetsk, Sumy, Kharkiv, and Kherson oblast may be the only exception. The volume of such aid will be formed based on the needs determined by the oblast military administrations and covered by a grant from Saudi Arabia and donors, including Ukrnafta and Ukrgasvydobuvannya. The receipt, provision, distribution and control of the targeted use of the aid will be carried out on a declarative basis.

7. *Build up natural gas storage levels* – Naftogaz Group promises to [accumulate](#) 13.2 bcm of gas in storage facilities by 1 November 2024, which is [enough](#) to meet the needs of generation in the cold season. Nevertheless, it is planned to [additionally pump](#) at least 0.6 bcm of gas into the storage facilities. It 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.

Three other key measures proposed by the IEA experts are designed for the medium and long term. They relate to *laying the groundwork for a modern, market-based, resilient and sustainable Ukrainian energy system, well integrated with the EU system, including investment in common energy corridors; coordinating with Moldova to ensure reliable energy supply due to the «inter-related nature of risks across the region»; and strengthening firm gas import capacities from the EU, in particular by participating in the operation of the Trans-Balkan pipeline system.*

The content of the latter two recommendations is generally in line with the concept of the Regional Energy Security Partnership, which, in particular, provides for

- ✓ Use of free capacities of LNG terminals in Poland, Italy, Croatia, and Greece to accumulate gas reserves in Ukraine's underground storage facilities to meet the region's needs in winter;
- ✓ creation of a joint insurance stock of gas in Ukrainian storage facilities to be used under pre-determined conditions in case of shortages, significant price fluctuations or emergencies;
- ✓ expansion of the capacity of interconnectors between LNG terminals and Ukrainian UGS facilities with the introduction of special tariffs for gas transportation from terminals to storage facilities and from storage facilities to consumers.

Thus, the measures presented by the IEA experts are not new and are mostly already **being considered** by the government, but their implementation can and should be accelerated, as the heating season is less than a month away. The **speed** «needs to be multiplied by 100, then we will have time to do something in all reconstruction processes».

V.

SOCIAL SPHERE

SOCIAL COMPONENTS OF THE 2025 BUDGET

Despite the martial law, the Cabinet of Ministers submitted the draft [Law of Ukraine «On the State Budget of Ukraine for 2025»](#) on time (13 September). The Ministry of Finance calculated the budget based on the macroeconomic forecast by the Ministry of Economy. The main forecast macroeconomic indicators of the country's economic and social development were approved by the [Cabinet of Ministers Resolution No.780](#) of 28 June 2024 «On approval of the main forecast macroeconomic indicators of economic and social development of Ukraine for 2025-2027». The macroeconomic forecast, in particular, defines the exchange rate, inflation and economic growth rates.

The basis for forecasts:

- ✓ nominal GDP – UAH 7,484.7 billion;
- ✓ real GDP growth at 3.5%;
- ✓ consumer price index - 105.4% (on average y-o-y), 107.9% (December-to-December);
- ✓ average monthly salary – UAH 20,581, nominal, CPI adjusted – 112.0% y-o-y;
- ✓ unemployment rate of the population aged 15-70 according to the ILO methodology – 18.2% of the labour force of the respective age group;
- ✓ exports of goods and services – \$53,478 million, an increase of 4.7% compared to 2023;
- ✓ imports of goods and services – \$94,439 million, an increase of 6.3% compared to 2023.

The main directions of reforming Ukraine's economy during the forecast period will be aimed at implementing systemic horizontal and sectoral reforms under the Ukraine Facility, implementing the IMF programme and other reforms committed to by Ukraine on its way to EU membership, and developing bilateral and multilateral cooperation with partner countries and international financial organisations.

Security and defence spending remain the priority expenditures for 2025. The second priority is to finance protected budget items and [the social sphere](#). The third priority is to support regions and businesses.

An [innovation](#) of this budget includes the introduction of a new model for managing public investment projects, which will make capital expenditures more transparent and efficient. In particular, the priority will be given to reconstruction, energy projects and the realisation of a new veterans policy.

EDUCATION AND HEALTHCARE

Education spending in 2025 (UAH 167 billion) will be lower than in 2024 (almost UAH 175 billion). Most of these funds, or more than UAH 103 billion, will be spent on teachers' salaries; UAH 2.9 billion – on school meals for primary school students; and UAH 305 million – on education for students with special educational needs (at the level of 2024).

