



**USAID**  
FROM THE AMERICAN PEOPLE



building  
local  
promise.



**Razumkov**  
centre

# UKRAINE: FROM WAR TO PEACE AND RECOVERY

Analytical Assessments  
December 2023



# I.

## NATIONAL SECURITY AND DEFENCE: KEY DEVELOPMENTS, PROCESSES, TRENDS

In December 2023, the situation in the combat zone did not change much compared to the previous month. Despite the Ukrainian forces' transition to active defence along almost the entire front line and intensification of Russian assault operations and their local successes in many areas, there is currently no evidence of Russia gaining the strategic initiative and, accordingly, posing an immediate threat of a large-scale offensive.

The issue of mobilisation is becoming increasingly important. For a long time, Ukraine's political leadership avoided to publicly acknowledge the scale of the problem, shifting responsibility to the military, and finally introduced a relevant draft law to address it in late December. Despite proposing a number of innovations intended to improve the situation with mobilisation, the government's draft law also has signs of infringing on the citizens' constitutional rights or carrying corruption risks.

Public and political discussions surrounding the US Congress's decision to provide assistance to Ukraine highlights the significance of reliable and predictable foreign aid as a key factor in influencing further course of the war.

### COMBAT ACTION

In December 2023, the Armed Forces of Ukraine were primarily focused on active defence, which included not only defending their positions, but also counterattacking and manoeuvring to deter and exhaust the enemy. The shift to strategic defence was due to several objective factors, primarily the lack of capabilities (human and material reserves) to sustain offensive actions.

During December, Russian forces maintained intense assaults along most of the front line, managing to regain some lost positions or

capture new ones in some areas. However, these territorial gains were limited in scope, while Russians' tactical successes were not enough for further operational-level offensives. Even in the critical area of Avdiivka, the Russian troops failed to achieve their objectives within the timeframe set by the Kremlin, which, according to reputable foreign experts, is evidence of the Russian military command's failure to plan and execute large-scale offensive operations. Despite the obvious intention to launch an offensive, the Russian military and political leadership referred to actions of its troops as «strategic defence», acknowledging their lack of desired outcomes.

In late December and early January, Russia resumed its large-scale air attacks on Ukraine, using a full set of long-range weapons and targeting defence industry and military infrastructure facilities – unlike the massive bombardment of energy system last autumn and winter. The attack on a number of defence companies on 29 December – although not officially confirmed – highlights the need for protecting sensitive information during the war. It was discovered that information on contractors and contracts of state-owned defence companies could be found in the public domain, and that too many law enforcement and regulatory authorities had access to the enterprises themselves.

On 30 December, the day after the massive attack on Ukraine, the Russian city of Belgorod sustained a strike with civilian casualties and damage to civilian objects due to falling debris from air targets shot down by the Russian military and from Russian air defence missiles. In contrast to previous silencing of attacks on its territory, this time the Russian leadership gave maximum publicity to the incident, particularly focusing on the number of civilian casualties. Such a reaction, along with the large number of casualties and

destruction, may have been an attempt to divert international attention away from Russia's own actions the day before and justify the subsequent massive attacks on Ukrainian territory as «retaliatory strikes». It is worth noting that rockets fired at Kharkiv and other settlements in the Kharkiv region come from Belgorod and adjacent areas, as stated by Belgorod governor Vyacheslav Gladkov on multiple occasions.

As for Ukraine, the strikes on Belgorod probably did not reach their intended military objectives but could have significant military and political consequences, expected or unexpected. In particular, the increased Russian rhetoric about the need to create a buffer zone east of Belgorod may prompt the Kremlin to reconsider priorities of the winter-spring offensive campaign, potentially intensifying offensive efforts in the Kharkiv sector.

On 12 December, the Russians carried out perhaps the most dramatic cyberattack since the full-scale invasion targeting Kyivstar, one of Ukraine's largest mobile phone operators. This resulted in 24 million individual users losing communication, and in disruption of relevant services reliant on the mobile network, including air threat warning systems.

Despite Kyivstar's quite serious efforts in cybersecurity, they cannot provide absolute security guarantees against threats from hackers sponsored by the aggressor state. According to the Security Service of Ukraine, the attack was carried out by the Solntsepyok group of the Russian GRU's Sandworm cyber unit, known for numerous large-scale cyberattacks on a global scale, including the 2017 NotPetya attack.

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

The problem of mobilisation as the main mechanism for meeting the Defence Forces' human resource needs during the war has become even more urgent. As previously reported, the MoD approved a new Concept of Military Personnel Policy and introduced innovative projects with recruiting agencies

(TheLobbyx.com, Work.ua, Robotua.ua, Olx.ua) that are posting vacancies for free and conducting the information and advertising campaigns at their own expense. It is still unclear whether this innovative approach will be successful, but recruitment alone is a parallel process to mobilisation and is unlikely to meet the army's quantitative needs.

Although the problem of mobilisation has been critical since at least in mid-2023, Ukraine's political leadership tried to distance itself from making unpopular decisions and shift responsibility onto the military. Finally, in December, the government prepared a draft law «On Amendments to Some Legislative Acts of Ukraine on Improving Certain Issues of Mobilisation, Military Registration and Military Service» on an emergency basis. The draft law provides, in particular:

- ✓ lowering the upper limit of the conscription age from 27 to 25 years;
- ✓ clarifying the responsibilities (strengthening responsibility) of Ukrainian citizens with regard to mobilisation training and mobilisation;
- ✓ clarifying the grounds for granting deferment and exemption from military service during mobilisation, in particular, deprivation of the right to deferment for civil servants, officers of the Bureau of Economic Security of Ukraine, the State Executive Service of Ukraine and the prosecutor's office;
- ✓ specifying the grounds for discharge from military service;
- ✓ cancelling conscript service and introducing basic general military training for up to 3 months for all citizens aged 18 to 25;
- ✓ limiting the rights of Ukrainian citizens who evade military registration and military service.

The official announcements of the above draft law followed by its publication caused a significant public outcry and sharp criticism



of certain provisions that violate the constitutional rights of citizens or create corruption risks.

### **FOREIGN EVENTS (EXTERNAL FACTORS)**

As of late December, after several weeks of tense debate, US lawmakers failed to reach an agreement on aid for Ukraine, Israel and Taiwan due to disagreements over changes to immigration legislation. This internal political struggle not only jeopardised Ukraine's prospects for support in the coming months, but also sent a strong signal to Kyiv and the rest of Europe that similar situations are likely to recur as the US presidential election approaches, not to mention the risks of a change in White House policy after the election.

The European Union is also facing problems with allocating aid to Ukraine, as the Hungarian Prime Minister is blocking €50 billion in aid for the next four years.

The conflict between Israel and Hamas remained at the top of international agenda and, accordingly, a powerful factor influencing the Russia-Ukraine war. As noted above, the

US aid packages for Ukraine and Israel have been combined, increasing chances of a positive decision, but also illustrating the competition between the two main recipients of aid from a single source.

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

- ✓ as of the end of December 2023, the intensity of fighting remained high, but the overall situation in the theatre of operations did not change much to indicate that either side has a strategic initiative;
- ✓ intensification of internal Russian rhetoric about the need in a buffer zone east of Belgorod may prompt the Kremlin to reconsider the priorities of the winter-spring offensive campaign;
- ✓ the situation with decision-making around US aid is a powerful signal of tricky prospects for external financial and military-technical support;
- ✓ the problem of mobilisation requires urgent solution.



# FOREIGN POLICY

Ukraine's foreign policy picture in December 2023 included both optimistic trends and dangerous challenges of varying degree, the minimisation of which being the key task of national diplomacy in the coming year. The European Council's decision to launch EU membership talks with Ukraine was undoubtedly the key event. At the same time, controversial internal processes in partner countries (the US and EU) and escalating conflict in the world against the backdrop of the ongoing war in Ukraine imply a more problematic and challenging year of 2024 for national diplomacy.

