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Autumn 2024

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Business Ukraine magazine: Autumn 2024

Since the onset of Russia's full-scale invasion in February 2022, Ukraine has repeatedly called the Kremlin's bluff and has succeeded in demonstrating that Vladimir Putin's nuclear threats and frequent talk of Russian red lines are a ploy intended to intimidate the West and reduce military aid to Kyiv.



## Escalation management is the new appeasement

When Vladimir Putin first began the invasion of Ukraine with the seizure of Crimea, he did so using unidentified troops and was careful to hide his aggression behind a veil of deniability, however implausible. Ten years later, the Russian dictator now routinely threatens Western leaders with nuclear apocalypse if they dare to disrupt his methodical destruction of Europe's largest nation. These are the bitter fruits of a decade spent trying to avoid provoking Putin rather than confronting the Kremlin.

In 2014, the West chose not to impose any significant costs on Russia for the occupation of Crimea or the subsequent invasion of eastern Ukraine's Donbas region. Indeed, many preferred to pursue a business as usual approach, strengthening trade ties with Moscow and constructing new gas pipelines to deepen Europe's energy dependence. Unsurprisingly, Putin interpreted this timidity as a tacit green light to continue, safe in the knowledge that performative Western outrage was unlikely to translate into action. The stage was thus set for the largest European war since World War II.

Russia's full-scale invasion of Ukraine has transformed the geopolitical landscape, but it has so far failed to convince Western leaders of the need to abandon their failed policies of escalation management. Instead, the international response to Russia's invasion has been hampered at every turn by delays and indecisiveness, with Kyiv's partners denying the country vital weapons and imposing militarily absurd restrictions on Ukraine's ability to defend itself.

We have been here before, of course. In the 1930s, Western leaders responded to the challenge of an increasingly aggressive Nazi Germany by seeking to appease Adolf Hitler with a series of concessions. The architects of appeasement have come to be viewed as fools and cowards, but they were in fact mostly honorable men who believed it was their sacred duty to prevent another world war. Today's escalation managers are doubtless driven by similarly noble intentions. However, by now it should be painfully clear to them that escalation management is the appeasement of the modern era and is steadily creating the conditions for the global conflict they aim to avert.

Like Hitler before him, Putin makes no secret of his expansionist goals and imperial ambitions. He has famously lamented the fall of the Soviet Union as "the greatest geopolitical catastrophe of the twentieth century" and "the demise of historical Russia"; he has compared the current invasion of Ukraine to the eighteenth century imperial conquests of Russian Czar Peter the Great, and has published detailed essays laying out his rejection of Ukrainian statehood while referring to entire regions of Ukraine as "historically Russian lands."

It is dangerously delusional to suggest that Putin's historical revision-

ism ends at the borders of Ukraine. On the contrary, the Russian Empire at its greatest extent featured a long list of additional countries including Finland, Poland, the Baltic states, Belarus, Moldova, Georgia, Armenia, Azerbaijan, and the whole of Central Asia. All are at risk of suffering Ukraine's fate if the current invasion is allowed to succeed.

Likewise, it is reckless to assume Putin lacks the appetite or capacity to go further. While it is true that the Russian army has been badly exposed by the invasion of Ukraine, Putin's greatest asset is Western weakness rather than the questionable strength of his own military.

Crucially, the West has shown a disastrous lack of resolve in Ukraine that is visibly emboldening the Kremlin. If NATO leaders are categorically opposed to protecting Ukraine and refuse to even arm the country sufficiently, would they really be prepared to go to war with Russia in defense of Estonia or Latvia? Unless Putin is stopped in Ukraine, he will be sorely tempted to test this proposition and deal a fatal blow to the collective security foundations of the NATO alliance.

Putin is already waging a full-scale hybrid war against the West and has placed the entire Russian economy on a wartime footing. He is consolidating an authoritarian axis of like-minded nations such as China, Iran, and North Korea, all of whom are aiding the invasion of Ukraine in one way or another and share his stated goal of overturning the current world order. This alliance of autocrats will continue to grow bolder until Putin is defeated.

Compromising with the Kremlin will not bring peace. On the contrary, any territorial concessions in Ukraine will be viewed in Moscow as a victory and will be used to justify further acts of aggression. Putin sees international relations as a zero sum game and currently believes he has the upper hand over opponents who have revealed their fundamental weakness. By signaling their fear of escalation, Western leaders are in danger of provoking the wider war they so desperately seek to prevent. Before it is too late, they must accept the necessity of speaking to Putin in the language of strength. Rather than retreating from Russia's red lines, they must demonstrate that the only red line they recognize is the international border of Ukraine.

**Peter Dickinson**  
 Publisher  
 Business Ukraine magazine



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# FRANCE IN UKRAINE

France and Ukraine share historical links stretching back a thousand years to the time of Anna Yaroslavna, the Kyiv princess who married King Henry I in 1051 to become Queen of France. The two countries have maintained close ties in the modern era, with France emerging since 2022 as one of Ukraine's leading European allies in the fight against Russian aggression. French businesses have been active in Ukraine ever since the country first regained independence in 1991. Despite the current wartime conditions, Ukraine continues to boast a large and vibrant French business community. With almost two hundred French companies currently operating in Ukraine, France ranks as the largest foreign employer in the country.



## CCIFU Director Maud Joseph: French companies are biggest foreign employers in wartime Ukraine

**Interview: French-Ukrainian Chamber of Commerce and Industry Director Maud Joseph says the French business community has demonstrated its long-term commitment to Ukraine by remaining fully active in the country despite Russia's February 2022 full-scale invasion**

### *How many French companies are currently active in Ukraine?*

At present, there are 180 French companies operating in Ukraine. Around three-quarters of these companies have been in Ukraine for more than fifteen years. French businesses contribute significantly to the Ukrainian economy and are present in every region of the country. In total, French companies have invested at least EUR 3.4 billion in Ukraine. This includes EUR 130 million in 2022 during the first year of Russia's full-scale invasion, which demonstrates the resilience of French companies in Ukraine, mirroring Ukraine's own remarkable resilience.

### *French companies have traditionally been among the largest foreign employers in Ukraine. Is this still the case?*

French businesses currently employ a total of at least twenty five thousand people in Ukraine. This makes France the largest foreign employer in the country. The French presence is particularly notable in sectors such as retail, banking, and technology, with companies including UKRSIBBANK, Credit Agricole, Auchan, Ubisoft, and BlaBlaCar leading the way. Despite the full-scale invasion launched by Russia in 2022 and the wartime conditions in Ukraine, no French company has left the country or ceased operations. This commitment has helped strengthen the Ukrainian economy and has provided vital support for the Ukrainian population during what are uniquely challenging times.

### *The full-scale Russian invasion of Ukraine has now been underway for two and a half years. How would you describe the current mood within Ukraine's French business community?*

French companies strive to remain realistic about the situation in Ukraine. We have established a number of committees featuring company directors and managers in order to review various activities and sectors. We also provide companies with information on Ukraine's recon- ▶▶



About the interviewee: **Maud Joseph** is Director of the French-Ukrainian Chamber of Commerce and Industry (CCIFU)

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►► struction through newsletters, podcasts, conferences, and webinars. These efforts help keep everyone grounded and vigilant, but also allow for some optimism when appropriate. For instance, the reopening of Odesa ports thanks to Ukraine's success in the Black Sea has enabled easier maritime exports of Ukrainian produce, which was a real breath of fresh air for everyone.

**What have been the biggest practical problems presented by the Russian invasion for French businesses in Ukraine?**

French companies in Ukraine operate in a wide range of economic sectors. The war has affected every sector through issues such as power outages, bombings, occupation, or maritime blockades. Bombing in particular poses a risk to everyone in Ukraine including French businesses. Of course, it goes without saying that employee safety is the top priority for all French companies in today's Ukraine. One key focus since 2022 has been the provision of adequate shelter facilities for employees. This year's winner of our annual businesswoman award honoring Ukraine's female entrepreneurs was Recast Plastic, a company that furnishes bomb shelters with recycled plastic products. This highlights the current emphasis on safety.

The Russian occupation of areas in southern and eastern Ukraine poses obvious and significant challenges for French businesses. Russian attacks on Ukraine's critical civilian infrastructure also affect all sectors of the economy, whether production or service industries. Initial power outages in late 2022 prompted companies to adapt by investing in batteries and generators, but regular blackouts continue to impact productivity. With this in mind, the energy sector is a top priority for Ukraine's reconstruction.

The Russian invasion creates a range of human resources challenges for French businesses in Ukraine as employees adapt to changing security realities and the Ukrainian government mobilizes personnel to defend the country. As the

largest foreign employer in Ukraine, the French business community has a particularly important role to play in adjusting to these new human resources realities.

**What have been the biggest success stories of the French business community in Ukraine since 2022?**

I regard all French companies present in Ukraine as success stories. Their resilience and determination are an example for the entire business world. They have all remained in Ukraine, have continued to develop their activities, and have organized aid for the Ukrainian population in addition to their business operations.

French companies excel in various sectors including banking, engineering, healthcare, construction, automotive, cosmetics, and luxury goods. In agriculture, French companies cover the entire food chain. In banking, they have never ceased operations, continuously expanding their networks and opening more branches across Ukraine. UKRSIBBANK, for example, has been ranked among the top fifty best employers in wartime Ukraine according to Forbes Ukraine. Credit Agricole remains a leader in the auto loan market.

**How has the French-Ukrainian Chamber of Commerce and Industry adapted to the new realities of wartime Ukraine?**

Like its member companies, the Chamber never intended to leave Ukraine. Instead, it was clear from the very beginning that it was crucial to stay united during this ordeal. Since February 2022, we have established better communication with companies, monitoring economic, social, and political indicators to help them navigate the extraordinary situation in today's Ukraine.

We quickly resumed community activities, albeit with security considerations as a priority. We began committee meetings online in the very first weeks of the invasion and organized conferences in Paris to raise awareness about Ukraine. Our first in-person meeting took

place in June 2022. It was held in a basement. Looking back, one of the things I am most proud of was our ability to organize the Chamber's annual Ukrainian businesswoman award ceremony in July 2022. We managed to keep this yearly tradition going despite the extremely challenging conditions. This award has become more meaningful than ever as women are now the backbone of wartime Ukrainian society, with a wide range of additional responsibilities due to the large-scale mobilization of the male population.

**What is your message to French businesses that may be thinking of entering the Ukrainian market?**

Now is the time to start considering Ukraine. We are currently working to attract new investors, or at least encourage them to keep an eye on the opportunities Ukraine offers by informing them of the business climate and reconstruction opportunities. Ukraine continues to demonstrate incredible resilience. In 2023, despite the ongoing active phase of the war, the country witnessed robust GDP growth. This trend continues.

Investments are already flowing into Ukraine, particularly funding to rebuild the country. The overall price tag for reconstruction is estimated at nearly USD 500 billion, with critical infrastructure repairs the top priority. However, logistics, engineering, IT, transport, healthcare, and social services are also sectors that will require extensive rebuilding efforts. We need innovative approaches to make this massive undertaking a success. There will be huge opportunities for ambitious companies to seize.

The French-Ukrainian Chamber of Commerce and Industry is a reliable partner in Ukraine. This year, the Chamber is celebrating its 30th anniversary. We have a network of 140 member companies ready to share their extensive experience of working in Ukraine. Our team is also available to help new entrants with their endeavors, including advice on the various financial instruments available for French companies considering expanding their activities in Ukraine.

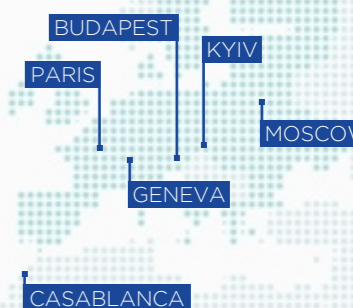


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*“Despite the wartime conditions in today's Ukraine, no French company has left the country or ceased operations”*

# UKRSIBBANK BNP Paribas Group CEO Laurent Dupuch Ukraine's recovery has already begun

**French-owned Ukrainian bank is expanding its branch network and supporting investment**



About the interviewee: **Laurent Dupuch** is CEO & Country Manager for Ukraine at BNP Paribas and Chairman of the Management Board of UKRSIBBANK

UKRSIBBANK marked summer 2024 by opening a number of new branches in locations across Ukraine including Berdychiv and Poltava. This expanding national network of branches speaks volumes about the bank's long-term commitment to Ukraine, and reflects a high degree of confidence in a recovery process that UKRSIBBANK officials say is already well underway despite the many obvious obstacles presented by Russia's ongoing invasion. "Ukrainians are rebuilding every day. In a sense, the national recovery has never stopped since the very start of the invasion,"

says CEO and Country Manager for Ukraine at BNP Paribas and Chairman of the Management Board of UKRSIBBANK Laurent Dupuch. He warns against adopting a wait-and-see attitude toward doing business in wartime Ukraine, and argues instead for a more pragmatic but proactive outlook. "I am convinced the best approach is to assume today's wartime conditions. I hope it will not be long term. This might not at first glance appear particularly positive, but it allows businesses to draw up practical plans rather than sitting and waiting for a better moment. Once they

have a clear vision, they can identify priorities and move forward." Looking back on UKRSIBBANK's experience during the first two-and-a-half years of Russia's full-scale invasion, Mr. Dupuch identifies two clear phases: the initial period when protecting bank's employees and maintaining core services for the bank's two million customers was the top priority, and the past year or so, which has been marked by an expanding loan portfolio amid a gradually improving business climate and rising interest in financing. He recalls with pride how the bank man-

aged to complete salary payments to more than seven hundred thousand employees of corporate customers during the tumultuous first days of the invasion, and describes this unique experience as something akin to the ultimate stress test. "We demonstrated that we are a robust bank with an incredible team and a strong business model," he says.

Inevitably, wartime conditions continue to throw up new challenges on a regular basis. Since the first winter of the war and especially during July 2024, UKRSIBBANK has had to adjust to a new reality of rolling power cuts. The bank has responded by acquiring a fleet of more than 260 diesel generators to power its more than two hundred branches and over seven hundred ATM machines throughout Ukraine.

In order to maximize connectivity in what remains an extremely unpredictable environment, the bank has also taken steps to expand its communications options with additional satellite links and telecommunications channels. Meanwhile, Mr. Dupuch confirms that UKRSIBBANK has invested an average of thirty million euros annually since 2022 to improve IT capacity and strengthen cybersecurity. "We aim to remain institutionally agile and receptive to the evolving needs of our customers," he says.

Mr. Dupuch is full of praise for what he terms as the remarkable resilience demonstrated by the Ukrainian business community since February 2022, and speaks approvingly of the adaptability that has allowed so many individual businesses to adjust to rapidly changing circumstances. He points to the success of the new Black Sea maritime transport corridor

as an example of Ukrainian boldness and ingenuity, while also highlighting the crucial contribution made by Ukraine's railway operator, Ukrzaliznytsia, in helping businesses overcome the considerable logistical obstacles created by Russia's invasion.

Ukraine's famed resilience will once again be put to the test in the coming months as the country races to prepare its battered power grid for the long winter season. UKRSIBBANK is heavily involved in these efforts, and is currently working with customers to reduce energy consumption and build up production capacity.

Russia's invasion has had a devastating impact on the Ukrainian economy, but Mr. Dupuch notes a number of positive trends within the business community that give cause for guarded optimism. While many of UKRSIBBANK's clients were initially focused on maintaining a degree of stability and continuity in their activities, he says there are now signs of increasing appetite for financing as companies in all segments of the economy look to build and reinvest. "Throughout the past year, we have witnessed increasing demand for loans. After the initial shock of the invasion, businesses have grown accustomed to the new reality and are thinking once more about the future. As a bank, we share this vision of today's Ukraine as a place where it is possible to develop ambitious plans."

As the country's economic recovery gains momentum, much will depend on Ukraine's ability to attract international investment. Thanks to its extensive local knowledge and status as one of the largest international banks present in Ukraine, Mr. Dupuch is con-

fidant UKRSIBBANK can play a prominent role in this process. The bank has been majority-owned by France's BNP Paribas since 2006 and is part of a global network including sixty-three countries, creating a range of opportunities to engage with the international investment community. "I believe we can accelerate the development of the country and serve as a bridge for corporate investment into Ukraine," he says.

One of the bank's key focuses is providing a steady flow of accurate information about the realities of today's Ukraine to BNP Paribas colleagues around the world. "Sharing up-to-date information is vital as we work to increase awareness of Ukraine among out corporate bankers and their customers," explains Mr. Dupuch. "We've been in Ukraine for a long time, but others have not and don't always know what the country has to offer. Our priority is to make sure Ukraine remains on the radar of corporate clients, so it is crucial that people have access to expert knowledge."

When it comes to investing in Ukraine, Mr. Dupuch is convinced there is no substitute for encountering the country first-hand. He encourages colleagues and potential investors to visit Ukraine personally if possible, and argues that interested parties should already be looking to identify opportunities and develop their own Ukrainian networks. "Those who prefer to wait may eventually find that it is too late," he says. "Ukraine is much closer to the rest of Europe than many people realize, and has demonstrated incredible strength. The economic recovery we are currently witnessing will continue to accelerate, but the time to act is now."

*"The economic recovery we are currently witnessing will continue to accelerate, but the time to act is now"*

# France's Egis aims to build Ukraine back better

**Alex Gittelson: Egis is committed to advancing Ukraine's infrastructure and resilience**



About the interviewee: **Alex Gittelson** is Managing Director for Ukraine, Caucasus and Central Asia states at Egis

French-based global architecture, engineering, consulting, and operating firm Egis has been present in Ukraine since 1993 and maintains a team of 180 in the country. Globally, Egis employs 19,500 people in 100 countries, excluding Russia since 2014.

The company has completed hundreds of infrastructure projects in Ukraine ranging from roads and bridges to waste management, water supply, public transport, energy, and environmental management. Egis has led EU-financed programs focused on technical advisory, institutional capacity building, policy and legislative reform, and alignment to support Ukraine's EU accession. The office in Kyiv also serves as a regional hub for the Caucasus and Central Asia, with its main focus on Ukraine.

Since the full-scale Russian invasion of February 2022, Egis has deepened its engagement in Ukraine, leading its rebuild and resilience, supporting environmental and urban development, and leveraging international partnerships. Egis Managing Director for Ukraine, Caucasus and Central Asia Alex Gittelson spoke with Business Ukraine magazine about the company's wartime experience and role in Ukraine's recovery.

## **What was the initial impact of the full-scale Russian invasion on the work of Egis in Ukraine?**

Although security protocols and measures were put in place a few weeks prior to the full-scale invasion, our employees remained determined to go about their work and their lives. On 24 February 2022, however, all our lives changed forever.

At 5AM on the day of the invasion, our primary concern was the safety of our staff and their families. With support from colleagues in Poland, Romania, Moldova, and our headquarters in France, including our Europe-Africa CEO Matthieu Loussier and our Egis Group CEO Laurent Germain, we swiftly took action to evacuate our staff and offered relocation packages to all who requested safe haven. We are indeed lucky to have our Group CEO understand Ukraine's plight, thanks to his service as President for the Movement of Enterprises of France (MEDEF) in Ukraine, and more recently through his participation on Ukraine's Business Advisory Council.

Our Ukrainian payroll department managed to disburse salaries for the next

few months in advance, ensuring everyone had a financial cushion to deal with their personal situations. Thanks to our heroic staff, our projects continued with minimal interruption, and we remained fully operational. We quickly and collectively understood that our staff, clients, and beneficiaries were all in the fight together. Our colleagues in France also established a Solidarity for Ukraine fund within Egis Group to support employees impacted by the war.

Of course, we encountered operational hardships along the way. The Russians destroyed and occupied our road supervision project office in Severodonetsk. Due to the occupation of Mariupol, projects there were suspended, including those funded by the EIB under the Ukraine Municipal Infrastructure Program (UMIP), and a French-funded water sanitation project. Two of our EBRD-funded projects in Kherson, the Trolleybus Project and Sustainable Urban Mobility Plan, couldn't resume even after liberation, as they lost their strategic and urgent importance.

Other projects were suspended, re-prioritized, or repurposed to support Ukraine's defense against Russian aggression. Most continued, however, demonstrating the economic resilience of our team together with clients and beneficiaries in sectors such as district heating, waste management, and public transport. We continue to support our staff who have relocated to Egis offices in Europe and western Ukraine. Our adaptability has allowed us to continue implementing over 40 projects, and our 180 staff remain fully occupied, half of whom are women in what is traditionally a male-dominated industry. Egis recently obtained special status as a company of critical importance to Ukraine's recovery, allowing our staff the opportunity to focus on their work without the risk of sudden mobilization.

## **How has Egis adapted to wartime conditions in Ukraine over the past two and a half years?**

The full-scale war forced us to shift focus. Travel restrictions made managing Central Asia operations difficult, particularly compliance monitoring processes, so we slowed development there and redirected efforts to Ukraine. We have been very flexible about working remotely to accommodate the ever-changing security situation and needs of our staff, yet we maintain a high ratio of billable hours and profit margins that meet the Group's standards despite the challenging circumstances and investor flight in the beginning stages of the invasion. While turnover slowed in 2022, with the patience, trust, and the support of our HQ, we returned to pre-2022 levels in 2023.

I was initially frustrated during the full-scale invasion as investors and donors hesitated, but I now believe the international community, supported by assurances from the Ukrainian government, is adapting to the risks of war. Our collective message is clear: recovery cannot wait, and immediate planning is essential for winning the war. Planning is indeed the key: we believe in the need not just for a Transport Masterplan, for example, but also an Energy Masterplan, a Water Management Masterplan, a Housing Masterplan, a Climate Resilience and Environmental Masterplan, and so on. A coherent approach is needed on the part of donors and beneficiaries alike. Meanwhile, procurement policy and planning in Ukraine are also not without challenges, sometimes leading to corrupt or incompetent practices.

Nonetheless, I'm truly impressed by our team, who continue their work despite daily hardship and sacrifice. Their resilience, combined with long-established partnerships, has enabled us to continue contributing to critical

infrastructure projects. Although our team often faces unprecedented conditions, including nights in shelters due to missile attacks, they remain determined. These challenges have only strengthened our commitment to Ukraine's recovery and future.