Healthcare spending in 2025 is planned to increase by UAH 7 billion to reach UAH 214 billion. In particular, UAH 175 billion will be allocated for the medical guarantees programme. The 2025 budget provides UAH 11.75 billion for the purchase of drugs to treat HIV/AIDS, tuberculosis, oncology, rare orphan diseases and cardiovascular diseases.

DYNAMICS OF EDUCATION AND HEALTHCARE SPENDING

(projected changes), UAH billion

	2023	2024 (plan, no budget changes)	2025 (draft budget)
Ministry of Education	142.13	174.77	167.07
Ministry of Health	179.18	207.15	214.13

SOCIAL PROTECTION

The 2025 budget envisages a reduction in social spending by UAH 50 billion to UAH 420.6 billion, which is 89.4% of the 2024 plan and 92.8% of 2023 actual expenditures.

DYNAMICS OF SOCIAL SPENDING (projected changes), UAH billion			
	2023	2024 (plan, no budget changes)	2025 (draft budget)
Ministry of Social Policy	453.37	470.39	420.67
Subsidies to the Pension Fund	273.67	321.777	280.25
Social protection of citizens	102.75	88.71	80.80

The lion's share of funds allocated for social spending will be used to subsidise the Pension Fund – UAH 280.2 billion. However, this subsidy will be reduced by UAH 34 billion compared to 2024. Thus, the transfer to the Pension Fund is seen as a balancing element, and it is assumed that the unified social contribution revenues and the Pension Fund's own revenues will be sufficient to ensure that the pension obligations are met.

At the same time, the Pension Fund's budget **for 2024(!)** has not yet been approved due to the instability and unpredictability of the country's economic development under martial law. This has a serious negative impact on the Fund's functioning and financial stability, including a decrease in both revenue and expenditure indicators. At the same time, unlike the draft budget of the Pension Fund for 2024, no projections are made for its account balances at the beginning and the end of 2025, which indicates high risks of losing the Pension Fund's own revenues.

The draft budget envisages an increase in the maximum amount of the unified social tax base (the maximum income of an insured person per month on which the unified social tax is charged) **from 15 to 20 minimum wages starting from 1 January 2025**. According to the Ministry of Social Policy, additional revenues to social and pension insurance funds will amount to about UAH 3.3 billion. In addition, if the parties to the social dialogue agree on

the increase in the share of the unified social tax allocated to the mandatory state pension insurance by reducing the share of this tax allocated to the mandatory state unemployment insurance, this will allow the Pension Fund to make sure it can fulfil its tasks.

In 2025, the government plans to spend UAH 42.32 billion on **housing subsidies** – a decrease by UAH 7.6 billion. Subsidies will be paid to 2.8 million households. The number of recipients was calculated based on the results of increasing the targeting of subsidy payments and the termination of these payments to those who are abroad or live in the temporarily occupied territories.

The second largest item of social spending is the programme of social protection for citizens in difficult life circumstances. The government plans to spend UAH 80.8 billion on this programme in 2025.

Expenditures to finance veterans' policy measures are to be reduced by 57.3% – from UAH 13.5 billion in 2024 to just UAH 5.8 billion in 2025. According to the Accounting Chamber of Ukraine, the state used only UAH 3.4 billion of relevant funds in the first six months of 2024, while the implementation rate of these programmes in the first eight months of 2024 was only 17.7%. Therefore, the goal of the new veterans' policy will be to move away from preferential lifetime support for war veterans, persons with meritorious services to the Motherland, family members of such persons and families of deceased war veterans towards a system of motivation and self-realisation in civilian life by creating opportunities to meet the needs of war veterans through budget programmes.

The main social indicators in the budget have not been changed, and the entire social part of the draft State Budget for 2025, as in previous years, is based on a significantly lower subsistence level:

- ✓ minimum wage – UAH 8,000;
- ✓ subsistence minimum (general) – UAH 2,920;
- ✓ subsistence minimum for able-bodied persons – UAH 3,028

- ✓ subsistence minimum for people who have lost their ability to work – UAH 2,361.

The average monthly salary is projected to be over UAH 24 thousand.