## INTERNATIONAL PROCESSES AND EVENTS

Given the complex dynamics in key external areas, Ukrainian diplomacy increasingly focuses on preventing a decline in international support and solidarity, ensuring long-term security, financial and economic guarantees from allied states, and strengthening Ukraine's own capacity to resist Russian intervention.

### *International processes*

The end of the year brought a dangerous «pause» in security and financial support from the US and the EU for Ukraine. In particular, unfavourable trends continued on the crucial American direction. On 7 December, the Ukraine, Israel, and Taiwan assistance bill failed to pass a procedural vote in the US Senate, delaying additional funding for Ukraine until January 2024. This could make military aid to Ukraine a tool for domestic political confrontation in the United States as the presidential election approaches.

The temporary slowdown in US support for Kyiv, along with Hungary's blocking of the EU financial aid package, is a negative signal to Ukraine's allies and, conversely, an incentive for the aggressor to become more active, which was observed in December.

The ongoing conflict in the Middle East is another unfavourable geopolitical

factor for Ukraine because it distracts the attention and resources of Ukraine's strategic partners – the US, EU, and NATO; increases political instability and conflict in the EU; and deepens disagreements among countries, particularly in the Global South, on whose support Ukraine counts. The collective West's assistance to Israel and support for its actions in the Gaza Strip is ambiguous and, in some cases, negatively perceived by some Arab and African countries.

Additionally, Ukraine faces problems with neighbouring EU member states. In December, carriers from Poland, Slovakia, and Hungary continued to blockade the borders with Ukraine. For example, in the second half of December, a queue of about 4,000 trucks accumulated at the Ukrainian-Polish border alone. Embargoes on exports of Ukrainian agricultural products by Romania, Poland, Slovakia, Hungary, and others is still on the agenda. In view of the approaching EU membership negotiations, Kyiv seeks to avoid any aggravation by trying to find compromise solutions, but it is already obvious that agriculture and transport will be the subject of a difficult dialogue with the neighbours in the negotiation process.

### *Foreign policy events*

The following Ukraine-related external events in December deserve attention:

**On 6 December**, the G7 leaders met virtually and adopted a joint statement containing important provisions for Ukraine. In particular, the G7 states announced their intention to step up sanctions pressure on the aggressor, supported the Ukrainian Peace Formula, confirmed long-term military and financial assistance to Kyiv and readiness to conclude relevant agreements with Ukraine, and agreed to introduce mechanisms to compensate Ukraine for losses at the expense of Russia.

**On 30 November-13 December**, Ukraine participated in the COP28 UN Climate Change

Conference, signing memoranda of cooperation with South Korea, the United Kingdom and Bulgaria, and joined four international declarations and agreements on climate issues. At the Conference, the Ukrainian delegation also presented the AGRESSOR REFUNDS initiative, which aims to develop a mechanism for making the aggressor compensate for environmental and climate damage caused by the armed conflict.

**On 14 December**, the European Council summit adopted a historic decision to launch EU membership talks with Ukraine and Moldova and to grant Georgia candidate status. This decision, while kicking off the final stage of European integration, is significant for Ukraine in political, social, economic and moral terms, although the issue of Viktor Orban's veto on a €50 billion assistance package for Ukraine remains a challenge because of the consensus mechanism for opening and closing certain chapters of the negotiation process. With this in mind, Ukraine already began preparing for the high-level talks with Hungary in December.

In December, the processes of Russia's political isolation in international organisations continued, as it was not elected to the Governing Council of the Organisation for the Prohibition of Chemical Weapons for the first time; it was excluded from the Council of the International Maritime Organisation (UN agency); it had its membership in the Danube Commission revoked due to missile attacks in the Lower Danube region; and faced a massive diplomatic demarche at the OSCE December meeting.

Throughout December, several allied countries announced «winter» packages of military, financial, economic and humanitarian assistance to Ukraine, including the United States (\$250 million), the United Kingdom (£37 million), Japan (\$950 million), Sweden (€120 million), Finland (€106 million), Germany and other European countries.

## FOREIGN POLICY ACTIVITIES OF UKRAINIAN GOVERNMENT

### *Political dialogue with foreign partners*

In December, Kyiv's diplomatic efforts mainly focused on three key areas. *First*, Ukraine tried to minimise the aforementioned

issues with the approval of the US military and financial assistance by sending a delegation to the United States in early December. The Speaker Ruslan Stefanchuk, Minister of Defence Rustem Umerov, Head of the Presidential Office Andriy Yermak held a series of meetings and talks with various government officials, civil society activists, etc. On 7 December, the Defence Industrial Base Conference was held in Washington, D.C., after which Ukraine and the US signed a Memorandum on Co-Production and Technical Data Exchange. On 12 December, President Zelenskyy met with President Biden. Mr Zelenskyy also held talks with members of the US political and military establishment, as well as with the IMF and the World Bank leadership. The Ukrainian president's visit to the United States was important for advancing the Kyiv-Washington partnership, but it failed to lobby for accelerated support for Ukraine.

*Second*, Ukraine's activities on the European direction were also noticeable, particularly on the eve of the European Council summit. High-level talks and consultations were held with the leaders of France, Italy, Germany, the United Kingdom, Bulgaria, Estonia, Slovakia, Hungary, and others. On 13 December, during the second Nordic-Ukrainian summit in Finland, President Zelenskyy met with the President of Finland, the Prime Ministers of Sweden, Norway, Denmark and Iceland. The next day, he spoke at the European Council summit.

*Third*, Ukraine tried to strengthen its position around the world. In this context, President Zelenskyy's visit to Argentina to attend the inauguration of the newly elected President Javier Milei was particularly positive. As part of this visit, the Ukrainian president met his counterparts from Ecuador (Daniel Noboa), Uruguay (Luis Lacalle Pou), Paraguay (Santiago Peña), and the Prime Minister of Cape Verde (Jose Ulisses Correia e Silva).

### *Promotion of Ukrainian interests and initiatives globally*

On 22 December, the President of Ukraine, while addressing members of the diplomatic service, outlined the country's main foreign policy objectives, namely a) accelerating European and Euro-Atlantic integration; b) implementing the Ukrainian Peace Formula; c) creating a new architecture of security guarantees for Ukraine;

d) ensuring long-term external support for Ukraine; e) strengthening sanctions against the aggressor and confiscating Russian assets; f) strengthening the national defence complex; and g) expanding Ukraine's presence in the EU.

To prepare for the 4<sup>th</sup> meeting of national security and foreign policy advisers under the Peace Formula, Kyiv hosted a discussion of formula's Point 10 with representatives of 83 states and 3 international organisations.

Ukraine also intensified negotiations with its allies on security commitments agreements within the G7 Vilnius Declaration. Rounds of consultations were held with Germany and the United Kingdom. On 5 December, a similar process was launched with the EU delegation.

Furthermore, Ukraine sought to institutionalise international support in combating the illegal deportation of Ukrainian children by the aggressor. On 8 December, Kyiv hosted the first meeting of the Coalition of Countries for Return of Ukrainian Children, which was attended by representatives from 72 partner countries and international organisations.

#### **UKRAINE'S STEPS TOWARDS THE EU: EVENTS AND TRENDS**

December 2023 was a significant month for Ukraine in terms of European integration. The country engaged in intensive diplomacy, with Foreign Minister Dmytro Kuleba noting that it was the most active period since the full-scale invasion began. The launch of EU membership talks was a key topic of Kyiv's high-level dialogue with leaders of European countries and institutions.

Meanwhile, several important European integration laws entered into force on 8 December, which, in particular, improve staffing of the National Anti-Corruption Bureau; grant special status to the Special Anti-Corruption Prosecutor's Office in the system of prosecutors; expand the functions and powers of the National Agency on Corruption Prevention; and amend laws on the rights of national minorities, taking into account the Venice Commission's proposals. Furthermore, the government prepared a draft law on lobbying, aligning with the European Commission's recommendations.

