

MECHANISMS FOR COMPENSATION OF DAMAGES CAUSED BY RUSSIAN AGGRESSION AGAINST UKRAINE: ISSUES OF IMPLEMENTATION AND THE ROLE OF THE EURO-ATLANTIC COMMUNITY

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Abstract. The article addresses the pressing issue of compensating for the damage inflicted by Russian aggression against Ukraine, highlighting the complex intersection of international law, geopolitical realities, and economic recovery. The objective of the present study is twofold: firstly, to evaluate the efficacy and constraints of the prevailing compensation mechanisms; and secondly, to examine the role of the Euro-Atlantic community in the development of these processes. The research employs a mixed methodology, integrating content analysis, case study methods and a legal-analytical approach, drawing upon international legal documents, political decisions and empirical examples, including the Feniks Alliance. The findings indicate that, while substantial financial support has been mobilised by the Euro-Atlantic community, the utilisation of frozen Russian assets remains restricted and politically sensitive. The study identifies four potential scenarios for implementing compensation frameworks and highlights the emerging role of private initiatives as supplementary tools, complementing mechanisms instituted by international bodies such as the United Nations. Consequently, the paper concludes that a coordinated international effort, in conjunction with innovative legal and institutional instruments, is imperative to ensure fair and enforceable reparations for the victims of aggression, particularly within the Ukrainian business sector.

Keywords: war reparations, Russian aggression, frozen assets, Euro-Atlantic community, compensation mechanisms, the Feniks Alliance Program, international law, sovereign immunity, economic damage, Ukraine recovery.

JEL Classification: F02, L84

1. Introduction

The issue of compensation for war-related damage has become particularly relevant in the context of international relations and law. Russian aggression against Ukraine has resulted in significant material damage and humanitarian losses, necessitating the development of effective compensation mechanisms. This research covers issues ranging from the international legal responsibility of the aggressor state to political and institutional decisions aimed at ensuring justice for the affected state and its citizens.

At the same time, certain approaches to this issue have emerged in contemporary political and legal discourse. Notably, the process of seizing and selling Russian assets for Ukraine's benefit has begun. Canada is a notable example, having been one of the first countries to declare its readiness to confiscate Russian

assets for compensation purposes. Similar decisions are gradually being discussed within the G7 and at a bilateral level, indicating growing political support for Ukraine. However, this process remains dependent on the geopolitical situation.

At the same time, existing compensation mechanisms are not sufficiently institutionalised and face a number of problems. They depend heavily on the political will of individual states, which makes them fragmented and unstable. Contradictions between the principles of international law and the political interests of major powers mean that real compensation for damages could be postponed indefinitely. In this context, a more coordinated and systemised approach is needed at the level of the Euro-Atlantic community.

The scientific problem, therefore, lies in the absence of a comprehensive and effective mechanism

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for compensating for war damage that would simultaneously comply with the principles of international law and political realities. The objective of the present study is to analyse, within the context of international law and politics, the current state of affairs related to compensation for damage caused by Russian aggression against Ukraine. In order to achieve this, existing mechanisms implemented at the level of the Euro-Atlantic community will be taken into account, as well as the possibilities for their practical application in the Ukrainian private sector. In order to achieve this objective, the following tasks must be completed: firstly, to analyse the international political discourse and key decisions that establish the framework for compensation mechanisms, and secondly, to study the practice of utilising these mechanisms in Ukraine, with a particular focus on the private sector, as well as co-operation with European partners involved in the process of compensation for damages.

2. Materials and Methods

The present study employs a combination of general scientific and specialised methods. General scientific methods encompass analysis and synthesis, which facilitate a systematic examination of the issue of compensation for damage caused by Russian aggression through the prism of international law and political decisions. Special methods include content analysis, which is used to study international legal documents, political statements, and decisions of Euro-Atlantic institutions, and case studies, which provide an opportunity to consider specific examples of compensation mechanisms both in international practice and in the Ukrainian context. The implementation of these methodologies facilitates a thorough evaluation of the regulatory and practical dimensions of the issue. A legal approach is also employed in order to analyse specific legal cases related to the compensation for damages.

