Market monitoring report: Resilience Under Pressure: Ukraine's Medicines Market, 2022–2026

C2.6 Monitor the pharmaceutical market including EML and reimbursement items as well as overall market shifts with respect to the trends in utilization and prices

By Support for Market Development (SMD) company for SAFEMed

SAFEMed

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1. Executive Summary

Ukraine's pharmaceutical market is worth an estimated United States Dollar (USD) 4.6 billion and roughly 1 billion packs a year (moving annual total (MAT) April 2026), served by about 17,050 pharmacies, 570 marketing companies[1] , and 917 manufacturers. Four years into the full-scale war, the market has proven remarkably resilient. Yet, 2026 marks the first clear signs of strain in household demand even as government financing continues to expand.

Key features

- **Resilience, now under strain.** The market grew strongly in value from 2022 through 2025, driven by domestic generics production, e-commerce expansion, and price inflation. In the first four months of 2026, however, retail sales stagnated in value (–1%) and fell in volume (–9%) year-on-year, as declining household purchasing power and an unusually mild cold-and-flu season weighed on demand (Section 4).
- **The state's role is growing.** Public financing - hospital procurement and outpatient reimbursement - is taking on a larger share of total spending, partly offsetting the squeeze in household budgets. Hospital-level (decentralized) procurement grew 12% in value in January–April 2026. The flagship Affordable Medicines Program (AMP) the government program, managed by the National Health Service of Ukraine (NHSU) whereby the state reimburses selected prescription medicines has grown by an average of roughly 48% a year since 2019 (Section 6).
- **Pricing reform is taking hold.** A new National Price Catalog, effective April 2025, now caps and benchmarks medicine prices against European reference countries, and is the most significant pricing reform since independence. It is still too early to judge its full effect on affordability (Section 4.3).
- **Supply-chain concentration is a real risk.** Two distributors handle roughly three-quarters of pharmaceutical distribution and have already absorbed over USD 300 million in combined war damage. Should either sustain further critical hits, the country has limited redundancy to keep pharmacies and hospitals supplied (Section 5.2).

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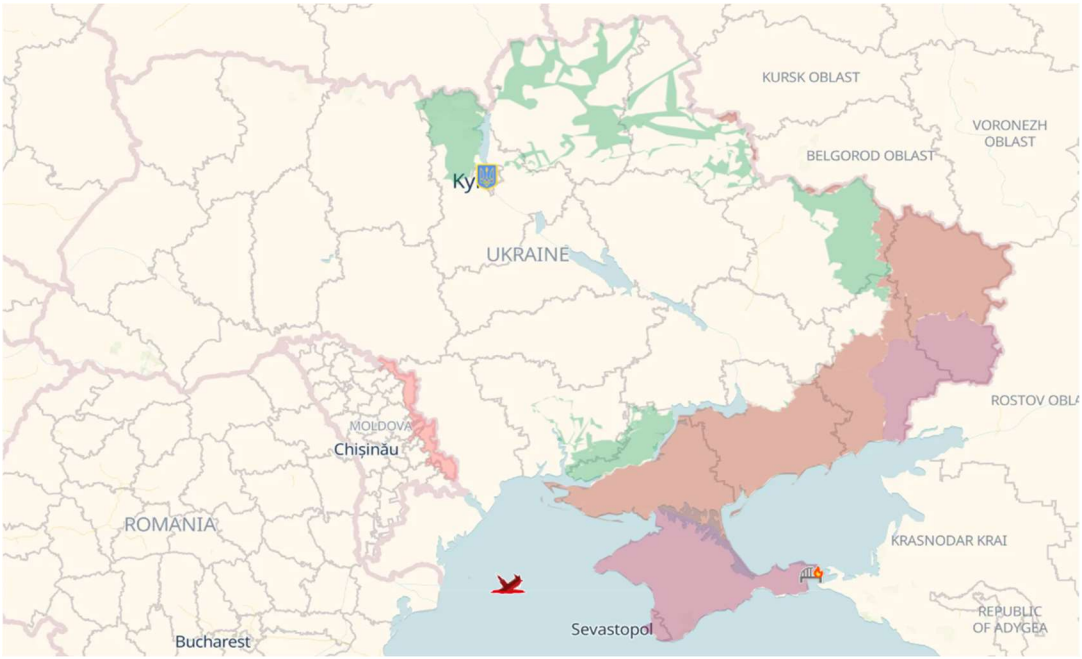
[1] Marketer/Marketing Company – *A company responsible for the marketing, promotion, and commercialization of a medicinal product within a specified territory. Could sometimes be a branch of a distributor company.*

- **Reform momentum needs continued support.** The AMP and full implementation of the use of confidential price deals for expensive innovative medicines known as Managed Entry Agreements (MEAs). Managed Entry Agreements (MEAs) – agreements between the Medical procurement of Ukraine and pharmaceutical manufacturers to enable access to innovative medicines through negotiated non-disclosure pricing (usually significantly lower than market price).Both advanced with support from the United States Government-funded Safe, Affordable and Effective Medicines for Ukraine (SAFEMed) project and other partner organizations, are the main channels expanding patient access to essential and innovative medicines. As the state's fiscal space narrows, continued technical, operational, and legal support will matter more, not less (Sections 6–8).

2. Ukraine in Brief

Russia's full-scale invasion, launched February 24, 2022, is the largest armed conflict in Europe since World War II. It was preceded by Russian hybrid aggression beginning in 2014, which led to the partial annexation of Crimea and parts of the Luhansk and Donetsk regions. As of mid-2026, roughly 19% of Ukrainian territory remains occupied. At least 9.6 million people remain displaced, 3.8 million inside Ukraine and 5.3 million abroad as refugees, a scale of displacement that has reshaped global migration patterns.

