POLICY BRIEF

Entrepreneurship in Times of Geopolitical Crisis

Ukraine · Russia · Gaza (post-ceasefire) · Lebanon · Iran–Israel (2025–2026)

Executive Summary

This policy brief analyses entrepreneurship under the constraints of armed conflict across five distinct operational theatres: Ukraine (Russia-Ukraine war since 2022), Russia (war economy at the end of its course), Gaza (post-October 2025 ceasefire), Lebanon (persistent structural crisis) and the Iran-Israel conflict (Twelve Day War, June 2025; Iran 2026 war started on February 28, 2026). Grounded in a theoretical framework on inclusive and responsible entrepreneurship, and drawing on recent primary sources (EBRD, OECD, World Bank, IMF, Bank of Israel, UNCTAD, Bank of Finland, The Moscow Times, Carnegie Endowment, International Crisis Group), the brief makes six operational recommendations differentiated according to conflict configurations. Three fundamental observations are necessary in 2026: (1) Ukraine maintains fragile entrepreneurial resilience despite a GDP still at 79% of its pre-war level; (2) Russia, an often overlooked belligerent, demonstrates how a war economy boosted by public spending reaches its structural limits in 2025–2026; (3) the Iran-Israel conflict has opened a new front of global economic destabilization (closure of the Strait of Hormuz, Brent > $100/barrel) with direct repercussions on Ukrainian, Lebanese and Gulf State entrepreneurs.

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Introduction: An Era of Simultaneous Conflict

The world of 2026 is distinguished by the simultaneity and interconnectedness of armed conflicts. For the first time since the Cold War, theatres of war are operating simultaneously on two major fronts – European and Middle Eastern – with spillover effects that are reconfiguring the conditions for the exercise of entrepreneurship on a global scale. The literature on entrepreneurship in times of crisis has been a rapidly expanding field of research since 2019 (Batjargal et al., 2023; Durst & Henschel, 2022). Armed conflicts, however, introduce a qualitative break with economic or health crises: they generate a triple simultaneous disorganisation (institutional, infrastructural and psychological) that calls into question the very foundations of formal economic activity.

As Durst, Yana Mbena & Viala (2025) point out in their seminal book published by Edward Elgar, entrepreneurship in the twenty-first century must necessarily extend far beyond the creation of market value: it must actively address inequalities, foster diversity, and promote social and environmental sustainability. This inclusive and responsible vision is particularly acute in contexts of armed conflict, where the company sometimes becomes the last vector of social cohesion. According to them, inclusive and responsible entrepreneurship is a lever of resilience for organisations and societies in turbulent times. This brief examines how radically different conflict configurations generate specific entrepreneurial forms, and what the implications are for public policy.

This policy brief mobilises the concepts developed within the S4ICE network to analyse two contrasting cases: the Russian-Ukrainian conflict and the multifaceted crises in the Middle East. The objective is not to produce an exhaustive analysis, but to identify concrete levers for action for public decision-makers, international organisations, and investors. The original contribution is twofold: on the one hand, the integration of the Russian dimension, the main belligerent in the Russian-Ukrainian war, was paradoxically absent from the previous version; on the other hand, the analysis of the Iran-Israel conflict of 2025–2026 as a new vector of global economic destabilisation with documentable entrepreneurial effects.

2. Analytical framework: five configurations, one continuum

2.1 Three constituent ruptures

Armed conflicts generate three simultaneous ruptures that the standard literature on entrepreneurship in crisis does not fully grasp. **Institutional breakdown** refers to the partial or total collapse of the legal, regulatory and contractual regimes that govern formal economic activity. **Infrastructure disruption** refers to the destruction of physical capital (logistical, energy, and communication networks) that underpins operational continuity. Finally, **behavioural disruption** refers to the profound and lasting alteration of inter-agent trust, risk aversion and anticipatory horizons. These three ruptures combine in a non-linear way, creating configurations specific to each conflict context. The Ukrainian dynamic since 2022, for example, has been characterised by a massive infrastructural disruption (physical destruction), mitigated by relative institutional continuity (the Ukrainian state has maintained its essential functions) and offset by strong behavioural cohesion (economic patriotism, national solidarity). The Lebanese configuration, on the other hand, combines chronic institutional and behavioural collapses with localised physical destruction.