## **What role do you see Egis playing in Ukraine's recovery efforts?**

At Egis in Ukraine we're firmly engaged in the country's recovery and see ourselves as one of the key players in this effort. We prefer to consider ourselves on-the-ground partners to organizations and financial institutions such as the EIB, the EBRD, Ukrainian agencies and bodies focused on critical infrastructure, and the United Nations, as well as the French Treasury, France Expertise, and the World Bank. Recently, we have been delivering USAID-funded initiatives on border control points, leading Nefco's critical infrastructure projects in heating and water, and collaborating with Swedfund on water projects.

In the initial phase of the war, while most projects continued, many international and bilateral partners sought our insight. With our established local presence and security protocols, we positioned ourselves as a local partner with international experience traveling freely across the country, from the front lines to the borders, guiding new partners (and sometimes future competitors) through the fog. For investors and donors seeking to enter or re-enter the market, we have been their eyes and ears on the ground. For communities, cities, agencies, and top Ukrainian government officials, we are trusted advisors, guiding them through the bureaucratic complexities of international aid and finance with our broad view of the quickly developing and expanding marketplace across all sectors.

We've made significant progress in recent years, completing several recovery-focused projects. For instance, in early 2023, Egis finished work on a UNDP project for war debris removal and infrastructure reconstruction to support the sustainable recovery of war-affected communities. We are redesigning bomb shelters at schools across the country through UNOPS. Our team developed city restoration concepts and shelter designs for social institutions like kindergartens and schools, which we've shared with government officials and potential donors. We are repairing damaged buildings in many war-affected cities. After the destruction of the Kakhovka dam, which severely impacted Mykolaiv's water supply, we collaborated with the EBRD on urgent restoration efforts, updating the Feasibility Study for the Mykolaiv Emergency Water Project.

## **What are the key current Egis projects in Ukraine?**

Having implemented hundreds of projects in Ukraine, it's challenging to single out the most important, as each contributes to modernizing a specific area in

its own way. However, I'd like to highlight a major EU-funded initiative implemented by Nefco, with Egis as a consultant. The "Repair of Critical Infrastructure, Ukraine - Component 2" project supports five local communities: Chernihiv, Nizhyn, Okhtyrka, Trostianets, and Pervomaik by restoring essential infrastructure like district heating, water supply, and sewage systems.

I strongly believe in our EU-funded projects, with the EU Delegation to Ukraine being a crucial counterpart to our efforts. Thanks to the EU, we've worked on the Transport Masterplan, providing a national-level transport model for future investments, and completed the AASISTS project, aligning transport legislation with EU standards to enhance road safety. Last but not least, a project near and dear to me given my background in environmental science and policy, is the APENA3 project. In partnership with Greece's Enviroplan, it focuses on environmental reforms, waste management, and first-of-its-kind climate change adaptation plans. We hope the climate change adaptation plans will set a national benchmark.

Finally, as a French company, I want to highlight the significant efforts and financial support from the French government for the Chernihiv region. We have several initiatives funded by the French Treasury and France Expertise, including urgent conservation work on the Chernihiv Regional Youth Center as part of the "Diagnostics and Development of a Digital Platform for Ukraine's Recovery" project, in collaboration with B4 Design&Engineering and by Dassault Systèmes. Additionally, we were awarded a new project managing the emergency rehabilitation of health facilities in Chernihiv funded by French sources and managed by Expertise France. This project includes creating an air raid shelter, installing a water borehole, and rehabilitating the surgical department, with our team overseeing all aspects from design to execution.

## **What can you tell us about the long-term vision for Egis in Ukraine?**

My colleagues and I will not rest until Ukraine's integrity is restored, rightly defended, and built back more resilient and better than ever before, leveraging architectural and engineering lessons from the past, present, and future. My vision is for Egis in Ukraine to be recognized as a trusted institution for decades to come. I hope that my colleagues will recognize that Egis in Ukraine is Ukraine at its finest, and that it is their vehicle to shape and leverage for Ukraine to win the future. As the Egis mantra goes: imagine, create, achieve.

We aim to support Ukraine in building a robust and modern infrastructure that addresses both immediate recovery and long-term growth. Through ongoing projects and future initiatives, Egis is more committed than ever to being a key institutional and practical partner for beneficiaries, clients, and partners in Ukraine's journey toward a thriving and sustainable future.





# Danone allocates three million euros to support development of medical rehabilitation in Ukraine

French multinational backs Ministry of Health initiative to upgrade rehabilitation system

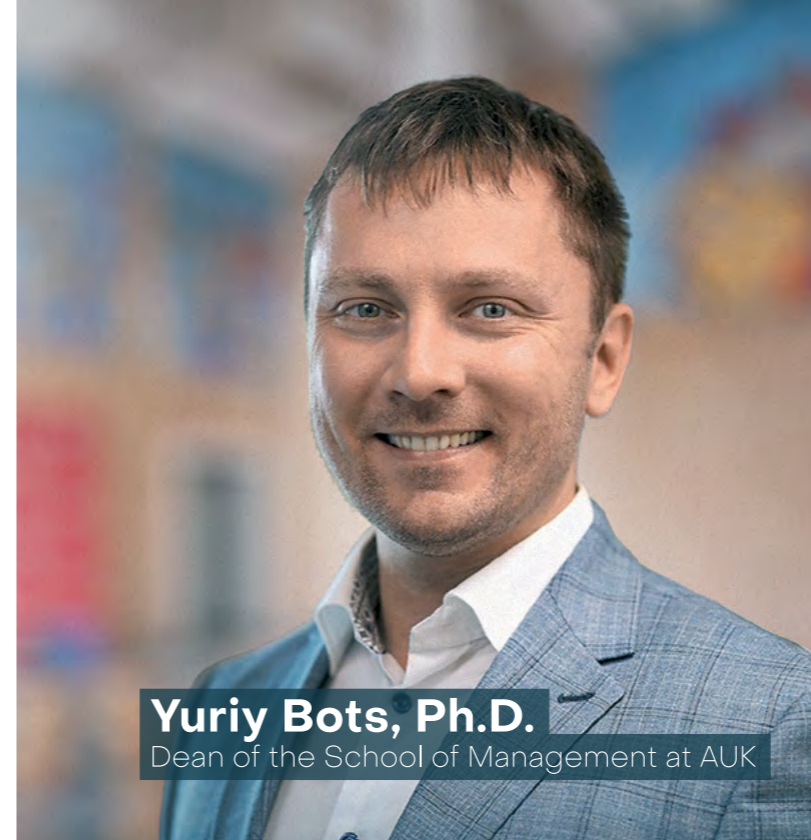


In summer 2024, French multinational food products corporation Danone signed an official Memorandum of Cooperation with Ukraine's Ministry of Health allocating EUR 3 million to support the development of long-term medical rehabilitation in the country. This funding comes as Ukraine grapples with the unprecedented healthcare challenges presented by Russia's full-scale invasion of the country. Due to the ongoing war with Russia, tens of thousands of Ukrainians have suffered life-changing injuries and are in need of long-term medical support. This is placing enormous strain on the country's limited rehabilitation facilities, and has spurred efforts to modernize and expand the sector. The Ministry of Health is currently focused on a number of areas including the development of Ukraine's rehabilitation infrastructure, the training of medical specialists to address the specific needs of patients requiring rehabilitation treatment, and the standardization of services in line with the best current global practices. Funding support from Danone is expected to help finance comprehensive upgrades at three Ukrainian medical institutions: the Unbroken National Rehabilitation Center, the Center for the Long-Term Medical and Social Rehabilitation of War Veterans, and Ukraine's National Cancer Institute. The drive to transform Ukraine's medical rehabilitation services is not only a response to the present wartime conditions in the country. Indeed, the rehabilitation sector of the Ukrainian healthcare industry has arguably been in need of an overhaul for some time in order to cope with the existing needs of the population. For example, there are currently around one mil-

lion Ukrainian cancer patients, with approximately half of these requiring access to medical rehabilitation care following specialized treatment. "It is important to remember that not only victims of the war are in need of medical rehabilitation, but also a wide range of other patients who have suffered injuries and illnesses, or who have undergone operations," comments Olena Yefimenko, the General Director of Ukraine's National Cancer Institute.

Danone officials say their well-established expertise in the field of food technologies and nutritional support has helped inform the company's awareness of the crucial role played by rehabilitation within the broader healthcare sector. "Our experience of working with healthcare professionals and patients recovering from surgery or dealing with serious conditions such as cancer has enhanced our understanding of the value and effectiveness of rehabilitation measures to enhance quality of life, improve the effectiveness of treatment, and aid the recovery process," says Adrian-Valentin Pascu, Danone GM for Central and Eastern Europe. "In line with our socially responsible approach and taking into account the contemporary Ukrainian context, we decided to express our solidarity and support by backing efforts to finance the development of medical rehabilitation in Ukraine."

Danone has been present in Ukraine for more than two decades. The Paris-based company has invested extensively in Ukraine and has established a strong presence in a number of Ukrainian market segments including dairy products. In May 2024, Danone completed its exit from the Russian market.



**Yuriy Bots, Ph.D.**  
Dean of the School of Management at AUK

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# L'Oréal Ukraine prioritizes **safety, service, and solidarity**

**Alena Bannitsina: Beauty acts as both a balm and a shield in times of hardship**



About the interviewee: **Alena Bannitsina** is the Country General Manager at L'Oréal Ukraine

## What was the initial impact of the full-scale Russian invasion on the work of L'Oréal in Ukraine?

The full-scale Russian invasion profoundly impacted every aspect of our operations in Ukraine. Our immediate concern was the safety of our employees, so we swiftly relocated nearly 500 team members and their families, providing ongoing financial and other support, which continues to this day. We maintained our full workforce and salary levels. Beyond supporting our team, L'Oréal Group provided EUR 5 million in humanitarian aid, and L'Oréal Ukraine has delivered over one million essential hygiene products to Ukrainians in need since the war began. We've had to adapt quickly, adjusting our strategies, staying committed to Ukraine and the Ukrainian people.

## How have you developed your main focuses and priorities since February 2022 in response to the new wartime realities in Ukraine?

Since February 2022, we've been guided by three priorities: ensuring our team's safety, serving our consumers, and standing in solidarity with the Ukrainian people, particularly women. On top of our focus on relocating the L'Oréal Ukraine team, we have adapted our communication strategies to address evolving consumer needs with sensitivity and relevance.

Critically, we have expanded our solidarity actions. These include the For Women in Science (FWIS) program. Now in its sixth season, this initiative continues to encourage Ukrainian women in STEM (science,

technology, engineering, and mathematics). Our Beauty for a Better Life training program delivers free, high quality vocational beauty training to women facing difficult life situations, with a special focus on internally displaced people.

Run in partnership with the Unbroken NGO, our (Not) the Time for Beauty program has been particularly impactful by providing treatment for war-related trauma. The L'Oréal Paris Women's Entrepreneurship Support Program is now in its second season and supports women entrepreneurs in Ukraine, encouraging them to follow their dreams and implement their projects. Meanwhile, the Garnier Solar Panels Project is aimed at equipping Ukrainian hospitals with solar panels. We remain committed to adapting our business to support Ukraine's resilience now and in the future.

## How has the Ukrainian cosmetics market evolved during your 20 years in Ukraine, and in particular since the start of the full-scale invasion?

The fundamental need for beauty in Ukraine hasn't changed over the past 20 years; it reflects our enduring desire for self-expression and confidence. What has evolved is consumer sophistication. Today, Ukrainians seek personalized experiences. There is a shift in attitudes from 'beauty for all' to 'beauty for each', as well as growing expectations that brands are dedicated to sustainability and social responsibility.

The war has further emphasized the importance of resilience and finding beauty in everyday moments. Beauty acts as both a balm and a shield in times of hardship, offering solace, confidence, and inner strength. At L'Oréal, we're driven by science and innovation to meet these evolving needs, empowering consumers through groundbreaking formulas like Pro-Xylane and Melasyll™, while our dedication to green chemistry, CO2 reduction, and refillable formats reflects our commitment to a more sustainable future for all.

## What are your plans for the future of L'Oréal in Ukraine?

Our commitment to Ukraine remains unwavering. We believe in the resilience of the Ukrainian people and the potential of the Ukrainian market. Our plans center around three pillars. The first is standing with our people. Our priority is the safety and well-being of our L'Oréal Ukraine team. We are providing ongoing support to our employees and partners, navigating these challenging times together with strength and determination.




Our second pillar is the idea that beauty moves the world. We remain dedicated to our mission of offering beauty as a source of strength, confidence, and self-expression for all Ukrainians. We strive to ensure access to products and services that empower individuals and provide moments of joy and self-care.

And thirdly, our plans are framed around the principle of joining hands to restore Ukraine. We see a vibrant future for beauty in Ukraine. L'Oréal will continue to invest in sustainable initiatives, local partnerships, and the development of the Ukrainian beauty industry, contributing to the rebuilding and growth of the country. We are confident that beauty, resilience, and creativity will continue to blossom and thrive in Ukraine in the years to come.

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# French pharmaceutical group Servier supporting Ukraine's transformation

**Servier GM Nicolas Clavreul sees considerable growth potential in the Ukrainian pharma market**

Despite the significant challenges posed by the war, French pharmaceutical company Servier is looking forward to expanding its Ukrainian presence and supporting the country's ongoing transition toward the latest European healthcare standards, says Nicolas Clavreul, the General Manager of Servier in Ukraine.

Ukraine's healthcare sector has been rocked by the past two-and-a-half years of unprecedented turbulence, but Mr. Clavreul says this instability is now becoming less of a factor. He notes that the country's pharmaceuticals market declined by approximately thirty percent in 2022, before rebounding by around ten percent during the following year as millions of Ukrainian refugees returned home. "We are not anticipating any major growth in the next few years, but the market has certainly stabilized," he comments.

As an international pharmaceutical company in Ukraine, Servier's core activity involves interaction with healthcare professionals across the country. Since the outbreak of hostilities, the company has maintained a presence in Ukraine, except for temporarily occupied territories, while also creating a more comprehensive online infrastructure to facilitate continued engagement in anticipation of potential changes to the security situation. "Ninety-five percent of contact between our medical representatives and Ukrainian healthcare professionals remains face-to-face, but we have also invested significantly over the past few years in the development of digital platforms that allow us to remain in contact in any circumstances and provide access to all of the information doctors may require," explains Mr. Clavreul.

Servier is currently aiming to grow in Ukraine and is recruiting new staff as it looks to introduce new oncology medications along with traditional company focuses such as cardiology and diabetes. This process is supported by ongoing educational efforts that aim to improve awareness among Ukrainians of the best available treatment options. Mr. Clavreul says he is particularly proud of how his team has been able to make the company's latest pharmaceutical inno-

ventions available to Ukrainian patients as quickly as possible. "Our newest products have reached Ukraine within twelve months of their launch in Europe and the US," he notes.

Much depends on building productive partnerships with the Ukrainian authorities and the country's healthcare industry within legal frameworks. This often involves navigating a regulatory environment that is in many cases relatively new or still taking shape. Mr. Clavreul notes that as Ukraine advances toward the goal of future membership of the European Union, the country is trying to catch up and modernize the way it addresses access to medicines. He believes Servier can play an important role in this process. "It is a very exciting time and we see ourselves as partners in the transformation of the country that is currently underway," he comments. Servier's support for Ukraine also extends to the humanitarian sphere. Working through the Mécénat Servier Charity Fund, Servier has donated equipment, medicines, and other aid to a wide range of Ukrainian healthcare providers. Mécénat Servier's flagship project is the reconstruction of one of the biggest hospitals in northern Ukraine's Chernihiv region, which was heavily damaged during the initial phase of the war in 2022. Servier has allocated a sum of close to eight million euros out of thirteen and a half million euros in total aid to finance reconstruction work, representing substantial international charitable initiatives in wartime Ukraine.

These charity efforts help to underline the sheer scale of the task facing today's Ukraine as it looks to defend itself and move toward a European future. Nevertheless, Mr. Clavreul argues that there are good reasons to adopt an optimistic long-term outlook for the country. "You have to be realistic and accept that there are risks, but if you are too conservative, you will never grow or provide patients with the chance to benefit," he says. "I prefer to be optimistic. There is huge potential for Servier in Ukraine. I can already see the benefits we are providing thanks to the medicines we are bringing to the market. Based on this, I am confident we can continue to grow in the coming years."

About the interviewee: Nicolas Clavreul is the General Manager of Servier in Ukraine



*"There is huge potential for Servier in Ukraine. I can already see the benefits we are providing thanks to the medicines we are bringing to the market."*

# Credit Agricole Ukraine backs sustainable energy transition

French bank supports efforts to increase renewable energy usage in Ukrainian agricultural sector



About the interviewees: **Alexandre Tchesnakoff** is a Member of the Management Board at Credit Agricole Ukraine. **Nataliia Porvina** is Head of the Agro Business Support and ESG Department at Credit Agricole Ukraine.

*“We have witnessed a switch from the quick fix of generators to bigger and more sustainable energy solutions that can offer greater long-term reliability”*

The full-scale Russian invasion of Ukraine, and especially the systematic targeting of Ukraine’s national power grid, has accelerated the country’s ongoing embrace of renewable energy. Credit Agricole Ukraine has been engaged in this process since the prewar period and is now stepping up efforts to support Ukraine’s sustainable energy transition. To help facilitate a greener and more self-sufficient energy future, Credit Agricole Ukraine now offers a range of financing solutions while partnering with international financial institutions and with the National Bank of Ukraine. “Financing renewable resources is one of the priority directions of our sustainable development strategy and an important initiative for the future of Ukraine,” says Nataliia Porvina, Head of the Agro Business Support and ESG Department at Credit Agricole Ukraine. “The main focus of the bank in this segment at present is

supporting the energy transition of our clients.” Credit Agricole’s focus on supporting Ukrainian businesses in their energy transition is not new but has evolved significantly since February 2022 amid wartime conditions. Prior to Russia’s full-scale invasion, many within the Ukrainian agricultural industry saw improvements in energy efficiency primarily as a way to open up additional growth potential, with investments in renewable energy typically viewed as an opportunity to benefit from the Ukrainian government’s green tariffs. Attitudes began to change after the onset of Russia’s invasion, with Ukrainian farmers facing a range of more immediate issues relating to the rising cost of fuel and imports. These dramatically altered circumstances increased the need for savings, helping to generate new momentum and additional interest in renewable energy options while encouraging Ukrainian agribusinesses to

seek ways to reduce their reliance on the national power grid. This trend has continued to intensify in response to Russia’s targeted bombing of Ukraine’s energy infrastructure. The initial phase of this air strike campaign during the first winter of the war in late 2022 and early 2023 saw a rise in demand for short-term options such as diesel-powered electricity generators. More recently, the destruction of a significant portion of Ukraine’s remaining power grid in spring and summer 2024 has sparked a comprehensive search for alternative sources of energy across the Ukrainian agricultural sector. “We have witnessed a switch from the quick fix of generators to bigger and more sustainable energy solutions that can offer greater long-term reliability,” says Alexandre Tchesnakoff, a Management Board Member at Credit Agricole Ukraine. “This year, we are seeing far more solar, bio gas, and wind projects. Business owners are developing investment plans for the coming winter season and are also looking ahead to 2025 and beyond.” Demand for the financing of energy projects has been strong, says Mr. Tchesnakoff. He notes that during the first half of the 2024 summer season, Credit Agricole Ukraine was able to build up a renewable energy portfolio of mostly small-scale projects focused on strengthening energy self-sufficiency that amounted to three hundred million euros. “And that is only our bank,” he comments. “I am sure other banks in Ukraine are also seeing similar interest.” Nataliia Porvina notes that solar power and biogas projects are currently attracting the most interest among Credit Agricole’s Ukrainian clients as they seek to enhance their energy independence and reduce exposure to electricity supply problems. In addition to financing, the bank supports these efforts by offering expert guidance via teams of specialists who visit clients across Ukraine and provide detailed breakdowns of potential energy transition options. “Our experts spend around seventy percent of their time in the field. They consult with clients and give technological recommendations that also highlight potential savings and sustainability,” says Nataliia Porvina. “Our bank aims to serve as a center of Agro and ESG expertise and our mission is to help finance Ukraine’s green transformation.”

While wartime realities are playing a key role in driving Ukraine’s energy transition forward, the country’s parallel progress on the road toward future membership of the European Union is serving as an important additional factor helping persuade the country’s agribusiness owners to commit to a greener energy future. Ukraine was granted official EU candidate country status in June 2022, with membership talks officially beginning in spring 2024. It is still likely to be many years before Ukraine finally joins the European Union, but as the process evolves and Ukraine incorporates more EU regulations, the agricultural industry will be obliged to adapt accordingly. “The EU integration process is helping to fuel a culture of sustainability and underlining the advantages of energy self-sufficiency,” says Alexandre Tchesnakoff. “Little by little, the mindset is moving.” Credit Agricole Ukraine recently signed agreement with USAID to provide cash back on financial leasing and support for SMEs updating their vehicles, equipment, and machinery to make their operational processes more environmentally friendly. All this adds up to improvements within the Ukrainian energy sector that could have a profound impact on the country’s agricultural industry for years to come. Alexandre Tchesnakoff identifies the large-scale Russian bombardment of Ukraine’s energy infrastructure that took place in March 2024 as an important “wake-up call” for the country, and says it is now possible to identify signs of an historic shift in the energy sector. “Transformation is usually easier to pinpoint in retrospect and is not always visible while it is underway. But in two or three years time, the energy generation picture in Ukraine will be very different and we will then be able to recognize that much of this change began in spring 2024,” says Alexandre Tchesnakoff. “For us, this is a huge responsibility. We are here in Ukraine for the long term, which means that we adopt a long-term perspective rather than seeking short-term gains. It is important for us to be trusted, so we are always as transparent as possible. We try to be an innovative bank responding promptly to changes and remaining quite mobile, while at the same time we are unwavering in our financial monitoring standards.”