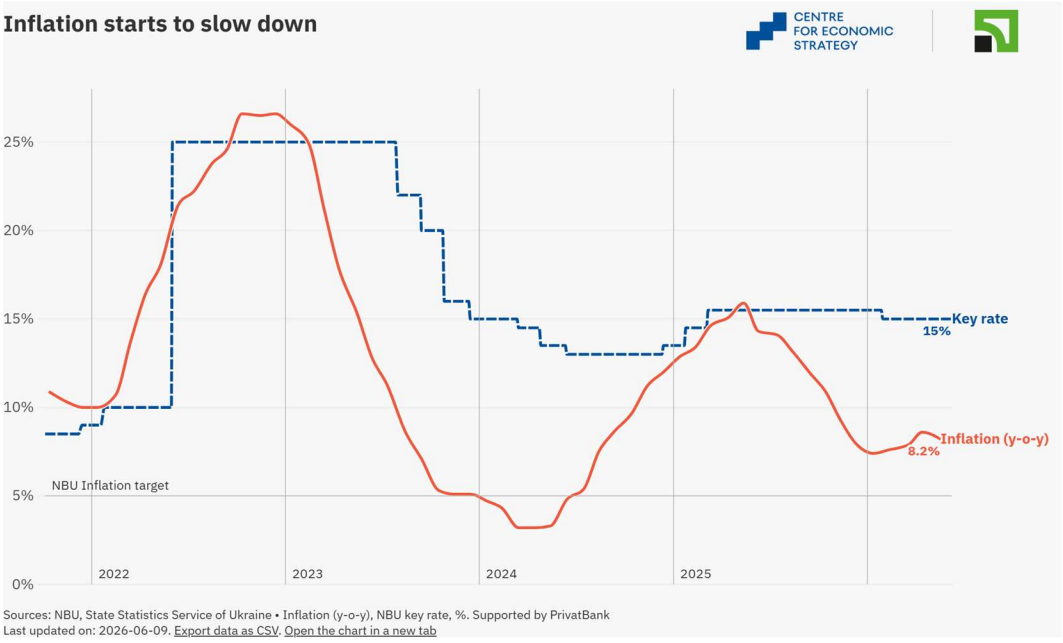


Occupied and liberated territory, as of June 2026. Source: DeepStateMap.

The war has directly damaged health and pharmaceutical infrastructure. As of January 2026, 2,551 healthcare-adjacent facilities have been damaged or destroyed, including 817 health facilities (327 completely destroyed). The country's two largest pharmaceutical distributors, BaDM and Optima-Pharm, have each lost major warehouses to strikes since 2022, with combined losses exceeding USD 300 million; a leading domestic manufacturer, Acino's Farma Start plant, was struck in 2025 and shut down for nine months before a Ukrainian Hryvnia (UAH) 500 million rebuild. These events recur through this report, in distribution risk (Section 5.2) and in the resilience of domestic manufacturing (Section 4.1), and are noted here once rather than repeated in each place.

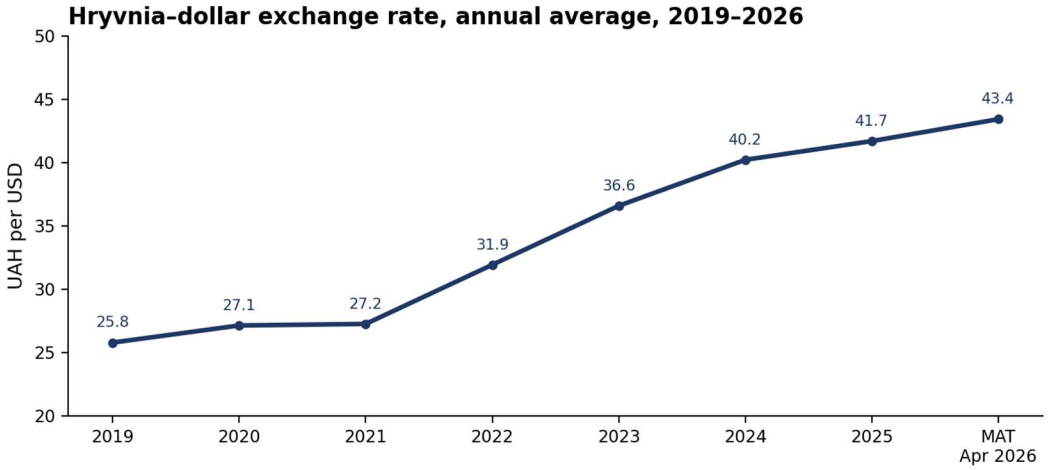
Economic context

Ukraine's economy remains under sustained strain. After a 28.8% GDP contraction in 2022, growth resumed: 5.5% in 2023, 2.9% in 2024, and 1.8% in 2025. Yet, it turned negative again in the first quarter of 2026 (–0.5% year-on-year), driven by renewed Russian attacks on energy infrastructure. Defense spending consumed 74.6% of total government expenditure in 2025, financed partly by a higher military income tax and by rising revenues (50.9% of GDP, up from 48.1% in 2024).



Inflation (year-on-year) and NBU key policy rate, 2022–2026. Source: NBU, State Statistics Service of Ukraine.

Inflation, which had accelerated to nearly 16% in May 2025, eased to 8.2% by May 2026 under tight monetary policy. Over the same period the UAH has depreciated steadily against the USD - from an annual average of about UAH 27 in 2021 to over UAH 43 in early 2026. This matters throughout the rest of this report: medicine prices are increasingly benchmarked to international reference prices (Section 4.3), and figures reported in UAH and USD can move in different directions for the same underlying trend.



Hryvnia–dollar exchange rate, annual average. Source: National Bank of Ukraine.

Poverty (38% by the national subsistence-minimum measure) and income inequality both rose through 2025; the Gini coefficient - a standard 0–100 % measure of income inequality, where 0 is perfect equality - climbed from 42% in 2023 to 50% in 2025, reflecting uneven wage growth and declining real pension values. The labor market shows a similar paradox to the wider economy: unemployment of 11–15% alongside record labor shortages (69% of firms report critical staffing gaps), as the workforce has contracted by roughly a quarter since 2022 through emigration (about 3 million workers), mobilization, and casualties.

