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МІЖНАРОДНА ФІНАНСОВА ПІДТРИМКА ЯК СКЛАДОВА БЮДЖЕТУ УКРАЇНИ ПІД ЧАС ВІЙНИ

Актуальність. Російська агресія проти України спричинила серйозну кризу в нашій державі. Повномасштабне військове вторгнення завдало значного удару по економічній, соціальній, гуманітарній системах України. У всіх сферах життя країни відбулись негативні зміни, в тому числі у фінансовій. Український ВВП минулого року впав на 29%. Доходи бюджету суттєво скоротилися, а витрати зросли в декілька разів. Цей процес призвів до значного дефіциту державного бюджету. Для вирішення цієї проблеми необхідні додаткові фінансові ресурси. Держава залучає їх від міжнародних партнерів у вигляді грантів та кредитів.

Мета та завдання. Постійний моніторинг структури міжнародної фінансової підтримки, особливо, під час російської агресії має дуже важливу мету завдяки вагомому впливу на соціальні та економічні процеси, які відбиваються в країні. Метою статті є аналіз фінансової допомоги, яку отримала Україна з початку повномасштабної війни. Основними завданнями є розгляд динаміки надання кредитів та грантів, а також їх вплив на майбутній фінансовий розвиток країни.

Матеріали та методи. Особливу увагу приділено міжнародним партнерам, які формують для нашої країни великий пакет фінансової допомоги, що складається з підтримки державного бюджету та забезпечення фінансової стабільності, утворення фондов з відновлення країни та економіки, а також фінансового забезпечення гуманітарних питань. Проаналізовано, з яких країн та міжнародних організацій було надано фінансування. Розглянута роль у наданні фінансової допомоги Евросоюзу, Світовий банк, Міжнародний валютний фонд. У подальшому багаторічні кошти повинні надходити з джерел, пов'язаних з агресором. Росія повинна платити власним коштами за розв'язану війну в нашій країні.

Результати. Як показує сучасна економічна політика, значну частку фінансує Україна від США, Канади, Німеччини, Великої Британії. Також важливу роль у наданні фінансової допомоги відіграють Євросоюз, Світовий банк, Міжнародний валютний фонд. У подальшому безповоротні кошти повинні надходити з джерел, пов'язаних з агресором. Росія повинна платити власним коштами за розв'язану війну в нашій країні.

Висновки. Фінансування неназваних потреб України наразі є насałним питанням. Саме зовнішня фінансова допомога підтримує функціонування державного сектору економіки України та сприяє збалансуванню валютно-фінансової позиції країни. Ця допомога важлива для підтримки економіки України, курсу національної валюти та захисту територіальної цілісності нашої держави.

Ключові слова: міжнародна фінансова підтримка, дефіцит держбюджету, іноземні кредити, гранти, державний зовнішній борг, країни - донори фінансової допомоги.

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INTERNATIONAL FINANCIAL SUPPORT AS PART OF THE BUDGET OF UKRAINE DURING THE WAR

Topicality. Russian aggression against Ukraine has caused a serious crisis in our country. A full-scale military invasion dealt a significant blow to the economic, social, humanitarian systems of Ukraine. In all spheres of life of the country there have been negative changes, including in the financial. Ukrainian GDP fell by 29% last year. Budget revenues decreased significantly, and expenses increased several times. This process led to a significant deficit of the state budget. To solve this problem, additional financial resources are needed. The state attracts them from international partners in the form of grants and loans.

Aim and tasks. Constant monitoring of the structure of international financial support, especially during the Russian aggression, has a very important purpose due to its significant impact on the social and economic processes taking place in the country. The article is aimed at analyzing the financial assistance that Ukraine has received since the beginning of a full-scale war. The main objectives are to consider the dynamics of loans and grants, as well as their impact on the future financial development of the country.

Materials and Methods. Particular attention is paid to international partners who form a large package of financial assistance for our country, consisting of support for the state budget and ensuring financial stability, the formation of funds for the restoration of the country and the economy, as well as financial support for humanitarian issues. It is analyzed from which countries and international organizations funding was provided. The conditions and ways of financial support of Ukraine are considered.

Research results. As modern economic policy shows, Ukraine received a significant share of funding in the form of grants and loans from the USA, Canada, Germany, Great Britain, the European Union, the World Bank, and the International Monetary Fund also play an important role in providing financial assistance. In the future, irrevocable funds should come from sources associated with the aggressor. Russia must pay with its own funds for the unleashed war in our country.

Conclusion. Financing the urgent needs of Ukraine is now an urgent issue. It is the external financial assistance that supports the functioning of the state sector of the Ukrainian economy and helps to balance the monetary and financial position of the country. This assistance is important to support the economy of Ukraine, the exchange rate of the national currency and protect the territorial integrity of our state.

Keywords: international financial support, state budget deficit, foreign loans, grants, public external debt, countries – donors of financial aid.

