

December 2024
Ukraine Monthly Situation Report

CONFLICT DEVELOPMENTS

- **The Russian army continues to gradually advance in some areas of the front, predominantly in the Donetsk province.** For example, throughout December 2024 units of the Armed Forces of the Russian Federation (AFRF) attempted to encircle Pokrovsk, as well as deploy tactics - which they had previously tried on smaller cities – aimed at cutting off communications, setting cauldrons and semi-encirclements, instead of launching frontal attacks or engaging in urban warfare. Some experts believe that Russia's activity in December in the Donetsk and Kherson provinces is connected to their attempts to seize the initiative and prevent the Ukrainian forces from launching a counter-attack. According to the Ukrainian government, the overall losses incurred by the Russian Federation (Russia) amount to [791.000](#) soldiers, with 420.000 in 2024 alone. In December, the first deaths of North Korean military personnel fighting within the AFRF were confirmed.
- **The Ukrainian army continues to control several settlements in Russia's Kursk province.** Ukrainian President, Volodymyr Zelenskyy has [stressed](#) the importance of the Kursk operation, stating that *'Kursk is a very strong trump card in all sorts of negotiations, especially with countries that are of great importance to us, I mean the countries of the Global South. I would never have thought that this operation would impress them so much. I mean, they were under the impression that Russia and its army were invincible. And then we put up resistance on Russian soil and have been continuing to keep the situation under control for four months. Russians are sending in more troops and still fail to put an end to it. Moreover, they claimed they would capture Sumy in a month's time. And then everyone realized what Russians are capable of'*. Military depots, airfields, and oil depots continue to be shelled in Russia and Ukraine's occupied territories, in particular, with western equipment.
- **The AFRF continue to launch strikes on Ukrainian settlements and energy infrastructure, by deploying cruise missiles and kamikaze drones.** In December, the cities of [Kyiv](#), [Dnipro](#), [Zaporizhzhia](#), [Ternopil](#), [Sumy](#), [Kharkiv](#), [Mykolayiv](#), [Kherson](#), [Odesa](#), [Kremenchuk](#), [Shostka](#), [Kryvyi Rih](#), [Marhanets](#), [Kupyansk](#), [Ochakiv](#) and other settlements and cities were subjected to air strikes. Cities located in the Donetsk province continue to be shelled, in particular, the city of [Pokrovsk](#) which is being steadily approached from the front line, as well as [Sloviansk](#), [Kostyantynivka](#), and others. Ukraine's energy infrastructure continues to be a key target of the Russian army. For example, during the [air attack on 13 December](#) alone, the Russians used over 90 missiles and about 200 strike drones, hitting energy infrastructure facilities. This led to almost half of the Ukrainian population being cut off from electricity for a few hours.
- **According to the Ukrainian Air Force, in 2024 over 1,300 Russian missiles of different kinds, 11,200 strike drones, and 3,200 reconnaissance unmanned aerial vehicles of operational and tactical levels were [shot down](#).**
- **In December 2024, new cases of Ukrainian prisoners of war (PoWs) being [executed](#) by the Russian military came to light.** These cases attest to the fact that the Russian army continues to systematically defy international humanitarian law and not abide by its principles. In addition, the trial of Ukrainian PoWs continues. For example, a report came to light about the so-called 'court of the Donetsk People's Republic' announcing a verdict against nine PoWs from the Mykolayiv 36-th Marine Infantry separate brigade (from 24 years to life imprisonment).

- On 30 December, Ukraine managed to return [189 of its prisoners of war](#). This included defenders of the Azovstal plant and the Chernobyl Nuclear Power Plant. The PoW exchange took place with United Arab Emirates (UAE) mediation. This was the 11th and the final swap of 2024.