Public expectations of an early end to the war remain low; most Ukrainians doubt current diplomatic efforts will produce a lasting peace. This uncertainty runs directly through the market outlook in Section 7.

3. Market Overview

Ukraine's pharmaceutical market covers the full chain of manufacturing, importing, distributing, and selling medicines and related healthcare products, and contributes an estimated 1–1.5% of GDP.

The market has two financing channels, and this report treats them separately throughout:

- **Retail** - medicines sold through pharmacies. This is financed mainly out-of-pocket by patients, with a small and growing share reimbursed by the state through the AMP (Section 6.3). Unless otherwise noted, “retail market” figures in this report include both out-of-pocket and reimbursed pharmacy sales.
- **Public procurement** - medicines purchased directly by the state for use in hospitals and clinics, free to the patient at the point of care. The state prioritizes those medicines on the National Essential Medicines List (NEML), the government-endorsed list that ensures that safe, effective, and cost-efficient medicines are available to populations. This splits into centralized procurement (run nationally by Medical Procurement of Ukraine (MPU), mainly for national health programs) and decentralized procurement (run by individual hospitals and clinics, mostly through the Prozorro Market eCatalog also administered through MPU). MEAs, are confidential-price deals entered into between MPU and the manufacturer for expensive innovative medicines, are a growing third procurement track (Section 6.2).

In both channels, by value, overall imported medicines hold 64% of the market versus 36% for domestically produced medicines, though the import share is shrinking over time as domestic manufacturers expand. By volume the picture reverses, with domestic products accounting for the majority of packs sold (65%). Prescription (Rx) medicines represent 64% of value and 49% of volume, with over the counter (OTC) products making up the rest. Generics dominate the market overall - 77% of value and 94% of volume - while innovative, patented medicines occupy a smaller, higher-value niche (23% of value, 6% of volume), driven mainly by imports, specialty therapeutics, and state-subsidized procurement.

Among local manufacturers, Farmak, Darnytsia, Kyiv Vitamin Factory, and Arterium hold four of the top five retail positions by value, a reflection of the import-substitution trend and one of the market's clearest sources of wartime resilience (see Section 4.1). American pharmaceutical

companies participate in Ukraine mainly through imports and distribution partnerships rather than local manufacturing; the United States currently ranks 8th among source countries for imported medicines by value, behind Germany, France, India, Slovenia, the UK, Italy, and Switzerland.

Farma Start, the Kyiv-based manufacturing site of Swiss-owned Acino, exemplifies the vulnerability and resilience of domestic production in wartime — the company is foreign-owned, but production at the site itself is local.. The plant, one of Ukraine's largest full-cycle manufacturing sites, is European Union (EU) GMP-certified and capable of producing approximately one billion capsules and one billion solid-dose units annually. In the summer of 2025, the facility was struck, leading to a nine-month shutdown. Instead of relocating or scaling back, Swiss-owned Acino invested approximately UAH 500 million in reconstruction, modernization, and upgraded safety infrastructure. By early 2026, the plant had been restored to full production capacity. Acino, currently Ukraine's fifth-largest pharmaceutical market player, employs roughly 900 people at the site. This incident illustrates a broader trend: significant, repeated war damage to pharmaceutical infrastructure is being offset by manufacturers' willingness to reinvest and rebuild rather than exit the market.

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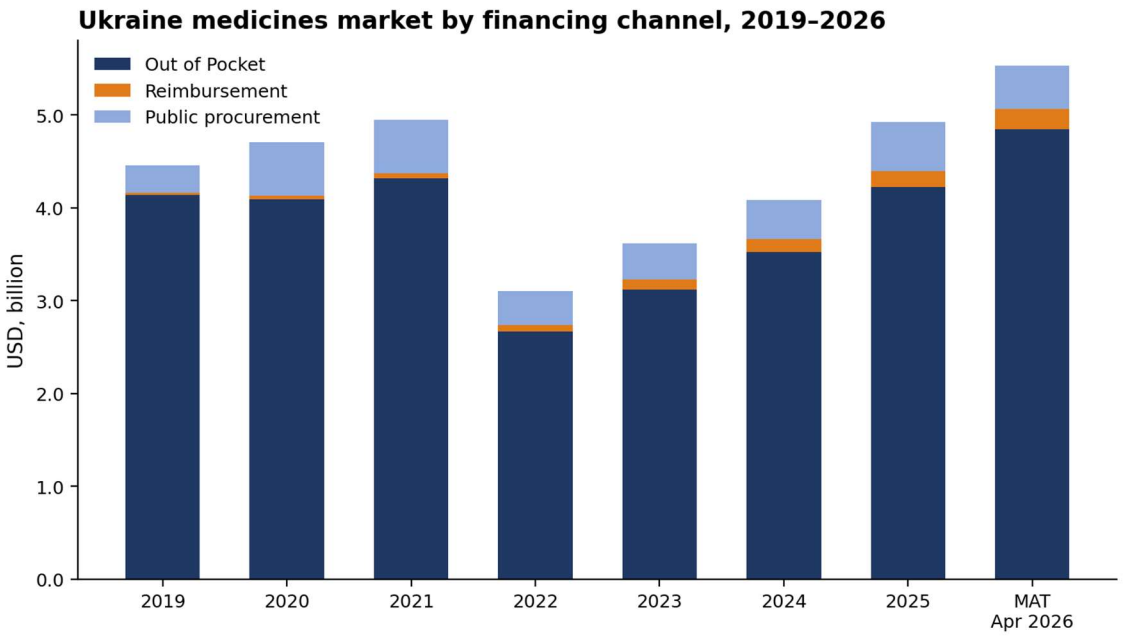
4. Market Dynamics, 2019–2026



Ukraine medicines market by financing channel, USD billion, 2019–2026 (MAT April 2026).