Problem statement and its connection with important scientific and practical tasks. The war has led to significant negative changes in our country's economy. These include galloping inflation, a drop in GDP, the inability to export, and the instability of the hryvnia exchange rate. Ukraine cannot solve these problems on its own. That is why the Ukrainian economy needs support from international partners.

The issue of allocating significant amounts of funding by international organizations and partner countries to support our country's economy is becoming increasingly important.

Today, Ukraine’s losses from the war exceed 700 billion US dollars. Therefore, external financial assistance from foreign countries, foreign financial institutions and international financial organizations is extremely important and necessary to maintain economic stability and to provide financial support for the Ukrainian army, budgetary and social sectors.

Therefore, we can conclude that during the full-scale Russian attack, Ukraine was not left alone with the aggressor. It is the finances provided by the United States, the European Union, Canada, Germany, the IMF, and the World Bank that support the balance of payments and the hryvnia exchange rate. Many international organizations and countries have set up funds to help Ukraine in the long term. This means that our country and its financial potential will certainly recover.

Analysis of recent publications on the problem. Financial consequences of Russian aggression, internal crisis and risks of prolonged recession in Ukraine were investigated by American economist Barry Eichengreen and Ukrainian economist Yuri Gorodnichenko.

Since the beginning of the war, there has been an increase in activity in the field of research on external debt financial resources. Economists V. Fedorov, T. Vakhnenko, and N. Prykaziuk are
engaged in this topic. The article uses analytical data of the National Bank of Ukraine, the Ministry of Finance of Ukraine, the International Monetary Fund.

**Allocation of previously unsolved parts of the general problem.** Since the beginning of it is independence, Ukraine has been actively cooperating with international financial organizations, using their financial and technical resources to achieve macroeconomic stabilization and create the necessary prerequisites for economic reforms. The allocated funds were directed to economic reform and development of the country. From 2014 to 2020, Ukraine's largest international donor was the IMF, which allocated about $28.5 billion. USA. in macro-financial loans. The second largest donor was the EU, which, together with individual member states, the EBRD and the EIB, allocated 16 billion euros to Ukraine in the form of grants, loans and investments.

Third place goes to the World Bank Group with commitments of $6 billion. USA. in loans and investments. The USA is only in fourth place with commitments of $5 billion. USA. Next are Japan and Canada.

After analyzing financial assistance from international partners to the beginning of a full-scale invasion of Russia, it can be noted that the allocated funds were directed to social payments and support the economy, to cover the state budget deficit.

**Formulation of research objectives.** The purpose of the article is to analyze the state of international financial assistance, the processes directly related to it, and the state policy on obtaining external financial assistance. The article also has the following objectives:
- to analyze the main types of international financial assistance and the terms of its provision;
- to consider the contribution of the main donor countries to Ukraine's financial aid;
- to analyze the debt sustainability of Ukraine.

**Materials and Methods.** A study of the dynamics of international financial assistance to Ukraine during the war. The structure, magnitude and dynamics of economic assistance are described and analyzed. Particular attention is paid to international partners who form a large package of financial assistance for our country, consisting of support for the state budget and ensuring financial stability, the formation of funds for the restoration of the country and the economy, as well as financial support for humanitarian issues. Analyzed and compared the amount of financial assistance to donor countries and international organizations. The conditions and ways of financial support of Ukraine are considered.

**An outline of the main results and their justification.** The aggressor has caused significant damage to the infrastructure, economy and lives of Ukrainian citizens. To date, according to the published data of the Ukraine Recovery Plan portal, about 13.5% of schools, 6% of hospitals, 5.8% of housing and 14.1% of roads have been confirmed destroyed, and the damage caused is estimated at hundreds of billions of dollars. As of the end of 2022, the total amount of damage caused to Ukraine's infrastructure due to the war started by Russia on February 24, 2022, is estimated at $143.8 billion. USA (KSE Institute, 2023).

The social infrastructure in Donetsk, Luhansk, Chernihiv, Mykolaiv, Kherson and Zaporizhzhia regions suffered the most from the hostilities. Some categories of infrastructure in these regions have been damaged by more than 90%.

In such circumstances, Ukrainians cannot be left to deal with the devastation of their country alone. It was the receipt of international financial assistance to Ukraine in 2022-2023 that played an important role in the sustainability of the economy, curbing inflation and the provision of social services by the state. The contribution of international partners amounted to 60% of all additional funding received by the Ukrainian budget. However, the scale of such financing and the predominance of credit sources in its structure create high risks of a debt crisis.

In 2022, the general fund of the state budget received UAH 1,491 billion. Of these, UAH 480.6 billion is free international assistance in the form of grants (Mirer, 2022). This foreign aid made it possible to cover the needs for additional financing of the budget, which has suffered a significant deficit since the beginning of the war, due to the lack of taxes and duties. Budget revenues from printing hryvnia NBU amounted to 20%, from military bonds - 10% (Fig. 1).

This trend suggests that foreign funds accounted for the largest share of the state budget in 2022. Thus, external grants and loans are the main source of funding.