# Key role for French businesses in Ukraine's national recovery

France is currently one of the top ten largest international investors in Ukraine



About the author: **Alvin Selutina** is Analytics Lead at Advantage Ukraine

The private sector is expected to play a leading role in Ukraine's infrastructure and economic revival, with large numbers of domestic and international companies set to participate in what many believe will be Europe's largest national reconstruction initiative since the years immediately following the end of World War II. Widespread anticipation over Ukraine's recovery efforts reflects the sheer scale of the damage done by Russia's ongoing invasion, with conservative estimates as the war passed the two-and-a-half year mark putting the price tag at around half a trillion US dollars and counting.

Ukraine's national recovery is widely seen as a striking opportunity for private capital to make significant investments and generate substantial profits. This outlook has been strengthened by the progress Ukraine has made since 2022 toward membership of the European Union. Just months after the start of Russia's full-scale invasion in February 2022, Ukraine was recognized as an official EU candidate country. At the end of 2023, EU officials voted to begin membership talks with Kyiv. As this process continues to gain momentum and Ukraine moves closer to joining the European Union, this will create further buzz and open up more investment opportunities.

In addition to the huge amount of Ukrainian construction projects

that are envisaged in the coming years, the Vienna Institute for International Economic Studies has highlighted a number of key industries that look set to serve as the backbone for Ukraine's broader recovery. These include renewable energy, the agriculture sector, and the IT industry.

The Vienna's Institute's findings certainly make sense. IT and agriculture have been the twin engines of Ukrainian economic growth for much of the past decade. The IT sector has proved remarkably robust in wartime conditions, with Ukrainian tech companies able to adapt to security challenges and most employees continuing to work despite relocation issues. The Ukrainian agricultural industry has been similarly resilient despite facing difficulties such as a maritime blockade of Ukraine's Black Sea ports and the extensive mining of agricultural land close to the front lines. Over the past year, Ukraine's success in the Battle of the Black Sea has already made it possible to break the blockade of the country's seaports and renew maritime exports of agricultural produce. Investment in Ukrainian agribusinesses is likely to grow dramatically as the security situation improves.

Meanwhile, renewable energy was already a focus of international investment during the prewar period, with companies looking to capitalize on Ukraine's geographical advantages. The extensive bombing of the Ukrainian power grid during Russia's invasion is now further concentrating attention on the need for alternative power sources such as renewable energy, setting the stage for a new wave of investments in the sector.

While Ukraine's national recovery is often framed as a postwar initiative, it is actually already well underway. The vast majority of international businesses present in Ukraine before the war continue to operate in the country. Many big brands and major multinationals have also made significant investments in Ukraine since the onset of Russia's full-scale invasion. Reconstruction works have been underway since the very first weeks of the war, with international partners helping to finance major projects such as the rebuilding of bridges damaged or destroyed during the spring 2022 Battle of Kyiv.

As Ukraine looks to repair, rebuild, and modernize, French companies will likely be heavily involved. France currently ranks among the top ten largest investors in Ukraine, a position it has consistently occupied for much of the past three decades. The country's large French business community has been active in a wide range of economic sectors, with a particularly strong presence in the retail, agriculture, and financial services industries. French companies have remained committed to Ukraine since 2022, and can now also benefit from a range of tools such as export supports, grants, and war risk insurance coverage, making Ukraine an even more attract investment opportunity.

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# Champagne diplomacy

Kyiv French restaurant Citronelle gets creative to raise funds and promote Ukrainian culture

Ukrainians are rightfully recognized for their remarkable fundraising skills, with enormous sums of money collected in support of the country's defense since the start of Russia's full-scale invasion. Kyiv French restaurant Citronelle is responsible for what must surely qualify as one of Ukraine's more creative and elegant wartime fundraisers. The high end dining venue has released a limited edition champagne featuring labels illustrated by a selection of contemporary Ukrainian artists, with all profits from sales going to the country's military medical services.

Citronelle founder and owner Mariia Didkovska explains that the concept behind her restaurant's novel champagne initiative first began to take shape during the chaotic initial months of the Russian invasion. Like many other Ukrainian businesses at that time, Citronelle was initially focused on providing whatever help it could to the Ukrainian military and the huge numbers of people displaced by the war. However, relying on donations and the goodwill of friends and partners did not seem like a very sustainable approach. "We decided that the best solution would be to create something of genuine value and sell it in order to raise money," says Ms. Didkovska.

The restaurant's champagne project, dubbed "Victoire de la Dignite" ("Victory of Dignity"), soon began to take shape. The initiative was enthusiastically supported by Citronelle's partners at France's Pierre Morlet champagne house. Just a few years earlier, this partnership had seen Citronelle become the first restaurant in the former USSR to boast its own signature champagne. The Pierre Morlet champagne house now once again rose to the challenge, providing three thousand liters of champagne for the limited edition wartime launch.

Each of the 2,388 bottles that are part of the "Victoire de la Dignite" initiative is adorned with a label produced in the champagne region and featuring one of six artworks by contemporary Ukrainian artists. The six participating artists were all specially selected from Kyiv's contemporary art community and were invited to explore the

concept of victory from their own personal perspectives. The fact that all six had remained in Kyiv throughout the war brought added authenticity to their contributions. "We wanted something that could bring the worlds of business and culture together in a meaningful way," says Ms. Didkovska.

The initiative has proved effective, generating around one and a half million hryvnia by the middle of summer 2024. While this money will be put to good use in support of medical treatment for Ukraine's defenders, Ms. Didkovska believes the cultural component of the project is also extremely important. "This champagne project is about so much more than just fundraising," she says. "It is about sharing Ukrainian art and the Ukrainian spirit. Back in 2022 at the start of the war, nobody was taking an interest in culture. But even then I felt very strongly that it was important to talk about art and identity."

Looking ahead, Ms. Didkovska says she is aiming to expand the reach of the "Victoire de la Dignite" initiative in the coming months and engage more with international audiences. She is currently exploring a range of ideas with colleagues in the United States, Great Britain, and France. Potential formats include diplomatic receptions and cocktail parties in Paris, London, and beyond.

In addition to raising further funds, Ms. Didkovska hopes international events can help boost Ukraine's profile and foster greater awareness about the country at a time when the continued support of the international community has never been more important. "Cultural diplomacy is absolutely critical for Ukraine right now," she says. "People in different countries need to understand who we are and what we stand for. At present, international perceptions of Ukrainian culture are still often dominated by rather old-fashioned notions of folklore, embroidery, and traditional dances. But in reality, contemporary Ukrainian identity is incredibly rich and diverse. This is a conversation we should be looking to have with the wider world whenever possible."

*"Our champagne initiative is about so much more than just fundraising. It is about sharing Ukrainian art and the Ukrainian spirit"*

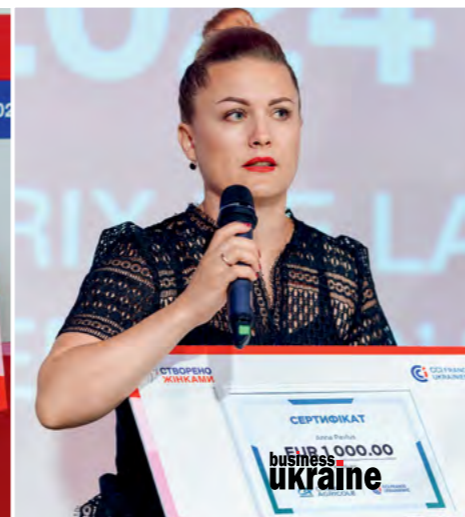




## Celebrating the Resilience of Women Entrepreneurs in Wartime Ukraine

The Franco-Ukrainian Chamber of Commerce and Industry (CCIFU) welcomed members of Ukraine's business and diplomatic communities to Kyiv's UNIT.City innovation park in July 2024 for the sixth annual "Created by Women" award ceremony, which honors Ukrainian women entrepreneurs. The 2024 edition of the competition attracted 425 entrants, setting a new record. "We are delighted with the number and quality of applications we received," said Maud Joseph, Director of CCIFU. "This shows the resilience and entrepreneurial spirit of Ukrainian women, even in the most difficult of times."

This year's winner was Olga Lekova of ARTSTUDIOLEO, who was recognized for her Recast Plastic project, which produces furniture for bomb shelters using recycled plastic. "Our mission is to create furniture that is functional and helps preserve the environment," commented Olga. "We believe every item we produce makes the world a little bit better." Second place went to Maryna Korshevnyuk of biomedical company Apixmed, with Anna Pavlus of WHEELNY taking third place for her tailored range of clothing for wheelchair users.





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# Philip Morris invests \$30 million in new Ukrainian production facility

Lviv region plant began operations in May 2024 and is set to reach capacity by end of year



About the interviewee: **Mykhailo Poliakov** is Deputy General Director at Philip Morris Ukraine

Tobacco industry company Philip Morris International launched operations at a new \$30 million production facility in western Ukraine's Lviv region in May 2024. The construction of the plant represents one of the largest international investments in Ukraine since the onset of Russia's full-scale invasion in February 2022. Philip Morris International has been among the biggest international investors since the 1990s. Its Ukrainian affiliates have been among the largest taxpayers in Ukraine as well. Prior to Russia's full-scale invasion, the company's operations in Ukraine had focused on a plant in eastern Ukraine's Kharkiv region that produced for the domestic market and also for export to countries including Japan. As the scale of Russia's invasion became clear in February 2022, it was apparent that production in Kharkiv was not feasible for

security reasons as the facility was too close to the front lines. The Philip Morris Ukraine team were soon discussing alternatives, including the possibility of building a new plant elsewhere in Ukraine. "We began considering different options from virtually the very first day of the invasion," recalls Philip Morris Ukraine Deputy General Director Mykhailo Poliakov.

The company had to address the twin challenges of continuing to supply the domestic market while also maintaining deliveries to numerous export markets that depended on Ukrainian production. This export issue was partially resolved by utilizing spare production capacity at Philip Morris facilities as far afield as Brazil. In Ukraine itself, Philip Morris concluded a manufacturing contract with an industry competitor to meet domestic demand. Meanwhile, discussions continued over the more long-term solution of constructing a new production facility in Ukraine.

As he recalls the journey from initial concept to construction of the new production facility, Mr. Poliakov emphasizes the supportive stance of the national, regional, and local Ukrainian authorities. He also acknowledges the importance of the strong backing he and his team have received from their colleagues at Philip Morris International. Nevertheless, it would take a visit to Ukraine in order to convince management that it made sense to invest \$30 million in a country at war.

As many people based in wartime Ukraine have observed from their own interactions with family, friends, and colleagues abroad, outside perceptions of the situation in the country can often be distorted by international coverage of Russia's invasion. Indeed, it would be easy for anyone exposed to endless media reports of death and destruction to conclude that the whole of Ukraine is a combat zone. Mr. Poliakov felt the best way to address these concerns was by letting colleagues see for themselves. "Taking into account the circumstances, we decided to organize a trip to Lviv for senior executives," he recalls. "They were able to sample the everyday life of the city and soon realized that people are not all hiding in basements."

Inevitably, security considerations played an important role in the choice of location for the new plant. At the initial stage of the process, a decision was taken to rule out anything on the left bank of the Dnipro River, with most of the potential sites under consideration situated in the Lviv region. The Philip Morris security team also conducted a detailed assessment, analyzing factors such as proximity to military infrastructure and other potential targets before confirming the current site.

Plans to launch a new production facility in the Lviv region received the green light from Philip Morris International in May 2023, with construction completed almost exactly one year later. The plant was officially launched with a single production line in



May 2024 and is expected to be operating at full capacity with five lines by the end of the year.

The new facility is largely staffed by Philip Morris Ukraine employees from Kharkiv, who have been provided with support by the company to help them relocate across the country. This has even extended to bringing the in-house canteen chef from the company's Kharkiv region facility to prepare meals and provide an added touch of familiarity. "Our colleagues from Kharkiv have settled well in Lviv, but many remain convinced their borshch is best," jokes Mr. Poliakov.

The new Lviv region plant will focus exclusively on production for the domestic Ukrainian market. Once the security situation permits, Philip Morris Ukraine officials envisage the potential re-opening of the Kharkiv facility. This could lead to a revival of ear-

lier export operations on an even larger scale. While it is not currently possible to predict how events in Ukraine will unfold, Mr. Poliakov says the company's future trajectory is clear. "We have a long history in Ukraine and are as committed as ever," he says. "We have no plans to stop and are only considering expansion." By investing \$30 million in a new production facility, Philip Morris International has sent out a powerful signal that wartime Ukraine remains an important market and a place to do business. Mr. Poliakov hopes others will take note and follow suit. "We are not waiting for the end of the war. We are investing right now and are already seeing a positive impact on our business," he says. "The message to the international business community is clear: instead of making statements about investments, now is the time to actually invest in Ukraine."

*"We have a long history in Ukraine and are as committed as ever. We have no plans to stop and are only considering expansion."*

# Pioneering war risk insurance in Ukraine

WTW Ukraine and VUSO have responded to the challenges of Russia's full-scale invasion by developing a range of innovative war insurance solutions for Ukraine covering cars, cargo, foreign visitors and more



About the interviewees: **Vyacheslav Andriyko** is Head of WTW Ukraine. **Andrii Artiukhov** is Chairman of the Board at VUSO.

## What have been the key changes to the Ukrainian insurance market since the start of Russia's full-scale invasion in February 2022?

**Vyacheslav Andriyko:** Following the start of Russia's invasion, the biggest challenge to the Ukrainian insurance industry has been the war itself. The disruptive and destructive nature of the war had an immediate impact, but the financial sector was able to withstand this severe turbulence and consolidate. The Ukrainian insurance market continues to face demographic and talent challenges, with the emphasis on survival and reducing the catastrophic effects of the war. It is important to underline that since the beginning of the full-scale invasion, both VUSO insurance company and WTW Ukraine have never stopped providing services and support to our clients. Both companies maintain teams in Kyiv and elsewhere in Ukraine. As part of one of the world's largest insurance and reinsurance brokers, WTW Ukraine has received considerable support from its international colleagues. VUSO has also continued to offer the necessary insurance solutions, often reinsured through WTW Ukraine via the European, UK, and US markets.

**Andrii Artiukhov:** History offers many examples of reforms instigated during difficult times to improve efficiencies and responsibilities among market players while clearing away non-performing or financially unstable elements. I believe this was the National Bank of Ukraine's main goal in continuing to pursue financial market reforms despite the war and all the disruption it has brought to the Ukrainian economy. As a result, the Ukrainian insurance market has

been culled with many insurers ceasing their activities. Some did so voluntarily, while others were obliged to surrender their licenses due to tougher regulatory demands.

This ongoing reform process has led to a number of significant developments. These include stricter capital requirements for insurers and increased reporting standards to ensure greater transparency. Licensing rules have become more stringent, including checks on financial stability and business reputation. Insurance brokers and agents of insurance companies must now also meet new qualification requirements and undergo regular recertification. So far, the implications for the market are mostly positive. These changes all aim to improve the quality of insurance services and increase protections for policyholders.

## What do you see as the current priorities for the Ukrainian insurance market?

**Vyacheslav Andriyko:** Complications and escalation threats related to the Russian invasion of Ukraine remain the top risk, not only for Ukrainian businesses but for global companies as well. According to the WTW 2024 Political Risk Survey, the general sentiment of alarm among companies identified in 2023 has since been channelled into preparedness. Some 90% of respondents said they have invested in new political risk management capabilities this year. Research conducted in spring 2024 found that political risk and losses due to political violence are now viewed as the "new normal." Adequate solutions and preparedness will remain priorities this year and beyond, both domestically in Ukraine and internationally.

**Andrii Artiukhov:** Key priorities include increased insurance services reliability and transparency, together with greater protection of consumer interests. Despite the current wartime conditions, the Ukrainian insurance market has recently experienced some growth and demonstrated a number of positive trends. This helps to improve the quality of services and expand the range of insurance products available to Ukrainian customers.

We try to provide clients with the specific solutions they need in today's unprecedented environment. This has included pioneering a new motor insurance product offering full coverage against war risks. So far, 54 Ukrainian companies have signed up to insure their vehicle fleets against war risks.

## You have recently launched a new facility covering cargo and war-on-land risks. How challenging was this launch process, and what impact do you expect this new facility to have on the Ukrainian economy?

**Vyacheslav Andriyko:** In the wake of Russia's invasion, WTW undertook to assess the new risks this created. In a frankly remarkable feat of broking, the WTW London cargo team, in collaboration with WTW Ukraine and VUSO, negotiated a tailored war risk insurance solution for transporting goods in and around Ukraine, led off by Markel in the London market.

This bespoke market-first solution provides businesses with the certainty needed to maintain operations despite the ongoing war. It covers risks associated with cargo transportation within Ukraine, ensuring continuity for domestic companies while supporting international firms involved in Ukraine's rebuilding efforts. This highlights our innovative response to emergent risks and our ability to leverage global insights and local expertise to create practical solutions.

So far, we've seen significant market interest and submissions from sectors including logistics, agriculture, commodities, and energy. I am delighted that the launch was positive. International and domestic businesses clearly view our joint solution as a key tool that can help enable their efforts to assist in the rebuilding of Ukraine.

**Andrii Artiukhov:** VUSO offers a wide range of insurance products designed specifically to address the need for protection in today's wartime conditions. This program will allow us to expand the range of offers for corporate clients looking to protect their cargo from war risks. We are now working together with our WTW colleagues on some complex annual programs for clients in sectors including agricultural commodities and energy generating equipment, and are also focusing on the needs of multinational businesses that have ongoing logistical operations and multiple years of experience on the Ukrainian market.

The package we offer covers war risk inside Ukraine and can either be provided as a stand-alone policy or in conjunction with a comprehensive cargo insurance package. I'm confident that there is currently nothing similar to this insurance product available in Ukraine. The insurance solution prepared together with WTW has reinsurance support from top Lloyd's marine syndicates and provides insurance coverage to virtually all regions of Ukraine except active combat zones. So far, we've spoken to clients and dealt with submissions from the Odesa, Lviv, Ivano-Frankivsk, Dnipro, Kyiv, and Vinnytsia regions. For clients, it is crucial that this is not a self-retained solution

but a properly backed reinsurance program. From our perspective, it is important we can guarantee that all claims underwritten by us will be paid.

## Insuring international guests in wartime Ukraine is a major issue. How does your new personal insurance package address this?

**Vyacheslav Andriyko:** For organizations contemplating working in Ukraine, due consideration should be made to the increasing emphasis of duty of care, and the necessity of providing the best possible protection to their staff and contractors, including Ukrainian nationals, working on behalf of the insured organization. WTW can assist with the arrangement of insurance to protect personnel should the unfortunate happen. Working with Lloyd's underwriters, we can provide broad cover with minimum administration. This includes coverage for death, disability, and emergency medical assistance with evacuation if required. There is a 24-hour helpline along with in-country medical teams.

**Andrii Artiukhov:** In many cases, international insurance programs may require additional domestic coverage in Ukraine against accidents and medical expenses. Before the war, VUSO had been one of the leading insurance companies in the travel insurance segment. When the war started and travel abroad became complicated, we revisited our portfolio and used our experience to develop a new product for the domestic Ukrainian market. We can now offer accident and medical insurance for foreigners visiting Ukraine for business. This can be done either as a separate policy or part of an international proposition as described by Vyacheslav.

## What are your plans for the rest of 2024 and beyond?

**Andrii Artiukhov:** We aim to build on our recent experience of introducing war risk coverage for cargo, vehicles, and international visitors, and will continue to seek innovative solutions. It is important for us to support Ukrainian businesses during these challenging times. By responding effectively to the current needs of clients, insurers can directly affect the financial stability of individual Ukrainian businesses and the broader economy. Our main goal is to provide the kind of tailored support and solutions to our clients that will allow them to focus on their core activities without worrying too much about risks created by today's wartime conditions.

**Vyacheslav Andriyko:** Our plan is to continue looking after the best interests of our clients. Together with VUSO and in cooperation with several other Ukrainian insurers, WTW will work to develop new products, solutions, and innovative approaches. This will include working more with the US market. Working with American businesses, including insurers, is potential pivotal for Ukraine. With this in mind, we aim to intensify work with our colleagues in Washington DC and New York in the coming months. This includes plans to increase our engagement with the DFC and MIGA, along with the wider commercial insurance market. We have already submitted investment projects to the DFC and hope to develop cooperation.

Looking ahead, our main priority remains unchanged. We are committed to the well-being and security of WTW Ukraine clients, our colleagues, and their families. We will do everything we can to ensure that they continue to feel protected.

# Turkish industrial equipment company unveils \$10 million investment in Ukraine's Kyiv region

Launch of new Dalgakiran facility provides timely boost to Ukraine's energy sector



Turkish industrial energy equipment company Dalgakiran Kompresör unveiled a major new production and maintenance facility close to the Ukrainian capital in July 2024. The company invested UAH 400 million (approximately \$10 million) in the construction of the plant, making it one of the largest single investments in the Kyiv region since the onset of Russia's full-scale invasion in February 2022.

"This new facility will support increased industrial activity throughout the Ukrainian economy, enabling businesses to save money and resources," commented Viacheslav Dinkov, director of Dalgakiran Compressor Ukraine, the local representative branch of Türkiye's Dalgakiran Kompresör. Dalgakiran has been operating in Ukraine for nineteen years. The company currently has offices in eleven Ukrainian cities and maintains a fleet of more than seventy mobile service teams operating across the country. Construction work on the recently opened flagship facility in Kyiv region's Bilohorodka began prior to the onset of Russia's full-scale invasion and continued despite the wartime conditions in the country, with the opening creating fifty new work places. The

cavernous plant includes production and assembly capacity along with extensive maintenance capabilities.

Dalgakiran specializes in the production and maintenance of generator and compressor equipment, cooling systems, and industrial pumps. With a particular focus in Ukraine on electrical generators, the arrival of the new plant could hardly be more timely. The targeting of Ukraine's civilian energy infrastructure by Russian missiles and drones has caused extensive damage to the country's power grid since 2022 and led to periods of rolling blackouts. This has caused extensive economic disruption and created significant difficulties for Ukrainian businesses.

Dalgakiran Kompresör Chairman of the Board Adnan Dalgakiran believes the decision to scale up the company's presence in Ukraine should help foster a more robust Ukrainian business climate and increase Ukraine's energy resilience amid the uniquely challenging wartime circumstances in the country. "With power outages, our equipment can ensure the continuity of business processes and production, giving companies the opportunity to continue working, paying taxes, and providing jobs for Ukrainians," he commented.