Retail sales and public financing have both grown substantially in dollar terms since 2019, but the two channels are now diverging. Retail sales reached USD 4.85 billion (210.6 billion UAH[2]) in the twelve months to April 2026 (176 billion UAH in full-year 2025, up 14% in value but down 4% in volume) - still the market's dominant channel by far, but growth has stalled. In January–April 2026, retail value was flat (–1%) and volume fell 9% year-on-year. Reimbursement, though still a small slice of total spending, has grown every year since 2019 and now represents a meaningfully larger share of the market than it did even two years ago.

The slowdown in retail is also visible in market structure. The number of active marketers (companies that market and commercialize medicines in Ukraine, such as Delta Medical representing manufacturers like Amgen) fell 19% year-on-year, while product breadth also narrowed - the number of International nonproprietary names, or INNs, (the generic/active-substance name of a medicine, independent of brand) available fell 7% (–12% for OTC, –5% for

[2] UAH 210.6 billion is derived from the USD figure using the average exchange rate of UAH 43.42/USD, it is not a separately reported UAH figure, unlike the UAH 176 billion value for full-year 2025.

Rx), and the number of stock keeping units (SKUs) also fell 4%. Encouragingly, no INN on the NEML has left the market. The contraction is concentrated on lower-priority, non-essential products.

4.1 Retail Market: Companies and Products

Table 1. Leading companies in the retail market (domestic and international), January–April 2026

Rank	Company	Market share	Growth
-	Retail market (total)	100.0%	–1%
1	Farmak JSC	5.74%	–8%
2	Darnytsia	3.64%	–1%
3	Kyiv Vitamin Factory	3.46%	9%
4	Arterium	3.42%	0%
5	Teva*	3.41%	22%
6	KRKA*	3.35%	33%
7	AstraZeneca*	2.81%	24%
8	Acino Ukraine	2.77%	2%
9	Menarini Group	2.67%	14%
10	Sanofi*	2.65%	–5%

*International companies

International companies Teva, KRKA, and AstraZeneca posted the fastest double-digit growth among the top 10, driven largely by their participation in the AMP, where their portfolios of cardiovascular and diabetic drugs are well represented.

4.2 Therapeutic Group Trends

The retail market is shaped by seasonality, the reach of the AMP, and individual company strategy. January–April 2026 saw a mild cold-and-flu season, which drove declines in nasal preparations, cold preparations, throat preparations, and expectorants. These represent several of the largest therapeutic categories, or anatomic therapeutic classes (ATC)[3], by value.

Table 2. Leading therapeutic classes (ATC3) in the retail market, Jan–Apr 2026 vs. Jan–Apr 2025

Rank	ATC3 class	Market share	Growth
-	Retail market (total)	100.0%	–1%
1	M01A - Non-steroidal anti-rheumatics	5.85%	–6%
2	R01A - Topical nasal preparations	3.35%	–8%
3	C09B - ACE inhibitors, combinations	2.79%	36%
4	R05A - Cold preparations (non-anti-infective)	2.47%	–22%
5	J05B - Antivirals, excl. anti-HIV	2.33%	–2%
6	R02A - Throat preparations	2.20%	–2%
7	R05C – Expectorants	2.16%	–16%
8	D08A - Antiseptics and disinfectants	2.01%	6%
9	A10C - Human insulins and analogues	1.98%	–31%
10	A02B – Antiulcerants	1.93%	5%

Against the backdrop of overall sales declines, therapeutic groups tied to the AMP are growing well ahead of the market. These include, notably, medicines for hypertension (ACE inhibitor combinations), diabetes controls, and depression/mood stabilizers as the AMP added new INNs to its coverage list. The AMP has become a genuine demand driver in its own right, reducing out-

[3] An ATC, or Anatomical Therapeutic Chemical, is the WHO ATC Classification System used to group medicines by the organ/system.

of-pocket costs for the therapeutic areas it covers and shaping which products companies bring to market (see Section 6.3).

4.3 Pricing Reform

Ukraine introduced a substantially expanded state price regulation model in 2025, centered on a mandatory National Price Catalog, strict markup ceilings across the supply chain, and international reference pricing. Adopted via Resolution No. 439 (April 4, 2025), it moved Ukraine from regulating only the basic reimbursement list and medicines on the NEML to managing maximum prices across nearly the entire commercial market. The Catalog rests on three rules: manufacturers must declare a base price before a drug can be sold; that price is capped against the average of the three lowest prices for the same medicine across reference European countries; and generic or biosimilar prices are capped at 75% of the equivalent original product's price. Wholesale and retail markups are similarly capped. Full detail is provided in Appendix A.

The practical effect, one year in, has been an uneven convergence toward European price levels. Prices for patented originator products, traditionally cheaper in Ukraine than in the EU, have mostly risen to European levels, while the most expensive innovative products remain cheaper than in Europe — a gap that persists largely because many originator companies use tiered ("differential") pricing, setting different price levels across countries in line with GDP per capita, which keeps Ukraine's price tier below the EU's even as overall convergence continues.

Looking at the 100 best-selling retail medicines, prices fell for 60 of them (by an average of 11%) and rose to 38 (by an average of 16%) between April 2025 and April 2026. For example, the oral contraceptive Yarina Plus (Bayer) rose 40% while the anti-inflammatory Nimesil (Berlin-Chemie) fell 50% over the same period. Because only a year has passed since implementation, the price catalog’s full effect on affordability will take longer to assess. Month-by-month price trend charts for these and two other illustrative medicines are provided in Appendix B.

5. Industry Structure

5.1 Pharmacy Retail: Rapid Consolidation

Ukraine's pharmacy market is consolidating quickly. The top 10 chains now control 67% of retail turnover and own more than half of all pharmacy outlets nationally, while small independent pharmacies are closing at an unprecedented rate. This shift is driven by aggressive chain expansion and increasingly complex regulation, including the price and markup rules described in Section 4.3.