2.2 Four Entrepreneurial Profiles in Conflict Contexts

The comparative analysis of the two theatres makes it possible to distinguish four entrepreneurial profiles, the prevalence of which varies according to the context:

- The **survival entrepreneur** maintains a minimum activity to ensure the subsistence of his household and employees. Predominant in devastated economies (Gaza, Yemen). Operates almost exclusively in the informal economy.
- The **resilient entrepreneur** actively reconfigures its business model to adapt to new constraints while maintaining economic viability. Characteristic of the majority of Ukrainian SMEs still in operation (EBRD, 2025).
- The **reconstruction entrepreneur** anticipates the post-conflict phase and positions its assets and skills to capture recovery opportunities. Present in areas peripheral to conflicts (Poland, Georgia, Jordan).
- The **diasporic entrepreneur** operates from exile by connecting capital, markets and skills between his host country and his country of origin. Plays a critical bridge role in both cases studied.

This typological framework, anchored in the work of Durst et al. (2025) on entrepreneurial inclusiveness, enriches previous taxonomies by explicitly distinguishing logics of action by the degree of institutional devastation and actors' capacity to anticipate.

The comparison of the five theatres makes it possible to construct an analytical continuum structured around two axes: the degree of institutional destruction (from low to total) and the availability of external support (from high to absent). This grid produces distinct configurations that require differentiated entrepreneurial and political prescriptions.

3. Ukraine: Fragile Resilience, Critical External Financing

3.1 Macroeconomic and Sector Data 2022–2026

The data confirm a positive but declining growth trajectory in Ukraine. Ukraine's real GDP fell by 29% in 2022, then rebounded by 5.3% in 2023 and 2.9% in 2024 (World Bank). In 2025, growth was 1.8–2.2%, depending on the source (IER/Ministry of the Economy). At the beginning of 2026, the EBRD forecasts 2.5% for 2026 (assumption: ongoing war). Real GDP remains at 79% of its 2021 level (GMK Centre, February 2026).

The macroeconomic picture is stark: a projected budget deficit of around 20% of GDP in 2025–2026 (OECD, 2025); public debt reaching 120% of GDP in 2026; and defence spending reaching 25% of GDP. External financing remains critical: USD 52.4 billion in 2025, covering 56% of the additional budgetary needs (compared to 73% in 2024). In 2026, Ukraine launched a new programme with the IMF (first tranche of USD 1.5 billion) and is receiving ERA funds (proceeds from frozen Russian assets): USD 3.8 billion at the beginning of 2026, and a EUR 90 billion EU loan, crucial for the year.

3.2 Entrepreneurial Resilience: What Works, What Remains Fragile

Ukraine's entrepreneurial resilience is based on three documented pillars. First, **prior to digitalisation, 84% of temporarily suspended SMEs resumed their activities within six months of** suspension (OECD, 2024). The Diia ecosystem — more than 100 dematerialised administrative services — is a vector of institutional continuity without a global equivalent in the context of war. IT remains the flagship sector: IT exports reached a record USD 7.3 billion in 2022, then declined slightly before returning to growth of 3.3% in 2025 (Lviv IT Cluster). Second, **national cohesion**: Obloj & Voronovska (2024, Business Horizons) document how the notion of "business as resistance" — the company as an act of patriotic resistance — has played a significant role in behavioural resilience. The COVID-19 experience has provided cognitive crisis-management capital that is being reused in the context of war.

Third, **international institutional support**: In addition to the EBRD and USAID programs, the World Bank updated its reconstruction assessment to USD 588 billion in February 2026. Ukraine is also integrated into the EUR 50 billion EU Facility.

Persistent fragility in 2026: the labour shortage is now as critical as the military risks. 5.6 million Ukrainians remain abroad; young people under 35 years of age account for more than half of the emigrants. Industrial production fell by 2.4% in 2025, and growth remains almost exclusively driven by public spending and external aid – and not by a recovering productive base (EuromaidanPress, March 2026).

4. Russia: The War Economy at the End of the Line

Russia — the central belligerent of the Russian-Ukrainian conflict — paradoxically remains under-analysed in the business literature on this conflict. This policy brief fills this gap by documenting the entrepreneurial dynamics of a war economy in transition to stagnation.

4.1 The Paradox of Apparent Resilience

Between 2023 and 2024, Russia recorded GDP growth of 3.6% to 4.1% (CSIS, 2025), fuelling a narrative of resilience in the face of sanctions. However, this growth was almost entirely artificial: between 2022 and 2024, tax measures equivalent to more than 10% of GDP were injected into the system, almost exclusively via the military industries (European Leadership Network, March 2026). Real defence spending reached 7.3% of GDP in 2025 (according to a statement by Minister Belousov, December 2025), up from 3.6% in 2021.