HUMANITARIAN DIMENSIONS

- **According to the official information provided by juvenile prosecutors**, more than 2,330 children have been [affected](#) in Ukraine, with over 1,734 children having sustained injuries of various degrees of severity since 24 February 2022. 151,901 war crimes and crimes of aggression as well as 20,130 crimes against national security have been registered. More than 16,000 Ukrainian citizens are currently being held in Russian [captivity](#), while 168 have been released. In 2024, Ukraine managed to [return](#) 449 children who were illegally deported, forcibly transferred, or detained in the temporarily occupied territories by Russia.
- **Russian aggression continues to inflict extensive damage on the environment.** As a result of two Russian tankers *Volgoneft 212* and *Volgoneft 239* sinking in the Kerch Strait, a massive oil fuel spill reached the Black Sea shore. The contamination covered at least 60 km of the coastline from the Kerch Bridge to Anapa, [killing](#) thousands of birds and leading to other environmental damage. In the temporarily occupied city of Sevastopol, an emergency situation was [announced as](#) over 3,000 tons of heavy fuel oil [spilled into the sea](#). It is increasingly difficult to contain the spill due to inclement weather. Since the beginning of the Russian invasion, the damage sustained by the environment in Zaporizhzhia province [amounts to](#) over 18,6 billion UAH, while the damage caused in [Chernihiv province](#) amounts to 26,028,268,000 UAH.
- **Increased activity of the Russian army at the Zaporizhzhia Nuclear Power Plant (ZNPP).** Russia is [ramping up](#) its military activities at the ZNPP, placing the MLRS *Urahan* and *Smerch* on its premises. The ZNPP is being used as a military facility in violation of nuclear safety standards, which poses a threat to the lives of Ukrainians.
- **Russian aggression is inflicting irreparable damage on Ukraine's cultural, historical, educational, and infrastructural heritage.** As of the end of December 2024, the overall number of damaged cultural heritage sites in Ukraine came to 1,255. In December 2024, 33 heritage sites were [damaged](#) in Zaporizhzhia, Kirovohrad, Sumy, Mykolayiv, and Kharkiv provinces as well as in Kyiv. On the morning of 20 December, the Church of Saint Nicholas in Kyiv, was [damaged](#) following a Russian air strike. 2,130 objects of cultural infrastructure were either [damaged](#) or destroyed, with 374 of them totally destroyed (17,6%). The war has [claimed](#) the lives of 144 Ukrainian artists and 94 employees working in the media sector. As a result of the Russian army shelling civilian infrastructure in Ukraine, 1,222 kindergartens have been [damaged](#), with 121 having been completely demolished. As of mid-December 2024, Russia had [damaged](#) 1,938 healthcare facilities and totally destroyed another 297.
- **Russia is using civilians living in the occupied territories to fill its army ranks, in violation of the principles of international law.** Senior class schoolchildren living in the temporarily occupied parts of Luhansk province are [offered](#) to sign a contract to join the Russian army. In Ukraine's temporarily occupied territories, the Russian occupiers are [recruiting](#) suspected criminals, promising to close their cases in exchange for them signing a contract with the Russian army. The Russians are [setting up](#) engineering classes where teens are being taught to assemble drones for the Russian army.
- **Russia's occupation policy results in systematic human rights violations and worse living standards in Ukraine's temporarily occupied territories.** The inhabitants of the Luhansk province are being [blackmailed](#). [If they refuse to accept Russian passports, they risk losing their pensions](#). Meanwhile,

Russia is also [restricting](#) access to the Internet in the Luhansk province, by switching off public networks. Three mobile brigade vehicles are [trying to cover](#) tens of villages and small towns in the occupied Luhansk province in order to issue passports to the locals. In Melitopol, resident's homes are being [sequestered](#) on trumped-up charges of debts for utilities. In Kherson, the Russians are [searching](#) for 'unowned plots of land' that they can sell.

- **Russia is spreading propaganda and destroying Ukrainian identity in the temporarily occupied territories.** To replace confiscated Ukrainian books in school libraries, the Russians are [bringing](#) in propaganda materials and Russian literature. In Melitopol 'educational training sessions' have been [conducted](#) for collaborators to coordinate their further actions.