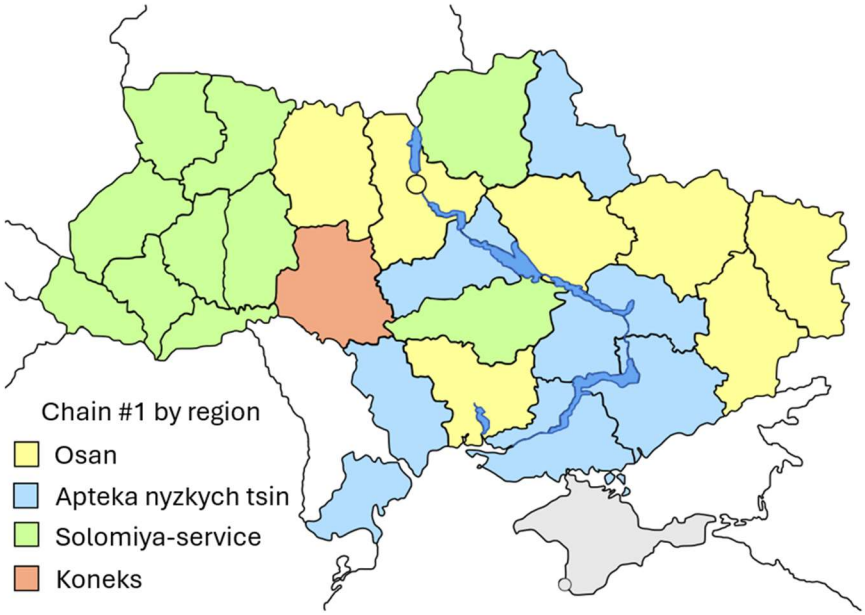
Table 3. Leading pharmacy chains, January–April 2026

Chain / brand	Market share	Pharmacy outlets, N
OSAN (911)	21.0%	2,521
Solomiya Service (Podorozhnik)	15.5%	2,322
Apteka Nyzkykh Tsin	8.5%	1,630
Sirius 95 (Bazhaemo Zdorovja)	6.7%	1,316
Farmastor (Apteka Dobrogo Dnya)	5.7%	858
Zdorova Rodina	2.4%	628
Med Service	2.0%	557
Odessa Farmaciya	2.0%	524
Medfarm	1.9%	478
Market Universal	1.7%	379
Others	27.8%	5,040

National leaders do not always lead regionally. OSAN leads in Kyiv city and region and in central, northern, and southern regions including Odesa and Mykolaiv. Apteka Nyzkykh Tsin leads in Cherkasy,

Zaporizhzhia, Dnipropetrovsk, and Kherson. Solomiya leads in western regions. In Vinnytsia region the regional chain Konex - outside the top national five - is the local leader.

Regional runner-up chains also shape the picture in several markets: Apteky Zaporizhzhia holds the No. 2 spot in Zaporizhzhia region. Odesa Farmaciya is No. 3 in Odesa region. In Lviv region, Dekada 2000 and Medfarm take second and third place, respectively. Market Universal ranks No. 3 in both Zakarpattia and Chernivtsi regions. Volynpharm is No. 3 in Volyn region.



Leading pharmacy chain by region, January–April 2026.

Medicines at Gas Stations

Since March 2026 (Resolution No. 1803), licensed gas stations may sell over-the-counter medicines without setting up a separate pharmacy unit - a first for Ukraine, where pharmacy sale had previously been the exclusive domain of licensed pharmacies. The license covers OTC products only; prescription medicines and medical devices remain off-limits. As of June 2026, 273 gas stations across 19 regions held such licenses, however, the rollout has concentrated in areas that are already well served. Only 15% of licensed locations are in places without an existing pharmacy, and 43% are in the Kyiv and Lviv regions alone. In practice, this measure is unlikely to meaningfully improve medicine access in underserved rural or front-line areas, where it was arguably needed most. At the same time, the new approach does add convenience for drivers, and generator-equipped stations offer some resilience during power outages.

5.2 Distribution: Concentration and War Risk

Pharmaceutical distribution is far more concentrated than retail, and this concentration is both a genuine system-level risk as well as a commercial one. Two wholesalers, BaDM and Optima-Pharm, together supply roughly 75% of the retail market. This distributor concentration is broadly comparable to distributor concentration elsewhere in Europe (the top three distributors typically control about 80% of most European markets). However, it is riskier in Ukraine because both companies have already sustained direct, repeated war damage.

BaDM lost 45% of its warehouse capacity in 2022–2023 when hubs in Hostomel and Poltava were destroyed, and lost a third warehouse in Dnipro in 2025. Its cumulative losses are estimated at USD 200 million. Optima-Pharm's central Kyiv warehouse and office were destroyed in October 2025, at an estimated cost of USD 100 million, representing about 5% of the company's 2024 turnover. In both cases, the companies avoided nationwide shortages by rapidly rerouting shipments to regional hubs and prioritizing essential, life-saving medicines. Yet, that resilience has been tested repeatedly, and the country currently has little redundancy if either distributor were to sustain a more critical hit. For patients and hospitals, this means the single greatest near-term supply risk in the Ukrainian pharmaceutical market is not price or availability under normal conditions, but the concentration of physical distribution infrastructure in two vulnerable points.

Separately, in July 2025 Ukraine's Antimonopoly Committee (AMCU) fined BaDM (UAH 2.37 billion, USD 56.8 million) and Optima-Pharm (UAH 2.4 billion, USD 57.6 million) for coordinating drug prices. The AMCU upheld the decision in October 2025, and both companies are contesting it in court. A third major wholesaler, Venta LTD, is undergoing a management and ownership transition following years of disputes tied to its previous Russian ownership. Continued consolidation among distributors, alongside the concentration already described, is a trend regulators will likely need to watch closely in the coming years.

6. How the State Pays for Medicines

The state finances medicines through three distinct mechanisms: public procurement (medicines procured directly for hospital use), Managed Entry Agreements, and the AMP. Together, these are the primary levers through which government policy - and donor-supported reform - shapes patient access to medicines in Ukraine.