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# Addressing the issue of war damage in Ukraine

## Ukrainian businesses have limited legal options

The international community has yet to agree upon a comprehensive compensation plan



About the author: **Olga Kostyshyna** is head of international arbitration at LCF Law Group.

When EU and G7 leaders struck a deal in the first half of 2024 to use the proceeds from frozen Russian assets in order to aid Ukraine, it was widely welcomed as a crucial step. However, progress has since stalled. Meanwhile, the issue of more comprehensively compensating Ukraine for the damage caused by Russia's invasion remains unresolved and continues to be subject to postponements. Despite this lack of clarity, it is already clear that Ukraine is facing long-term challenges as it looks to repair and rebuild. With no firm decision from the international community on the financing of Ukraine's recovery, Ukrainian businesses have limited options as they seek to address the negative impact of the war.

### 1. Filing Lawsuits in State Courts

One potential advantage of filing lawsuits is that Ukrainian businesses can apply to a Ukrainian court in the Ukrainian language, and can substantiate their claims using Ukrainian law. However, the disadvantages here likely outweigh the advantages, most notably the fact that any judgment must be enforced in order to actually recover compensation.

One way of addressing this may be to apply to foreign courts. Judgments in the state courts of foreign countries are recognized and enforced on the principle of reciprocity, as there is no single unified procedure in place. Recognition and enforcement of a judgment may be denied if it violates the public policy of the country where recognition is sought. It is therefore crucial to clarify how foreign courts might choose to assess the position of Ukrainian courts regarding factors such as the limitations of Russian jurisdictional immunity and inability to participate in proceedings, as well as whether the position of the Ukrainian courts is at odds with the position of the foreign state.

### 2. Applying to the Register of Damages

An additional option is submitting an application to the Register of Damages. There are a number of potential issues here, not least the lack of clarity over when this mechanism will actually be up and running. It is worth emphasizing that in line with the current time frame, a special commission to consider individual claims is scheduled to be established by the end of 2025. Business owners need to be aware that business damage has been placed in the third and final category, behind damages suffered by individuals and damages to critical and social infrastructure, cultural heritage, and the environment. It is therefore reasonable to assume that damages to businesses will also be compensated in this order. In other words, business owners are likely to find themselves at the back of the queue.

There are also set to be some restrictions regarding the periods covered. The Register of Damages can only be used to submit applications for compensation for damages incurred after February 24, 2022. As a result, any damage incurred prior to this date during the first eight years of Russian aggression in the Crimea, Donetsk, and Luhansk regions of Ukraine will not be covered. The process for submitting claims is also not yet clear, nor is the methodology

for assessing claims. In addition, the Registry Board has not yet decided whether it is possible to record losses in foreign currency, given the rise in inflation in Ukraine.

### 3. Arbitration Against Russia

A third potential route available to Ukrainian business owners seeking to address material damage caused by Russia's full-scale invasion is initiating investment arbitration against Russia. This is a complicated, time-consuming, and expensive process, but it does offer a few potential advantages compared to the other two options outlined above.

Firstly and perhaps most importantly, there is already a positive precedent in the form of successful arbitration procedures relating to the 2014 Russian occupation of Ukraine's Crimean peninsula. These Crimean arbitration processes resulted in favorable rulings for Ukrainian banks and enterprises. Crucially, they also confirmed that Russia can be held legally liable for the expropriation of assets in Russian-occupied areas of Ukraine.

Secondly, unlike the Register of Damages, Russia can be sued in relation to losses incurred before February 24, 2022, if the losses were caused in areas of Ukraine that were under the effective control of the Kremlin. When it comes to calculating damages, experts may be engaged to assess amounts due according to international standards. Damages can be set and fixed in a foreign currency, with interest charged until the final execution of the award. An arbitral award can be recognized and enforced in all jurisdictions where Russian assets are located and are subject to sanctions measures.

These three approaches offer Ukrainian businesses some options to consider as they seek to secure material compensation for the damage caused by Russia's war. Business owners may choose to pursue one or several of these options in parallel, depending on the strategy they develop together with qualified legal advisors.

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# Ukraine simplifies licensing requirements for foreign construction companies

New wartime regulations create opportunities to participate in Ukraine's reconstruction



About the author: **Alex Frishberg** is a senior partner at the Kyiv offices of Frishberg & Partners ([www.frishberg.com](http://www.frishberg.com)), specializing in Ukrainian real estate transactions

Ukrainian legislation has always required construction companies to obtain licenses for construction and installation works of average consequence (CC2) and significant consequence (CC3) facilities. These construction categories include multi-apartment residential buildings over 100 meters high, large public buildings, industrial facilities, universities, colleges, schools, preschools, shopping malls, hospitals, and other major construction projects. Whether a construction project requires a license depends on the building's construction class and complexity. Groups CC2 and CC3 differ in their requirements as to materials, weld procedure, and a range of other factors. Accordingly, the licensing procedure and basic list of permit documents differ on a case-by-case basis. For example, objects in group CC3 undergo the most complex and lengthy procedure. Unfortunately, most foreign construction companies have traditionally been frozen out of this lucrative market. This may now be changing. In August 2024, Ukraine's Cabinet of Ministers has passed a resolution creating new opportunities in the construction industry. At long last, foreign construction companies now have the right to engage in construction activities in Ukraine during martial law under a simplified procedure, without the need

to obtain a license to build large-scale structures and facilities. Specifically, for the duration of martial law, foreign companies that conduct activities in Ukraine through permanent representative offices may carry out the construction of objects with average (CC2) and significant (CC3) consequences simply by submitting to the licensing authority a declaration containing all relevant information, full company description, and other details. The submission may take place in electronic form through Ukraine's popular Diia Portal or via hard copy.

One of the documents that a foreign construction company must submit is an acknowledgment that the company is familiar with the requirements of the applicable Ukrainian legislation, which establishes an exhaustive list of requirements for conducting activities subject to licensing, and undertakes to comply with them. For example, in September 2022, revised building standards significantly changed safety regulations for buildings and structures, regulating mechanical resistance and stability, energy efficiency, barrier-free accessibility, environmental requirements, and fire safety issues. These standards also contain new requirements for the construction of such facilities as refrigerators, warehouses, and grain silos. Naturally, foreign construction companies are expected to fully comply with all these rules.

The new Cabinet of Ministers resolution opens unprecedented opportunities for foreign construction companies with Ukrainian representative offices, allowing them to start reconstructing Ukraine during wartime. When martial law status is eventually lifted, foreign construction companies will have up to three months to obtain the relevant permit documents according to the procedure, terms, and conditions set by applicable legislation at the time.

Given the scale of the wartime destruction in Ukraine and the estimated \$750 billion necessary for post-war reconstruction, international donors including the United States, the United Kingdom, Poland, Germany, and France have all already promised to help finance the rebuilding of Ukraine's infrastructure. Many others are expected to follow. Foreign construction companies that were active in Ukraine during the war will likely be the first to benefit from these reconstruction efforts, since they will already have their foot in the door, together with experience in Ukrainian market conditions and work culture, and lower start-up costs than any incoming competition.

Continued reform of construction control procedures will play a key role in attracting the foreign companies needed to reconstruct Ukraine following the end of hostilities. With this in mind, it is reasonable to expect that Ukraine will continue to implement transparency and simplify licensing procedures in the construction field as it seeks to set the stage for national recovery and pursues full membership of the European Union.

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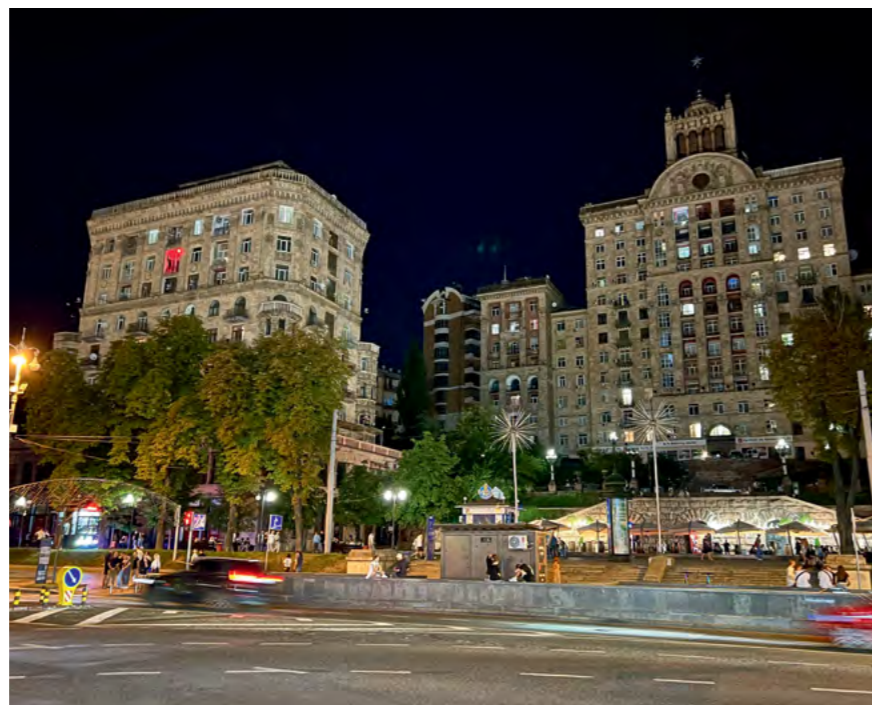
In 2023-2024, FIT for Ukraine were attended by over 7,500 people from 70 countries around the world.

\*Follow the announcements of the following events on the official website

# Kyiv real estate market braces for winter of uncertainty

Rents are up and purchase prices are down for property in the Ukrainian capital

In my twelve years of living in Kyiv and working in real estate, I have witnessed numerous significant fluctuations in the city's rental market. Two years ago in summer 2022, the rental market in central Kyiv started to rebound after the shock of the full-scale Russian invasion. At the time, rental prices were down about 30-40% as owners accepted almost any offer that came in, keen as they were to get income flowing again in the midst of so much uncertainty. There was a flurry of rentals in late summer and into autumn, followed by a steep drop in activity as the Russians started pounding Kyiv all throughout the winter months. But the outlook improved once more in spring 2023 and this was felt in the Kyiv rental market, with prices climbing back to prewar levels. Since that time, prices have increased even further for some one and two-bedroom rental options.



On the sales side, prices were initially slow to drop at the start of the war, due to Kyiv property owners showing their traditional resilience. Across the city, prices were down 10-20% in 2022, with the reduction in the center being on the lower end. However, starting in 2024, we started to see more motivated sellers, with prices going down 15-20% in the historical center and by as much as 30-35% in other parts of town. In the latter category, we have seen some really interesting deals this year with nicely renovated apartments in newer buildings asking for well below \$2000 per square meter. For comparison, solid apartments in older buildings in the historical center, even without renovations, are still hovering at around that price. The biggest difference is that rental prices in the historical center are generally much higher than elsewhere. On paper, all this means that the investment case for the historical center of Kyiv has actually improved over the last two years, and there are no signs that the demand for good rental units will subside anytime soon. However, the elephant in the room is the prospect of the harshest winter yet for residents of the Ukrainian capital. After two years of bombing Ukraine's

energy infrastructure, power supply in Kyiv is under severe strain. And with electricity usage being roughly double in winter, combined with the prospects of further Russian missile attacks, it is easy to see why many are bracing for a very tough cold season. While some of the power deficit can be replaced with diesel generators and other battery-based supplies, it is not at all clear what will happen in this city of well over three million people if the winter is a very cold one. I suspect that many current renters might choose to leave Kyiv for some or all of the winter period. However, given the relative lack of available rental properties, many of these tenants will probably be hesitant to outright cancel their leases for fear of having to come back in the spring and fight with the rush of returnees to find suitable housing again. So the biggest question is what the Ukrainian property owners will do. Will they ride out the storm of a cold winter waiting for a sunny Kyiv spring? Or will they flinch and flood the sales market with ever cheaper places as the dark and cold leave them dreading what comes next? During the first

two years of the war, I was very confident they would choose the former, but with no end in sight to the Russian invasion, it is only natural that some property owners may now be considering selling. The second big question is whether buyers are ready to come back and invest in the historical center of Kyiv again. Do lower purchase prices and higher rents compensate for the current risk and uncertainty? Anecdotally, I can say that we had zero purchases last year as a company and have already had several this year. That is still a much lower deal flow than in 2021, but it is nevertheless a welcome improvement. I also sense a general buzz in the air based on conversions I have been having with bigger market players who are in the process of setting up real estate investment funds, or at least showing serious interest in doing so. It can take a while for this buzz to translate into action, of course. But for those who are ready and able, the coming winter season might be the perfect time to get some amazing deals and to help satisfy some of that insatiable rental demand that is driving up prices.

About the author: Sean Almeida is CEO of Vestor.Estate real estate agency and has been resident in Kyiv since 2012



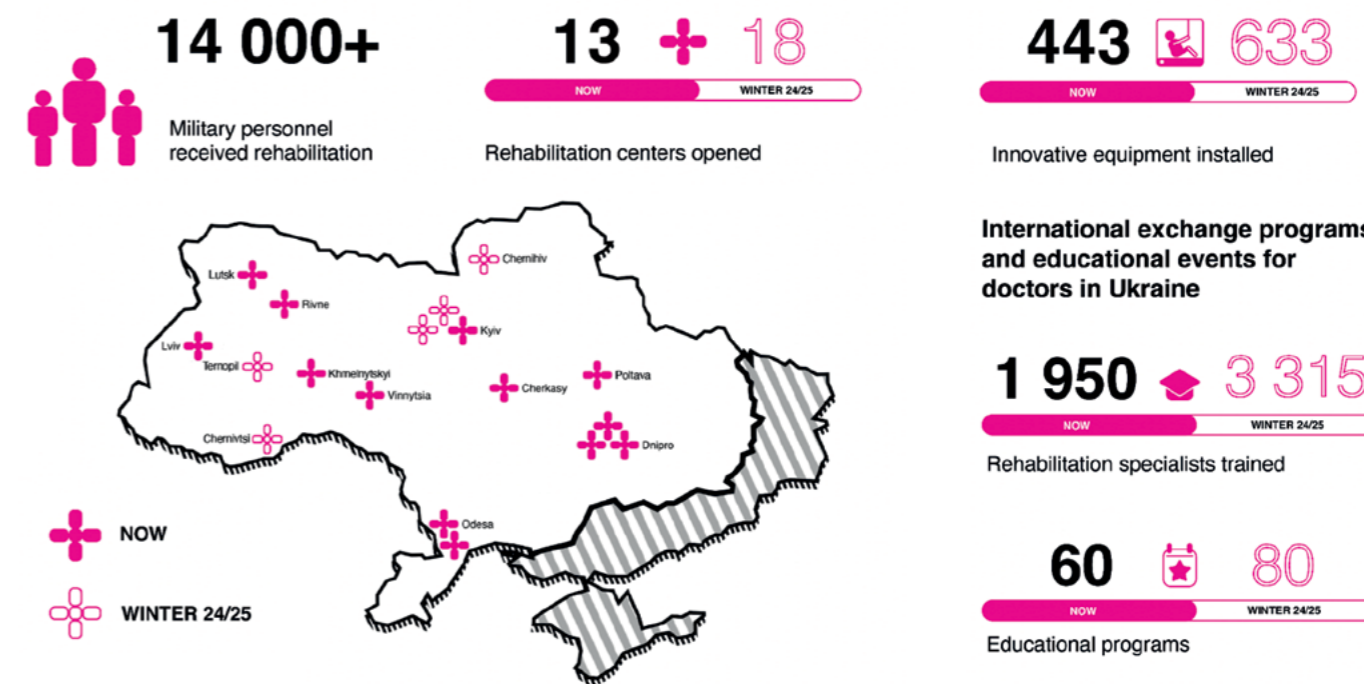
# State-of-the-art rehabilitation for Ukrainian defenders

RECOVERY is a network of innovative rehabilitation centers for wounded soldiers in Ukraine. The project was founded by Victor and Olena Pinchuk in gratitude to Ukrainian defenders who are heroically resisting Russian aggression.

Currently, 13 RECOVERY rehabilitation centers provide free services in various cities, including Cherkasy, Dnipropetrovsk region (three centers), Khmelnytskyi, Kyiv, Lutsk, Lviv, Odesa (two centers), Poltava, Rivne, and Vinnytsia. The founders of the project plan to expand the network to at least 18 innovative rehabilitation centers, providing rehabilitation to about 25,000 soldiers annually.

*"With deep gratitude to our defenders, we are creating a state-of-the-art rehabilitation network. Through this project, we aim to ensure that Ukrainian servicemen and women wounded in the fight for our nation's freedom can recover close to their families while receiving world-class medical care."*

Svitlana Grytsenko, Head of the Recovery Project and Board Member of the Victor Pinchuk Foundation



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# Oschadbank focuses on supporting Ukraine's MSME sector growth

**Natalia Butkova-Vitvitska: Oschadbank has the local expertise international partners need**

As the Ukrainian business community continues to grapple with the new realities created by Russia's full-scale invasion, state-owned bank Oschadbank has identified support for the country's micro, small, and medium-sized businesses (MSMEs) as one of its strategic priorities. Through a combination its own initiatives and cooperation with the Ukrainian government and international institutional partners, Oschadbank is seeking to provide Ukrainian entrepreneurs with the tools they need in order to not only survive but thrive in today's uniquely challenging business environment.

According to Oschadbank research, MSMEs currently account for a not very significant share of Ukrainian GDP, far lower than the average of around fifty percent in most mature Western democracies. Bank officials believe consolidating this segment of the Ukrainian economy and building it up to contemporary European levels is crucial for the country's broader development. "We want to see the MSME share of Ukrainian GDP rise to above half and are confident this will help Ukraine transition away from the old oligarch-dominated economy toward a more prosperous future," says Natalia Butkova-Vitvitska, Oschadbank Board Member in charge of micro, small, and medium-sized businesses.

Oschadbank launched a separate unit to serve MSME clients in 2015 and currently has the third largest MSME loan portfolio on the Ukrainian market with more than 240,000 clients. Over the past two and a half years, the bank has adapted its offer to reflect the fast-evolving wartime conditions in the country, while also taking into account the new concerns and priorities among Ukraine's entrepreneurial class.

With almost twenty percent of Ukraine currently under Russian occupation and much more of the country located too close to active combat zones to allow for even a modicum of economic stability, many MS-



About the interviewee: **Natalia Butkova-Vitvitska** is a Board Member at Oschadbank in charge of micro, small, and medium-sized businesses (MSMEs)

MEs are seeking assistance as they look to relocate their business to other parts of Ukraine. Another key area of activity is support for Ukrainian entrepreneurs preparing to enter new export markets, with many seeking to expand internationally. As well as providing a range of financial tools to MSMEs, Oschadbank also offers consulting services to help small business owners make the right decisions.

Ms. Butkova-Vitvitska says these efforts depend on the agility and adaptability

of the Oschadbank team. She points to a series of steps taken in response to rolling energy blackouts in summer 2024 as an example of the bank's ability to react promptly to changing wartime conditions. "We constantly face new challenges that demand flexibility on a month-to-month basis and sometimes even on a day-to-day basis. This has taught us that if you have the right team in place and the right attitude, you can operate effectively in the most demanding business climates." This

approach has enabled Oschadbank to provide the bank's MSME clients with loans worth in excess of forty billion hryvnias since 2022, with a total of over 12,000 individual projects supported.

With more than 1,200 staff serving MSME clients across Ukraine and the country's largest nationwide branch network, Oschadbank is certainly well positioned to take the pulse of the MSME community and assess the often rapidly evolving outlook of Ukrainian entrepreneurs. "Our employees are used to working in a very dynamic environment," comments Ms. Butkova-Vitvitska. "Everyone understands that they cannot always expect to work standard eight-hour days in the current circumstances, but we are all very proud of the role we play and the support we are able to provide for Ukraine."

Oschadbank is also the main provider of grant instruments from the Ukrainian government in support of the MSME sector. This includes micro-grants and individual focuses on the agro-industrial sector, processing, industrial parks, and initiatives specifically aimed at the country's military veteran community. By August 2024, the bank had processed over 65,000 grant applications and had provided more than nine billion hryvnias in grant funding.

The bank's extensive nationwide network, along with local knowledge accumulated over many years, is a key factor that has helped make Oschadbank a logical partner for international financial institutions looking to back the Ukrainian MSME sector. "We know the Ukrainian market at

a personal level and we understand the needs of our clients very well," says Ms. Butkova-Vitvitska. "This makes it possible for us to help international financial institutions reach their target audience in Ukraine."

Ms. Butkova-Vitvitska cites a number of additional advantages that she believes have played a role in establishing partnerships between Oschadbank and international financial institutions including the European Bank for Reconstruction and Development, the European Investment Bank, the European Investment Fund, Germany's GIZ development agency, and the Western NIS Enterprise Fund. These advantages include the bank's credit risk management expertise and extensive experience gained through the successful implementation of previous projects with multiple international partners. "We have a very clear understanding regarding the rules of cooperation, along with a detailed grasp of how such partnerships should work. Crucially, we also have the necessary expertise to decrease risk levels for our partners to a minimum," she says. "Oschadbank serves as a natural bridge between international financial institutions and Ukrainian clients."

Ms. Butkova-Vitvitska says that an important part of Oschadbank's preparation for cooperation with international partners has been the introduction of environmental, social, and governance (ESG) principles. Donors helping the Ukrainian economy survive in wartime conditions are also working to share this expertise with

Ukrainians. For example, Oschadbank has been assisted by colleagues from the Deutsche Sparkassenstiftung für internationale Kooperation (German Sparkassen Foundation for International Cooperation) to implement ESG criteria.

With the help of German partners, Oschadbank employees studied the best ESG practices and were able to identify what could be implemented by the bank before developing and approving the relevant plans. This resulted in the adoption of a policy for managing environmental, social, and economic risks when providing financing to the bank's MSME clients, significantly improving the prospects for further cooperation with international financial institutions.