For Russian entrepreneurs, this context has created specific sectoral opportunities: replacement of Western companies (food, textiles, local digital services), state contracts related to defence production, and business development to China, India and the Middle East via the North-South Corridor and the Northern Sea Route. Nevertheless, these opportunities are concentrated, captive to the state, and cannot be generalised.

4.2 The Model at the End of Breath in 2025–2026

In 2025, Russian growth has fallen to around 1% (MFI: 0.6%; Bank of Russia: 1%). The economy is facing three simultaneous structural constraints: labour shortages (unemployment at around 2% – an overheating economy), depleted production capacity, and stagnating export revenues under tightened sanctions. The Urals share price fell below $40/barrel in early 2026, reaching its lowest level since May 2020, compared with a budget of $59/barrel. Rosneft saw its profits fall by 70% in the first 9 months of 2025, following the October US sanctions targeting Rosneft and Lukoil.

Paradoxically, the war in Iran 2026 benefits Russia in the short term: the closure of the Strait of Hormuz has caused oil prices to rise by at least 20%, offering Moscow an unforeseen fiscal respite (Bank of Finland Bulletin, March 2026). The United States has also issued a 30-day waiver for already-loaded purchases of Russian oil, revealing geopolitical tensions over energy.

5. Middle East: Four Realities, One Region

Analytical warning: the notion of the "Middle East" covers radically different economic and conflictual configurations. This brief maintains and reinforces the distinction into four sub-configurations.

5.1 Post-Ceasefire Gaza: The "Instant Economy"

The Gaza-Israel ceasefire came into effect on October 10, 2025, under American mediation, after an agreement signed on October 9 (Gaza Peace Plan, Wikipedia). This date marks a turning point, but UNCTAD data (November 2025) confirm that the economic situation remains catastrophic: GDP cumulatively contracted by 87% since 2022; GDP per capita at USD 161, one of the lowest levels in the world; unemployment > 80% in Gaza; reconstruction estimated at USD 40–70 billion over 10 years or more; Clearing the rubble alone estimated at 22 years. On the ground in 2026, a form of informal survival entrepreneurship has re-established: open street markets, "instant menu" restaurants (based on morning humanitarian deliveries), and a rubble recycling industry — mining iron and concrete by thousands of Gazans to sell the materials, which is one of the few current drivers of employment. Thousands of Gazans work for private demolition contractors at daily wages of about NIS 30 (Y-net News, February 2026). This is not yet entrepreneurship in the formal sense — it is economic resourcefulness for survival.

Substantial reconstruction is blocked by three factors: political uncertainty over post-Hamas governance (15 technocrats appointed in October 2025, but a fragile process), insufficient aid flows (target of 4,200 trucks/week, reality: ~3,200), and a lack of functional banking actors. The Brain Drain is massive: 100,000 skilled professionals left Gaza between October 2023 and early 2025 (Brookings, 2025).

5.2 Lebanon: Structural Informalization

Lebanon continues to be confronted with a triple unresolved crisis: financial (> USD 72 billion in accumulated bank losses), institutional (political paralysis, double presidential vacancy until 2025), and security (Israel-Hezbollah ceasefire held but fragile, damage estimated at USD 14 billion according to the World Bank). The IMF (May 2024) noted that the lack of a credible banking strategy promotes the growth of a cash- and informal-economy. Inflation reached 231.3% in 2023. In 2026, the Iran-Israel conflict threatens to reignite hostilities in the south.

Lebanese entrepreneurship survives mainly through remittances from the diaspora (USD 5.8 billion in 2024, according to the World Bank), informal community networks, and a growing dollarisation of transactions. Lebanese entrepreneurial resilience is less an organisational capacity than a need for collective survival.

5.3 Israel: Proven Resilience, Structural Tensions

Data from the Bank of Israel (annual report, March 2026) confirms that Israel's GDP grew by 2.9% in 2025 — a notable increase given the context — and that the business sector grew by 3.2%. The Tel Aviv 125 index has risen by about 50% in 2025, an all-time high. The budget deficit has been reduced from 6.8% of GDP in 2024 to 4.7% in 2025, despite defence spending remaining at 8% of GDP. The Gaza ceasefire (October 2025) triggered an immediate recovery: release of reservists, return to the labour market, and investor confidence. However, the cumulative cost of the war remains massive: the Bank of Israel estimates that Israeli production is about USD 47 billion below its counterfactual trajectory (Israel.com, March 2026). The IMF (Article IV, February 2026) projects 4.8% growth in 2026 under the assumption of no new conflicts — an assumption weakened by the Iran War of 2026, which began on February 28.