The empirical basis of the study consists of international legal acts, official documents and statements of Euro-Atlantic institutions, decisions of the governments of G7 member states, and materials related to practical activities in the field of compensation for damages. The focus of this study is the Feniks Alliance Program, which has been operational in Ukraine for the past two years. The program provides mechanisms for the recovery of losses incurred by Ukrainian businesses through international jurisdictions. The experience of this initiative, based on co-operation with international legal and financial structures, serves as a prime example of the search for specialised solutions to compensate for losses caused by the Russian Federation's aggression. Furthermore, it provides a foundation for a practical

analysis of the possibilities for implementing such mechanisms in the future.

In the broader context of examining Euro-Atlantic support for Ukraine in the conditions of Russia's protracted aggression, the author has also analysed its various dimensions in his own scholarly works, focusing both on military-political co-operation within the "Ramstein" format (Buzarov, 2024) and on the social aspects related to the adaptation and integration of Ukrainian displaced persons in the European Union (Buzarov, 2023).

The issue of compensation for war damage is the subject of numerous interdisciplinary studies in the field of political and legal sciences. The issue is addressed within two distinct yet interconnected frameworks: firstly, within the context of international law, with an emphasis on the norms of responsibility of the aggressor state and mechanisms for exercising the right to compensation; and secondly, within the framework of political science, where the main focus is on the role of international institutions, political decisions, and geopolitical factors that influence the possibilities for compensation. Consequently, Ukrainian researchers N. V. Trotsiuk and O. O. Honcharuk (2023) have drawn attention to the problematic aspects of the legal regulation of the process of compensation for damages and emphasised the need to form a comprehensive regulatory framework for the protection of citizens' rights. In turn, O. Valendiuk (2023) analyses certain procedural aspects of this issue, emphasising that the practice of applying compensation mechanisms needs to be harmonised with both national legislation and international standards. The research of E. A. Pysarivna and D. S. Klapoushchak (2022) also focuses on the legal grounds for compensation for damage, with particular attention paid to the relationship between international legal obligations and domestic legal procedures. A comprehensive analysis of the challenges associated with ensuring and restoring human rights violations resulting from Russian aggression was presented by the Chairman of the Verkhovna Rada of Ukraine, Professor R. O. Stefanchuk. He emphasised the necessity to develop legal mechanisms for compensation for damages and the potential utilisation of Russian assets for this purpose (Stefanchuk, 2025). The contribution of Ukrainian researchers, who analyse the specifics of determining the damage caused by armed aggression, deserves special mention. Consequently, Y. Kosaretskyi and S. Shramko concentrate on the regulatory and legal dimensions of assessing damages in the domain of defence, encompassing the procedures for establishing and recording damages, as well as methodologies for documenting losses incurred (Kosaretskyi 2025; Shramko, 2024). These Ukrainian scholars generally place particular emphasis on the process of gathering evidence and legally substantiated

assessment of the amount of damage caused, which is a key element in the further development of effective compensation mechanisms. Accordingly, Ukrainian scholars have observed that in contemporary Ukraine, a specific judicial practice has been instituted for the purpose of filing claims for compensation for damage, including moral damage, caused by the armed aggression of the Russian Federation. However, this mechanism is not universally applicable and does not ensure the mandatory receipt of compensation. Concurrently, victims frequently undertake the collection of evidence and the assessment of damages autonomously, with a view to the subsequent filing of claims in civil, commercial, or international jurisdictions. This finding suggests a paucity of a unified and comprehensive approach capable of ensuring compensation for both individuals and legal entities. Simultaneously, Ukrainian researchers emphasise that the establishment of a comprehensive compensation mechanism can only be accomplished with the active involvement and support of Ukraine's international partners.

Among the leading non-Ukrainian researchers who have made a significant contribution to understanding the political and legal issues related to the use of frozen Russian assets for the benefit of Ukraine, it is worth noting the work of Thomas Weatherall, who, in his publication "Rebuilding Economic Prosperity and Opportunity for Ukrainians Act" (Public Law No. 118-50), analyses the REPO Act in the United States (Weatherall, 2025). This legislative act constitutes a precedent by virtue of its provisions for the first time the legal confiscation of the sovereign assets of the Russian Federation and their utilisation to support Ukraine. The author provides a comprehensive analysis of the legal arguments and the international ramifications of establishing such a precedent. Michal Ben-Josef Hirsch and Jennifer M. Dixon, in their study "The State of Repair: The International Norm of Reparations between Aspirations and Expectations", trace the transformation of the international norm of reparations from a declarative principle to an instrument of concrete policy of aggressor responsibility. They emphasise that contemporary practice requires a revision of traditional notions of justice and compensation for damage in the context of armed conflict (Ben-Josef Hirsch & Dixon, 2025). Also important is the article by Csongor István Nagy, "International Investment Law Enables the Use of Frozen Russian Assets to Compensate for War Damage in Ukraine", which demonstrates the possibility of using international investment law norms to legally justify reparations in favor of Ukraine. Csongor István (2023) draws attention to instruments that allow sovereign immunities to be circumvented and enforcement mechanisms to be implemented. In conjunction with analytical reports from international organisations, particularly the

International Institute for Strategic Studies (Gould-Davies, 2024), these developments reflect the extant body of knowledge on mechanisms for implementing reparations by utilising the assets of the aggressor.