The good news for Ukraine's entrepreneurs is that international financial institutions appear to share Oschadbank's current commitment to supporting the MSME segment, with many viewing it as the key to the country's long-term economic transformation. Ms. Butkova-Vitvitska says that while Oschadbank provides an array of information and detailed statistical data to partners, the international financial institutions she cooperates with in Ukraine generally have a good understanding regarding the specifics of the country's entrepreneurial class and the potential for the future expansion of the sector. "They are concentrating their efforts on Ukrainian MSMEs rather than big corporate clients because they recognize that this is what will ultimately make the Ukrainian economy grow," she notes.

*"Oschadbank serves as a natural bridge between international financial institutions and Ukrainian entrepreneurs"*

# American University Kyiv offers students unique US internship program experience

The AUK Global Internship Program aims to create a new generation of Ukrainian leaders

During the 2024 summer season, a group of students from the American University Kyiv traveled to the United States and the United Kingdom as the first cohort of the AUK Global Internship Program. This new initiative is the brainchild of AUK President Dan Rice. It offers young Ukrainians the opportunity to undertake paid internships at a range of participating American and international companies, allowing them to gain valuable professional experience. It is also hoped that the program will lead to enhanced future career prospects following graduation.

The AUK Global Internship Program first began to take shape in early 2024. Like much else associated with the American University Kyiv, which was launched on the eve of Russia's full-scale invasion in February 2022, progress was swift. AUK President Dan Rice recalls being extremely encouraged by the initial response from potential hosts, with a number of high profile companies signing up to participate in the inaugural summer program.

With most military age Ukrainian men unable to travel internationally due to wartime martial law restrictions currently in place in the country, a total of eighteen female AUK students flew the flag for Ukraine at companies in the United States and the United Kingdom this year. Summer salary for participating students averaged \$18,000 for ten weeks work with all expenses paid, including flights and housing. However, the real benefit of the program came from the unique insights they were able to gain into American business culture.

AUK business administration undergraduate student Angelina Marusych describes her experience interning at JPMorgan in New York as "just astounding" and says it has given her fresh perspective into the realities of the corporate world. "I am sure that such internship opportunities will open many doors in the future and educate new leaders of Ukraine," she comments.

Fellow AUK Global Internship Program participant and software engineering Master's student Ksenia Piskun says the benefits of her time interning as a software engineer at Casey's General Stores headquarters in Iowa went far beyond the practical advantages of adding to her technical skills. "I had the chance to work with some incredibly talented and supportive people who helped me grow both professionally and personally. The collaborative environment made it easy to form meaningful connections," she reflects. "Living in the Midwest, especially in such a beautiful state, gave me a whole new perspective on life here. It's something I'll carry with me forever."

In addition to their individual internships, students were also able to participate in a range of group visits to American businesses, institutions, and government agencies including the New York Stock Exchange, the US Department of State, and the Pentagon. Global management student Sofiia Hordiienko says the opportunity to immerse herself in American culture was one of the highlights of her internship

experience and notes that visits to the White House and Pentagon "gave us a deeper understanding of how America operates and reinforced the support we feel here."

Based on the positive reaction to this year's inaugural round of internships, AUK President Dan Rice says he is now confident that the program will expand further in the coming year, with additional companies on board in the United States and in other countries including the United Kingdom and Poland. This will create significantly more internship places for AUK students. "The feedback from corporate sponsors has been incredible, and all told me that their employees value the effort to bring these young women to the United States and give them a once-in-a-lifetime experience," he notes.

For participating companies, the AUK Global Internship Program represents a chance to interact with Ukrainian students at a time when the country is frequently in the global headlines but is still emerging from decades of relative international obscurity. This summer's internships allowed AUK students "to further their professional growth while also educating our colleagues on Ukraine and its culture," says Joseph Lohrer, Head of US Retail Sales for Blackstone Private Wealth Solutions. "Their fresh outlook added a profound element to their time in our New York office."

Host companies have also been generous in their praise for the professional contributions made by AUK students during their time in the US this summer. "The interns from the American University Kyiv are active contributors across multiple departments including IT, finance, human resources, and market research," says TJ Lintz, Head of Human Resources for Doka USA. "Their involvement has brought new energy and innovative ideas to our projects. We are beyond grateful for their effort."

AUK President Dan Rice believes the university's internship program can help equip students with the skill set they require to excel in their future careers. He notes that many of this year's interns are already planning on returning next year, and says the target for 2025 is 200 paid internships abroad. Eventually, the aim is for the Global Internship Program to be available to every student as a primary pillar of the AUK experience. Rice says this will help ensure that all AUK graduates have multiple employment offers in Ukraine from international corporations.

The AUK Global Internship Program is a new innovation for Ukraine's higher education sector that is unlike anything else currently on offer to the country's student community. In that sense, it reflects the recently established university's ambitions to play a prominent role in Ukraine's recovery and growth. "We see the internship program as a great way to instill leadership," says Rice. "This fits with our goal as an educational institution to produce the next generation of Ukrainian leaders."





# Ukraine calls Putin's bluff

## From Kursk to the Black Sea

Since February 2022, Russia has managed to limit the supply of weapons to Ukraine by playing on Western fears of a wider war. But again and again, Russian dictator Vladimir Putin has demonstrated that whenever he is confronted with unfavorable new military realities, he is far more likely to retreat than escalate, writes Peter Dickinson

In July 2024, the Russian Navy withdrew its last remaining patrol ship from occupied Crimea. This major milestone in the Battle of the Black Sea was announced by Ukrainian Navy spokesperson Dmytro Pletenchuk, who signaled the historic nature of the Russian retreat with the words: "Remember this day." Unsurprisingly, the Kremlin-controlled Russian media did not report the news, preferring instead to remain silent.

The withdrawal of Russian warships from Crimea served as a reminder that against all odds, Ukraine is actually winning the war at sea. When Russia first began the blockade of Ukraine's ports on the eve of the full-scale invasion in February 2022, few observers believed the ramshackle Ukrainian Navy could seriously challenge the traditional dominance of Russia's mighty Black Sea Fleet. Once hostilities were underway, however, it soon became apparent that Ukraine had no intention of conceding control of the Black Sea to Putin without a fight.

### Putin's Fleet in Retreat

Beginning with the April 2022 sinking of the Russian Black Sea Fleet's flagship, the Moskva, Ukraine has used domestically produced drones and missiles together with Western-supplied long-range weapons to strike a series of devastating blows against Putin's fleet. Cruise missiles delivered by Kyiv's British and French partners have played an important part in this campaign, but

the most potent weapons of all have been Ukraine's own rapidly evolving fleet of innovative marine drones.

The results speak for themselves. When the full-scale invasion began, the Russian Black Sea Fleet had seventy four warships, most of which were based at ports in Russian-occupied Crimea. In a little over two years, Ukraine managed to sink or damage around one-third of these ships. These attacks have taken their toll. During the second half of 2023, reports began to emerge of Russian warships being hurriedly moved across the Black Sea from Crimea to the relative safety of Novorossiysk in Russia. By March 2024, the Russian Black Sea Fleet had become "functionally inactive," according to the British Ministry of Defense.

### Breaking the Black Sea Blockade

Ukraine's remarkable success in the Battle of the Black Sea has had significant practical implications for the wider war. It has disrupted Russian army logistics and hindered the resupply of Russian troops in southern Ukraine, while limiting Russia's ability to bomb targets across Ukraine from missile-armed warships located in the Black Sea. Crucially, it has also enabled Ukraine to break the naval blockade of the country's Black Sea ports and resume commercial shipping via a new maritime corridor. As a result, Ukrainian agricultural exports are now close to prewar levels, providing Kyiv with a vital economic lifeline.



Ukrainian President Volodymyr Zelenskyy writes "Slava Ukraini" on a French SCALP missile mounted on a Ukrainian jet. Long range cruise missiles supplied by France and Britain have played a key role in Ukraine's successful airstrike campaign against the Russian Navy in Crimea and the Black Sea, but many of Ukraine's international allies remain reluctant to allow attacks inside Russia for fear of a potential escalation in what is already Europe's largest armed conflict since World War II. (Photo: president.gov.ua)

### Russia's Revealing Reaction

Russia's reaction to mounting setbacks in the Battle of the Black Sea has been particularly revealing and offers valuable lessons for the future conduct of the war. It has often been suggested that if faced with the prospect of a humiliating defeat in Ukraine, Vladimir Putin may resort to extreme measures including the use of nuclear weapons. In fact, he has responded to the very public humbling of his Black Sea Fleet by quietly ordering Russia's remaining warships to retreat. This underwhelming response is all the more telling given the symbolic significance of Crimea to the Putin regime. The Russian invasion of Ukraine first began in spring 2014 with the seizure of Crimea, which occupies an almost mystical position in Russian national folklore as the country's fabled warm water port and the home of the Black Sea Fleet. Throughout the past decade, the occupation of the Ukrainian peninsula has been relentlessly

championed in Kremlin propaganda as the greatest achievement of Putin's entire reign, and is widely recognized as the basis for his claims to a place among the great figures in Russian history. Crimea's elevated status was initially enough to make some of Ukraine's international partners extremely wary of giving the green light for attacks on the occupied peninsula. However, the Ukrainians themselves had no such qualms. From the very first weeks of the war, Ukrainian forces have been attempting to hit Russian military targets across Crimea and throughout the Black Sea. More than two and a half years since the start of the invasion, these strikes are now a routine feature of the war that is taken for granted by all sides. Kremlin officials no longer react hysterically to Ukrainian attacks in Crimea, while the Russian media largely ignores the frequent sinking of Russian warships, no doubt in order to save Putin's blushes.

# “The West’s fear of escalation is Vladimir Putin’s most effective weapon, allowing him to limit the military aid reaching Kyiv and prevent Ukraine from striking back inside Russia”

## Erasing Russia’s Red Lines

The Russian Navy’s readiness to retreat from its supposedly sacred home ports in Crimea has made a complete mockery of Moscow’s frequent talk of so-called Russian red lines, but this development is actually far from unprecedented. On the contrary, since the start of the full-scale invasion in February 2022, Russia has repeatedly demonstrated a readiness to withdraw that is distinctly at odds with the Kremlin’s frequent warnings of imminent escalation and thinly veiled nuclear threats.

During the first hours of the invasion, Putin warned the West that any attempt to intervene and arm Ukraine would lead to “consequences greater than any you have faced in history.” However, when a coalition of Western countries then began supplying Ukraine with large quantities of weapons and ammunition, these presumably nuclear “consequences” failed to materialize. Similarly farcical scenes have accompanied each new stage of Western military aid to Ukraine, with Russia solemnly announcing red lines and warning of a potentially catastrophic escalation before ultimately doing nothing once the new weapons are delivered and deployed.

The emptiness of Russia’s battlefield bravado has also been exposed on multiple occasions. In September 2022, Putin announced the annexation of Ukrainian regional capital Kherson, proclaiming that the city had joined Russia “forever.” This was accompanied by threats to defend Kherson and other “annexed” regions of Ukraine with nuclear weapons if necessary. “I’m not bluffing,” Putin declared. But of course he was bluffing. Less than two months later, Kherson was liberated by the Ukrainian military in what was one of the most significant Russian defeats of the entire war. Far from reaching for the nuclear button, Putin simply ordered his beaten troops to retreat across the Dnipro River.

The most serious blow to the credibility of the Kremlin’s nuclear threats came in August 2024 with Ukraine’s surprise cross-border offensive into Russia’s Kursk Oblast. By invading Russia itself,

Ukraine marched straight through the reddest of all Russian red lines. And yet once again, Putin chose not to escalate. Far from unleashing nuclear Armageddon, he went out of his way to downplay Ukraine’s invasion, referring to it as a “provocation” and pretending that the first foreign occupation of Russian soil since World War II was nothing out of the ordinary. These were most certainly not the actions of a self-assured national leader with full confidence in his country’s continued escalation dominance.

## The West’s Misguided Escalation Fears

It should now be abundantly clear to any objective observer that Russia is attempting to menace Ukraine and the wider Western world into submission with what are essentially empty threats. Nevertheless, Kyiv’s international allies remain reluctant to draw the obvious conclusions. Instead, Western support for Ukraine continues to be defined by self-defeating fears of escalation that have little basis in reality. For more than two and a half years, Ukraine’s partners have allowed themselves to be intimidated into denying Ukraine certain categories of weapons, and have also been persuaded to impose absurd restrictions on Ukraine’s ability to defend itself with attacks inside Russia.

This Western fear of escalation is Putin’s most effective weapon. Indeed, the Kremlin dictator’s ability to intimidate the West has been by far his greatest success of the entire war. The excessive caution of Ukraine’s Western partners is slowly but surely creating the conditions for inevitable Russian victory in a long war of attrition. Ukrainians will continue to fight on bravely, but unless they receive significantly more military aid together with the green light to finally bring the war to Russia, their prospects look grim.

Today’s policies of escalation management are the modern equivalent of the 1930s appeasement that emboldened Adolf Hitler paved the way for World War II. Western leaders claim to be motivated by a desire to avoid provoking a wider war, but that is exactly what will happen if they fail to stop Putin in Ukraine.

About the author: Peter Dickinson is the publisher of Business Ukraine magazine

Razom, which means "together" in Ukrainian, is dedicated to upholding the principles of the Revolution of Dignity (Maidan). We deliver on our mission by providing humanitarian aid and support to Ukrainians, and advancing Ukraine’s interests in the US.



## Forvis Mazars shakes up professional services industry with new \$5 billion global network

June 2024 marked the emergence of a powerful new player in the audit, tax, advisory, and consulting sectors: Forvis Mazars Global Limited. Created through a partnership of two industry leaders, Mazars and FORVIS, this global network now has combined revenues of €5 billion, positioning it firmly within the top 10 firms worldwide. The firm's reach extends across more than 100 countries, with over 40,000 specialists ready to serve clients around the world. Operating in Ukraine for 16 years, the company has more than 120 experts in its Kyiv and Lviv offices, providing support to businesses of all sizes, including major multinational corporations.



*"As Managing Partner of Forvis Mazars in Ukraine, I believe this partnership not only strengthens our global strategy but also aligns with Forvis Mazars's commitment to actively participate in the reconstruction of Ukraine. The creation of a new global network will enhance our capabilities and support our efforts aimed at economic development and reconstruction initiatives."*

**Gregoire Dattee, Managing Partner of Forvis Mazars in Ukraine**



[www.forvismazars.com/ua/](http://www.forvismazars.com/ua/)

### WHY EVERYONE MUST PAY THEIR TAXES IN A COUNTRY AT WAR

#### Those who work fund those who fight

The wartime resilience of Ukraine is phenomenal. Inspired by the lionhearted defenders on the frontlines, Ukrainians show the entire world that they do the impossible on Ukraine's path to victory. While soldiers defend the sovereignty of the country, it is the workforce that powers and funds the fight, ensuring that the struggle for freedom remains viable. Companies are true business heroes who continue to operate in Ukraine, keeping the economy running, paying taxes to support the army, and creating jobs. 32% of AmCham members have had employees killed; 30% of companies have had their plants and facilities damaged. 84% have employees who are serving in the Armed Forces of Ukraine.

The full-scale war has shifted public spending priorities: funding the army is now the top priority. Military and security spending amounts to 55% of Ukraine's 2024 budget and 22% of the GDP. There is a need – to fund the army, and there is an issue – the amount of unpaid taxes. 12 billion dollars is the amount of shadow economy in Ukraine that must be eliminated immediately.

#### Ukraine must combat its shadow economy

Ukraine's budget losses due to the production and sale of illicit excisable goods amount to more than \$1 billion, namely: tobacco products – \$525 million; alcohol – \$250 million; fuel – \$250 million. With this money, Ukraine could buy 30 F-16 fighter jets, which are vital tools on its path to victory, or ensure financing 33 thousand soldiers during the year. Another sphere in the shadow is the illegal import and sale of Apple products. The estimated losses in 2023 from non-payment of VAT for Apple iPhone products only are 135 million dollars. In 2024, this figure for all Apple products is expected to almost double to 250 million dollars. Another illustrative example is restaurants. Only five companies pay 31% of all taxes paid in the restaurant business, while there are more than 40,000 restaurants operating across Ukraine.

#### Businesses that are paying taxes are being squeezed to pay more, while those evading tax are getting away with it

If the government continues to put pressure only on legitimate taxpayers, the shadow economy will bloom. Any proposed changes to the legislation must reflect sound tax policy and a commitment to ensuring tax compliance and pursuing tax justice, especially during war. Unfortunately, the recently proposed draft tax policy changes (Draft Law #11416) do not meet these objectives and, instead,



*Andy Hunder, President of the American Chamber of Commerce in Ukraine*

are expected to lead to further discrimination against transparent businesses, increase distortion in competition between taxpayers and tax evaders, undermine trust, and promote the expansion of the shadow economy.

#### Supporting Ukraine's Armed Forces is crucial

Everyone must pay their taxes in a country at war. The source for additional tax revenues is in combatting evasion and ensuring equal rules for all, not increasing taxes on legitimate taxpayers who already bear the highest burden.

Military tax must be paid by everyone, including private entrepreneurs and legal entities. Ukraine's government needs to acknowledge the scale of the shadow economy and start fighting it immediately. Those who don't pay their taxes must pay, and the government should ensure a level playing field. Law enforcement and regulatory bodies must do their job.

#### AmCham calls on Parliament and the Government to ensure a level playing field for business

Prior to squeezing more taxes from honest taxpayers, all efforts must be made to ensure that individuals and legal entities operating in Ukraine all pay their fair share of taxes today.

# LUNCH WITH US UNDER SECRETARY OF COMMERCE MARISA LAGO



AmCham Ukraine brought together over 220 CEOs, decision-makers, journalists, and partners for a high-profile lunch with Marisa Lago, US Under Secretary of Commerce for International Trade. This event highlighted the robust US-Ukraine business relationship, reinforcing that Ukraine remains open for business and is a key destination for US investors. Distinguished speakers also included Yuliia Svrydenko, First Deputy Prime Minister – Minister of Economy of Ukraine, Svitlana Chyrva, Visa Vice President and Country Manager for Ukraine, and Andy Hunder, AmCham Ukraine President. The gathering served as a powerful reminder of the enduring ties between the United States and Ukraine, with speakers emphasizing the collaborative efforts to rebuild a free, peaceful, and prosperous Ukraine.



Exclusive Partner



# EMPOWER HER & WELDI ROUND TABLE WITH US UNDER SECRETARY OF COMMERCE MARISA LAGO



On July 26, an in-person EMPOWER Her & WELDI Round Table took place in Kyiv, featuring Marisa Lago, US Under Secretary of Commerce for International Trade, and US Ambassador to Ukraine Bridget A. Brink. Visionary female leaders from AmCham member companies joined the discussion, which was focused on women's economic empowerment and leadership in international trade, and had an opportunity to share their unique resilient stories on the ground in Ukraine. Marisa Lago highlighted Ukrainian women's resilience during Russia's full-scale war and reaffirmed US support for Ukraine's fight for sovereignty and democracy.



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# ACC

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UKRAINE

## SERVING OUR MEMBERS SINCE 1992



JOIN AMCHAM  
AND LET'S  
REBUILD UKRAINE  
TOGETHER

# WARTIME RESILIENCE IN UKRAINE

In April 2024, AmCham launched a video project on social media – WARTIME RESILIENCE IN UKRAINE. It aims to demonstrate to the global community how businesses operate in Ukraine during Russia's full-scale war, showing that Ukraine is open for business, what companies are doing on Ukraine's path to recovery and victory, what real resilience is, and key wartime learnings. AmCham team engages companies' CEOs for interviews to share their stories of resilience, unity, and strength during the biggest hardship in modern European history.



Resilience to me is about continuing to look for solutions despite the situation. I don't know that another country would have operated with the same level of resilience based on my experience. I am honored and humbled to be able to see this and be a part of it.

**Alex McWhorter**  
AmCham Ukraine Board of Directors Vice-Chair  
Citi Ukraine Country Officer



I know that 85 to 90% of companies are operating almost with no disruption since the war started, but the fact is that those companies continue to grow. And the example here at Boeing is that we hired over 100 people since the war started and we managed to promote and to get even more serious, more critical statements of work from the US to Ukraine.

**Honorata Hencel**  
Managing Director, Boeing in Poland & Ukraine



Resilience, I believe, is built over time, and the more crises, the more interventions that don't break an individual or an institution, typically make them stronger

**Dan Rice**  
President, American University Kyiv



Resilience means adapting to new and changing circumstances. In our case, it meant that we never stopped working and that we provided medicine to the people who needed it and seeds to the farmers. It means to ensure business continuity and, first of all, the safety of our employees.

**Oliver Gierlichs**  
General Manager, Bayer



Resilience is the Ukrainian superpower. The way the people withstand the war challenges, working together, supporting each other, keeping the economy flowing, never ceases to inspire me.

**Inga Andreieva**  
General Manager, Mastercard Ukraine & Moldova



We decided to restart business and we decided not to focus on threats but constantly focus on opportunities, be strong, and come out from the war even stronger than we got into this war.

**Oleh Khaidakin**  
AmCham Ukraine Board of Directors Member  
Managing Director, Carlsberg Ukraine



They say hard times make strong people. And I think Ukraine is the perfect example of that. If you look at the way Ukrainians responded to Russia's invasion, it is clearly a very, very strong nation

**Peter Dickinson**  
Editor, Business Ukraine Magazine; Ukraine Alert, Atlantic Council



Resilience is about adapting to very difficult emotional, financial, and security working conditions during the war and continuing to do what we have to do

**Vasyl Bovdilov**  
AmCham Ukraine Board of Directors Member  
General Manager, Unilever



Building a safe environment for the team was the key. Because they felt taken care of, and this immediately reflected on our guests. Because many members of our team, especially young ones, came day by day asking me what was going to happen. And I had no answer. I had absolutely no answer and I told it honestly. Honest communication as far as you can, gives you the proper trust in you as a leader. And people follow you, people follow you.

**Artem Prykhodko**  
General Director, InterContinental Kyiv



We suspended our work for one week only at the beginning of the war. Since that time, we have continued uninterrupted client service. That's how we supported our clients. We proposed new services like restructuring operations, namely, restructuring of the debt, and many other different services that our clients may ask us to do.