ECONOMIC DIMENSIONS

- According to the Ukrainian Ministry of Economy, Ukraine's **GDP** in January-November 2024 **grew by 4%**. This was possible thanks to the increasing amount of state military expenditures and a low base of comparison to previous years. However, the significant reduction in industrial production by 13,8% in the first half of 2024 testifies to the fact that the [real growth of the economy is currently not taking place](#).
- **Exports increased to the level of 34,6 billion USD in January-October 2024, compared to 29,827 billion USD in the same period of 2023.** At the same time, according to the IMF, [the structural deficit of the balance of payments](#) in 2024 grew by 8,4 billion USD to reach 37 billion USD a year including the compensation effect of debt restructuring. The high import dependence of the economy and a high demand for foreign cash constitute the key factors of the currency deficit. The EU was on the receiving end of [59% of Ukraine's total exports](#) in 2024.
- **The level of lending to the economy** is constantly [decreasing](#) despite large-scale state support programs and the rising level of liquid assets available to banks (they exceed 700 billion UAH). Also, approximately 135 billion USD in cash foreign currency is available in the non-banking circulation. During the war, the investment made by banks in the debt securities of other countries has grown by 3,2 billion USD, whereas the current bank loans have shrunk by 40 billion UAH.
- According to different estimates, the budgetary funds of Ukraine account for contracting **30-50% of the produce that can be offered by the Ukrainian defence sector companies**. The volume of financing of relevant budget programs amounted to 675 billion UAH in January-October 2024 compared to 656 billion UAH in January-October 2023.
- **According to the estimates of the head of the National Bank of Ukraine (NBU), international reserves will suffice to sustain the resilience of the monetary market.** According to the forecasts made by experts, at the end of 2025, the reserves will stand at about 41 billion USD. At the same time, since the beginning of 2024, the NBU sold 31,5 billion USD, having bought only 125 million USD. The amount of foreign currency bought by Ukrainian citizens in 2024 exceeds that which they sold in the same year by 12,2 billion USD.
- The official exchange rate of USD to UAH throughout 2024 grew from 38 UAH to 41,65 UAH. Therefore, several experts [question](#) the effectiveness of the current policy on ensuring macroeconomic stability.
- The factor of low energy supply for Ukraine's GDP will remain a key [deterrent against a new industrialisation](#). **The situation is quite untypical as energy consumption shrank by 6%, whereas the GDP grew by 5%.**

- The average salary has increased. However, [spending power](#) has not. In 2024, employers were forced to raise salaries in order to hire qualified staff. Nevertheless, most Ukrainians, sadly, have not been able to feel the benefit since inflation eats into almost their entire raise.
- **On the labour market there are two diametrically [opposed tendencies](#).** On the one hand, the unemployment rate in Ukraine remains high - almost 15% of the economically active population according to the methodology of the International Labour Organisation (the rate before the war stood at 9%, and in the first year of the war it was at the level of 20-25%). On the other hand, the market is also experiencing a considerable deficit of a highly qualified workforce. Interestingly, this tendency is true for both the private and state sectors.
- **Ukrainian citizens remain resilient. However, their savings were eroding in 2024. The income of 56% of Ukrainians diminished throughout the year.** 34,5% of Ukrainians do not have savings at all, which is 4% more than the previous year. The savings of those citizens who do have them are quite modest. 27% of the respondents said that their savings would suffice at most for a month, while another 25% said that their savings would hold out for 6 months.
- In 2023, the number of people whose income stood at the level of the living wage was 9% of the population, which is seven times the number in 2021.
- In 2024, energy risks took centre stage, as a result of large-scale Russian attacks on Ukraine's energy infrastructure facilities. **In 2025, the following factors may step into the spotlight:**
 - 1) the risk of a protracted war** - this will destroy productive sectors of the economy, preventing opportunities for its revival. The outcome of escalation could result in a further decrease in Ukraine's production potential and the loss of workforce.
 - 2) crisis in the labour market** - measures aimed at increasing mobilization to boost the army will be ongoing. This will happen at the expense of removing the economically active population from the labour market.
 - 3) the risk of an energy crisis** will remain at a dangerously (to the economy) high level, with no opportunities to promptly respond to these challenges. Also, these negative tendencies may grow stronger. [Three blackout scenarios](#): a blackout in Left-bank Ukraine, a 24-hour blackout across the entire country, and a 7-day blackout.
 - 4) Ukraine's macro-financial situation finds itself at the point of initial price destabilisation**, which has already forced the NBU to raise the interest rate from 13% to 13,5%. This process may continue with a view to ending this dangerous trend.
 - 5) The risk of certain restrictions on the volume of external financial aid remains. As of now, these challenges are minimal. However, there is a possibility of their becoming more pressing as of the second half of 2025.** This risk can affect Ukraine's financial stability and defence capacity, as well as also affecting the use of international sources (e.g., emission) to finance the budget deficit, which may compound inflation and devaluation processes. The latter will be, among other things, influenced by the growing tendency of Ukrainians to buy foreign currency.
 - 6) The risk of a renewed blockade of freight transportation** along Ukraine's western borders and limitations on transportation routes, will affect the country's foreign trade balance, which will generate threats to monetary stability.