Despite the considerable scientific interest among Ukrainian researchers in various fields of law and political science, as well as among foreign authors who analyse certain aspects of mechanisms for compensating for damage caused, there is currently no comprehensive analysis of this issue in the context of considering it as a separate area of assistance from the Euro-Atlantic community. The authors of this study proceed from the assumption that the unprecedented mobilisation of resources and efforts at the international level – particularly with regard to seizing Russian assets and searching for legal mechanisms for their utilisation – constitutes a unique form of policy aimed at countering Russian aggression and supporting Ukraine in the context of the broader Russian-Ukrainian war. This necessitates a more comprehensive analysis of the compensation process, taking all factors into account.

3. Results

It is recommended that the analysis of the results commence with the consideration of the approximate monetary amounts that are currently being discussed in the informational and political sphere and are related to the assessment of the scale of damage caused by the Russian Federation to Ukraine during the war. It should be noted that such assessments are made according to different criteria, cover different objects, and are based on different approaches to the quantitative expression of losses in financial and monetary terms.

3.1. Various Monetary Estimates of the Total Amount of Losses

As of the conclusion of 2024 and the onset of 2025, the RDNA4 (Fourth Rapid Damage and Needs Assessment) conducted by the World Bank, the Government of Ukraine, the European Union, and the UN indicates that the direct financial impact in Ukraine amounts to 176 billion USD, in comparison to 152 billion USD in the preceding year. The sectors most impacted were housing, transport, energy, trade and industry, and education. Approximately 13% of the housing stock (2.5 million households) was damaged or destroyed, and the number of affected energy facilities increased by 70% compared to the previous RDNA3 assessment. Approximately 72% of the damage was concentrated in the frontline regions, which included Donetsk, Kharkiv, Luhansk, Zaporizhzhia, Kherson, and Kyiv. The total cost of reconstruction and restoration over the next decade is estimated at 524 billion USD, which is 2.8 times higher than

Ukraine's projected nominal GDP for 2024 (UNDP, 2024). The Kyiv School of Economics (KSE) has furnished data on the scale of damage caused by Russian military aggression that is approximately similar to that of the end of 2024. According to the analytical reports, the total direct damage to buildings, infrastructure, and tangible assets amounts to approximately 170 billion USD. This is 12.6 billion USD (or 8%) more than the initial estimate at the start of 2024. As with other sources, residential buildings account for the largest proportion of the damage, at 60 billion USD, followed by transport infrastructure at 38.5 billion USD. Significant losses were also incurred in the energy sector (14.6 billion USD), industry, services and construction (14.4 billion USD), and agriculture and land resources (10.3 billion USD). Separate estimates put the damage to public sector facilities at approximately 16.3 billion USD, including educational, medical, scientific, cultural and sports institutions, as well as administrative buildings (Kyiv School of Economics, 2025). For example, damage to the environment alone is estimated at 2.6–2.7 trillion UAH (approximately 62.5–64.9 billion USD), according to Ukraine's Minister of Environmental Protection and Natural Resources Svitlana Grinchuk (2024). However, Iryna Mudra, Deputy Head of the Office of the President of Ukraine, estimates that the total damage caused to Ukraine by the ongoing military aggression of the Russian Federation since 2014 could reach US 1 trillion USD. In the last three years of full-scale war alone, losses are estimated to be at least 589 billion USD. This figure is one of the most conservative, given that the scale of destruction and daily attacks continues to increase the actual amount of damage (Ukrinform, 2025).