5.4 Iran–Israel Conflict 2025–2026: A New Systemic Shock

Two major phases stand out during this conflict. The **Twelve Day War** (June 13–24, 2025): Israel struck Iranian military and nuclear facilities, Iran retaliated with 550+ ballistic missiles and 1,000+ drones. The U.S. intercepted the attacks and struck three Iranian nuclear sites on June 22. A ceasefire was negotiated on 24 June under American pressure.

Then the **Iran 2026 War** (Operation Epic Fury, which began on February 28, 2026, and is still ongoing on March 26, 2026): a joint US-Israel operation that eliminated Supreme Leader Khamenei and several senior officials. Iran retaliated by de facto closing the Strait of Hormuz, striking the Gulf states (Bahrain, Kuwait, Qatar, Saudi Arabia, Oman, UAE) and US bases in the region. Brent crude has exceeded $100/barrel, and European TTF gas prices have nearly doubled to over 60 EUR/MWh.

The documented entrepreneurial impacts are multidimensional. For Iran: economy already weakened by sanctions (inflation > 40% in 2025), massive infrastructure destruction, collapse of tourism and investment, and the flight of capital and qualified entrepreneurs. For the Gulf States: tourism in free fall, massive event cancellations (Bahrain Grand Prix, Saudi Arabian Grand Prix), the Dubai World Cup threatened, and uncertainty in supply chains. For Ukraine: The NBU has suspended its rate-cut cycle in response to rising inflation driven by energy prices (EuromaidanPress, March 2026). For Europe: risk of technical recession in energy-intensive industries (chemicals, steel); ECB postponed its rate cuts.

Conclusion and policy recommendations

The geopolitical landscape of 2026 requires an overhaul of the analytical frameworks of entrepreneurship in crisis. The simultaneous coexistence of a war in Europe (Ukraine-Russia), an embryonic reconstruction in the Middle East (Gaza), and a new major regional conflict (Iran-Israel) generates systemic effects that extend beyond local theatres, affecting entrepreneurs around the world, via energy prices, supply chains, and diasporic flows. The inclusive and responsible framework proposed by Durst, Yana Mbena & Viala (2025) remains relevant in this context: entrepreneurial resilience is not spontaneous; it is built into the institutional, relational, and digital architectural choices of peacetime. Policymakers who invest in these prerequisites today are preparing tomorrow's entrepreneurs to absorb shocks that we cannot yet predict.

- *Continuity Institute:* Maintain or quickly create minimal institutional corridors (commercial justice, digital registries, property guarantees) before any entrepreneurial support program. Without this substrate, the allocated resources produce limited effects. Diia Ukraine model to replicate.
- *Structured Diaspora:* Diasporas are the most resilient entrepreneurial capital. Co-construct active diasporic policies: reduction of remittance costs, entrepreneurial dual citizenship

programs, and tax incentives for diasporic investments. Particularly urgent for Gaza and Lebanon.

- *Adapted Finance:* Develop instruments specific to war contexts: patient capital with flexible exit, first-loss guarantees, reconstruction bonds with conditional returns. The EBRD/DFC models for Ukraine are partially transferable. Integrate the Iran/Gulf dimension into the guarantee mechanisms in response to energy shocks.
- *Analytical differentiation:* Proscribe the treatment of the Middle East as a uniform bloc. Operationalise the four sub-configurations (Gaza reconstruction, Lebanon institutional reform, Israel structural resilience, and Gulf diversification), each with distinct strategies. Integrate post-conflict Iran into planning now.
- *Russian Economy:* Post-war Russia will pose specific entrepreneurial challenges: the conversion of a war economy, the opening up to foreign investment and the reconfiguration of supply chains. Anticipate transition instruments now to prevent further regional instability.
- *Inclusion by Design:* Integrate inclusive entrepreneurship into all reconstruction plans: gender equity in access to finance, formalisation pathways for informal actors, reintegration of veterans and displaced persons. Anchored in the Durst framework, Yana Mbena & Viala (2025).

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