6.1 Public Procurement

Public procurement splits into two channels with very different 2026 trajectories. Centralized procurement are those medicines determined by the Ministry of Health to be procured with central budget funding on an annual basis, and the national procurement body, MPU, manages procurement and distribution of these medicines.

The 2026 cycle began later than in the most recent prior years. For example, by the end of April, only UAH 244 million of a planned roughly UAH 6 billion had been completed.

Decentralized procurement is made up of individual hospitals and clinics buying via the government Prozorro platform. This channel continued to grow, up 12% in value and 7% in volume in January–April 2026, as compared to the same period the previous year to reach a total of UAH 9.7 billion (USD 220 million) in just four months.

Due to the late centralized procurement start date, overall public procurement is lower for the first 4 months of 2026 as compared to 2025 (–10% in value, –15% in volume). It is worth noting that full-year 2025 procurement (both channels combined) grew 20% in value and 2% in volume versus 2024. Comparisons of full years are more accurate than comparing partial years, given the variability in the annual centralized procurement cycle.

92% of public procurement, including most decentralized purchasing, though centralized (MPU) procurement can also use the eCatalog, now runs through the Prozorro Market, electronic catalog (eCatalog). The eCatalog is modeled on commercial marketplaces such as Rozetka in Ukraine or Amazon in the U.S., although it is exclusively business-to-government. Hospitals buy from a pre-vetted list of suppliers without running a full tender for every purchase. It is required for all medicines on the NEML, and thus, keeps these drugs reliably in stock for free in-hospital treatment. The remaining 8% of procurement goes through Prozorro open tenders and may include both NEML and non-NEML medicines.

Local manufacturers dominate decentralized procurement by volume (89% in Jan–Apr 2026) and hold a majority by value (62%). However, that is down from 68% a year earlier as foreign companies' share rose (32% to 38%). Yuriya Pharm and Farmak together account for 30% of the entire decentralized procurement market. Among importers, Mistral Capital Management, Boehringer Ingelheim, Ananta Medicare and Genopharm are in the TOP10 and grew fastest. Procurement remains concentrated in categories tied to acute and trauma care (e.g., systemic antibacterials, IV solutions, antithrombotics, analgesics, and anesthetics), reflecting continued high demand from the treatment of war casualties.

A near-identical ranking exists for total public procurement (centralized + decentralized combined). See Appendix B for that version, where growth rates differ from the decentralized.

Table 4. Leading suppliers in decentralized public procurement, Jan–Apr 2026

Rank	Supplier	Market share	Growth
-	Decentralized procurement (total)	100.0%	12%
1	Yuria-Pharm (local)	20.9%	33%
2	Farmak JSC (local)	11.0%	–20%
3	Mistral Capital Management	9.1%	46%
4	Zdorovye Group (local)	5.8%	6%
5	Darnytsia (local)	5.7%	33%
6	Boehringer Ingelheim	4.7%	37%
7	Biopharma Plasma (local)	4.4%	–27%
8	Ananta Medicare	3.9%	62%
9	Genopharm	3.5%	193%
10	Novofarm Biosintez (local)	2.3%	69%

6.2 Managed Entry Agreements

MEAs let the state negotiate directly, and confidentially, with manufacturers of expensive originator drugs, typically securing prices well below public list prices in exchange for keeping the agreed price and volume confidential. Confidentiality is critical as global manufacturers will not risk undercutting their prices in other markets. Because of this confidentiality requirement, MEAs sit outside Ukraine's standard public procurement law.

After passage of the decree enabling MEAs (Law of Ukraine No. 531-IX dated 17 March 2020 and Resolutions of the Cabinet of Ministers of Ukraine No. 61 dated 27 January 2021 and No. 216 dated 7 March 2022) , and ongoing technical support from SAFEMed, the Ministry of Health, relying on MPU as the lead negotiator, has used this mechanism since 2022. Currently, 16 MEAs are active, covering treatment for orphan metabolic diseases (Fabry, Gaucher, and Pompe disease, and mucopolysaccharidosis), hemophilia A/B and von Willebrand disease, spinal muscular atrophy type 1, primary immunodeficiencies, Kawasaki disease, and resistant juvenile rheumatoid arthritis. Given the success to date with this mechanism, in December 2025, the Cabinet of Ministers amended the governing regulation to allow MEAs to be financed jointly from state and local budgets and healthcare institutions. This opened the door for regions and hospitals to fund agreements.

Through April and May 2026, MPU, with support from SAFEMed ran regional study visits in Dnipro, Kyiv, Lviv, Ivano-Frankivsk, and Odesa to work through the practical steps of implementing MEAs regionally, following a national webinar held in April. The goal is a model in which more patients can access modern, innovative treatment regardless of where in Ukraine they live.

6.3 The Affordable Medicines Program

Alongside free in-hospital treatment, Ukraine has built a growing outpatient reimbursement program, the Affordable Medicines Program, to offset the much larger share of medicine spending that happens outside hospitals, where patients still pay almost entirely out of pocket. Advanced with substantial support from SAFEMed and the World Health Organization (WHO),

the program has grown from a small pilot into the primary pillar of outpatient drug affordability policy, expanding steadily in coverage even through the disruptions of the war.

By consumption volume, cardiovascular drugs account for the largest share of reimbursed medicines (49%), followed by diabetes treatments (24%). By program spending, the ranking flips: diabetes treatment - chiefly insulins - accounts for 51% of the program budget, followed by respiratory medicines for asthma/COPD (25%), reflecting the higher per-unit cost of these therapies. The program began with a narrow focus on a few therapies and has since expanded into mental health, transplantation/oncology drugs, and other areas. The latest governmental orders (February 2025 and June 2026) added 100 and 51 new INNs respectively, opening access to previously uncovered therapeutic areas and to newer, more expensive but better-performing drug classes validated by Health Technology Assessment (HTA).