Furthermore, the magnitude of the losses incurred by Ukraine due to the appropriation of its natural resources by Russia is colossal. According to Western experts, Ukraine's resource wealth is of considerable significance and diversity. The Donbas and Crimea regions, which have been under Russian occupation since 2014, contain significant deposits of coal, natural gas, and critically important minerals. In the months following its incursion in 2022, Russia had assumed control of Ukrainian minerals and gas reserves with an estimated value exceeding 12.5 trillion USD. The most lucrative assets constituted more than 56% of the world's hard coal reserves, which are among the most substantial on the planet, with an estimated total value of approximately 12 trillion USD. Furthermore, Russia has appropriated 20% of Ukraine's gas fields and 11% of its oil fields, which are the second largest in Europe and are estimated to be worth approximately 85 billion USD. By the conclusion of 2022, Russia had gained control of between 50% and 100% of Ukraine's reserves of lithium, tantalum, cesium, and strontium – metals that are critical to the development of green energy and the defence industry. Until 2022, Ukraine was the primary supplier of iron ore, lithium, manganese, and steel to

Europe; however, the Russian invasion resulted in the destruction of these supply chains (CIRSD, 2025).

3.2. Euro-Atlantic Financial Support for Ukraine

In light of the substantial financial losses incurred by Ukraine due to Russian aggression, the Euro-Atlantic community has mobilised an unparalleled scale of assistance, which is being executed at diverse levels and in various formats to support Ukraine. For instance, according to estimates by American experts, the US Congress has approved five aid packages for Ukraine, the most recent of which was adopted in April 2024, with a total value of approximately 175 billion USD. These unprecedented sums were directed towards a wide range of needs of Ukrainian society and institutions, including support for refugees, law enforcement agencies, and independent media outlets. However, the majority of the aid was military in nature (Council on Foreign Relations, 2025). With regard to the European Union, the European Commission has reported that, as of early 2025, Team Europe (the EU and its member states) had mobilised approximately 150 billion EUR in financial, humanitarian, and military support for Ukraine. This included macro-financial assistance, resources from the Ukraine Facility, contributions through the European Peace Fund, and measures to support Ukrainian refugees in EU countries (European Parliament, 2025).

It is important to note that one of the sources of financial assistance within the framework of Euro-Atlantic support is frozen Russian assets. As demonstrated in Figure 1, the available data indicates that approximately 260 billion EUR of the Russian Central Bank's assets have been immobilised in the form of securities and cash in the jurisdictions of the G7 countries, the European Union, and Australia. It is noteworthy that more than two-thirds of these assets are concentrated in the EU (European Council, 2024).

A significant political decision that effectively initiated the discussion and partial utilisation of revenues from Russia's frozen assets was the statement by the leaders of the G7 in 2023. This document emphasised the necessity for decisive progress in directing extraordinary revenues received by private entities directly from immobilised Russian state assets to support Ukraine. Concurrently, it was confirmed that, in accordance with prevailing legal frameworks, Russia's assets would remain frozen until it compensated Ukraine for the damages incurred (The White House, 2023).

A similar example is provided by Canada, which was among the first countries in the Euro-Atlantic community to initiate practical procedures for the seizure of assets of sanctioned legal entities and individuals from Russia. In December 2022, the

Canadian government instigated the confiscation of the assets of a Russian oligarch, seizing a Russian-owned cargo plane in the process. These measures constituted a component of a comprehensive sanctions policy that sought to utilise sanctioned assets in the future as a source of compensation for Ukraine (Government of Canada, 2022; Rotondi, 2023).

As of mid-2025, according to media reports citing the European Commission, the European Union received a third transfer of extraordinary revenues from frozen assets of the Central Bank of Russia, totalling 1.6 billion EUR. Of this, 1.5 billion EUR (95%) is earmarked for repayment of Ukrainian loans under the credit co-operation mechanism with Ukraine (ULCM), while the remaining 5% is to be allocated through the European Peace Fund (EPF). The initial transfer occurred in July 2024, followed by a second transfer in April 2025. A total of 90% of the funds from these two tranches were allocated to support Ukraine through the EPF, while 10% was directed to the Ukraine Facility. The third transfer covered revenues accumulated during the first half of 2025, which were received by the EU's central securities depositories (European Truth, 2025).