The government has left «special» subsistence minimums in the 2025 budget. In particular, the one used to determine the salary of judges and civil servants (UAH 2,102) and the one used to determine compensation to pensioners who have won court cases against the state regarding additional payments for [living in the Chernobyl zone](#) (UAH 1,600).

Thus, the government proposes to «freeze» both the subsistence minimum for the next year and the size of state social guarantees in remuneration, despite the projected CPI increase 9.5% (December-to-December), thus failing to provide even partial compensation for the inflationary depreciation of the basic state social standard that is used to determine state social guarantees and standards in income, housing and utilities, consumer services, social protection, culture, healthcare and education.

This only reinforces the long-standing problem of the discrepancy between the subsistence minimum and its actual size, which reflects the real cost of food, non-food products and services designed to ensure the normal functioning of an individual, preserve health, and meet his or her basic social and cultural needs.

Therefore, failure of the basic state social standard to perform its main function as a social landmark in the face of a steadily rising inflation under martial law will worsen people's

According to the Ministry of Social Policy, the [actual subsistence minimum](#) in August 2024 prices per month per person, as well as for persons belonging to the main social and demographic groups, was as follows:

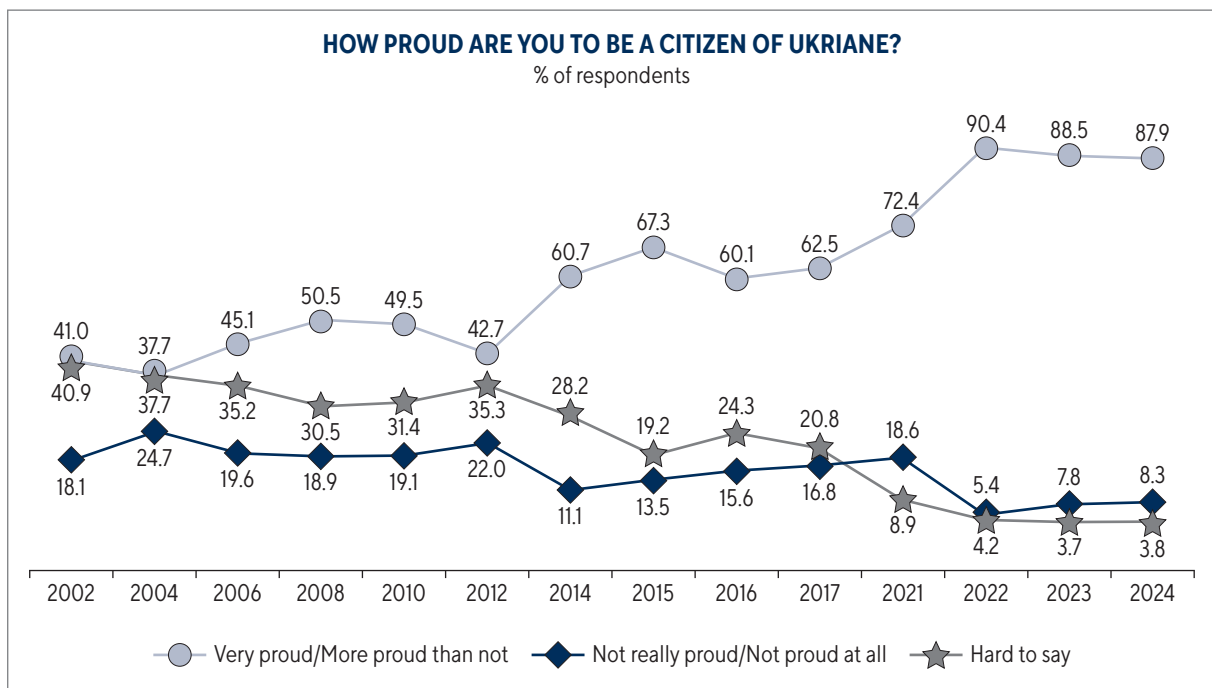
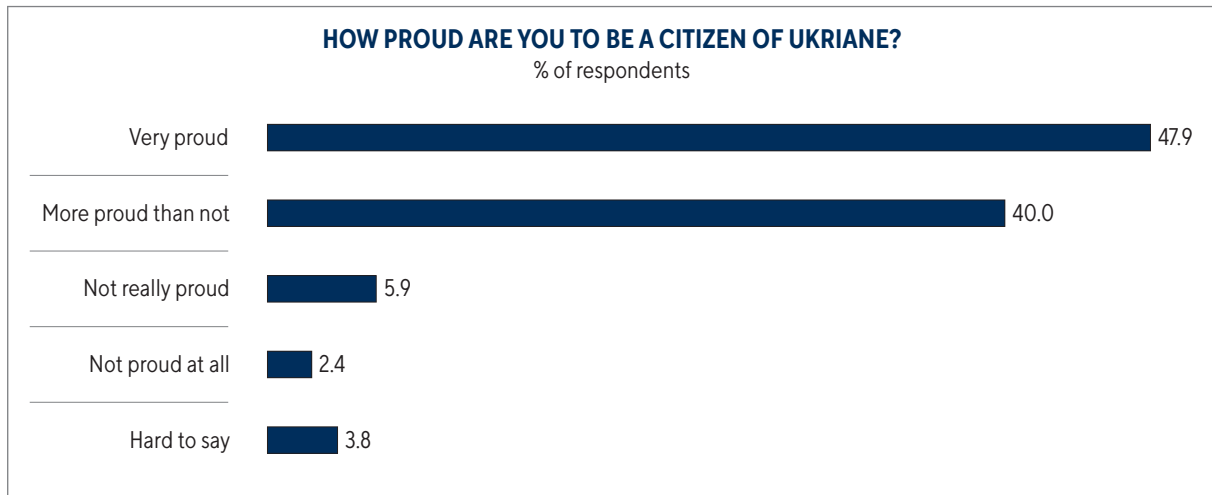
- ✓ one person – UAH 6,921.38 (UAH 7,922.57 including mandatory payments);
- ✓ a child under 6 – UAH 6,244.66;
- ✓ a child aged 6 to 18 – UAH 7,816.54;
- ✓ an able-bodied person – UAH 7,213.11 (UAH 8,960.39 including mandatory payments);
- ✓ a person who has lost ability to work – UAH 5,905.47.