Recent reform has focused on cost containment: confidential price declarations for still-patented drugs, and competitive bidding for temporary program exclusivity, alongside some preferences for local manufacturers. These local-preference measures set some tension with the World Trade Organization non-discrimination principles and have caused concern from foreign manufacturers. In practice they are helping lower costs and support domestic production - a trade-off the government will need to continue managing carefully.

Two figures summarize the program's trajectory. First, despite declines at the start of the war in 2022 (-15% in consumption in volume to Y2021), consumption is constantly increasing and funding has grown by an average of roughly 48% a year since 2019 - a genuinely fast expansion by any standard. Second, despite that growth, the program still covers only about 6% of patients' total out-of-pocket medicine spending. Measured only against spending on NEML drugs, that coverage rises to 15%, confirming that the program is well-targeted at essential medicines even as its overall reach remains limited by budget.

7. Outlook

The market's future depends above all on how and when the war ends. A quick, favorable outcome for Ukraine would likely bring a partial return of the population, an inflow of foreign capital, and accelerated market growth in both value and volume. A prolonged, unfavorable outcome would likely mean continued population decline and further erosion of purchasing power. Lifting Ukraine's current travel restrictions for men of fighting age, in particular, could trigger a further sharp population decline.

Regardless of how the war ends, several trends look durable: an aging population with a large cohort of veterans needing free care and subsidized medication; rising demand for mental health, addiction, and chronic pain treatment; a backlog of delayed diagnoses (including more advanced-stage cancer cases) resulting from wartime disruption to routine care; and increased need for prosthetics and reconstructive surgery. All plausible scenarios point toward continued growth in budgetary allocations for medicines and reimbursement coverage, further price regulation, and a growing share for domestic producers and prescription products. At the same time, continued consolidation of pharmacies would be expected as thinner margins and stricter rules push out smaller players.

A favorable postwar scenario could also position Ukraine as a genuine exporter. With global active pharmacy ingredient (API) supply chains tight, favorable geopolitics could attract foreign investment into local manufacturing (including joint ventures and acquisitions). Ukrainian producers could be positioned as competitive, lower-cost sources of generics and APIs for European and global markets.

Key risks

- A protracted, unfavorable end to the war, driving continued population and income decline and market contraction.
- Budget pressure pushing the state toward local-preference decisions (as already seen in the reimbursement policy) that reduce the market's attractiveness to foreign investors.
- Regulatory tightening combined with pharmacy-chain consolidation squeezing out smaller and mid-sized companies.

- Continued concentration in distribution and pharmacy retail reaching a point that may require Antimonopoly Committee intervention, while overly abrupt intervention risks destabilizing an already fragile supply chain.

Key opportunities

- Strong demonstrated resilience of domestic manufacturing, supporting a case for including pharmaceuticals among Ukraine's national industrial priorities and encouraging full-cycle (including API) production.
- Energy-infrastructure disruption accelerating adoption of energy-saving production technology.
- Lower labor costs relative to Europe, combined with high quality standards, positioning postwar Ukraine as an attractive location for backup or primary API and generics production.
- Growing state reimbursement share giving government real leverage to attract foreign investment into local production through technology-transfer arrangements.

None of this is possible without continued technical and governance capacity. During the transition period ahead, the kind of analytical and methodological support SAFEMed has provided will remain critical to helping Ukrainian institutions make sound, evidence-based decisions under continued fiscal pressure.

8. Conclusions

Ukraine's pharmaceutical market and health system have shown exceptional resilience through four years of full-scale war. Two pillars reinforced this resilience: effective, country-led reforms supported by SAFEMed and other partner organizations, and a strong base of domestic manufacturers who have kept production running despite electricity shortages, workforce losses, direct facility damage, and disrupted raw-material supply.

The overall market still reflects the underlying pressures on the country: population decline from displacement and emigration, reduced purchasing power from the war-affected economy, and affordability constraints tied to how much of total spending the state currently covers. Depopulation is pushing volumes down while important reforms described above are together cushioning the market from a sharper decline. These compensating pharmaceutical reforms

have real but limited reach in the current war context. Further expansion will require significant additional budget.

Government attention is visibly shifting from public procurement, where core hospital-access goals are largely being met, toward reimbursement, where budget constraints remain the binding constraint. Early on, reimbursement expansion prioritized the most socially significant therapeutic areas and prioritized medicines on the NEML. More recent expansions have a broader focus, stretching available resources, with the potential to delay needed further coverage expansion, absent additional budget.

Most recent regulatory initiatives point in the right direction, but some carry risk of longer-term unintended consequences. The clearest of these is the continuing concentration in distribution and pharmacy retail. This is now approaching a level that may warrant closer Antimonopoly Committee attention, balanced against the risk that overly abrupt intervention could destabilize a market that remains, by any measure, still fragile.

Appendix A. Price Regulation - Technical Detail

The National Price Catalog (Resolution No. 439, 4 April 2025) rests on three rules:

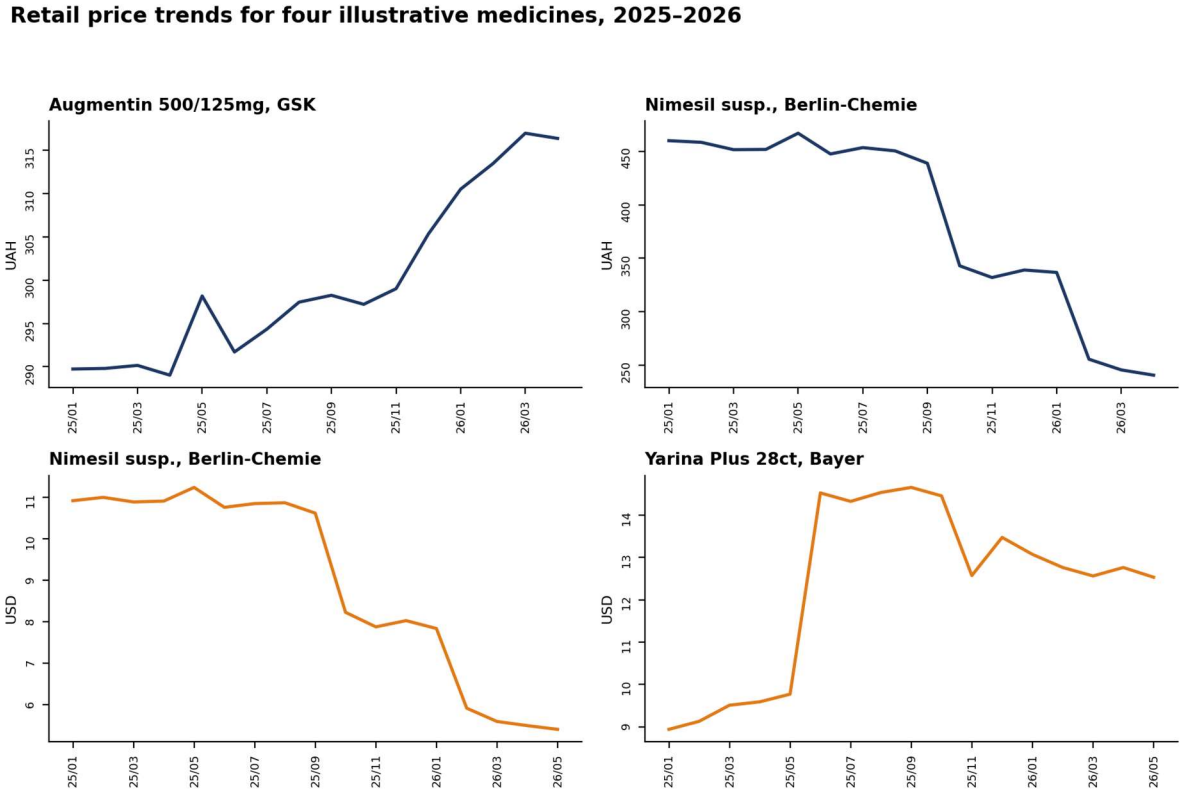
- Mandatory price declaration: manufacturers, importers, or marketing authorization holders must declare a base manufacturer price in the Catalog. A drug not listed cannot legally be sold in Ukraine.
- International reference pricing: the declared price cannot exceed the average of the three lowest prices for that INN among designated European reference countries.
- Generic price ceiling: a generic or biosimilar's maximum wholesale price is capped at 75% of the equivalent originator/patented product's declared maximum price.

Supply-chain markups are separately capped by category: maximum wholesale markup is 8% across all categories; maximum retail markup is 15% for publicly procured medicines (e.g., National Essential Medicines List and Affordable Medicines Program products), 25% for other prescription medicines, and up to 35% for OTC medicines. Prices in the Catalog are revised at most once every six months. New medicines are added daily. Because reference pricing is set in euros/dollars while domestic costs are in hryvnia, price changes are directly linked to exchange-rate movements for imported products, and indirectly for domestic products through the 75%-of-originator cap. For some INNs, Catalog prices rose by as much as 50% between the June 2025 and May 2026 updates.

Appendix B. Supplementary Data

Price trend examples

The figure illustrates the Referenced in Section 4.3: month-by-month retail price trends in hryvnia for two medicines: Augmentin and Nimesil (as referenced in section 4.3 above. The figure also illustrates the impact of the hryvnia-dollar exchange rate fluctuations for two medicines: Nimesil and Yarina Plus, in USD.



Retail price trends for four illustrative medicines, monthly, 2025–2026.

Table B1. Leading suppliers in total public procurement (centralized + decentralized), Jan–Apr 2026

Rank	Supplier	Market share	Growth
-	Public procurement (total)	100.00%	−10%
1	Yuria-Pharm	20.30%	7%
2	Farmak JSC	10.70%	−36%
3	Mistral Capital Management	8.90%	18%
4	Zdorovye Group	5.60%	−15%
5	Darnytsia	5.50%	7%
6	Boehringer Ingelheim	4.50%	10%
7	Biopharma Plasma	4.20%	−42%
8	Ananta Medicare	3.80%	29%
9	Genopharm	3.40%	134%
10	Novofarm Biosintez	2.20%	35%

Leading therapeutic classes (ATC2) in public procurement (centralized + decentralized), Jan–Apr 2026

Rank	ATC2 class	Market share	Growth
-	Public procurement (total)	100.0%	–10%
1	J01 - Systemic antibacterials	20.0%	–2%
2	K01 - Intravenous solutions	12.5%	–5%
3	B01 - Antithrombotic agents	10.9%	–2%
4	N02 – Analgesics	6.6%	1%
5	N01 – Anaesthetics	4.5%	–6%
6	T01 - Diagnostic imaging	4.3%	–9%
7	A02 - Antacids, antiflatulents, antiulcerants	3.3%	4%
8	K03 - Whole blood and plasma substitutes	2.5%	3%
9	J06 - Sera and gamma-globulin	2.5%	–53%
10	K06 - Dialysis solutions	2.3%	–45%

Note: figures cover total public procurement (centralized + decentralized) and therefore differ from the decentralized-only figures in Table 4.

Appendix C. Sources

- DeepStateMap - territorial control data
- UNHCR - Ukraine emergency displacement data
- Ministry of Health of Ukraine - healthcare facility damage
- Ukrainska Pravda - distributor warehouse losses (Dec 2025):
- Centre for Economic Strategy - wartime economy tracker
- National Bank of Ukraine - Inflation Report Q2 2026
- World Bank - Listening to Ukraine, Spring 2026
- Agroreview - labor shortage reporting
- KIIS - public opinion on ceasefire prospects
- CMS Law - summary of Ukraine's price-regulation expansion
- Interfax-Ukraine - gas-station licensing
- Venta LTD ownership transition
- SAFEMed Activity newsletter - MEA regional study visits