The EU's decision to launch accession negotiations with Ukraine is undoubtedly of historic importance, especially in the face of Russian aggression. Following the March 2024 inter-ministerial conference setting the terms of negotiations, Ukraine will enter a complex and lengthy stage of European integration, which will require coordinated efforts of both government and society.

**With its significant achievements and challenges for Ukraine, December 2023 reflects the peculiarities of the current difficult and lengthy confrontation with Russia, including on the diplomatic front. After its «breakthrough» on the European integration path, Ukraine is now facing a possible slowdown and restriction of critical external military and financial assistance, against the backdrop of intensified actions by the aggressor. In response, Ukraine's national diplomacy should adapt to a long-term regime of countering aggression, develop new approaches to maintain the support of the allies, and strengthen Ukraine's defence capabilities in anticipation of a long and exhausting war.**



# CONSTITUTIONAL AND LEGAL FIELD

## LEGISLATION

1.1. In early December, the lawmakers «promptly» addressed several additional recommendations of the European Commission to improve national legislation in fulfilling the Commission's requirements articulated when granting the EU candidate status to Ukraine. After all, noting «Kyiv's important progress under the seven steps set out in the European Commission's opinion of June 2022 <... >, the Commission recommends that the Council opens accession negotiations with Ukraine. Furthermore, the Commission recommends that the Council adopts the negotiating framework once Ukraine has: enacted a law proposed by the government increasing the staffing cap for the National Anti-Corruption Bureau of Ukraine; removed from the law on corruption prevention the provisions restricting the NACP's powers to continued verification of assets that have already undergone the verification process and limiting the NACP's powers to verify property acquired by declarants before joining the public service, without prejudice to the rules applying to national security during wartime; enacted a law regulating lobbying in line with European standards, as part of the anti-oligarch action plan; and enacted a law addressing the remaining Venice Commission recommendations from June 2023 and October 2023 linked to the law on national minorities, also addressing the Venice Commission recommendations linked to the laws on state language, media and education».

That is why the Ukrainian parliament adopted the Laws «On Amendments to Article 5 of the Law of Ukraine 'On the National Anti-Corruption Bureau of Ukraine' concerning Strengthening the Institutional Capacity of the National Anti-Corruption Bureau of Ukraine», «On Amendments to the Law of Ukraine 'On Prevention of Corruption' concerning Bringing Certain Provisions in Line with the Conclusions of the European Commission on Ukraine», «On Amendments

to the Criminal Procedure Code of Ukraine and Other Legislative Acts of Ukraine concerning Strengthening the Independence of the Specialised Anti-Corruption Prosecutor's Office», and «On Amendments to Certain Laws of Ukraine concerning the Consideration of the Expert Assessment of the Council of Europe and its Bodies on the Rights of National Minorities (Communities) in Specific Spheres».

1.2. Therefore, Law of Ukraine «On Amendments to Article 5 of the Law of Ukraine 'On the National Anti-Corruption Bureau of Ukraine' concerning Strengthening the Institutional Capacity of the National Anti-Corruption Bureau of Ukraine» increased the staffing cap of NABU's central and territorial units from 700 to 1,000. The law sets a clear procedure for a gradual increase in the NABU staff size, namely from 1 January 2024 – by 100 people, including 10 civil servants; from 1 January 2025 – by 100 people, including 20 civil servants; from 1 January 2026 – by 100 people, including 20 civil servants. All this should not only build the NABU's human resources, but also significantly improve its effectiveness both at the stage of prevention, detection or suppression of corruption and other criminal offences, and later, during their investigation and disclosure.

1.3. The Law of Ukraine «On Amendments to the Law of Ukraine 'On Prevention of Corruption' concerning Bringing Certain Provisions in Line with the Conclusions of the European Commission on Ukraine» stipulates that «a full verification of the declaration shall be carried out in respect of the objects of declaration not covered by the full verification of the declarations of the respective declarant for previous periods, except when the NACP has received new information about the object that was verified, or when there are new sources of information that were not known or available to the NACP during the previous full verification». The latter essentially means that MPs have removed earlier restrictions



on the NACP's powers to verify assets that have already undergone the verification process and to verify property acquired by declarants before joining the public service.

1.4. The Law of Ukraine «On Amendments to the Criminal Procedure Code of Ukraine and Other Legislative Acts of Ukraine concerning Strengthening the Independence of the Specialised Anti-Corruption Prosecutor's Office» granted this agency (SAPO) the status of a separate legal entity, effectively independent of the Office of the Prosecutor General, and introduced significant changes to the procedure for competitive selection of the Head of the SAPO, his/her deputies and prosecutors. In addition, the Head of the SAPO is included in the list of officials with an access to state secrets of all levels of secrecy, and is allowed to independently determine the structure, staff and organisation of the SAPO. The same amendments define the mechanism of accountability of the SAPO leadership and the agency's periodic audit with the involvement of international experts.

1.5. The Law of Ukraine «On Amendments to Certain Laws of Ukraine concerning the Consideration of the Expert Assessment of the Council of Europe and its Bodies on the Rights of National Minorities (Communities) in Specific Spheres» amends the Laws «On Local Self-Government in Ukraine», «On Higher Education», «On Education», «On Ensuring the Functioning of the Ukrainian Language as a State Language», «On Comprehensive General Secondary Education», «On National Minorities (Communities) of Ukraine» and «On Media». In particular, private educational institutions are effectively granted the right to freely choose the language of instruction, which can be one or more official languages of the EU. This means teaching one, several or all disciplines, performing individual tasks and conducting assessments in the language of a national minority, while ensuring that individuals studying in such institutions also study Ukrainian as a distinct academic discipline. Persons belonging to the national minorities of Ukraine, whose languages are official languages of the EU, and who started general secondary education before 1 September 2018 in their own language have the right to continue receiving such education until they complete their full general secondary education. Outside education, the amendments also allow for the distribution of

election campaign materials in the languages of the respective indigenous peoples and national minorities, which must be duplicated in Ukrainian, the conduct of other public activities, the use of languages of national minorities and indigenous peoples on television, etc.

Despite several well-founded comments to these laws, both methodological and substantive, their adoption by the Verkhovna Rada on 8 December 2023 is clearly positive, in particular in terms of compliance with the constitutional provision on the irreversibility of Ukraine's European and Euro-Atlantic course. The latter can be partially confirmed by the European Council's decision to start Ukraine's EU membership negotiations, passed in the wake of these laws.

2. In December, the lawmakers traditionally focused on improving the legal regulation of the activities of public authorities under martial law, ensuring and protecting human rights, and strengthening the fight against corruption. The parliament adopted the Laws «On Amendments to Certain Laws of Ukraine on Certain Issues of the National Bank of Ukraine», «On Amendments to Certain Legislative Acts of Ukraine on the Assignment and Payment of One-time Financial Assistance», «On Amendments to Certain Legislative Acts of Ukraine on Ensuring the Construction and Operation of the National Military Memorial Cemetery», «On Amendments to the Criminal and Criminal Procedure Codes of Ukraine on Criminalisation of Smuggling of Goods».

Thus, according to the Law «On Amendments to Certain Laws of Ukraine on Certain Issues of the National Bank of Ukraine», the NBU has the authority is entitled to transfer property acquired as payment of the debt on loans granted to banks to maintain liquidity in the ownership of the Ministry of Defence of Ukraine «to meet the needs of the state in repelling the armed aggression of the Russian Federation against Ukraine» and in accordance with the procedure established by the Cabinet of Ministers. At the same time, after the termination or cancellation of martial law, the procedure for the transfer of such property by the NBU, which was initiated during the period of martial law, shall be completed in line with the legislation in force during the period of martial law. The Law «On Amendments

to Certain Legislative Acts of Ukraine on the Assignment and Payment of One-time Financial Assistance» significantly improved the legal regulation of the rights and legitimate interests of privates and officers of the civil protection service. From now on, they have the right to «draw up a personal order in writing in any form in case of their death to pay a one-time financial assistance to a person(s) of their choice, determining the amount of the share of such persons in percentage (the so-called personal order)». The authenticity of signatures on such personal orders can be certified by both the head of the civil protection unit and a notary.