**Bogdan Yarmolenko**  
Country Managing Partner, EY Ukraine Ukraine



Resilience is a really important word in our life and our business life in Ukraine. I would say that now, to achieve resilience, we use two main instruments. First of all, it's scenario planning, and second, it's risk analysis. But right now, we are not doing just traditional risk analysis. We are assessing the much broader context of any risk.

**Vira Savchenko**  
CEO, BDO Ukraine



The business is still going. So keep the empathy, but come back to the business, come back to the KPIs, come back to the targets, forget about strategic planning. Let's focus on what we have in front of us. We do have customers. There is a car market in Ukraine still. I guess the key learning is the empathy. It's obvious. What's not obvious is to come back to actually running the business against the business parameters and targets the way we did before the war.

**Petro Rondiak**  
AmCham Ukraine Board of Directors Member  
Head of the Management Board, Winner Group Ukraine



When it comes to communication, it's obvious that during this time, telecommunication is a mission-critical infrastructure, and people's lives depend on this. And it's obvious, that we need to be ready for countrywide development and deployment of mission-critical networks that will satisfy requirements related to emergency cases.

**Sergii Tereshchuk**  
Country Manager, Ericsson Ukraine, Armenia & Georgia



Resilience for me has transformed these days and moved from projecting confidence to embodying empathy and understanding. It is about leading when you do not have all the answers. It's about accepting that because you must make decisions and move forward.

**Alena Bannitsina**  
Country General Manager, L'Oréal Ukraine



In a very simplified manner, resilience is our ability to continue doing everything that we did before and during the war. At the end of the day, resilience is the ability to come back to the initial format, continue, and grow even stronger.

**Tiberiu Dima**  
Managing Director, BASF Ukraine



Resilience is our ability to continue doing everything that we did before and during the war. At the end of the day, resilience is the ability to come back to the initial format, continue, and grow even stronger.

**Andriy Pishchikov**  
Managing Director, Lithuania & Ukraine,  
Hewlett Packard Enterprise operated by Sophela



Resilience is the high level of adaptability. It is the ability to act right even when you are under stress after very sad news. It is a skill of maintaining hope or, in other words, staying pro-life in dark times. It is the ability to recharge your life battery quickly.

**Viktoriia Zoria-Iatsenko**  
General Manager, Mary Kay Ukraine



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WARTIME  
RESILIENCE IN  
UKRAINE



Share your company's wartime resilience story with the world  
Reach out to Maryna Doronova, AmCham SMM Coordinator,  
at [mdoronova@chamber.ua](mailto:mdoronova@chamber.ua)

# US Independence Day Reception

The American Chamber of Commerce's annual 4th of July reception gathered over 500 guests, including prominent Ukrainian government officials, MPs, members, partners, and diplomats. Bridget A. Brink, US Ambassador to Ukraine, delivered an exhilarating speech focused on US and Ukrainian independence and the US's continued support of Ukraine. The Ambassador thanked businesses for their resilience and commitment to remaining fully operational in Ukraine during the war.



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# AMCHAM MEMBERSHIP

200+

new companies joined AmCham since the beginning of Russia's full-scale invasion of Ukraine

60

new members in 2024

## OFFICIAL SERVICE PROVIDERS



# SATISFACTION SURVEY RESULTS

93%

of members are satisfied with AmCham Ukraine's support of their business in 2024

96%

of members will recommend joining AmCham Ukraine to their colleagues or business partners

## MEMBERSHIP BENEFITS



wartime advocacy at the highest national and international levels



market intelligence



engagement in Ukraine's rebuilding



individual requests and B2B partnerships



professional growth and knowledge sharing



professional growth and knowledge sharing



brands and services promotion



US and global outreach



B2B matchmaking



US Business Visa consultations



*"I extend my deepest gratitude to our dedicated members, whose trust and feedback in the recent satisfaction survey inspire us to serve you better. Being a member-driven organization, we appreciate your continued involvement and initiatives that are vital to helping us tailor our efforts to support your business growth. We encourage you to actively participate in our upcoming activities and make the most of these opportunities. I am looking forward to working together to achieve new milestones in the upcoming business season."*

Nataliya Chervona  
Business Development Director  
AmCham Ukraine



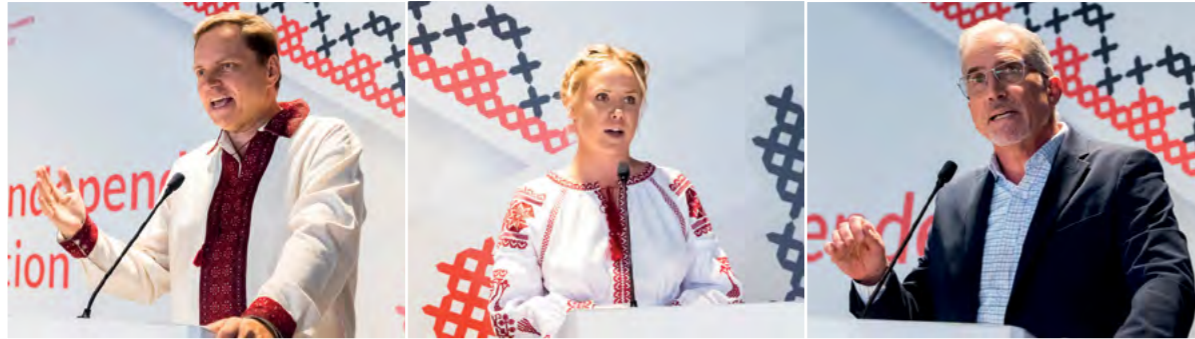
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# UKRAINIAN INDEPENDENCE DAY RECEPTION



AmCham Ukraine brought together 350 members of the vibrant business community, state officials, diplomats, partners, and friends for the reception in Kyiv to mark Ukrainian Independence Day. This event became a powerful demonstration of the resilience and unbreakable spirit of the Ukrainian people who keep fighting on the battlefield, work tirelessly in business, and continue their daily lives amidst air raid sirens.

AmCham Ukraine President Andy Hunder, Senior Commercial Officer of the US Embassy in Kyiv Nathan Seifert, and Head of Communications & Sustainable Development at Coca-Cola in Ukraine and Moldova Tetiana Stavyska delivered upbeat remarks highlighting Ukraine's resilience, bravery, and commitment to recovery.



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# UNLOCKING UKRAINE'S DEFENSE POTENTIAL – AMCHAM'S UKRAINE RECOVERY CONFERENCE SIDE EVENT



On the sidelines of the annual Ukraine Recovery Conference, held this year in Berlin, AmCham Ukraine and AmCham Germany hosted the Unlocking Ukraine's Defense Potential event at PwC offices. Key speakers included Penny Pritzker, the US Special Representative for Ukraine's Economic Recovery, AmCham Ukraine President Andy Hunder, and AmCham Germany's General Manager Daniel Andrich. The speakers emphasized the critical importance of international cooperation in strengthening Ukraine's defense potential. Representatives of the US Department of State, the US Department of Commerce, the US National Security Council, the US Embassy in Ukraine, the US Chamber of Commerce, the Ministry of Strategic Industries of Ukraine, the Ministry of Economy of Ukraine, Defense Tech Cluster Brave1, global defense companies, and Ukrainian defense manufacturers participated in the discussion.



AMERICAN CHAMBER OF COMMERCE UKRAINE



# B2G DIALOGUE

## ENSURING RULE OF LAW AND PROTECTING INVESTORS' RIGHTS

Protection of investors' rights, rule of law, and real and effective judicial reform are at the top of AmCham Ukraine's agenda, particularly since the onset of the full-fledged invasion when business continuity, economic security, high-quality job creation, and furthering Ukraine's ongoing resilience is truly a part of the national security priority. Key meetings on the topics included discussions with Viktor Pavluschyk, Head of the National Agency of Corruption Prevention, Iryna Mudra, Deputy Head of the Office of the President of Ukraine, MP Denys Maslov, Chair of the Parliamentary Committee on Legal Policy. AmCham Ukraine President Andy Hunder participated in a joint briefing dedicated to the announcement of the Dashboard launch, an analytical module of the Unified Register of Pretrial Investigation, together with Andriy Yermak, Head of the Office of the President of Ukraine, Andriy Kostin, Prosecutor General, and Mykhailo Fedorov, Deputy Prime Minister for Innovation, Education, Science and Technology Development – Minister of Digital Transformation. AmCham also continues to maintain a regular dialogue with Oleksiy Boniuk, Head of the Office for Protection of Investors' Rights within the Prosecutor General's Office, to protect the rights of bona fide investors on the ground.



## COMBATING ILLICIT ECONOMY AND STANDING UP FOR PREDICTABLE TAX POLICY

AmCham calls on Ukraine's state authorities to intensify their efforts to curb the shadow economy to collect much-needed budget revenues and ensure fair competition. State budget losses due to illegal markets across different sectors of the economy are enormous, amounting to over \$12 billion. At the same time, businesses that pay taxes are being squeezed to pay more, while those evading taxes are getting away with it. AmCham demands a level playing field and a real fight against the shadow economy, especially now when it's vital to ensure all taxpayers contribute to financing Ukraine's historic fight. AmCham team is vocal about these issues at all possible levels, in particular, recently held 2 round tables on combating illicit economy and met with Members of Parliament, the leadership of the Parliamentary Committee on Financial Issues, Tax and Customs Policy – Danylo Hetmantsev and Yaroslav Zhelezniak, and Deputy Minister of Finance Svitlana Vorobey to discuss Draft Law #11416 which very idea and proposed current wording lead to further discrimination against transparent businesses, increase distortion in competition between taxpayers and tax evaders, undermine trust, and promote the expansion of the shadow economy.



## STRENGTHENING NATIONAL SECURITY AND DEFENSE

AmCham maintains regular dialogue with Ihor Bezkaravainyi, Deputy Minister of Economy, to address the most pressing issues of our members while advocating for the development of a sustainable and well-regulated security and defense sector in Ukraine. The latest meeting was devoted to the discussion of the provisions of the National Mine Action Strategy for the period until 2033 and the operational plan of measures for its implementation in 2024-2026.



## POLICY ENGAGEMENTS IN BANKING AND FINANCE SPHERE

AmCham Ukraine remains steadfast in its advocacy for prudent and fair foreign exchange and currency control regulations, crucial for fostering a favorable investment climate and supporting Ukraine's economic recovery. In pursuit of these goals, AmCham members have regularly engaged in discussions with National Bank Governor Andriy Pysshnyy and his team.

AmCham also held a strategic meeting with Gavin Gray, IMF Mission Chief for Ukraine, and Vahram Stepanyan, IMF Resident Representative to Ukraine. Key discussions focused on the impact of Russian attacks on Ukraine's energy infrastructure and potential energy deficits on business operations, financial sector developments, the Black Sea corridor; the 2024 harvest outlook, and broader labor market trends. In August, AmCham leadership had a discussion with Gavin Gray and the newly appointed IMF Resident Representative in Ukraine, Priscilla Toffano, where AmCham members presented the business community's position on the proposed draft tax policy changes.



## UKRAINE'S ECONOMIC RECOVERY IN FOCUS

AmCham works closely with the national and international stakeholders to create a recovery-wise business climate and engage more companies to invest in Ukraine and join its rebuilding momentum. AmCham members held a number of meetings, in particular, with Volodymyr Kuzyo, Deputy Minister of Economy, on Berlin's Ukraine Recovery Conference 2024 preparations and follow-up.

For more information about AmCham recovery efforts, please visit website



## UKRAINE'S PATH TOWARDS EU ACCESSION

Accelerating Ukraine's membership in the European Union by approximating national legislation in competition, customs, healthcare, IPR, media, and other spheres is among AmCham's highest strategic priorities for Ukraine's recovery. The EU formally opened accession negotiations with Ukraine at the first Intergovernmental Conference in June 2024. AmCham held meetings with Oleksandr Ilkov, Director General of the Government Office for the Coordination of European and Euro-Atlantic Integration, to discuss peculiarities of the process of Ukraine's integration into the EU and the involvement of AmCham member companies' experts in the elaboration of Ukraine's negotiating positions during the EU-Ukraine Association Agreement negotiations, as well as other issues related to Ukraine's EU accession.



## ADDRESSING WARTIME HUMAN CAPITAL PRIORITIES

According to the Ministry of Veterans Affairs, there are 1 million veterans in Ukraine today. After Ukraine's victory, this number can double. So, veterans' reintegration is among the highest priorities for Government, business, and civil society. AmCham's Human Capital Committee is committed to promoting initiatives to support and help veterans in their complete reintegration, and met with Oleksandr Porkhun, Temporary Acting Minister of Veterans Affairs, to discuss this vital topic. Jointly with member company McDonald's Ukraine, AmCham also held the Roundtable Discussion "Veterans' Reintegration: International Experience and Ukrainian Approach", dedicated to exploring successful international policies and lessons learned in the field of veterans' reintegration.

According to AmCham's latest survey, 81% of companies in Ukraine stated that military mobilization has an impact on their business performance. Ensuring clear and transparent reservation procedure is among the top 3 steps the Ukrainian Government should take to significantly help businesses on the ground. To address this issue, AmCham conducted meetings with Kateryna Chernohorenko, Deputy Minister of Defense for Digital Development, Digital Transformation, and Digitalization, and Nataliya Kalmykova, Deputy Minister of Defense for Social Development, as well as Vitaliy Kindrativ, Deputy Minister of Economy.



## PUSHING AGRICULTURAL AGENDA FORWARD

AmCham members-representatives of the U.S. agricultural companies met with Megan Francic, newly appointed Agricultural Attache, U.S. Department of Agriculture, and the U.S. Embassy team in Kyiv to discuss key challenges companies face operating in Ukraine under martial law. AmCham also signed the Memorandum of Understanding between the Ministry of Agrarian Policy and Food and grain market participants in 2024/25 marketing year. It provides a mechanism of interaction between the Ministry and businesses to ensure food security in Ukraine and includes the option to introduce maximum export volumes of wheat if needed for national food security.



## ADVOCATING IN FOOD & BEVERAGE AND CONSUMER GOODS SPHERES

To push the business agenda of the Food & Beverage Committee forward, AmCham met with Nadiia Bihun, Deputy Minister of Economy, to discuss particularities of participation in the "Made in Ukraine" Program. To drive the agenda of the brewing companies, AmCham and its member company Carlsberg Ukraine, arranged a site visit with the participation of MPs Oleksandr Haidu, Stepan Cherniavsky, Maksym Guzenko, Artem Nagaevsky, Oleksandr Saliichuk, Pavlo Halimon, and Artem Chornomorov from the Parliamentary Committee on Agrarian and Land Policies to discuss and define solutions related to the approximation of the EU legislation to legislation of Ukraine on labeling. AmCham's Consumer Goods Committee members also held discussions with Olena Kramarenko, Deputy Minister of Environmental Protection and Natural Resources, and Serhii Tkachuk, Head of the State Service on Food Safety and Consumer Protection to continue dialogue related to the improvement of regulation on the safety of the chemical products.



## DRIVING UKRAINE'S HEALTHCARE SECTOR DEVELOPMENT

AmCham Healthcare Committee works to improve the healthcare system in Ukraine, contributing to the formation of a transparent and efficient regulatory system. Boosting Foreign Direct Investment in Ukraine's healthcare sector is also of utmost importance. In this regard, AmCham held meetings with the Minister of Health Viktor Liashko, First Deputy Minister Serhiy Dubrov, and Deputy Ministers – Maryna Slobodnichenko and Mariia Karchevych. AmCham also engaged with Marian W. Wentworth, President and CEO of Management Sciences for Health (MSH), and leadership of the USAID project "The Safe, Affordable, and Effective Medicines" (SAFEmed), as well as Edem Adamanov, General Manager of the State Enterprise "Medical Procurement of Ukraine".



## ENERGY SECURITY IN SPOTLIGHT

Strengthening Ukraine's energy independence and security through the development of renewable energy, increasing domestic gas and oil production, and integrating with the European energy market are among AmCham's highest strategic priorities. The focused sector-specific meetings included those with Volodymyr Kudrytskyi, Chairman of the Management Board of the National Power Company "Ukrenergo", as well as Artur Lorkowski, Director of the Energy Community Secretariat and his Deputy Dirk Buschle.

# WELDI SESSION WITH OLESYA OSTAFIEVA



During this year's Vyshvanka Day, AmCham hosted a WELDI (Women's Executives Leadership Development Initiative) event about the power of turning fear into strength and resilience from the brilliant and skilled speaker Olesya Ostafieva, Chief Editor at PROIT, entrepreneur, author of the book "Kira. The Road to Home", co-founder of Witch Bar "Lysa Hora". WELDI continues to empower women during this difficult time.



Beverage Partner



# SUMMER BLOOD DONATION DAY

During this summer blood donation day, 55 selfless contributors donated 25 liters of blood that can save up to 165 lives. Ukraine owes a great deal of thanks to all those who volunteered in Summer Blood Donation Day and supported this life-saving program.



Premium Partners



About the author: Nataliia Kushnerska  
is Project Lead at Brave1



## INSIDE WARTIME UKRAINE'S DEFENSE TECH REVOLUTION

**The war unleashed by Russia's full-scale invasion of Ukraine is being shaped by unprecedented technological advances that are rapidly transforming the modern battlefield. As Project Lead at the Ukrainian government's Brave1 defense tech platform, Nataliia Kushnerska is on the front lines of Ukraine's daily struggle to remain one step ahead of the enemy. In an exclusive article for Business Ukraine magazine, she explains how the Ukrainian defense tech sector is revolutionizing the art of war.**

Since the onset of the full-scale Russian invasion in February 2022, the dramatic expansion of Ukraine's defense tech sector has been one of the most significant developments of the entire war. What began as a largely grassroots response to Russia's attack has evolved into a booming and sophisticated industry that is now attracting increasing international attention. Ukrainian defense tech companies are currently engaged in the production of everything from drones to electronic warfare systems and communication tools. Each new product or modification is fast-tracked to the Ukrainian military and tested in battlefield conditions, creating remarkably rapid development cycles. Since it was launched in spring 2023 with the goal of streamlining cooperation within the Ukrainian defense tech sector, the Brave1 platform alone has featured more than 2,500 unique innovations by over 1,200 domestic weapons systems developers and manufacturers. This expanding defense tech ecosystem is helping Ukraine to counter Russia's overwhelming advantages in manpower and conventional military firepower.

### Unmanned Aerial Vehicles

The Russian invasion of Ukraine is widely seen as the world's first full-scale drone war. Ukraine's domestic UAV production capacity has grown exponentially since the invasion began. Current focuses include increasing the

flight range of drones, enhancing payload capacity, integrating artificial intelligence technologies into UAV control and targeting, and improving communication systems to combat electronic warfare measures.

The functionality of Ukraine's drone fleet is continuously evolving as developers seek to make models more effective and harder to combat. The process of experimentation and innovation is relentless. Ukraine currently finds itself locked in a technological race with Russia as both sides seek to gain a battlefield advantage while neutralizing the enemy's latest innovations. This contest is nowhere more intense than in the development of drones. At present, there are around five hundred Ukrainian companies producing UAVs.

First Person View (FVP) drones currently rank among the most critical elements of the entire Ukrainian war effort. Thanks to these drones, Ukraine has been able to at least partially address consistent shortages in artillery ammunition. FVP attacks are a familiar sight on Ukrainian social media. Every single day, dozens of videos appear showing the destruction of Russian equipment and troops using these strike drones. The importance of FPV drones can be seen in the dynamics of their procurement by the Ukrainian authorities. In 2022, the state purchased just five hundred FPV drones. The following year, this figure mushroomed to approximately one hundred thousand.



► Numerous companies in the Ukrainian defense tech sector are also currently focusing their energies on the development of copters that can carry loads of around ten kilograms over a distance of ten kilometers or more. The key advantages of such platforms are precision and punch. Copters can carry a much larger payload than FPV drones. Meanwhile, in order to achieve the same kind of accuracy, most traditional artillery considerable requires sighting and adjustments. The Ukrainian army has enthusiastically embraced the use of copters, with procurement increasing 80-fold over the past two years.

### Drone vs Drone

In addition to a wide variety of strike drones, Ukraine is also developing anti-drone drones designed to counter the threat posed by Russia's own expanding fleet. This is in many ways the next stage of the process as drone technologies become more and more central to military operations. Ukrainian defense tech companies are already producing anti-drone drones capable of intercepting many of Russia's most widely used reconnaissance drones. This is critically important as Russian reconnaissance drones operate extensively, both along the front lines of the war and deep in the rear.

### Long-Range Capabilities

Perhaps the single most high-profile success story of the war in the Ukrainian defense tech sector has been the development of long-range strike drones. These weapons enable Ukraine to hit targets hundreds of kilometers behind the front lines. This is helping Ukrainian commanders compensate for the limited missile arsenal at their disposal, while also going some way to addressing the issues created by restrictions imposed by Ukraine's partners on the use of Western weapons inside Russia. Over the past year, spectacular strikes on oil refineries, fuel storage facilities, and military sites across the Russian Federation have become an almost daily occurrence, bringing the invasion home to Russia and depriving the Russian war economy of vital resources. This trend looks set to continue as Ukraine's long-range drone capabilities improve and production expands. In summer 2024, the country unveiled its first missile drone weapon system, dubbed the Palyanytsia. There are likely to be further innovations in the remainder of 2024 and beyond.

### Evolving Electronic Warfare

The ubiquity of drones in the current war is creating a range of new security challenges that are beyond the scope of traditional air defenses. With so many drones of different categories in the air at any one time, it is simply not realistic to target them with limited supplies of expensive air defense missiles. Instead, electronic warfare (EW) has become the key method for countering the drone threat.

Ukraine's domestic electronic warfare industry has grown in parallel with the country's drone manufacturing sector. Prior to Russia's full-scale invasion, there were only a handful of Ukrainian companies specializing in the creation and development of electronic warfare systems. By summer 2024, this figure had risen to more than one hundred.

Wartime experience has demonstrated that having the right EW kit is not enough. Instead, it is essential to make sure electronic warfare tools are in the hands of skilled operators. One of the roles we try to play at Brave1 is matchmaking Ukrainian EW developers with the appropriate military personnel. Bringing the right people together enables them to collaborate effectively and makes it possible to create the best models for the management of EW systems.