socio-economic situation, contributing to increased migration sentiment among the public.

It is the low level of income as one of the components of the Human Development Index (HDI) that has the strongest negative impact on Ukraine's position in the global ranking of countries and territories by HDI. Freezing of social standards in the face of a significant rise in the price of consumer goods and services will hardly improve the situation in the consumer market. As a result, the lack of adequate consumer demand will not contribute to the country's economic recovery and GDP growth.

At the same time, despite unprecedented challenges facing Ukraine, its economy and social sphere demonstrate significant potential for adaptation to new conditions and maintain recovery growth even in times of war. And a key factor here is macro-financial stability, which is ensured by both the government's prudent actions and the systematic support of Ukraine's foreign partners.

VI. CITIZENS' OPINIONS ABOUT CURRENT ISSUES¹

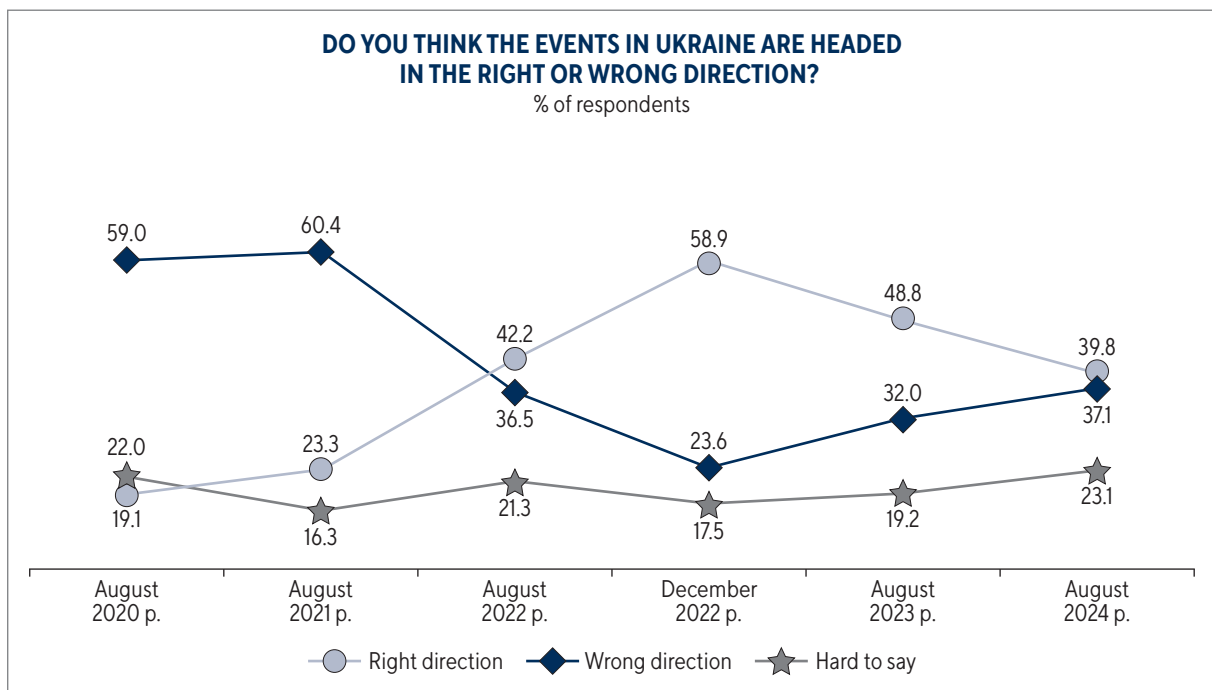
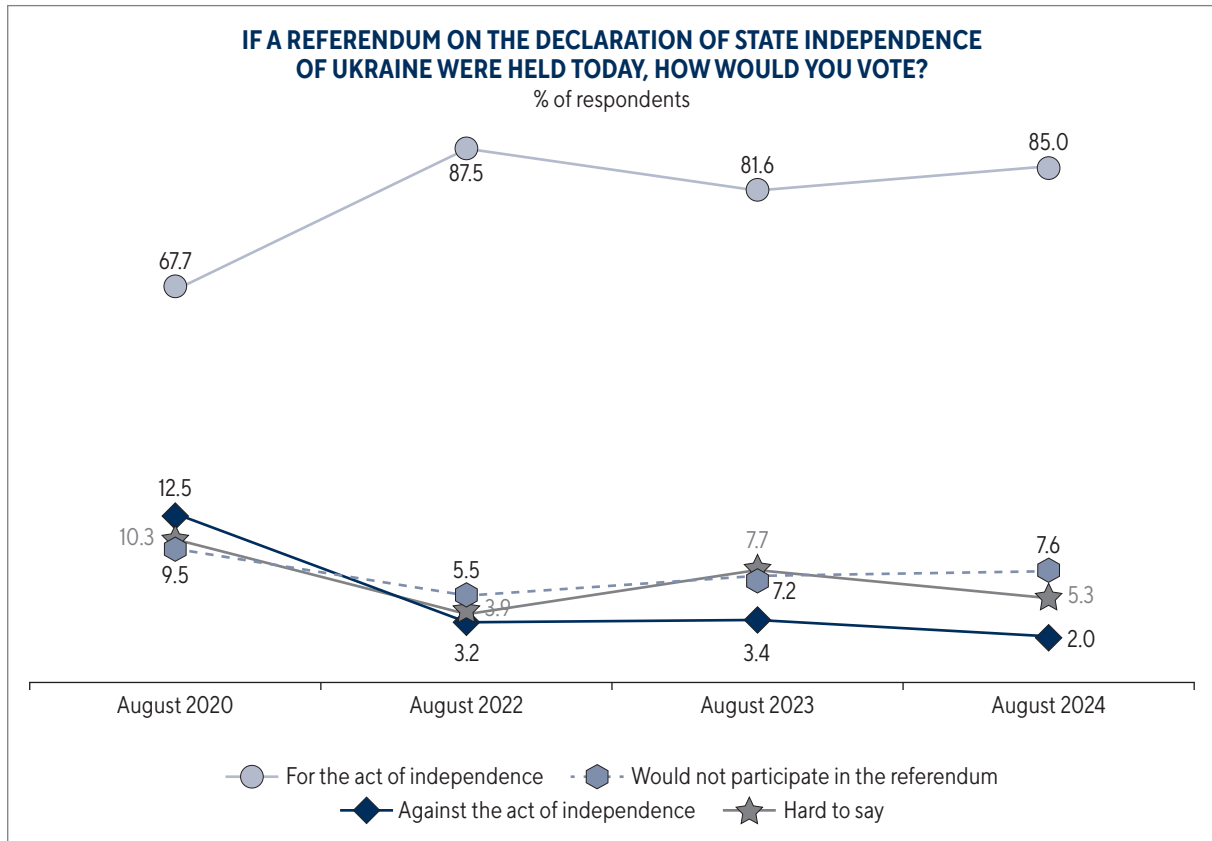