At the same time, not all legislative innovations have found unanimous «understanding» in both the professional and expert communities. The latter partly concerns the so-called criminalisation of liability for smuggling.

3. The practical implementation of the Law «On Amendments to the Law of Ukraine 'On the Judiciary and the Status of Judges' and Certain Legislative Acts of Ukraine on Improving the Procedures for Judicial Career» adopted in December may become a tangible step towards overcoming the staffing crisis in the courts. This act introduced a number of much-needed amendments and additions to the basic law on the judiciary, including a new version of its section «Procedures for Taking on the Position of Judge». The legislative innovations not only «streamline» the requirements for the position of judge, the selection procedure, the organisation of the competition and the procedure for the appointment of a judge, but also detail the procedure for transferring a judge to another court. The lawmakers also tried to define such difficult categories as competence and integrity: «a candidate for the position of a judge meets the integrity criterion if there are

no reasonable doubts about his/her independence, honesty, impartiality, incorruptibility, good faith, compliance with ethical standards, impeccable behaviour in professional and personal life, as well as legality of the sources of his/her property, the compliance of the standard of living of the candidate for the position of a judge or his/her family members with the declared income, the compliance of the candidate's lifestyle with his/her previous status». In turn, the direct selection for the position of a judge of the local court must necessarily include the following independent stages: 1) announcement of the selection for the position of a judge; 2) submission of applications and documents by persons who have expressed their intention to become a judge to participate in the selection for the position of a judge; 3) admission to participate in the selection for the position of a judge; 4) passing the qualification exam; 5) conducting a special check provided for by law; 6) checking personal moral and psychological qualities of candidates for the position of a judge (if the High Qualification Commission of Judges of Ukraine determines such a need); 7) approving the rating of candidates for the position of a judge; 8) enrolling candidates for the position of a judge in the reserve for vacant positions of judges.

In the meantime, the above law did not resolve and in some respects even aggravated the pre-existing «flaws and shortcomings» in the legal regulation of the organisation and operation of such important entities as the High Council of Justice, the High Qualification Commission of Judges and the Public Integrity Council. An illustration of the latter is the de facto entrenchment of inequality in the approach to remuneration for the same work between different members of both the High Council of Justice and the High Qualification Commission of Judges.

# IV. ECONOMY

## DECISIONS

---

On 14 December, EU leaders in Brussels approved the European Commission's recommendations to open negotiations on Ukraine and Moldova's accession to the EU. This decision is crucial for both Europe and Ukraine, especially since Ukraine's aspiration to become a member of the Euro-Atlantic community is enshrined in the Constitution. The hope is that this decision will incentivise international institutions to provide strategic support to Ukraine.

On 11 December, the IMF Executive Board approved the Second Review of the Extended Fund Facility programme, paving the way for the transfer of the third tranche of up to \$900 million to the Ukrainian government.

Earlier, the IMF acknowledged that Ukraine had met all quantitative criteria for the programme's effectiveness by the end of September. Furthermore, it had fulfilled most of the structural benchmarks. As a reminder, Ukraine is obligated to meet 19 structural benchmarks under the \$15.6 billion cooperation programme with the IMF.

The IMF press service has also reported that the moratorium on Ukraine's external debt repayment will remain in effect until 2027. The moratorium of official creditors will end with the completion of the IMF programme (2027), while the moratorium of private creditors is expected to end in August 2024. Earlier, Ukraine was allowed to postpone debt repayment by the decision of the Group of Creditors, which includes all G7 countries.

Meanwhile, Ukraine has imitated discussions with foreign bondholders ahead of schedule on restructuring its \$20 billion debt repayments, which is necessary to attract new financing.

Furthermore, on 21 December, Ukraine's Minister of Finance signed amendments to

the Memorandum of Understanding on the suspension of official debt payments with a group of Ukraine's official creditors from the G7 and the Paris Club. The signatories included the governments of Canada, France, Germany, Japan, the United Kingdom and the United States.

This extension of the Memorandum until the end of March 2027 aligns with the conclusion of the current IMF programme (EFF). The extension is expected to alleviate the burden on the budget and preserve foreign currency liquidity for social spending. It is worth noting that this voluntary suspension of debt repayment is part of a \$122 billion package of international support provided by Ukraine's partners.

Preserving financial resources has become increasingly important, particularly due to some uncertainty about future partner assistance. This includes ensuring that Ukraine's external private creditors have the most acceptable debt regime until the expiration of the debt suspension granted by them in August 2022.

Meanwhile, Ukraine is facing growing risks of undesirable restrictions on trade with the EU. For example, the Polish Commissioner plans to demand certain limitations on Ukrainian agricultural products through protectionist provisions and quantitative restrictions in the next decision on the extension of the EU's free trade regime with Ukraine. The European Commission is already working on a draft decision to extend the duty-free and quota-free trade regime with Ukraine until 2025. It was initially introduced as a temporary measure to support Ukraine during the war.

In contrast to this, the EU Trade Commissioner is proposing to weaken existing safeguard mechanisms, including possible temporary ban on imports of certain products in the event of a sharp influx, which the EU already applied in the summer of 2023, and

which was in force until 15 September. This disagreement within the EU could result in delays in finding a common solution, ultimately hampering Ukrainian exports.

## DEVELOPMENTS, PROCESSES, TRENDS

The past year was notable for Ukraine's rapprochement with the EU, but December sent somewhat contradictory signals regarding the EU's continued large-scale support for Ukraine. On 21 December, the EU disbursed the final €1.5 billion of the €18 billion macro-financial assistance package for 2023.

While President Ursula von der Leyen announced the disbursement and emphasised the need to continue supporting Ukraine's recovery, reconstruction and reform, the approval of a \$50 billion assistance programme for the next four years was delayed due to Hungary's veto. The European Commission, however, asserts that **the money to help Ukraine is available, and a «working decision» is the only thing** needed for approval. The EU is set to hold a special summit on 1 February 2024 to discuss the allocation of €50 billion in additional aid to Ukraine.

Despite being a loan rather than grant, the EU's macro-financial assistance offers attractive terms, including low interest rates and long repayment periods. Overall, EU assistance to Ukraine since the start of the large-scale war amounts to €85 billion, with €16.5 billion already provided in 2023 from the planned €18 billion budget support.

Ukraine continues to receive assistance from a wide range of countries, including for social support. In particular, at the end of December 2023 Ukraine received \$1.34 billion as the 6<sup>th</sup> Additional Financing under the World Bank's Public Expenditures for Administrative Capacity Endurance (PEACE in Ukraine) project.

This financing consists of a **\$1.086 billion loan from the World Bank**, which came through the Trust Fund for the credit support to Ukraine under the guarantee of the Government of Japan. Additional funding for the PEACE in Ukraine project includes **grants from Norway, the United States, and Switzerland**. All of these

funds will be used to support non-security-related budget expenditures, such as pension payments and payments to the State Emergency Service.

According to the State Statistics Service, Ukraine's GDP in Q3 2023 grew by 9.3% compared to the same period of 2022 and by 0.7% seasonally adjusted compared to Q2 2023.

In October, the NBU improved its estimate of real GDP growth due to a higher harvest of major crops than last year despite the ongoing hostilities and high risks to economic activity in the East and South of Ukraine. This once again confirms the ongoing strengthening of agricultural sector's position in the structure of the domestic economy.

Despite quite encouraging economic indicators, the exchange rate of hryvnia still shows signs of Ukraine currency's weakening. According to the NBU, the exchange rate as of 1 January 2024 is set at UAH 38.002/USD 1, meaning that the official hryvnia to dollar exchange rate will cross the 38.00 mark for the first time.

Despite the devaluation trends and significant risks of fall, the hryvnia did not plummet. However, the NBU's significant foreign exchange interventions throughout the year were the price paid by Ukraine for the weak depreciation of its currency. In December 2023, net purchases of foreign currency by Ukrainians reached the record-breaking \$1.03 billion, the highest in 11 years (in 2012, net purchases were \$2.17 billion in October and \$1.52 billion in November).