3.3. The Private Sector and the Legal Aspect of the Problem

Despite the establishment of a mechanism and the development of a practice for the utilisation of frozen Russian assets to support Ukraine, there remains an absence of a comprehensive financial instrument specifically designed to provide compensation to legal entities, notably Ukrainian companies and businesses that have been adversely affected by the war. As the above financial estimates of the scale of the damage caused show, a significant proportion of the damage is to private property belonging to individuals and legal entities. This creates an additional challenge in the form of the need to set up a comprehensive system for compensating for damage and losses. It is important to note that there are currently no accurate, agreed estimates of the losses suffered by Ukraine's private sector as a result of Russian aggression. However, it is clear that these losses are in the hundreds of billions of dollars. It is imperative to emphasise that the damage to Ukrainian businesses commenced in 2014 and persisted for a period of eight years, until the full-scale invasion in 2022. During this period, a substantial proportion of assets were lost in the temporarily occupied territories, with repercussions for all sectors of the economy, particularly agriculture, which suffered the greatest losses proportionally. Concurrently, there is an absence of effective mechanisms, and no precedent exists for Russia to provide full compensation for the damage caused. The loss of productive assets has been shown to result in a loss of economic potential and

economic output. This has a negative cumulative effect and significantly weakens the opportunities for the growth and development of the Ukrainian economy.

The legal aspects of compensation for damages should be considered separately. In particular, compensation for damage caused by a sovereign state differs significantly from ordinary litigation or commercial claims. While the situation in Ukraine is unique, it is not without certain precedents. The primary issue is not so much in demonstrating the existence of damage and losses, but rather in establishing a genuine mechanism for the recovery and enforcement of compensation at the international level from the assets or financial flows of the aggressor state or associated structures. In this particular context, the question of compensation for damages is governed by the principles of international law. This legal framework applies in jurisdictions where the assets of the Russian Federation or its affiliated companies are located, or are transiting through. Concurrently, it appears impractical at this juncture to anticipate a consensus to be achieved through the auspices of the UN or the international community as a whole. It is also pertinent to consider the position of the United Nations. Following the adoption of a resolution by the UN General Assembly on March 2, 2022, the international community formally recognised the occurrence of armed aggression by the Russian Federation against Ukraine. This document called on Russia to cease the use of force against Ukraine immediately, completely and unconditionally, to withdraw its troops from Ukrainian territory and to ensure compensation for the damage caused (United Nations, 2022). However, despite these resolutions, the Russian Federation has not ceased its violations of international law or fulfilled its obligation to pay reparations to Ukraine or compensate those who have suffered losses.

Thus, the logic of international law entitles those who have suffered damage to compensation. When one state acts as an aggressor against another, the injured party is entitled to compensation for the damage caused. In particular, in its 1997 decision on the *Gabčíkovo-Nagymaros project* (Hungary/Slovakia), the International Court of Justice noted that states that have suffered damage as a result of international wrongful acts are entitled to "obtain compensation from the state that committed the wrongful act" (Justia Law, 1997). Similarly, in the *1927 Factory at Chorzów* case, the Permanent Court of International Justice established the legal principle that a breach of obligation entails a duty to provide appropriate reparation (*Jus Mundi*, 1927). These precedents provide a solid legal basis for Ukraine's claim for compensation for damage caused by Russian aggression, including the unlawful destruction or seizure of property and assets.

Taking specific legal action and extrapolating the above-mentioned experience to a possible lawsuit directly against the Russian Federation raises the

question of sovereign immunity. The limitation of the ability to bring disputes against other nations through national courts grants sovereign states immunity from legal action, as well as from the enforcement of judgements. However, it should be noted that there are certain exceptions to this rule in the legislation of various jurisdictions. A salient exemplar is constituted by the US Foreign Sovereign Immunities Act (FSIA), which delineates exceptions in Section 1605. One potential course of action for plaintiffs is to instigate legal proceedings in the courts of states where exceptions to the rule of state immunity may be applicable (Baker McKenzie, 2025). In the context of corporate law, for instance, the Alien Tort Statute (ATS) previously permitted legal action to be initiated in US courts for violations of international law, even in cases where the alleged violations occurred outside the US territory. Nevertheless, subsequent to the Supreme Court's ruling in *Kiobel v. Royal Dutch Petroleum Co.* In 2013, the jurisdiction of US courts was subject to significant limitations. Decisions were now restricted in application to cases that were "tangentially and substantially related" to the US (Norton Rose Fulbright, 2013).