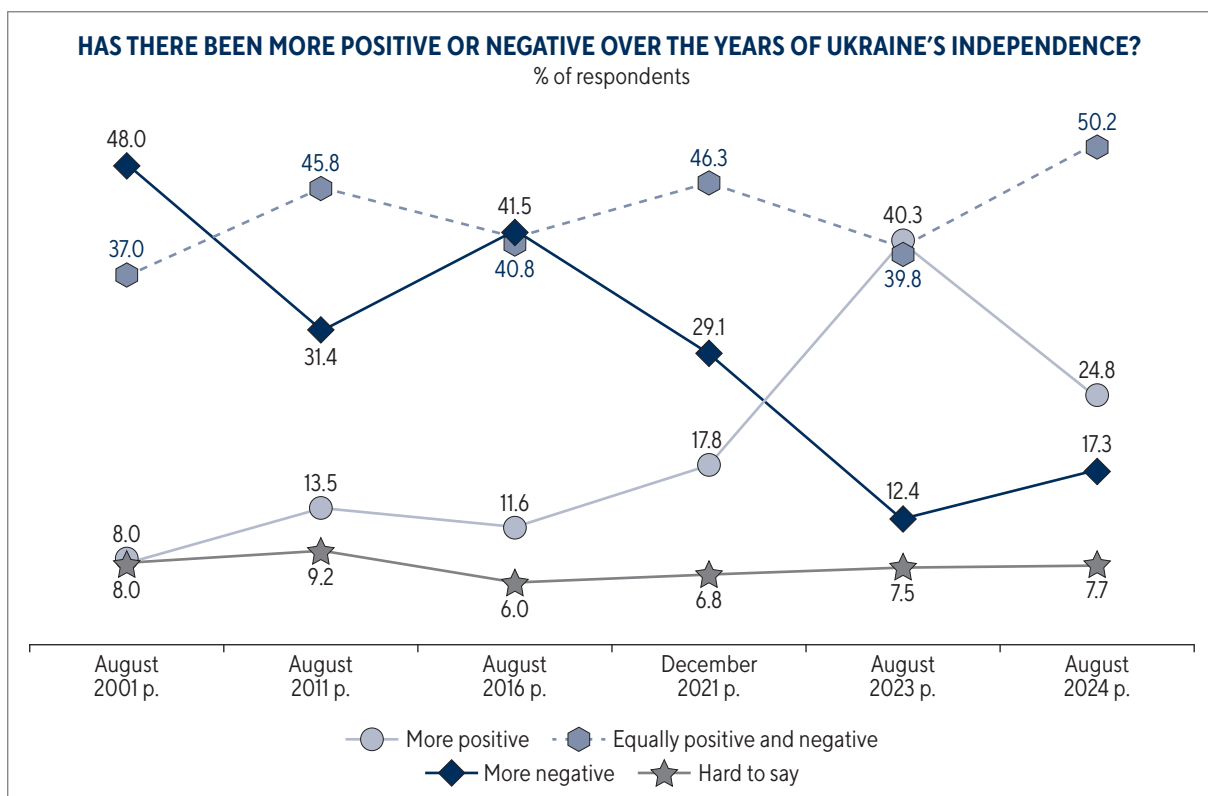
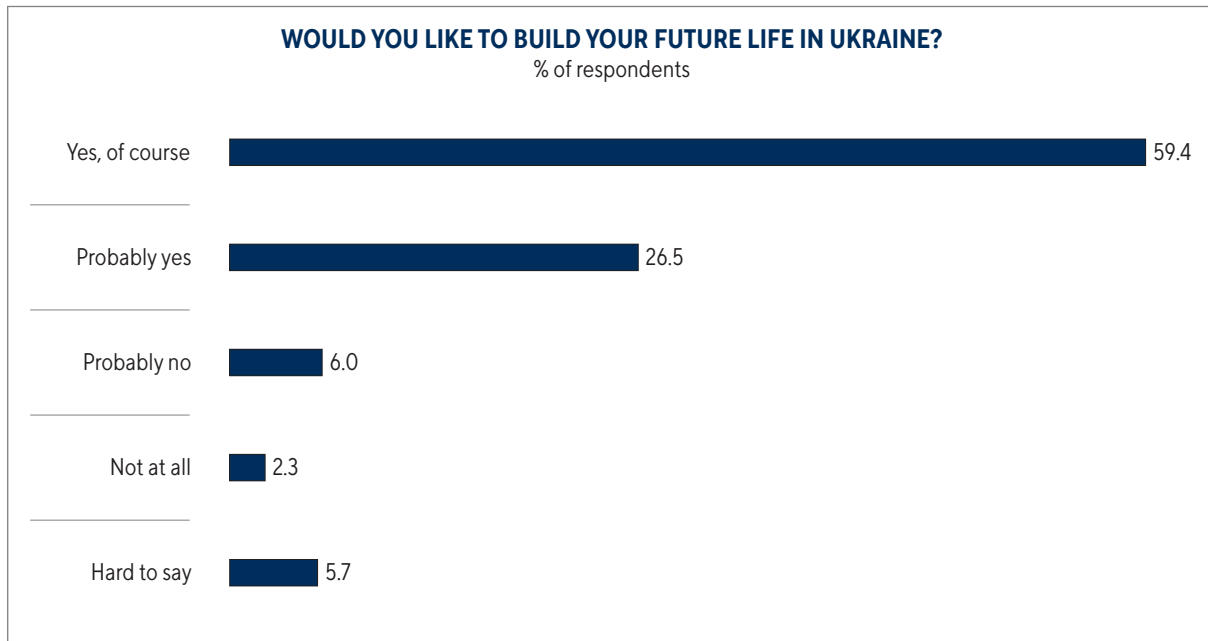
¹ Results of a nationwide sociological survey conducted by the Ilko Kucheriv Democratic Initiatives Foundation in collaboration with the Razumkov Centre's sociological service on 8-15 August 2024.