According to the NBU, Ukraine's international reserves on 1 January 2024 amounted to \$40.5 billion, up 4.4% in December, thanks to the above-mentioned foreign currency inflow from international partners, which exceeded net FX sales and the country's foreign currency debt payments.

**In 2023, Ukraine's international reserves increased by 42%**, thanks to unprecedented global financial support, with the government's accounts at the NBU receiving about \$42.7 billion. These international reserves



will ensure funding for 5.4 months of future imports, which is an important sign of the stability of the country's macroeconomic environment.

The Ministry of Finance reports that Ukraine's state budget deficit in 2023 reached UAH 1.33 trillion, which is almost UAH 420 billion more than in 2022. Total state budget revenues for 2023 amounted to UAH 2.67 trillion, including UAH 425.4 billion in international grant aid, with the United States contributing UAH 400.5 billion.

Notably, Ukraine's state budget deficit soared to a record UAH 285 billion in December 2023, compared to UAH 145.1 billion in November and UAH 98.4 billion in October. This increase was primarily due to record-breaking cash expenditures of the state budget in December, surpassing UAH 548.2 billion, compared to UAH 337.9 billion in November and UAH 292.1 billion in October.

According to a study by IT Research Ukraine, Ukraine's exports of IT services are expected to decline to \$6.7-7.1 billion in 2023, compared to \$7.5 billion in 2022. This estimate is confirmed by Forbes, which reported a 7.3% decrease in the export of IT services from Ukraine between January and November 2023 compared to the same period in the previous year.

Notably, this decline marks the first year since Ukraine's independence where the technology industry did not show growth compared to the previous year. It can be attributed to the re-registration of some IT

companies abroad, especially those already having representative offices abroad.

The IT industry still plays a significant role in Ukraine's economy. It currently contributes 4.9% to the country's GDP, with the total turnover of the industry projected to reach \$8 billion in 2023 (\$7.97 billion in 2022). Computer services represent 41.5% of Ukraine's total exports of services, and the industry has seen a 6% growth in the number of specialists over the past year. With 307,600 individuals employed in the sector, 242,000 of them reside and work in Ukraine.

It should be recalled that any deterioration in foreign trade balances brings high debt risks. As of the end of November, Ukraine's state and state-guaranteed debt totalled UAH 5.12 trillion, or \$140.8 billion, having increased by UAH 164 billion, or \$4.48 billion, over the month. In particular, the external state and state-guaranteed debt amounted to UAH 3.51 trillion or \$96.7 billion (68.6% of the total), while the state debt per se reached UAH 4.8 trillion or \$131.9 billion (93.7% of the total state and state-guaranteed debt), including the external state debt – UAH 3.3 trillion or \$89.6 billion (63.6% of the total).

Furthermore, in December 2023 Ukraine attracted about \$5 billion in external financing, of which grants accounted for only 11%, which is an extremely low figure. Meanwhile, the IMF predicts that Ukraine's total public debt will increase to 88.1% of GDP by the end of 2023.

# V.

## ENERGY SECTOR

### PASSING OF THE WINTER 2023-24

Due to a significant drop in temperatures at the end of the year, coal stocks at TPPs and CHPPs decreased to 0.73 million tonnes (-23% in December). If the cold weather persists in January-February 2024, Ukraine may be lacking 0.7-0.9 million tonnes of coal for the normal passage of the cold season.

This shortage can be partially compensated for by natural gas. Although initial estimates predicted a 7% increase in gas production compared to 2022, they turned out to be overly optimistic, as only 17.6 bcm were produced in 2023, +1% compared to last year. Increase in gas consumption was also insignificant – only +4% in December compared to the same period in 2022, and +2% overall. Additionally, Naftogaz Ukraine has purchased 1.8 bcm of gas on the European market since the beginning of the year, giving hope that the cold period will be managed without import purchases and the use of gas as a reserve fuel at TPPs and CHPs.

However, due to the drop in temperature in December, consumers (primarily non-residents) actively withdrew gas from Ukrainian storage facilities, reducing reserves from 15.5 to 12.4 bcm. While this volume generally aligns with the average of 2015-2019, by early spring it may decrease more than the previously expected 8.4 bcm. Therefore, Naftogaz Ukraine will need to purchase up to 0.5 bcm of gas in Q1 2024, as indicated by the recent signing of a €200 million loan agreement «for the purpose of forming strategic reserves».

### ENERGY BALANCE

At the end of December, all 9 NPP units under Ukraine's control were in operation in the country's integrated power system, and so were 22 TPP and CHP units, with 2 of them using natural gas as fuel. The consumption of gas for

energy needs almost doubled in 2023, reaching to 2.4 bcm.

Ukrhydroenergo is operating in line with its targets, but its generation is limited to 1.1 MW after the destruction of the Kakhovka Dam. Reservoir levels are in line with the decision of the Interagency Commission for the operating mode of the Dnipro Cascade and Dniester HPP. Electricity production at SPPs decreased again due to shorter daylight hours and deteriorating weather.

In total, Ukraine generated about 14.2 GW of electricity every hour, compared 20 GW generated in the same period in 2021. NPPs accounted for most generation (56%), followed by TPPs (24%), CHPs and HPPs (9% each), and renewables (2%). At the end of the reporting period, six TPP units were in reserve.

There were no energy exports in December, although 0.6 GW of power was transferred to Poland's system for three hours at its request. Electricity was imported from Romania and Poland. The maximum import capacity, which have tripled since 22 December, was 1.2 GW. Ukrenergo requested emergency assistance from the transmission system operators of Poland and Romania every day, from 7 to 11 December, due to the emergency shutdown of TPP and CHP power units. The assistance allowed Ukraine not to apply the stabilisation outage schedules.

Due to the hostilities and other reasons, on average 440 settlements were without power; additionally, from 225 to 397 settlements were cut off due to bad weather on 13-15 December and 22 December. About 100 settlements had been without power for more than two days.

*The problem of the industry's inadequate financial situation remains unresolved. The*

total debt in the electricity markets exceeds UAH 60 billion. The debts of district heating companies for gas amount to UAH 95 billion. The National Security and Defence Council has instructed the Cabinet to pass decisions on repayment of these debts, but the nature of these decisions is unclear.

Although natural gas consumption increased by 4% compared to December 2022, there was no shortage of gas for heating and cooking. However, poorly prepared transfer of 27 municipal and regional distribution system operators to the management of Gas Distribution Networks of Ukraine LLC of JSC Naftogaz Ukraine led to problems with payments for services provided to consumers. In the near future, this will inevitably lead to an even greater debt in this market segment.

In the petroleum products market, a decline in demand for automotive propane-butane and the upgrade of supply chains have effectively resolved the issue of autogas shortage at petrol stations. Other petroleum products are sufficient to meet the demand, which has significantly decreased due to seasonal factors (primarily diesel fuel).

## TRANSIT

In the reporting period, Gas Transmission System Operator of Ukraine LLC transited 40-43 mcm of russian gas per day (in total, 14.7 bcm in 2023). About 92% was sent to Slovakia, and 8% – to Cuciurgan (Moldavian) power station in Transnistria. Transportation was carried out through the Sudzha gas metering station.

JSC Ukrtransnafta transited 30-35 thousand tonnes of russian oil per day to refineries in Slovakia, the Czech Republic and Hungary. Transportation was carried out via the southern branch of the Druzhba pipeline.

## PRICE SITUATION

In December, the price index for base load (BASE) on the day-ahead market (DAM) was UAH 3,654/MWh, and at the peak (PEAK) it was UAH 4,806/MWh (-9.6 and +2.6% compared to November). The difference in rates indicates the persisting shortage of shunting generation.

The weighted average price on the intraday market (IDM) amounted to UAH 4,248/MWh,



and on the DAM – UAH 4,102/MWh (-7.7 and -5.9 compared to November, respectively).