There are two potential jurisdictions for the consideration of such cases. The first is the International Court of Justice (ICJ) of the United Nations, where only states may be parties. In this context, Ukrainian companies could pursue their claims only through the State of Ukraine; therefore, this mechanism is available to the state itself rather than to individual Ukrainian businesses. Although the Court's decisions are final and binding, they are not practically enforceable, which makes the ICJ more suitable for declaratory purposes rather than for securing compensation. The second possible avenue is the European Court of Human Rights (ECHR), before which corporate entities may lodge complaints concerning violations by the Russian Federation of the provisions of the European Convention on Human Rights. However, this route is no longer applicable, as the Russian Federation is no longer a member of the Council of Europe, and consequently the ECHR has no jurisdiction over it, nor is there any mechanism for direct enforcement. Moreover, the requirement to exhaust domestic remedies, which are virtually nonexistent in this case, further limits this option. As regards the enforcement of judicial decisions, even when a competent court – such as the ICJ or a national arbitral tribunal – accepts a case and delivers a ruling, this does not guarantee that the judgment will be enforced through the assets of the aggressor state.

In general, large-scale reparation mechanisms formed in the modern historical era (after the creation of the UN) usually take one of four forms: (1) imposed by the victors following a total defeat and unconditional surrender; (2) authorised by a UN Security Council resolution; (3) established with the agreement of the

state responsible for the damage through negotiations; or (4) created in accordance with the ruling of an international court (Hathaway et al., 2023). These cases all raise the key question of how to enforce a decision in the field of international law when aggressor states usually do not admit guilt or voluntarily compensate victims.

Another possible legal basis for creating a compensation instrument could be international decisions and resolutions that already exist in practice. For example, in the past, the UN Security Council adopted resolutions that created a legal basis for the confiscation and subsequent distribution of state assets. This was the case in Iraq, where the relevant decisions were supported by national legislation and executive decrees of member states (UN Security Council report, 1991). At the same time, in the current circumstances, this path seems blocked, as the Russian Federation, as a permanent member of the Council, has the right of veto and can stop any attempt to adopt such a resolution. That is why the decisions of the UN General Assembly, which on November 14, 2022, adopted resolution ES-11/5, recognizing the legal consequences of Russia's illegal actions, including the obligation to pay reparations, calling for the creation of an international compensation mechanism, and recommending the creation of an international register of damages, have become particularly important (General Assembly, 2022). Despite the non-binding nature of General Assembly resolutions, they wield significant persuasive authority and are strategically employed by states seeking to establish legal mechanisms for the confiscation and transfer of Russian assets located within their jurisdictions to Ukraine. This encompasses not only frozen assets but also other assets, as part of a comprehensive strategy to ensure accountability and provide equitable compensation. At the same time, Article 2(4) of the UN Charter remains a key international legal guideline, prohibiting the use of force against the territorial integrity or political independence of any state (defined as act of aggression by UN Charter (Art. 2(4), 39) and further by UNGA Res. 3314 (1974), thus emphasising the need to develop effective mechanisms for reparations in the event of aggression.

3.4. Mechanisms and Innovative Approaches to Solving the Problem

Summarising the above trends, the following hypothetical compensation scenarios can be identified.

Creation of an international compensation mechanism. At the current stage, this appears to be a less likely scenario; however, in the long term it may form the basis for an institutionalised compensation process.

A countermeasure-based legal process aimed at obtaining compensation from Russia's frozen assets.

Under the doctrine of countermeasures, an injured state may take an action that would otherwise be unlawful – a countermeasure – against a state responsible for an internationally wrongful act, with the aim of inducing compliance with its legal obligations. A classic example occurred in 1978, when French police surrounded a Pan Am aircraft that had landed in Paris and refused to allow passengers to disembark after a stop in London to discharge passengers and switch to a smaller aircraft, a procedure known in aviation as a "change of gauge" (Hathaway et al., 2023). A novel and untested proposition is the use of countermeasures enforced through legal proceedings initiated directly by claimants themselves.

Full judicial proceedings on multiple claims across different jurisdictions. This is the baseline scenario, involving a lengthy process that may last 10–15 years or more. Its complexity arises from the large number of potential claims and the significant diversity of legal systems involved.

Tariff-based compensation mechanism. This technical approach has been applied in the past – for instance, in the compensation process for Kuwait following Iraq's aggression – and involves the imposition of special levies or tariffs as a source of funding. Its applicability to current circumstances would, however, require political will. Rather than functioning as a standalone scenario, this option is best viewed as a potential funding source within broader compensation mechanisms.

The compensation mechanism established following Iraq's invasion of Kuwait is the most relevant precedent for affirming that large-scale, state-to-state reparations are lawful and feasible. Although the institutional context of that case, particularly the role of the UN Security Council, differs significantly from the current situation, the underlying principle remains applicable: an aggressor state should be held financially accountable for the damage it causes. This demonstrates that the international community is capable of designing and implementing functioning compensation frameworks, even in complex geopolitical environments. While the specific modalities may vary, the necessity and legitimacy of compensation remain constant.