ECONOMIC FORECASTS AND EXPECTATIONS

- Macro-economic expectations. The IMF expects the growth of Ukraine's GDP to reach 2,5% in 2025. It also predicts that inflation will reach 7,5% and the exchange rate of USD will stand at 45 UAH.
- [Driving force behind GDP increase](#). The main challenges for Ukraine's economy will be a substantial deficit in energy and workforce. According to experts, among the key factors that influence the pace of increases in GDP are the growth of export capacity, consumer demand, and aid from partners aimed at financing the budget and supporting the economy.
- [Expectations from the business sector](#). Slightly more than fifty percent of companies (53%) expect positive dynamics in their business development in 2025. Last year, 58% of the heads of these companies had the same expectations. A third of the respondents (33%) count on delivering on the same business indicators that they achieved in 2024, with 14% forecasting negative dynamics (13% of the number last year). As for preliminary steps, the investment plans of companies have become more restrained. The number of companies planning to launch new large-scale investment projects in 2025 has dropped by 16%. In 2024, 26% of companies were planning to develop large investment projects. In 2023, the same intention was at 19%.
- The NBU's leadership is planning to focus on the [development of sector lending](#). For example, in 2025 the NBU is planning to design a strategy for mortgage development.
- According to the NBU, the [net outflow of citizens](#) in 2024 from Ukraine amounted to 500.000 people. In 2025, their number is expected to reach 200.000. The **net inflow** of citizens from abroad to Ukraine is **only possible from 2026 onwards** and is expected to reach the level of **no more than 500.000 people**.

INFORMATION WARFARE DIMENSIONS

- **Escalation and the security.** At the highest political level, Russia is using narratives of escalation and further military threats that are also directed at the Western world. Russian President Vladimir Putin has [challenged](#) the West to a duel, should it doubt the effectiveness and impact of the Russian *Oreshnik* missile. He offered the West to choose a target in Kyiv and to place its air defence equipment there to try and intercept a Russian strike. Kremlin Spokesman, [Dmitry Peskov](#) said that this was not a joke. Later Putin [said](#) 'if needs be, Russia will deploy the *Oreshnik* missile system, but for now we are not in a hurry'. Putin also circulates narratives about Russia ostensibly retaining control over the war. He is sure about Russia's technological capacities in warfare. Russian official propaganda channels claim that 'the strike with *Oreshnik* [has made](#) Russia's geopolitical adversaries understand that their strategy of a limitless escalation of the conflict against Moscow is erroneous'. [Messages](#) are being constantly spread justifying the war in Ukraine as well as about the 1.5-million strong Russian army. According to the interpretation of Putin's words by Moscow, the war against Ukraine should have been waged earlier.
- **About negotiations, 'peace' exclusively on Russian terms.** Putin continues to claim that Moscow is ready to conduct peace talks, stressing that Russia is not against this idea. Putin [links](#) the possibility of starting peace talks with the inauguration of US President-Elect, Donald Trump. Putin also promised that he is ready to reach a compromise regarding Ukraine during any talks with Trump on the end of the war and that he does not see any preconditions for holding negotiations with the Ukrainian government. However, he dismisses the idea of any significant territorial concessions, insisting on Ukraine completely abandoning its NATO membership ambitions. Furthermore, Putin keeps repeating the mantra of 'Russia