As of 31 December 2023, the price indices for base load in Ukraine, Poland, Slovakia, Hungary and Romania were 1.0:1.4:0.6:0.8:0.8; peak load – 1.0:1.2:0.6:0.9:0.9. This ratio is explained by a decrease in electricity consumption in the EU during the Christmas holidays and an increase in energy generation by renewables.

The weighted average price of December natural gas in Ukraine based on the results of electronic trading on the UEEEX in December was UAH 12,864/tcm (€324/tcm, -15% compared to October). In December, the gas tariffs of Naftogaz Ukraine for non-household consumers amounted to UAH 16,050, and from 1 January 2024 – UAH 15,300/tcm, including VAT. The relative decrease (-4.6% compared to the previous month) is due to the declining cost of natural gas at the European TTF hub brought to the Ukrainian border (UAH 19,180/tcm, including VAT, on 30 December 2023).

Traders' concerns about the normal passage of the winter season in Europe have not yet materialised, as evidenced by the absence of the TTF premium over the Month-Ahead for Q1 2024.

In December, Coal (API2) CIF ARA (ARGUS-McCloskey) steam coal futures quotes ranged from \$115 to \$123/t (\$117/t on 29 December 2023) and continued to reduce compared to October, when they peaked at \$139/t on 13 October 2023. Coal stocks at ARA terminals amount to 7.1 million tonnes (+14% compared to the annual average; -4% compared to December 2022).

In December, Brent crude oil futures quotes ranged from \$73 to 81/bbl (\$77/bbl on 29 December 2023), while reaching \$92/bbl in October. The main reason for this downtrend was the excess of supply over demand due to the lower-than-expected growth of the latter. If current trends continue, oil supply in 2024 will be 103 million barrels per day, while demand will not exceed 102.8 million barrels.

Retail prices for petroleum products in Ukraine declined, with autogas prices showing the largest drop after rising by almost a quarter in November due to its limited supply. As of 29 December 2023, the indicative prices for Euro 5 A-95 petroleum and Euro-5 diesel fuel were UAH 54.46 and 51.50 per litre, respectively, while LPG car fuel was UAH 29.83 per litre.

## **CHANGES IN THE REGULATORY FRAMEWORK**

Despite the enactment of the NSDC decision «On additional measures to strengthen the resilience of the energy system and prepare the national economy for the autumn-winter period of 2023/24», the government has not fulfilled some obligations under this act. In particular, in December, no decisions were made on paying off the debts of critical infrastructure enterprises and public institutions to the supplier of last resort and universal service providers for electricity, as well as on reconstructing CHP plants managed by Naftogaz Ukraine using gas piston and gas turbine units to create highly manoeuvrable capacities. Similarly, a draft law introducing criminal liability for unauthorised withdrawals of natural gas from the Ukrainian gas transmission system was not submitted to the Verkhovna Rada.

The proposals of electricity market participants to address the problems of excessive administrative regulation and the inability to conclude contracts for more than one year in the ancillary services market were also ignored.

At the same time, pursuant to the NSDC decision, the Cabinet set a zero-export quota for natural gas of Ukrainian origin for 2024 and extended the imposition of special obligations on electricity market participants until 30 April 2024.

The corporatisation of Energoatom is nearing its completion. The relevant joint-stock company, 100% owned by the state, was established; Important steps have been taken such as approving the company's charter, regulations for the supervisory board and principles of its formation, issuing shares, and appointing a temporary board.



A ban on the suspension of housing and utility services, the imposition of fines and penalties, and the collection of debts for these services from the population has been lifted, except for the occupied territories and areas with ongoing hostilities. For all other consumers, penalties for non-payment of utility bills, debt collection through court, and possible termination of services to debtors have resumed.

The NEURC approved new 2024 tariffs for electricity transmission and dispatch (operational and technological) control for Ukrenergo. They will amount to UAH 528.57 and UAH 104.57/MWh, respectively, 9% higher than the current ones. It is noteworthy that during the previous discussion, Ukrenergo, while agreeing with the second indicator, considered the first to be at least 5% lower than necessary. The change in tariffs is estimated to increase in the final price of electricity for legal entities by an average of UAH 0.10 per kWh.

At its January meeting, the NEURC also plans to improve the financial mechanism for imposing special obligations on electricity market participants in order to balance their financial position. The NEURC was also recommended to bring the price caps on the day-ahead, intraday and balancing markets in

line with the current methodology and create economic conditions «for attracting electricity imports during the autumn-winter period of 2023/24». The level of price caps determines the possibility of attracting up to 1.7 GW of electricity from the EU on a market basis, primarily during peak hours.

The MoD initiative of 11 November 2023 to add red and green markers to diesel fuel and petrol for the defence forces has not yet been acted upon. The idea was to prevent the illegal production of fuels and/or the sale of petroleum products subject to zero excise duty in retail chains. The labelled fuel was to arrive to the units «at the end of November», but there have been no reports of this so far. The initiative may help reduce misuse, but the relevant decision should be made at the government level.

## INTERNATIONAL COOPERATION

On 14 December 2023, the European Council decided to open negotiations with Ukraine on its accession to the EU and to step up assistance aimed at ensuring sustainability of its energy sector.

The ENTSO-E governing body decided to grant Ukrenergo full membership in the association starting from 1 January 2024.

# VI.

## SOCIAL SPHERE – 2023 RESULTS

In 2023, the government's main focus was to put the national economy on a war footing and create an effective model for mobilising and redistributing economic (financial, labour, material) resources to meet the needs of the defence industry and the armed forces to the maximum extent possible.

**In the extremely difficult economic environment, the social sector remained a priority for the budget after security and defence.**

The following was done in the field of social and humanitarian policy to support vulnerable populations and advance Ukraine's European integration progress:

**Full funding of social security.** The state allocated UAH 473 billion, or 18% of all state budget expenditures, for pensions and various social benefits. Pensions for 10.5 million Ukrainian pensioners were fully indexed by almost 20%, and the average pension payment reached UAH 5,350 (+15.7% from 1 January 2023). However, due to limited budgetary resources and the deficit ceiling, the government froze the indexation of the minimum wage and the subsistence minimum.

**Support for communities.** Communities remained at the centre of the government's attention, as local budgets received UAH 178 billion in transfers from the state budget (basic subsidy, education subvention, assistance to citizens affected by the aggression, etc.) Local budget revenues increased by 15% compared to 2022, and account balances grew by almost 58% compared to the beginning of 2023, reaching almost UAH 182 billion. The regions regularly received the necessary assistance for the repair and reconstruction of schools, health facilities, and critical infrastructure that have been damaged or destroyed by enemy attacks, including subventions of almost UAH 10.6 billion to local budgets.

**Household income.** In 2023, real wages have started to recover, with an average salary increasing by 23%, according to Work.ua, from UAH 15,000 in January to UAH 18,500 in November. However, this growth is not enough

to cover the losses in labour income caused by to the war. According to the State Statistics Service, the growth has been about 16%, but the NBU's estimates are much more modest – 4% real growth after falling by 11% last year. The increase in wages is believed to be driven by the lack of skilled labour in the country, but it still helps to boost GDP and rebuild the economy.

**The labour market remains tense.** Despite the recovery in employment and the historically low level of registered unemployment (97.3 thousand people in October 2023), the real unemployment rate based on the ILO methodology is estimated by the NBU at 19% in 2023 (21.1% in 2022), which is almost twice as high as before the war. Given the economy's structural changes and migration, both internal and external, the government cannot quickly address this problem, although it has introduced grant programmes for entrepreneurs and those willing to start own business, with the key condition being the creation of new jobs.

**The programme for the rapid recovery and reconstruction.** During 2023, Ukraine created a legislative framework for effective recovery based on the principle of «rebuilding better than before», barrier-free, inclusive and safe. To this end, the government has allocated about UAH 55 billion for various reconstruction projects from the Fund for Elimination of the Consequences of Armed Aggression. In total, more than 37,000 facilities were restored in 2023, including almost 700 schools and kindergartens, more than 400 health facilities. The government has launched the eRecovery programme offering maximum compensations of UAH 350,000 for an apartment and UAH 500,000 for a private house. In total, 28,000 Ukrainian families have already received UAH 2.2 billion to restore their homes.