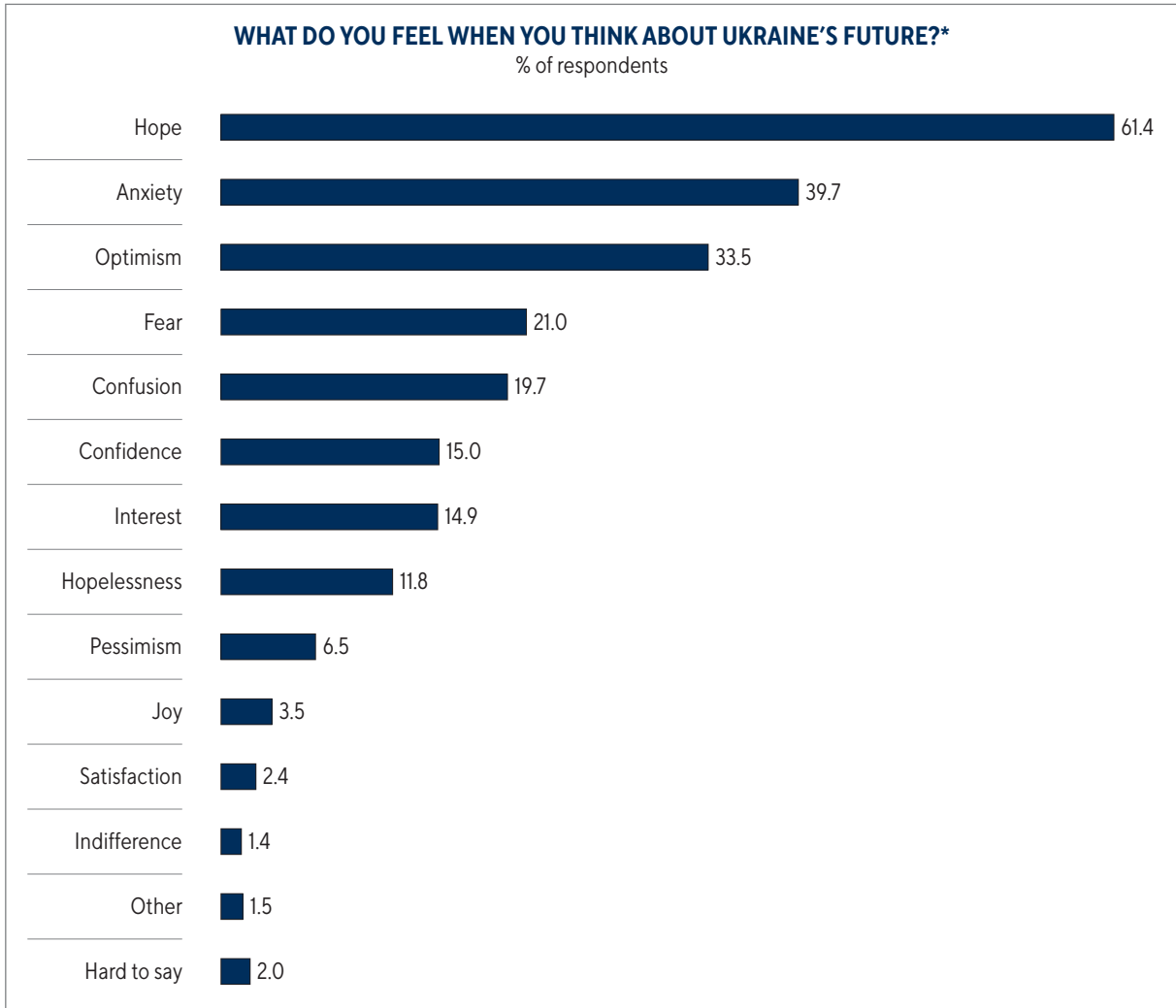
The face-to-face survey was conducted in Vinnytsia, Volyn, Dnipropetrovsk, Zhytomyr, Zakarpattia, Zaporizhzhia, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Mykolaiv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Kherson, Khmelnytskyi, Cherkasy, Chernihiv, Chernivtsi oblasts and the city of Kyiv (the survey 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).