### War Robots

Ukrainian defense tech companies are developing an extensive array of robots capable of performing tasks including targeting the enemy, conducting reconnaissance, evacuating the wounded from the battlefield, and demining. This segment of Ukraine's defense industry is evolving in line with the basic principle that wherever human involvement can be minimized, robots should operate.

As more and more new robot models become available and enter service, we hope to save the lives of thousands of Ukrainian soldiers. Ukrainian commanders have been encouraged by the battlefield potential of robotic systems, and can already point to a number of successful deployments in combat conditions. For example, a domestically produced kamikaze robot was used to blow up a bridge in eastern Ukraine in spring 2024, resulting in significant disruption to Russian logistics close to the front lines.

### Artificial Intelligence Advances

One of the key objectives of EW systems is the disruption on communication between operators and drones. However, artificial intelligence technologies are increasingly coming to the rescue. Ukrainian defense tech innovators are already developing next generation drones with AI capabilities that do not rely on radio communication with the operator, making it possible to bypass the enemy's EW defenses and strike Russian targets effectively.

Advances in AI also offer potentially interesting opportunities for data analysis. At present, Brave1 is prioritizing the development of AI analysis tools that can work with photo and video footage collected by drones above the battlefield. Integrating and assessing large volumes of visual data should enable the Ukrainian military to make more informed decisions and develop detailed plans based on a clearer understanding of the enemy's deployment and potential obstacles such as minefields.

### Investing in Innovation

The Russo-Ukrainian War creates constant technological challenges that require immediate responses. At Brave1, we receive information about front line innovations from the military on a daily basis and promptly relay the details to developers. The Ukrainian defense tech sector necessarily operates around the clock and is constantly monitoring developments on the other side of the front lines in order to avoid being caught out.

While it is impossible to anticipate the needs of tomorrow, Ukraine is focused on ensuring that the pathway from concept to frontline deployment is as short and speedy as possible. Efforts are also underway to attract international investors and secure the kind of financial backing that can help promising Ukrainian defense tech startups reach their full potential. In early October, Kyiv will host the largest international summit of the war dedicated to the Ukrainian defense tech industry. The Defense Tech Valley event is expected to bring together hundreds of Ukrainian and international investors who are interested in backing Ukraine's domestic defense tech talent.

Throughout history, major wars have traditionally been periods of accelerated technological advancement. This most certainly applies to the Russian invasion of Ukraine, which is transforming the security landscape in ways that will shape military thinking for decades to come. No country or defense industry company can afford to ignore these generational changes. That's why I remain extremely confident that Ukraine's vibrant defense tech sector will have no shortage of potential partners. By cooperating and combining our knowledge, we can create a safer world.

# DEFENSE TECH VALLEY

**BRAVE1**

**LOGO 3-4**

**KYIV  
UKRAINE**

# Harnessing Ukraine's defense tech potential

Ukraine's defense industry must attract foreign investment to support domestic innovation



About the authors: **Tim Mak** and **Oleksandr Matviienko** are journalists for Counteroffensive.Pro, a new trade publication covering Ukrainian defense tech innovation and regulation for a Western audience. Sign up for their newsletter at Counteroffensive.Pro

Everyone has their own definition of Ukrainian victory. Let us present one more: we will know victory has truly come on the day Raytheon, Lockheed Martin, and Boeing open up plants in Ukraine to build Patriot missile batteries and components in the very cities where these defensive weapons helped save thousands of Ukrainian lives.

Amid the constant power outages and air alerts of autumn 2024, that day still seems very far off. But here's what it would mean: very likely, the appearance of these companies would mean Ukraine had entered the European Union. It would mean that Ukraine's reputation as a destination for large sums of Western investment had already been well established. It would mean that regulations and incentives would have harmonized to protect both domestic and Western interests. Large defense firms are usually the last to move, so it would mean that millions of dollars of investment had already flowed into Ukraine from more agile and significantly smaller defense firms like Helsing, Palantir, and Anduril.

To help draw that day closer, we founded Counteroffensive.Pro, a new publication seeking to build a bridge between Ukrainian inventors and Western defense firms, VCs, and startups. We aim to highlight innovative Ukrainian companies and products, report on regulatory changes within the Ukrainian defense industry, and bring smart folks on both sides together.

Traditionally, Ukraine has been a major arms exporter, largely due to its Soviet inheritance. According to statistics from Ukraine's State Service for Export Control, thousands of Ukrainian tanks and other military vehicles and weapons were sold abroad between 2007 and 2022. However, this Soviet legacy masks a long period of post-Soviet inertia. Ukraine's defense industry suffered from underfunding ever since the country regained independence in 1991. As a result, the entire sector slowly but steadily degraded, with only a few exceptions. Everything changed with the onset of Russia's full-scale invasion on February 24, 2022. Almost immediately, Ukraine began to invest a large amount of money in military technology. By 2023, Ukrainian President Volodymyr Zelenskyy announced that Ukraine had to become the "arsenal of the free world." European Commission President Ursula von der Leyen was one of numerous other

senior officials to state that Ukraine should become part of the European defense industry.

Ukraine's main competitive advantage is in the superiority of its innovation. Bolstered by a much larger pool of tech talent together with its allies than Russia can realistically hope to muster, Kyiv is focusing on technological invention to gain an edge on the battlefield. The ongoing war with Russia has accelerated the integration and testing of new weapons systems to unprecedented levels. Combat feedback direct from the front lines is refining these inventions, making the development and testing cycle on the battlefield significantly shorter than in any other Western country. The sheer pace of innovation on both sides of the Russo-Ukrainian War is now in danger of leaving some Western defense technologies far behind.

Can Ukraine succeed in its bid to become the arsenal of the free world? It depends on a number of factors. The availability of highly skilled workers will be absolutely crucial, especially amid Ukraine's extremely challenging demographic situation with millions of the country's citizens currently refugees. Western investment in promising Ukrainian startups is also vital, as are transparent and modern regulations that will make it possible to integrate Ukraine's economy more tightly with the wider Western world. Ultimately, Ukrainian defense tech manufacturers must prove that they can be competitive in global terms beyond the context of the current war.

Some Ukrainian defense tech companies are concerned that the country's mobilization policies are making it more difficult to develop new systems and expand production. At present, if an engineer is mobilized, it is often extremely difficult in practice to return him to private sector employment. This is already slowing down innovation. The situation could worsen significantly in the future if there is an exodus following the reopening of Ukraine's borders after the war. In order to address recruitment issues and potential manpower shortages, Ukraine's universities need to establish tailored educational programs capable of producing the next generation of Ukrainian defense tech specialists. Another key problem is that thanks to rapid wartime expansion, the Ukrainian defense industry is now at a stage where production capacity exceeds what the



state can afford to procure. More than five hundred Ukrainian companies are currently producing drones, but only eighty seven of them have state contracts. Changes in export control regulations could help address this problem by opening up new export markets to Ukrainian defense tech companies, potentially enabling the country's defense industry to operate closer to full capacity. Further development also requires significant investment in new technologies and long-term projects. Ukraine is gradually moving in this direction. Major international defense companies like Rheinmetall, Nammo, BAE Systems, and others are already establishing production lines in Ukraine. To attract even more foreign companies, Kyiv needs to create transparent conditions for all market players and minimize corruption risks.

International competition represents a further potential obstacle. Ukraine already has hundreds of companies that produce drones and other defense tech kit. While domestic competition and the urgency of the ongoing war with Russia are currently driving development, the challenge in future will be to compete with countries like Turkey and Poland in an open market. Turkey's defense industry has been undergoing rapid expansion for the past two decades. The Bayraktar TB2 drone has become a global bestseller and calling card for the country. In recent years, Turkey has expanded its portfolio from drone pro-

duction to constructing modern warships. Indeed, the country recently commissioned its first domestically-built submarine.

Meanwhile, since the start of the Russo-Ukrainian War, Poland has been actively investing not only in modernizing its army, but also its defense industry. Polish companies will be among the first to recruit Ukrainian defense tech talent. Overall, it is likely that a number of countries in the Eastern European neighborhood will emerge as the Ukrainian defense tech sector's key competitors in the years to come. These countries are not only providing military aid to Ukraine, but are also supplying their own weapons, which are also being tested and improved in combat conditions.

For the past two and a half years, Ukraine's innovative defense sector has been instrumental in helping the Ukrainian military compensate for Moscow's overwhelming advantages in both firepower and manpower. Looking ahead, Ukraine has the potential to develop its defense industry so that it becomes a key element in the country's post-war economic revitalization and the corner stone of Ukrainian national security for decades to come. In order to make that happen, the Ukrainian authorities need to create the right conditions for domestic defense companies to flourish, while also attracting the biggest international defense industry brands to the country.

*Major international defense companies like Rheinmetall, Nammo, BAE Systems and others are already establishing production lines in Ukraine*

# Ukraine's expanding defense tech sector offers unique investment opportunities

**Nataliya Mykolska: Ukrainian defense tech companies are open to international collaboration**

Since the onset of Russia's full-scale invasion, Ukraine has rapidly evolved into one of the world's most dynamic defense tech hubs. This transformation not only attests to the resilience of the Ukrainian people, but is also a showcase of the country's remarkable innovation and technological prowess.

The war has propelled the Ukrainian defense tech sector into overdrive, fostering innovation and producing cutting-edge technologies that have in many cases been game-changers on the battlefield. With a rapidly evolving ecosystem of unique developments and manufacturers, and constant real-time battlefield testing, the Ukrainian defense tech industry offers fertile ground for investors looking to support and benefit from this booming sector.

Unmatched Growth

The Ukrainian defense tech sector is growing at an unprecedented rate. By summer 2024, the Ukrainian defense tech industry boasted more than 1,100 manufacturers and over 2,500 unique wartime developments, many of which are already significantly impacting the battlefield and beyond. For example, Ukraine's innovative naval drones have made headlines all over the world by successfully targeting Russia's Black Sea Fleet. So, too, have the country's long-range drones, which now regularly reach enemy targets deep into hostile territory. These achievements are part of a broader trend: at present, over 200 new developments are registered on the government's Brave1 defense tech platform every single month. This is double the rate in 2023.

Key sectors within this industry have already matured into fully-fledged markets. More than 500 companies are producing UAVs, over 160 are developing robots, and at least 110 are working on electronic warfare systems. These numbers underscore the vibrancy and potential of Ukraine's defense tech market, a market that has attracted over \$9 million in investments since the beginning of 2024 alone.

## Why Invest?

One key selling point is proven innovation. Ukrainian defense tech companies are not just creating products; they are developing solutions tested and validated in real combat situations. This unique proving ground accelerates the innovation cycle and ensures investments are directed toward technologies with immediate, practical applications.

There is also clear market demand for the products currently being developed in Ukraine. Indeed, it is probably fair to say that demand for defense technologies has never been higher. Ukraine's security needs are urgent and pressing, driving a constant stream of innovations. This high demand makes Ukraine attractive for investors looking for robust market opportunities. Moreover, all NATO member states are also considered as potential markets.

Another advantage is scalability. Since February 2022, the Ukrainian defense tech sector has shown remarkable scalability. From UAVs to electronic warfare systems, Ukrainian companies are ready to scale their operations to meet both domestic and international demands. With the right investment, these companies have the potential to expand their reach globally, making them lucrative investment targets.

## Partnership Potential

Strategic partnerships offer particularly attractive opportunities. The Ukrainian defense tech sector is not insular; it is open to international collaboration. Ukrainian companies are eager to partner with foreign investors who can bring not just capital, but also expertise in scaling businesses, navigating global markets, and enhancing product offerings.

As NATO member states increasingly prioritize modernization and adaptability within their defense forces, there is a growing need for innovative and battle-tested technologies that can enhance their military capabilities. Ukrainian defense tech, honed under the rigorous demands of active conflict, offers solutions that align with these needs. Ukraine's

defense tech developments provide NATO countries with opportunities to bolster their own arsenals with proven technologies.

Collaborating with Ukrainian companies allows NATO members to gain insights from a unique and highly effective innovation ecosystem, positioning them to stay ahead in a rapidly evolving global security landscape. This creates substantial opportunities for joint ventures, co-development projects, and direct investments in Ukraine's defense tech sector, enabling NATO forces to benefit from innovations tested in the most challenging environments.

## Virtual Economic Zone

Ukraine has created a favorable legal and tax regime for Ukrainian tech companies, which has been designed to attract and retain foreign investments. This was launched in 2022 and driven by the Ministry of Digital Transformation. Developed in cooperation with the business community to foster innovation and support tech-driven companies, Diia.City provides a stable environment with significant tax benefits, including reduced income tax rates and favorable social security contributions. It ensures legal protections for intellectual property and offers streamlined processes for foreign investment.

## Brave1 Platform

While the investment opportunities in Ukrainian defense tech are vast, navigating this emerging market can be complex. This is where Brave1, Ukraine's coordination platform for defense tech, plays a critical role and is at the forefront of efforts to foster collaboration between Ukrainian manufacturers and potential investors, both domestic and international.

Created through a collaboration of several key government bodies, including the Ministry of Digital Transformation and the Ministry of Defense, Brave1 is designed to enhance engagement among all stakeholders in the defense tech industry. This platform is open to partnerships with international compa-

nies, funds, and government institutions interested in advancing Ukrainian defense tech. Brave1 is currently working with over 140 Ukrainian and foreign investors including venture funds, angel syndicates, private investors, and corporations. Brave1 also facilitates connections between innovators and investors through initiatives like Invest Demo Days.

## Support for Investors

Ukrainian defense accelerators, tech business associations, and defense tech clusters, including Diia.City United, play a crucial role in supporting foreign investors who are interested in the country's burgeoning defense tech sector. By representing the interests of tech companies, these platforms provide a structured and transparent environment where investors can connect with the right partners, gain insights into market dynamics, and navigate regulatory frameworks. The aim is to facilitate collaborations between Ukrainian innovators and global investors, helping to accelerate the development and scaling of cutting-edge defense technologies.

## The Path Forward

Ukraine's defense tech sector is at a critical juncture, with the potential to reshape the global defense landscape. The innovations being developed in Ukraine today are not only vital for the country's defense but also have the potential to become game-changers on the international stage. However, realizing this potential requires continued financial and intellectual investment from a global network of investors and partners.

There are a number of platforms available where Ukrainian innovation meets global investment. The shared goal is to foster collaboration between Ukrainian developers and international investors in order to unlock the full potential of Ukraine's defense tech industry.

For those looking to invest in the future of global security, Ukraine's defense tech sector offers a unique and compelling opportunity. By investing in Ukrainian defense tech, you are not only supporting a country at the forefront of innovation, but also positioning yourself to benefit from one of the fastest-growing defense industry markets in the world. The time to invest is now, as the Ukrainian defense tech industry continues to evolve and shape the future of global security.



About the author: **Nataliya Mykolska** is Executive Director of Diia.City United



## Ukraine's drone industry offers lessons for cybersecurity

Domestic drone production is Ukraine's most impressive defense tech success story



About the author: **Anatoly Motkin** is president of *StrategEast*, a non-profit organization with offices in the United States, Ukraine, Georgia, Kazakhstan, and Kyrgyzstan dedicated to developing knowledge-driven economies in the Eurasian region.

In December 2023, Ukraine's largest telecom operator, Kyivstar, experienced a massive outage. Mobile and internet services went down for approximately twenty four million subscribers across the country. Company president Alexander Komarov called it "the largest hacker attack on telecom infrastructure in the world." The Russian hacker group Solntsepyok claimed responsibility for the attack.

This and similar incidents have highlighted the importance of the cyber front in the Russian invasion of Ukraine. Ukraine has invested significant funds in cybersecurity and can call upon an impressive array of international partners. However, the country currently lacks sufficient domestic cybersecurity system manufacturers.

Ukraine's rapidly expanding drone sector may offer the solution. The growth of Ukrainian domestic drone production over the past two and a half years is arguably the country's most significant defense tech success story to date. If correctly implemented, it could serve as a model for the creation of a more robust domestic cybersecurity industry.

In summer 2023, Ukraine's Minister of Digital Transformation Mykhailo Fedorov outlined the country's drone strategy of bringing drone manufacturers and military officials together to address problems, approve designs, secure funding, and streamline collaboration. Thanks to this approach, he predicted a one hundred fold increase in output by the end of the year.

The Ukrainian drone production industry began as a volunteer project in the early days of the Russian invasion, and quickly became a nationwide movement. The initial goal was to provide the Ukrainian military with 10,000 FPV (first person view) drones along with ammunition. This was soon replaced by far more ambitious objectives. Since the start of Russia's full-scale invasion,

more than one billion US dollars has been collected by Ukrainians via fundraising efforts for the purchase of drones. According to online polls, Ukrainians are more inclined to donate money for drones than any other cause.

Today, Ukrainian drone production has evolved from volunteer effort to national strategic priority. According to Ukrainian President Volodymyr Zelenskyy, the country will produce more than one million drones in 2024. This includes various types of drone models, not just small FPV drones for targeting personnel and armored vehicles on the battlefield. By early 2024, Ukraine had reportedly caught up with Russia in the production of kamikaze drones similar in characteristics to the large Iranian Shahed drones used by Russia to attack Ukrainian energy infrastructure. This progress owes much to cooperation between state bodies and private manufacturers.

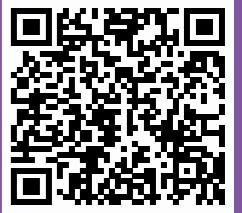
Marine drones are a separate Ukrainian success story. Since February 2022, Ukraine has used domestically developed marine drones to damage or sink around one third of the entire Russian Black Sea Fleet, forcing Putin to withdraw most of his remaining warships from occupied Crimea to Novorossiysk in Russia. New Russian defensive measures are consistently met with upgraded Ukrainian marine drones.

In May 2024, Ukraine became the first country in the world to create an entire branch of the country's armed forces dedicated to drone warfare. The commander of this new drone branch, Vadym Sukharevsky, has since identified the diversity of country's drone production as a major asset. As end users, the Ukrainian military is interested in as wide a selection of manufacturers and products as possible. To date, contracts have been signed with more than 125 manufacturers.

The lessons learned from the successful development of Ukraine's drone manufacturing ecosystem should now be applied to the country's cybersecurity strategy. "Ukraine has the talent to develop cutting-edge cyber products, but lacks investment. Government support is crucial, as can be seen in the drone industry. Allocating budgets to buy local cybersecurity products will create a thriving market and attract investors. Importing technologies strengthens capabilities but this approach doesn't build a robust national industry," commented Oleh Derevianko, co-founder and chairman of Information Systems Security Partners.

The development of Ukraine's domestic drone capabilities has been so striking because local manufacturers are able to test and refine their products in authentic combat conditions. This allows them to respond on a daily basis to new defensive measures employed by the Russians. The same principle is necessary in cybersecurity. Ukraine regularly faces fresh challenges from Russian cyber forces and hacker groups; the most effective approach would involve developing solutions on-site. Among other things, this would make it possible to conduct immediate tests in genuine wartime conditions, as is done with drones. At present, Ukraine's primary cybersecurity funding comes from the Ukrainian defense budget and international donors. These investments would be more effective if one of the conditions was the procurement of some solutions from local Ukrainian companies. Today, only a handful of Ukrainian IT companies supply the Ukrainian authorities with cybersecurity solutions. Increasing this number to at least dozens of companies would create a local industry capable of producing world-class products. As we have seen with the rapid growth of the Ukrainian drone industry, this strategy would likely strengthen Ukraine's own cyber defenses while also boosting the cybersecurity of the wider Western world.

## Restoring lost opportunities for the people of Ukraine



**The Superhumans Center** is a state-of-the-art center in Ukraine that specializes in prosthetics, reconstructive surgery, rehabilitation, and psychological support for adults and children affected by war.

**superhumans** Center

# Domestic drone production is Ukraine's top priority

More than two hundred companies are now manufacturing drones in wartime Ukraine



About the author: **David Kirichenko** is an Associate Research Fellow at the Henry Jackson Society

Since the outbreak of hostilities in February 2022, Ukraine's domestic drone industry has emerged as an increasingly crucial element in the struggle to resist and outmaneuver the formidable Russian war machine. Ukraine's innovative use of drones has allowed the country to counter Russia's far greater resources and strike back at targets everywhere from the Black Sea to oil refineries deep inside Russia itself.

For more than two years, Ukrainian commanders have been adapting to rapidly evolving battlefield conditions shaped by the use of drones. In the initial weeks of the war, Turkish-made Bayraktar TB2 drones were instrumental in allowing Ukraine to strike over-stretched Russian lines as Putin's invading army attempted to take Kyiv. A range of countermeasures, including increasingly sophisticated electronic warfare capabilities, have since created an environment where Russian and Ukrainian forces are constantly competing to gain an innovative edge over their adversaries. Many view this military tech contest as the decisive front of the war.

As the front line stabilized during the first winter of Russia's invasion, trench warfare became the defining feature of the conflict, with drones filling the skies and searching for targets. This has created unprecedented visibility on both sides of the front lines and made offensive operations increasingly challenging. A large proportion of the drones buzzing above the Ukrainian battlefield in winter 2022 were Chinese in origin, which placed Russia at a significant advantage due to Moscow's close ties with Beijing.

Meanwhile, many of the Western drone models

used in Ukraine have proved costly and ineffective, according to the Wall Street Journal. Additionally, delays in military aid have underlined the risks for Ukraine of relying too heavily on the country's Western partners. These factors have helped convince policymakers in Kyiv to concentrate on the development of their own domestic drone industry. They have been able to call upon Ukraine's vibrant tech sector to support these efforts.

With Ukraine typically losing thousands of drones per month, keeping production costs as low as possible is vital. Flexibility in drone operations is also essential, as drone units frequently use 3D printing to modify and adapt parts to meet specific needs. With this in mind, Ukraine has adopted a decentralized approach to drone development that allows for rapid testing and deployment.

Ukraine's emphasis on agility contrasts with the more centralized military structure favored by the Kremlin. While Russia can produce vast quantities of military equipment, comparatively slower decision-making processes and bureaucratic inefficiencies often hinder the Kremlin's ability to respond swiftly to new battlefield realities. Many analysts believe this was a factor behind the recent appointment of a technocrat economist as Russia's new defense minister.