It should also be noted that innovative models aimed at accelerating the compensation process, independent of political decisions, are emerging in Ukraine. Mechanisms such as the Feniks Alliance (2025) have emerged in response to practical needs, business demands and international experience. The activities of the Ukrainian and international partners demonstrate a clear desire to develop specialised solutions to recover losses caused by the Russian Federation's act of aggression. Furthermore, there is an evident intention to establish effective models of co-operation among various stakeholders involved in the issue of compensation.

The Feniks Alliance Program constitutes a specialised solution designed to assist businesses that have suffered damage and losses as a result of the Russian Federation's aggression against Ukraine. The primary objective of the Programme is to ensure the effective provision of monetary compensation without requiring businesses to expend their own funds, time, or resources on the compensation process. The Programme has been meticulously devised for the Ukrainian private sector and is currently engaged in efforts to recuperate damages and losses incurred as a consequence of the aggression and unlawful actions perpetrated by the Russian Federation within the sovereign territory of Ukraine.

The Feniks Alliance Program is predicated on the utilisation of international law applicable in various national jurisdictions to secure compensation for damage and losses caused by the aggression of the Russian Federation. In this context, a significant international benchmark is provided by the aforementioned UN General Assembly resolution of November 14, 2022, which confirmed Russia's legal responsibility for all internationally wrongful acts, including the obligation to compensate for the damage caused. The Programme's objective is to explore and utilise all available legal remedies, which may include initiating legal proceedings against the Russian Federation in various jurisdictions; asserting claims against states and organisations that hold Russian assets with a view to releasing them for compensation; making unilateral legislative decisions by individual countries (in particular, the REPO Act); and establishing potential future international bodies specifically created to manage Russian assets and consider claims for compensation. The Programme places emphasis on issues of proper documentation and quantitative assessment of damages, as well as the overcoming of legal restrictions, in particular those related to the immunity of a sovereign state. It is imperative to emphasise that this initiative functions independently of political decisions or international negotiations, relying exclusively on extant legal options within national and international legal systems.

The Feniks Alliance Programme (the Programme) has been operating in Ukraine for over a year, actively collaborating with local partners and businesses. The Programme's main focus is the development of mechanisms for collecting, evaluating and aggregating damage data, as well as the gradual transition to monetisation. It is important to combine the initial assessment of losses, carried out by the Programme team in co-operation with local partners, with an external audit to ensure the proper verification and validity of claims. The Programme focuses on maximising accessibility for clients by offering advisory and organisational support at all stages of the process, from registration and assessment of claims to portfolio formation, initiation of legal proceedings and distribution of received funds.

4. Discussions

As demonstrated above, there exists a variety of criteria by which the extent of damage caused to Ukraine as a result of Russian aggression may be assessed. When direct losses relating to both state and private property are taken into account, the total amount ranges from 500 billion USD to 600 billion USD. However, when the total amount of damage sustained since 2014 is taken into account, as well as the lost natural resources in the occupied territories, the estimates reach trillions of dollars.

It is imperative to emphasise that Ukraine's Euro-Atlantic partners have mobilised substantial resources in the context of the war to deter Russian aggression, both in terms of international financial assistance to Ukraine and through the introduction of large-scale sanctions. The initial consequence of the sanctions was the freezing of Russian assets, which enabled a proportion of the revenue from them to be allocated to support Ukraine. Concurrently, due to a number of political and international legal restrictions, these funds are not currently utilised for direct compensation of losses to legal entities, primarily economic entities in Ukraine.

In response to the ongoing crisis in Ukraine, a number of sanctions have been imposed by sovereign states against the Russian Federation. These sanctions have included trade restrictions, financial measures, and asset freezes. However, these measures have thus far proved insufficient in deterring the Russian Federation's aggression. Such measures, known as retaliation, are generally considered permissible under international law, yet are often criticised as violating the rule of law.

However, the likelihood of the Russian Federation voluntarily ceasing its aggression or paying reparations in the near future is negligible. The absence of a global "police force" in international relations means that the enforcement of obligations rests primarily with the states themselves. In principle, the United Nations Security Council has the capacity to pass a resolution that would obligate the Russian government to comply with international decisions or to provide compensation. However, in the current circumstances, this is impossible due to the Russian Federation's veto power, which blocks any such initiatives.