continuing to achieve all of its goals within the special military operation (SMO) in 2025' and that Moscow is close to success on the front line. For him, this is [a priority task](#). Russian official sources [approved](#) Slovenia's offer to potentially host future negotiations. Russian propaganda sources are going to great lengths to [spread](#) narratives that claim that the USA and other countries of the West have already decided to put a lid on the idea of Ukraine entering NATO as this may lead to 'escalation' and even the 'demolition' of the EU. While [referring](#) to western experts, the Kremlin discredits the idea of European peacemakers coming to Ukraine.

- **Security guarantees for Russia.** Moscow is circulating official messages about the additional peace demands put forward by Russia - after the end of the so-called SMO, including security guarantees. For example, in the ['appendix'](#) of the goals of the 'SMO', Moscow insists that Ukraine should either become a federation, or become part of Russia, or that a coalition of non-western countries, including Russia, take control over Ukraine's air space for 20 years (a lifespan of a generation). Russia is insisting on the [approval](#) of these demands for its so-called 'sovereignty'.
- **The new world order. Rejecting Ukrainian identity and statehood. Putin's era.** In its internal information space, Russia is circulating narratives about ['Putin's era'](#) that has been ongoing since 1999. In particular, this narrative deals with the fact that Putin eliminated the consequences of the USSR's collapse thanks to the 'annexation of Crimea and the SMO' or aggression against Ukraine since ['Russia could not weave its claim on Ukraine'](#). According to Moscow, 'had this happened, this would have become a catastrophe for the entire Russian history, even a greater one than the tragedy of 1991'. Russia continues to spread stories about its diplomatic achievements, for example, on issues regarding the Eurasian Economic Union. [Putin](#) claims that Russia continues the policy of its further economic and even political integration into the Union.
- **The so-called 'integration' of the temporarily occupied territories of Donetsk, Luhansk, Zaporizhzhia, and Kherson provinces.** Russian narratives abound as to the ostensibly complete integration of Ukraine's occupied regions into Russia. Russia's occupation administrations in these regions issued statements about, e.g., Kherson province having fully [completed](#) its integration into Russia in 2024. However, the Russian President's administration makes decisions about life in these regions in manual mode. This is true, for example, for the [registration](#) of legal entities there. Moscow is also demonstratively taking integration [measures](#) by inviting children from the occupied territories to New Year's [festivities](#) under the aegis of Putin (as claimed by Dmitry [Medvedev](#)). At the same time, reprisals against Ukrainian civilians continue to be taken in the temporarily occupied territories. For example, in Zaporizhzhia province, a pensioner will be [put on trial](#) for transferring over 37.000 UAH to the Armed Forces of Ukraine.
- **Achievements of the Russian army.** Russia is also spreading official [narratives](#) about Russia seizing the strategic initiative during the so-called SMO, by, for example, occupying new Ukrainian villages and towns. Russian propaganda refers to its missile strikes on Ukrainian civilian infrastructure as retaliation for Ukrainian operations in Russia. Moscow maintains that Russia is not guilty of an energy crisis, while at the same time showering Ukrainian energy facilities with drones and missiles. [Instead](#), Russia accuses Ukraine's leadership of this crisis, while also lambasting the Western world which [apparently intends to fight](#) Russia 'to the last Ukrainian'.
- **Shrinking support of Ukraine by the Western world. 'This aid was not free of charge'.** Russian propaganda sources claim that countries of the West want to cash in on Ukraine's recovery and take hold of its resources.