The growth of Ukraine's domestic drone industry over the past two and a half years has been striking, with more than 200 drone-manufacturing companies established in the country. The Ukrainian authorities have allocated \$2 billion for the production of drones in 2024,

with Ukrainian President Volodymyr Zelenskyy setting an annual production target of one million FPV drones.

Ukraine's leaders hope more drones will mean less reliance on traditional munitions and Western military aid, while also ensuring fewer casualties. "We don't have as many human resources as Russia. They fight, they die, they send more people, they don't care, but that's not how we see war," commented Alex Bornyakov, Ukraine's Deputy Minister of Digital Transformation.

A key element in Ukraine's drone strategy is the BRAVE1 initiative, a government-led defense tech cluster established in spring 2023 to streamline cooperation between the public and private sectors. This cluster has helped numerous companies cut through red tape, speeding up the implementation of new technologies to support Ukraine's defense.

The race to innovate is relentless, with Ukraine's steadily improving drone capabilities mirrored by Russia's own rapidly expanding electronic warfare arsenal. Ukrainian engineers are attempting to overcome the Kremlin's increasingly sophisticated jamming efforts by embedding artificial intelligence (AI) technologies into drones. AI innovation has already played a part in Kyiv's long-range drone strike campaign against Russia's energy industry, with AI-enabled drones employed to hit targets as far away as Russia's Tatarstan region, well over one thousand kilometers from the Ukrainian border.

In a move that underlines the importance of drone technologies for the country's war effort, Ukraine has this year become the first nation in the world to establish a separate branch of its military dedicated to drone warfare. Meanwhile, Ukraine's international partners have set up a drone coalition to boost the supply of drones, with foreign drone manufacturers also entering the wartime Ukrainian market in growing numbers.

Looking ahead, Ukraine's drone warfare strategy will continue to focus on flexibility, innovation, and the daily challenge of maintaining a technological advantage over Russia. Ukraine's leaders know they cannot hope to defeat Russia in a traditional war of attrition, and must instead make the most of the agility and technological ingenuity that the country has demonstrated since February 2022. As Ukraine's understanding of drone warfare continues to evolve, the outside world will be watching and learning.



## FREE UKRAINE FUND

### Support Ukraine's Defense for Today and Tomorrow

Free Ukraine Fund is a consortium of domestic military and dual-use technology manufacturers. Our role is to raise money for our manufacturers so they can get on with doing what they do best: innovating, producing weapons, and keeping Ukraine free now and for the future.

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The Free Ukraine Fund is a part of Ukrainian Security and Cooperation Center, which has worked for a decade to support the Ukrainian war effort and to free Ukraine.

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# MADE IN UKRAINE

Since February 2022, Ukraine's defense tech sector has undergone a dramatic expansion with hundreds of new companies and initiatives emerging to provide the Ukrainian military with the cutting edge kit needed to combat Russia's invasion. This remarkable progress is helping to establish Ukraine as a global hub for the defense tech industry, writes James Sladden.

When they first came across each other, the potential for collaboration was obvious. One team was trialling a remote controlled ground drone that looked like a miniature tank. Next to them on the military training area, a different team were test firing a remote controlled machine gun, developed with the help of a Ukrainian sniper. Neither group had met before. Both immediately realised that they could mount the gun system on the ground drone.

A month later they met once again on a military training area to take their vision to the next stage. An engineer from each team began bashing, screwing, and coaxing the bolts into place until the remote control gun was mounted on the ground drone. On a nearby bench two young men sat looking intently into the video screens of remote control devices controlling the drone and the gun. Behind them were a pair of Ukrainian soldiers, meeting for the first time, whose experiences on the frontlines had inspired both inventions. Next to them were a factory owner and a mechanic, looking on with a mixture of pride and apprehension at their first efforts as defence tech entrepreneurs. A few minutes later, the drone rolled down the range. The mounted machine gun was soon firing at targets in the distance. It was a good first test. This is what twenty-first century wartime innovation looks like, Ukrainian style.

## Case Study: Volya-E Drone

In February 2023, a Ukrainian soldier with the nom de guerre "Electrician" was part of a group of military officials visiting busi-

nesses and factories in his home region of Ukraine to see what local manufacturers and entrepreneurs could do for the war effort. Electrician had returned from a battlefield where Russian flying drones could spot Ukrainian soldiers if they drove within eight kilometres of the frontline. Russian artillery would then strike in less than three minutes. "Anything that moved was getting spotted and killed. We were losing too many people," Electrician recalls.

To counter this ubiquitous drone threat, Ukrainian soldiers had to walk in small groups to their frontline positions. This made resupplying them with food, water, and ammunition difficult. Electrician wanted to create a small ground drone that could be remotely driven to the front lines to support soldiers through resupply and evacuation. "I understood the problem," says Electrician. "A simple ground drone would mean less people getting killed." One local factory produced machine parts for manufacturing plants in Europe and had never built military equipment before the war. With Ukraine in a fight for national survival, the factory owner didn't hesitate to offer his support. "In a normal world it would not happen," the owner reflects. "But in time of war, you should concentrate your efforts and try to do more than you would normally do in everyday life."

The factory owner began studying existing Western ground drones and decided they were too big, too complicated, and



# “In the coming years we will witness the emergence of powerful Ukrainian defense tech companies worth billions of dollars”

too expensive. He was also convinced he and his colleagues could do better. Within a month, his team had designed and built a remote-controlled prototype that ran on wheels and was powered by a battery. Electrician took the model to the front lines and tested it to destruction. One month later, a second version was completed and ready for testing. This time, it featured tracks instead of wheels. The drone was named “Volya-E,” incorporating the Ukrainian word for “Freedom.”

## Tested on the Battlefield

As development of the Volya-E progressed, each new prototype was handed over to the military and driven to the front line the same day. Soldiers then sent feedback to the factory owner by text. Each evening, the manufacturing team assembled to modify the design based on that day’s feedback. The computer designs were updated overnight and the updated model was built the next day. The factory owner and his team all understood that speed was essential. “This is the only way to operate during wartime,” he comments. “We recognise that each minute represents someone’s life.”

Working in such challenging conditions does not always come naturally, but there is a certain logic to producing military kit for immediate use on the battlefield. “When we speak about getting the job done, we are not thinking about perfecting every aspect,” says the factory owner. “If we were trying to perfect everything, we would still be working on the first drone prototype. Instead, we

do what is asked of us. We check it, fix it, change it, and continue.”

While the Volya-E drone was originally conceived as a way to carry supplies to the front lines and evacuate casualties, almost anything can theoretically be mounted onto the base unit. A remote controlled machine gun is one option. Another version has been developed that is capable of laying mines. Each Volya-E drone costs around EUR 6000, a fraction of the cost of similar ground drone models currently in use in some NATO member militaries. The motor, camera, and remote controller are bought online and shipped from China. The rest of the drone is made in Ukraine. Looking ahead, the ambition is to manufacture the entire drone exclusively in Ukraine.

## Global Defense Tech Hub

The factory owner behind the Volya-E drone is one of many Ukrainian business owners and entrepreneurs with no previous experience in the defense industry who are now producing cutting edge military kit as fast and as effectively as they can. They are part of a rapidly evolving defense tech ecosystem that is expanding as front line troops and Ukrainian commanders seek to bypass traditional military development and procurement processes by going directly to the people with the skills and capacities to solve their battlefield problems.

In just fifteen months, the factory identified by Electrician in early 2023 has managed to develop a reliable new ground drone and produce two hundred units, which have been deployed for use by the Ukrainian mili-

tary along the front lines of the war. The factory now operates twenty-four hours a day, six days a week. Output is currently around thirty drones per month. The goal is to increase this figure to one hundred drones in the coming months.

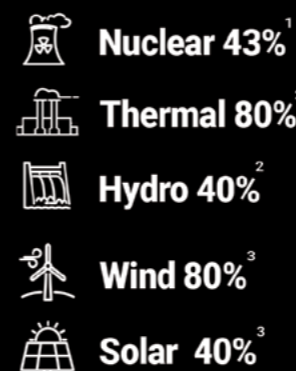
The development of the Volya-E ground drone was supported by the Ukrainian government’s defense tech sector platform, Brave1. Established in spring 2023 by Ukraine’s Ministry of Digital Transformation and a number of other government agencies in cooperation with the Ukrainian military, Brave1 is a defense tech hub that aims to optimize Ukraine’s considerable design and production potential by streamlining cooperation between individual developers, investors, the state, and the military. “Maintaining a technological edge over the enemy in terms of efficiency, innovation, and price gives Ukraine an advantage on the battlefield,” says a Brave1 official.

The remarkable growth of Ukraine’s defense tech sector has been driven by a number of factors including the urgency of war, the country’s well-educated and skilled workforce, and the existence of a broad manufacturing base. This has enabled Ukraine to rise to the challenge of Russia’s full-scale invasion. “Today’s Ukraine has become a global defense tech hub,” comments the Brave1 official. “This emphasis on innovation is our asymmetrical answer to Russia’s huge resources. In the coming years we will witness the emergence of powerful Ukrainian defense tech companies worth billions of dollars.”

About the author: **James Sladden** is a British journalist and conflict researcher based in London and Kyiv

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1. Draft Recovery Plan for the post-war reconstruction and development of Ukraine of the National Council for the Recovery of Ukraine from the Consequences of the War. Materials of the Energy Security Working Group, July 2022

2. IMF Country Report No. 24/199, June 2024

3. As reported by German Galushchenko, Minister of Energy of Ukraine, on the International Day of Clean Energy in January 2024

# Ukraine launches new Army+ app to combat Soviet-style bureaucracy

Ukraine's military joins country's digital revolution as Kyiv seeks to create "army of the future"



Ukraine launched an ambitious new smartphone app for soldiers in August 2024 that aims to reduce the bureaucratic burden on the country's approximately one million military personnel. The Army+ app is the latest in a series of digital tools rolled out by the Ukrainian authorities in recent years following the launch of the Diia platform, which was unveiled in 2020 and has since come to be seen as the flagship app for the Zelenskyy administration's vision of "a state within a smartphone."

Ukraine's latest government app is part of efforts to combat a culture of red tape within the Ukrainian armed forces that many see as an unwelcome holdover from the Soviet era. With Ukraine currently fighting for national survival against the far larger Russian army, the push to modernize the Ukrainian military and remove any re-

maining inefficiencies inherited from the Soviet past has received dramatic new impetus. "We are transforming the Ukrainian military into the army of the future," commented Ukraine's Deputy Defense Minister Kateryna Chernohorenko during the official Army+ presentation in Kyiv.

At this initial stage, the Army+ app offers a limited selection of functions and only covers around five percent of the Ukrainian military's nearly 200 standard reports. For example, soldiers can use the app to request vacations and medical treatment or apply for financial support, but cannot use it to file many of the time-consuming reports relating to everyday military activities. In the coming months, this modest functionality is set to undergo rapid expansion. Ultimately, the developers behind the Army+ initiative envision it serving as

a comprehensive digital platform for interaction between soldiers, their commanders, and the state.

In order for the Army+ project to be a success, it must first be embraced by the majority of Ukraine's military personnel. Early indications are promising, with more than one hundred and fifty thousand soldiers registering during the first month. However, in the absence of obligatory sign-ups, patchy adoption could lead to confusion and inefficiencies. With reporting via the app only possible if those higher up the chain of command have also registered, much will depend on attitudes among more senior officers. There are also some concerns regarding access to the app for the minority of soldiers without smartphones and for those serving in front line areas with poor internet connectivity.

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## Ukrainian cultural identity in focus at Odesa Film Festival

Due to wartime security concerns in Black Sea port city Odesa, Kyiv played host to the fifteenth annual Odesa International Film Festival in July, with guests gathering for the opening ceremony at the Ukrainian capital's Parkovy Congress Center. This year's festival began with a moment of silence to honor the memory of all those killed in Russia's invasion, including a number of Ukrainian cinematographers. In her opening address, festival president Viktoriya Tigipko noted the role of cultural identity in Ukraine's ongoing struggle against Russian imperial aggression. "For the third year now, a full-scale war is underway in Ukraine. It is also a war for our cultural identity," she

noted. "Odesa International Film Festival is an important part of this culture. Despite all challenges, we will continue to support, develop, and strengthen this cultural identity, both within the country and globally." This year's Golden Duke Award went to British director and two-time Oscar nominee Mike Figgis. "I agree that cinema can be a weapon. But it can also be a medicine," commented Figgis during the festival opening ceremony in Kyiv. "I think it is important that on the world stage, today's Ukraine is seen as a country that is moving forward against all odds, particularly in the film industry and in the arts."



NETWORKING EVENTS



## Ukraine's German business community welcomes visiting delegation in Kyiv

Members of Ukraine's German business community came together with Ukrainian colleagues, international friends, and guests from Germany in July for the annual AHK Ukraine Summer Party in Kyiv. This midsummer event was attended by German Ambassador to Ukraine Martin Jaeger along with a delegation of ministerial officials and business representatives from Germany including the Association of German Chambers of Industry and Commerce (DIHK).



# “WE’VE ALREADY DONE UKRAINE”

**Ukrainian Institute London Director Olesya Khromeychuk says far too many people in the worlds of media, publishing, and academia still only have a superficial grasp of today’s Ukraine and continue to view the country through the outdated and distorting prism of Russian imperialism**

“There are only so many books on Ukraine we can review each month,” an editor from a major British newspaper tells me at one of the country’s largest literary festivals. He looks a bit uncomfortable, almost apologetic. He wants me to understand that if it were up to him, he’d review a book on Ukraine every day, but that’s just not how the industry works. Since the start of Russia’s full-scale invasion, I’ve had a glimpse into how several industries work: Publishing, journalism, and the broader world of culture, including galleries and museums. Even before the big war, I knew more than I wanted to about how academia works (or rather doesn’t) when it comes to Ukraine. A common thread among all these fields is the limited attention they allocate to countries that do not occupy a place among the traditional big players of imperial politics.

Cultural imperialism lives on in contemporary international coverage of Ukraine, even if its carriers often proclaim anti-colonial slogans. It thrives in gate-keeping, with editors and academics mistrusting voices that don’t sound like those higher up the ladder, while platforming people who have habitually been accepted as authoritative. “We’ve done Ukraine already” is a frequent response whenever you pitch an idea, text, or public event centering the country.

The editor who says he can’t keep publishing reviews of Ukraine-related books walks away, and I pick up a copy of one of the UK’s most prominent literary magazines to see their book recommendations. Out of a

handful of reviews, three are on recent books about Russia. It seems like the space afforded to Russia remains unlimited. I close the publication to keep my blood pressure down.

Keeping my blood pressure down, however, is challenging. When my social media feeds aren’t advertising another production of Uncle Vanya, they’re urging me to splash out on opera tickets for Eugene Onegin. What happened to the dreaded “cancelling” of Russian culture? The Russia section in most bookshops I visit in the UK is growing daily with everything from yet another translation of Dostoevsky to accounts of opposition figures killed or imprisoned by the Kremlin.

The international media focus on the August 2024 release of Russian political prisoners was yet another example of how the more things change, the more they stay the same. While these released prisoners were provided with a global media platform to call for an end to “unfair” sanctions on “ordinary Russians,” there was no mention of the thousands of Ukrainian civilians who continue to languish in Russian jails.

The ongoing international emphasis on all things Russian goes hand in hand with a reluctance to transform growing interest in Ukraine into meaningful structural changes in how the country is perceived, reported on, and understood. Although there has been some improvement in knowledge about Ukraine since 2022, the move is essentially from having no understanding to having a superficial grasp. ❧

*About the author: Dr Olesya Khromeychuk is a historian and writer. She is the author of *The Death of a Soldier Told by His Sister* (2022). Khromeychuk has written for *The New York Times*, *The New York Review of Books*, *The Guardian*, *Der Spiegel*, *Prospect*, and *The New Statesman*, and has delivered a TED talk on “What the World Can Learn From Ukraine’s Fight for Democracy.” She has taught the history of East-Central Europe at several British universities and is currently the Director of the Ukrainian Institute London. (Photography: Anton Trofimchuk)*





*“Although there has been some improvement in knowledge about Ukraine since 2022, the move is essentially from having no understanding to having a superficial grasp.”*

► Each time I read a piece on Ukraine by someone not well-versed in the country’s history and politics, my heart sinks. The chances are it will recycle historical clichés, repeat Kremlin propaganda about Russophone Ukrainians, or generalize about regional differences. And to add insult to injury, such articles also often misspell at least one family or place name, using outdated Russian transliterations. A quick Google search or a message to an actual Ukrainian could prevent these errors and save the author from looking foolish. Yet aiding this kind of colonial complacency seems to bother neither the authors nor the editors involved. I often wonder what would happen if I wrote a piece on British or US politics and misspelt the names of historical figures, towns, and cities. How likely would I be to get it published? And yet the same standards do not apply when it comes to writing about countries that have not been granted priority status in our mental hierarchies of the world. We can misspell them all we like; no one will notice anyway. Apart from the people from those countries, of course. And when an exasperated Ukrainian writes to complain, I can almost see the editors rolling their eyes and thinking, “What does this perpetually frustrated nation want now? We’ve already done Ukraine. Why are they never satisfied?”

It is not enough to simply “do Ukraine” by reviewing one book on the war, especially if it’s by a Western journalist rather than a Ukraine-based author. It’s not enough to host one exhibition, particularly if it is by an artist or photographer who only spent a few weeks in the country. Quickly putting together a panel on Russia’s war in response to a major development at the front and adding a sole Ukrainian voice at the last minute doesn’t cut it either. This box-ticking approach is unhelpful and insulting.

It is important to acknowledge that some Western media outlets have significantly enhanced their coverage of Ukraine over the past two and a half years. They have typically done so by dedicating time and resources to having in-house experts who have either reported from Ukraine for many years, or who are committed to deepening their knowledge enough to produce high-quality analysis. However, many of these outlets still seem compelled to provide platforms for individuals entirely unqualified to analyze the region. Surely this isn’t what balance means? Since February 2022, more than 100 Ukrainian cultural figures have been killed in the war. According to the Ukrainian Ministry of Culture,

by May 2024, over 2,000 cultural institutions had been damaged or destroyed. This includes 711 libraries, 116 museums and galleries, and 37 theatres, cinemas, and concert halls. In May 2024, Russia bombed Factor Druk, the country’s biggest printing house.

When I attended this year’s Kyiv Book Arsenal, Ukraine’s largest literary festival, each panel discussion began with a minute of silence to honor the memory of colleagues killed in the war. All this is in addition to mounting military losses, many of whom are yesterday’s civilians, including journalists and writers who have either volunteered or been drafted into the army. This is the current state of the Ukrainian creative industry.

To save time for Western editors, publishers, and curators, let me clarify exactly what all of us perpetually frustrated Ukrainians want to see. We would appreciate it if they turned to actual Ukraine specialists when working on Ukraine-related themes. Not those who suddenly pivoted from specializing in Russia, or who feel entitled to speak authoritatively because they discovered a distant Ukrainian ancestor, or those who have only recently shown interest in Ukraine due to business opportunities in the country’s reconstruction. We would be grateful if they took the time to seek out experts who have been studying Ukraine long before it became fashionable, who understand the country in all its complexity, and who care enough to offer Ukrainians the basic dignity of having their names spelt correctly.

I like to fantasize about a time when editors of top Western periodicals will choose to review books on Ukraine not simply because the country is at war and they feel obliged to cover it now and again, but because these books offer vital insights into democracy, the fight for freedom, and the importance of maintaining unity and a sense of humor in times of crisis. I hope for a day when galleries will host exhibitions of Ukrainian art, not just because it was rescued from a war zone, but because the artists involved provide fresh perspectives on the world.

I also dream that we, the perpetually frustrated Ukraine specialists, will eventually be able to focus on our own scholarship and creativity rather than correcting the mistakes of others. This will happen when cultural institutions, publishing houses, universities, and media outlets acquire in-house experts whose knowledge of Ukraine and the wider region extends beyond Russia.

## Shakhtar Donetsk will play Champions League home ties in Germany



Ukrainian Premier League champions Shakhtar Donetsk will play their home matches in this season's UEFA Champions League competition at one of the largest stadiums in Germany. The Veltins-Arena in the North Rhine-Westphalia region of western Germany is home to Schalke. It has a capacity of over 54,000 for European competitions and is famed for its lively match day atmosphere. This will be the second consecutive year that Ukrainian side Shakhtar has opted to stage its Champions League home ties in Germany. Last season, the club played group stage matches in Hamburg, recording a memorable victory over Catalan giants Barcelona in the Germany port city.

"We are delighted to be able to play our UEFA Champions League matches in one of the best stadiums in Germany," commented Shakhtar Donetsk General Director Serhii Palkin. "Last season's positive experience shows that Shakhtar has strong support from the fans in this country, both from the locals and from Ukrainian refugees. This factor is very important for our club. We are grateful to the management of Schalke 04 and the city of Gelsenkirchen for their solidarity, and have no doubts

about our mutually beneficial cooperation."

Shakhtar Donetsk have now been in exile for more than a decade. The club has not played at its home stadium, the Donbas Arena, since Donetsk was seized by Kremlin forces in spring 2014 during the initial stages of Russia's invasion of Ukraine. For some years, Shakhtar were able to continue hosting European ties at alternative Ukrainian stadiums in Lviv, Kyiv, and Kharkiv. However, since the onset of Russia's full-scale invasion in February 2022, it has no longer been possible to stage UEFA matches inside the country.

This season sees the UEFA Champions League adopt a confusing new format, with the traditional group stage replaced by a new league phase featuring all thirty two teams. Instead of playing three clubs on a home and away basis, teams will now face eight different opponents in one-off ties, playing half of those matches at home and half of them away. The top eight sides in the league phase will qualify automatically for the knock-out stage of the competition, while those placed ninth to twenty fourth will enter the play-offs for a place in the last sixteen.

### Shakhtar Donetsk 2024-25 UEFA Champions League

18 September  
Bologna vs Shakhtar

2 October  
Shakhtar vs Atalanta

22 October  
Arsenal vs Shakhtar

6 November  
Shakhtar vs Young Boys

27 November  
PSV vs Shakhtar

10 December  
Shakhtar vs Bayern Munich

22 January  
Shakhtar vs Brest

29 January  
Dortmund vs Shakhtar

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