A further impediment that must be considered is that of the principle of sovereign immunity. International law generally guarantees that sovereign states are immune from legal action and the enforcement of court decisions in the national courts of other countries. Notwithstanding the recognition of jurisdiction by a court or tribunal in a case against a foreign state, this does not guarantee the enforcement of its decision in practice. This principle is enshrined in the national legislation of many countries, including the US Foreign Sovereign Immunities Act (FSIA). The concept of

sovereign immunity is primarily implemented through the legislation of individual countries, which serves to prohibit the initiation of legal proceedings against other sovereign nations within their judicial systems. However, the scope, exceptions, and practical procedures for enforcing sovereign immunity are typically set by domestic law and individual court practices in each country. It is a general rule that acts of aggression and expropriation are exceptions.

In contemplating the potential for legal action, it is imperative to acknowledge the salient issues that are coming to the fore in contemporary legal discourse. Primarily, this pertains to the utilisation of countermeasures, whereby states are empowered to initiate the confiscation of assets in response to the internationally unlawful actions of the Russian Federation. This approach involves petitions for the adoption of executive decisions at the government level, as well as appeals to foreign states to exercise their right to confiscate assets as part of international countermeasures. Moreover, the potential for initiating legal proceedings in EU countries or UK courts is under consideration. The purpose of such action would be to obtain rulings that would substantiate claims for redress and facilitate their enforcement in jurisdictions where Russian assets are situated. Another significant potential avenue is to hold accountable corporate structures that provided support for or were involved in violations of international law, as well as individuals who directly or indirectly participated in facilitating the aggression.

Despite the absence of clearly defined mechanisms for addressing the economic needs of affected entities, private initiatives are emerging in Ukraine that seek to integrate international experience with national realities and challenges related to compensation for damages. The Feniks Alliance is an illustrative case in point. It has developed a compensation model that combines a large pool of claims, thereby ensuring greater economic efficiency in the process. This approach enables the pursuit of compensation in jurisdictions where the assets of the Russian Federation or associated entities may be located, utilising all available legal instruments. The programme aims to secure full compensation, or the maximum economically achievable amount if full compensation is not possible. Importantly, the programme itself covers all costs, and funds are distributed among applicants after deducting the commission for services and covering expenses.

5. Conclusions

The study found that various international and national institutions estimate the damage caused to Ukraine by Russian aggression to be in the hundreds of billions of dollars. Taking into account the loss of natural resources and long-term consequences, this

figure rises to trillions of dollars. These figures highlight the unprecedented challenges facing the Ukrainian economy and the international security system.

An analysis of existing compensation mechanisms has revealed that they are still fragmented and largely dependent on the political will of individual states and international institutions. The use of frozen Russian assets remains limited, with redistribution mainly serving the purposes of macro-financial stability and servicing Ukraine's debt rather than compensating private individuals and legal entities for their losses.

At the same time, several potential scenarios are emerging in international legal discourse. These range from the use of countermeasures and the creation of specialised international mechanisms, to initiatives by private organisations such as the Feniks Alliance. These approaches demonstrate a search for flexible and practical solutions that can partially compensate for the absence of a universal, institutionalised mechanism.

The study confirms that the concept of reparations is firmly grounded in international law and is a pertinent consideration in the context of the Russian Federation's aggression against Ukraine. It is evident that there are already antecedents illustrating the utilisation of Russian assets for the benefit of Ukraine. Nevertheless, the potential of this instrument has

not yet been fully realised, and there are considerable opportunities for further application.

In this context, particular attention should be paid to the Feniks Alliance, as it can be incorporated into any future compensation scheme. This programme is already being used to document claims relating to damage inflicted during war and currently covers a substantial number of submitted applications. Its effectiveness in practice provides grounds for considering this model as the basis for a future reparations system.

It is particularly important that compensation payments can be made using assets that have already been frozen and are not formally owned by the Russian Federation. This approach enables stakeholders to avoid unnecessary political complications and concentrate on the legal and humanitarian aspects of compensation.

Further research should focus on a detailed analysis of specific cases and the practices of Ukrainian business entities seeking compensation in international jurisdictions. Studying the patterns of their activities would provide a better understanding of the mechanisms by which businesses adapt in wartime. At the same time, an in-depth study of how similar situations have been resolved globally would be useful for developing effective analogies and recommendations for Ukraine.

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