**Systematic support for businesses and households through the state grants, loans and guarantees.** The government introduced grants for starting a small business by expanding the functionality of the Affordable Loans 5-7-9 programme and launching a programme of state portfolio guarantees. During the martial law period, the programme offered an opportunity for obtaining loans at 0% per

annum with a guarantee of up to 80% of the loan amount, increased the maximum loan amount to UAH 60 million, extended the loan term to 3–5 years, and relaxed the collateral requirements. During this period, more than 40,000 soft loans worth almost UAH 170 billion were issued under the 5-7-9 programme. These programmes helped improve the efficiency of redistributing national savings to support the economy through the banking system. New mortgage lending support programmes Affordable Mortgage 7% and eOselya were introduced.

**A new policy on veterans.** A comprehensive reform of the military medical commissions (VLK) and medical and social expert commissions (MSEC) was carried out. A newly introduced VLK electronic queue was used by more than 100,000 servicemen, while the number of such commissions has almost doubled due to engagement of civilian medical institutions. The process of obtaining certificates for the military, including on the circumstances of an injury, was simplified. Amendments were introduced concerning electronic document flow between VLKs, military units, territorial recruitment centres and military hospitals. A pilot Veteran's Assistant project was launched to support veterans in their transition from military service to civilian life.

**Completion of the legislative framework for national minorities in line with the Venice Commission recommendations.** Steps have been taken to introduce immediate and effective mechanisms for implementing policies to improve the law on national minorities, which was one of EU's seven priority requirements for Ukraine (the law on national minorities of Ukraine was adopted back on 13 December 2022, but the Venice Commission criticised it and recommended rather controversial changes, such as delaying the education system's transition to the Ukrainian language and extending the transition period). In September 2023, the Verkhovna Rada amended the law and the Cabinet approved the State Targeted National and Cultural Programme «Unity in Diversity» until 2034, which aims to create stable institutional conditions nationally and regionally to meet the needs and effectively exercise the rights and opportunities of persons belonging to national minorities (communities) and indigenous peoples of Ukraine, as well as to promote

social stability, cohesion and national unity of the Ukrainian people. The projected funding for the Programme is more than UAH 2.4 billion over the next 11 years. Therefore, Ukraine has fulfilled its obligations regarding the legislative framework for national minorities, although Hungary may continue to use this issue, for example, to impede Ukraine's accession to the EU.

**Deinstitutionalisation.** The transition from institutional care to community-based services for children and persons with disabilities is one of the key EU requirements in the context of both fundamental human rights and social policy. In 2023, regulations were adopted, such as a resolution on the adoption and placement of orphans and children deprived of parental care in families of Ukrainian citizens during martial law, a new procedure for determining the needs of the population for social services, a new state standard of day care for children with disabilities, etc. Unfortunately, progress in deinstitutionalisation has been limited. A national plan for family care and education of children is still under development, but political will displayed by the President and key ministries to finally implement this reform a significant step forward.

The deinstitutionalisation (DI) reform was launched in Ukraine in 2017 with the government approving the National Strategy on the Reform of Institutional Child Care System for 2017-2026 on 9 August 2017. The main idea of the reform is to create conditions, in which boarding schools or children's homes will no longer be needed, and all children deprived of parental care will be placed in family-based care. However, this reform is moving very slowly.

**Employment of people with disabilities.** Due to the rapid increase in the number of people with disabilities among the military, there is a huge public demand to address their employment. During 2023, the Action plan for creating a barrier-free space for 2023-2024 and the Procedure for compensating the employers' actual expenses for the arrangement of workplaces for employed persons with disabilities were adopted. Measures are being taken to implement the International Classification of Functioning, Disability and Health, which is expected to dramatically improve the safeguards for the rights of persons with disabilities, including the right to work. Unfortunately, lawmakers have faced fierce

opposition from supporters of the old model, which stigmatises and segregates people with disabilities. The draft law amending certain laws of Ukraine on ensuring the rights of persons with disabilities to work, which aims to introduce European rules for their employment, has only passed the first reading so far.

**Failure of the rehabilitation and recovery programme for combat veterans.** Back in March 2023, the Ministry for Veterans Affairs was supposed to come up with a draft law on the rehabilitation and recovery of war veterans, but this never happened. An inclusive three-tiered system of free psychological assistance for veterans and their families has not been introduced. 6,000 primary care doctors were supposed to be trained to provide first-level psychological care and sign contracts for reimbursement of the cost of third-level psychological care with at least 80 service providers. However, the contracts were never concluded, and the services were not provided.

## TASKS FOR 2024

**The key task of the war economy in 2024 is to mobilise material, financial and human resources to the maximum extent possible.**

The ongoing war requires additional financial resources, which implies maximum efforts to raise funds from all possible sources – from partners' external assistance, tax payments and optimised intergovernmental relations to the domestic debt market and money issue by the NBU.

Today, however, foreign aid inflows to Ukraine have become increasingly unpredictable. Two of Ukraine's major partners – the United States and the United Kingdom – have simultaneously questioned the further allocation of funds, leaving Ukraine with only

about one-third of funding it needs for 2024. The rest is in doubt. This uncertainty could jeopardise the fulfilment of Ukraine's social obligations and increase the risk of sequestration of key social items. In this regard, the Cabinet of Ministers has already warned that there may be non-payment of salaries to public sector employees.

Meanwhile, the 2024 budget provides for an increase in a number of social benefits that have lost much of purchasing power due to last year's inflation, although they may be subject to sequestration if there is a shortage of currency inflows from foreign partners.

From 1 January 2024, the subsistence minimum per person will increase by almost 13% to UAH 2,920. The minimum wage, which currently stands at UAH 6,100, will increase to UAH 7,100 from 1 January and UAH 8,000 from 1 April. In January 2024, the minimum pension will increase from UAH 2,093 to UAH 2,361, a 12.8% growth compared to 2023. The total cost of pensions in 2024 will reach UAH 271.9 billion.

Therefore, given the temporary uncertainty, the priority tasks include:

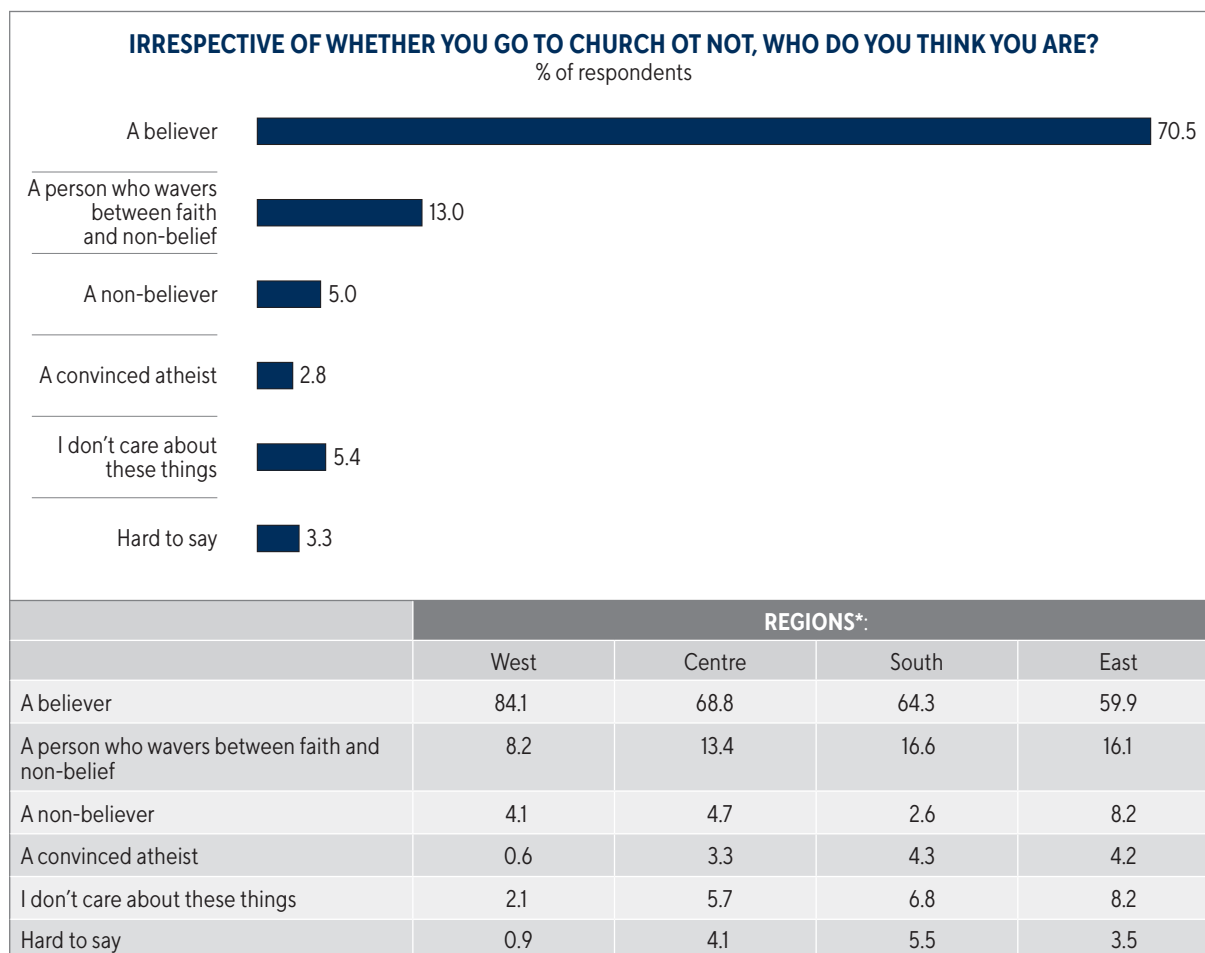
- ✓ addressing the issues of stable and rhythmic financing of the state budget needs;
- ✓ taking measures to reduce public expenditures, such as tight spending policy for non-priority purposes, restructuring of public debt, administrative sanctions in the financial market.

Nevertheless, despite some uncertainty, expectations are quite positive, although the level of projected financial support may be lower than before. It is worth reminding that the EU's initial plan, which failed to be approved in December 2023 due to Hungary's position, envisaged allocating €50 billion to Kyiv over the next 4 years, that is, €12.5 billion per year.



# VII.

## CITIZENS' OPINIONS ABOUT CURRENT ISSUES<sup>1</sup>



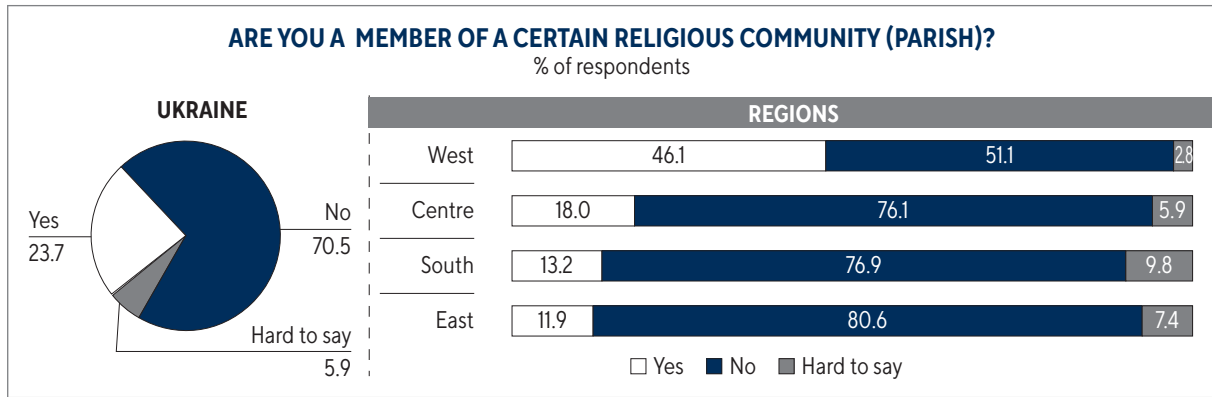
\* **West:** Volyn, Zakarpattia, Ivano-Frankivsk, Lviv, Rivne, Ternopil, Chernivtsi oblasts; **Centre:** Vinnytsia, Zhytomyr, Kyiv, Kirovohrad, Poltava, Sumy, Khmelnytskyi, Cherkasy, Chernihiv oblasts and the city of Kyiv; **South:** Mykolaiv, Odesa, Kherson oblasts; **East:** Dnipropetrovsk, Zaporizhzhia, Kharkiv, Donetsk and Luhansk oblasts. «Regional affiliation» of respondents was determined by their place of residence before the beginning of the large-scale Russian aggression, that is, before 24 February 2022. The only exception is that for the analysis of regional differences in answers to the question «What are the relations among believers of different churches and religions in the region where you live?», the place of respondent's residence at the time of survey was taken into account.

<sup>1</sup> Results of a sociological survey conducted by the Razumkov Centre's sociological service on 9-15 November 2023 with the support of the Konrad Adenauer Foundation Office in Ukraine.

Face-to-face interviews were 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 (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 with random selection at the initial sampling stages and quota selection of respondents at the final stage (when respondents were selected based on gender and age quotas). The sample structure reproduces 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 2,022 respondents aged 18+ were interviewed. The theoretical sampling error does not exceed 2.3%. At the same time, additional systematic sampling deviations may be caused by the effects of Russian aggression, in particular, the forced evacuation of millions of citizens.



### WHICH RELIGION DO YOU BELONG TO?

% of respondents

	UKRAINE	REGIONS			
		West	Centre	South	East
Orthodoxy	60.8	45.0	71.8	65.8	55.6
Roman Catholicism	1.2	2.8	0.5	0.9	0.5
Greek Catholicism	11.0	39.6	0.6	0.0	1.5
Protestant and Evangelical churches	1.4	1.1	1.8	0.9	1.7
Judaism	0.0	0.0	0.0	0.0	0.2
Islam	0.1	0.0	0.0	0.4	0.5
Buddhism	0.0	0.0	0.1	0.0	0.0
Hinduism	0.0	0.0	0.0	0.0	0.0
Paganism	0.4	0.0	0.4	0.0	1.2
I am just Christian	11.3	3.5	14.1	13.7	14.1
Other	0.1	0.2	0.2	0.0	0.0
I do not belong to any religion	13.4	7.8	10.4	18.4	24.4
No answer	0.1	0.0	0.1	0.0	0.2

### WHICH ORTHODOX CHURCH DO YOU BELONG TO?

% of respondents

	UKRAINE	REGIONS			
		West	Centre	South	East
Orthodox Church of Ukraine (Metropolitan Epiphanius)	42.2	36.5	51.8	39.7	31.3
Ukrainian Orthodox Church of Moscow Patriarchate (Metropolitan Onufriy)	5.6	3.7	4.4	10.7	7.7
Other Orthodox Church	0.0	0.0	0.0	0.0	0.0
I am just Orthodox	12.6	4.9	15.3	15.0	15.9
I am not Orthodox	39.2	54.9	28.2	34.2	44.4
I don't know	0.4	0.0	0.4	0.4	0.7

The team of contributors: Y. Yakymenko (project manager), A.Bychenko, O.Melnyk, M.Mischenko, M.Pashkov, O.Pyshchulina, V.Omelchenko, P.Stetsiuk, M.Sunhurovskiy, V.Yurchyshyn, V.Udaltsova (intern, reference materials)

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, 7<sup>th</sup> floor

Telephone: (38 044) 201-11-98

Fax: (38 044) 201-11-99

e-mail: [info@razumkov.org.ua](mailto:info@razumkov.org.ua)

Website: [www.razumkov.org.ua](http://www.razumkov.org.ua)