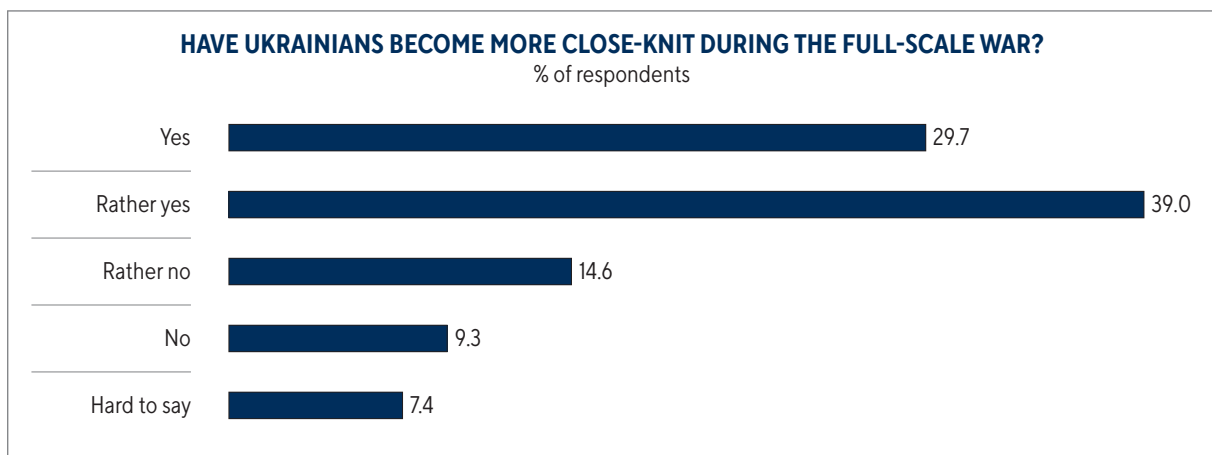
A total of 2,017 respondents aged 18+ were interviewed. The theoretical sampling error does not exceed 2.3%. Additional systematic sampling deviations may be caused by the effects of Russian aggression, in particular, the forced evacuation of millions of citizens.







* Respondents could choose several options.



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