The Ukrainian government is currently taking all measures to attract grants (non-repayable financial assistance) to support Ukraine. Donor assistance and special drawing rights from the IMF are important sources of filling the state treasury.
It should be noted that attracting grants from foreign countries, international financial institutions and organizations to support Ukraine’s budget is an important and profitable decision. These funds will become an additional source of revenue for the general fund of the state budget. At the same time, compared to loans provided for a long-term period and with low yields, they will not lead to debt obligations.

According to the Ministry of Finance of Ukraine, the first grant to Ukraine in the amount of 110 million euros was provided by the Italian government in March 2022, and then the European Commission provided our country with a grant of 120 million euros as part of an emergency financial assistance package to Ukraine (National Institute for Strategic Studies, 2022). In 2022, the United States provided Ukraine with almost $8.5 billion, USA, in direct financing of the state budget on a non-refundable basis. The World Bank created a donor trust fund in the amount of $134 million. USA grant funds. It was joined by such countries as the UK, Germany, Denmark, Latvia, and Lithuania. Figure 2 shows the financing of non-refundable assistance to Ukraine from international partners during the full-scale invasion of Russia.

In addition, the IMF Executive Board created a special administrative account for Ukraine on April 8, 2022, designed to provide financial assistance to Ukraine in maintaining the balance of payments, budgetary needs and stabilizing the economy (Official website of the Parliament of Ukraine, 2022). This account can be used by any intergovernmental institutions and organizations wishing to provide financial assistance to Ukraine. For example, the Canadian government has offered...
to pay up to 1 billion Canadian dollars from its federal budget to Ukraine through a special administered account.

It is worth noting that the main financial donors are the USA, the EU, the World Bank, the IMF, the European Investment Bank, as well as the governments of Canada, Japan, France, Germany. Figure 3 shows the contribution of these countries and organizations to the state budget of Ukraine in 2022 (Mirer, 2022).

Fig. 3 The main foreign donors of the state budget of Ukraine in 2022

Source: it was developed by the authors according to (Mirer, 2022).

The structure of financing the state budget deficit this year will not undergo significant changes compared to 2022 and will amount to UAH 1,600 billion ($38 billion. USA). At the same time, 46% of the expenditures will be financed due to the funds of international partners. Other borrowings will amount to UAH 170 billion, of which internal - UAH 90.7 billion.

In 2023, according to IMF estimates, Ukraine may need $3-5 billion. USA of external financing per month. This amount depends on the macroeconomic situation in the state and the nature of the war (Somayeva, 2022).

Funds of international partners help to cover only social payments and ensure the functioning of the state. Military spending is financed from domestic budget revenues.

The G7 countries agreed in mid-December 2022 to establish an interagency platform to coordinate assistance to Ukraine and support its recovery and revival. Finance Ministers of the G7 countries confirmed budget and economic support for our country in 2023 and announced the allocation of $32 billion. USA. This amount covers 18 billion euros from the EU, budget support from Japan and the United States (Moiseev, 2023).

The European Bank for Reconstruction and Development, the International Finance Corporation and the European Investment Bank allocated $6.7 billion. USA. This money is aimed at supporting the Ukrainian authorities, state-owned enterprises and the private sector.

The European Union in 2023 will allocate to Ukraine 18 billion euros. Monthly financial assistance in the amount of 1.5 billion euros is planned. The provided loans will have a 10-year grace period. Quite a large part of the costs will be borne by the EU member states.

This long-term loan will be granted if our country implements reforms in the areas of public administration, the rule of law, and the fight against corruption.

The United States plans to provide Ukraine with $45 billion. USA in support in 2023. In the US state budget for 2023, assistance to Ukraine is indicated in the form of a separate part, where the amount of $45 billion. USA appears. The law on additional appropriations of Ukraine during 2023 indicates the provision of these funds "for emergency funding to support the Ukrainian people, protect global democracy after Russia's unprovoked attack on Ukraine and for other purposes" (Moiseev, 2023).

Direct assistance to Ukraine from the United States:
- 13.37 billion dollars. USA – financial assistance to the Government of Ukraine;
- 9.0 billion dollars. USA – military assistance to Ukraine;
- 2.47 billion dollars. USA – assistance to
countries hosting Ukrainian refugees;
   - 11,88 billion dollars. USA – US Army compensation for weapons for Ukraine;
   - 6,98 billion dollars. USA – support for US troops stationed in Europe;
   - 2,4 billion dollars. USA – for the reception of Ukrainian refugees in the United States;
   - 166 million dollars. USA – for the needs of the State Department and USAID in Ukraine;
   - 126,3 million dollars. USA – to prevent and, in case of occurrence, overcome the consequences of possible nuclear disasters in Ukraine.

Thus, preliminary agreements with Western partners for 2023 provide for Ukraine to receive $37 billion. USA. official funding. At the same time, 18 billion US dollars makes grants, 20 billion euros are loans from the EU, the USA and the World Bank (Table 1).

<table>
<thead>
<tr>
<th>Lender/donor</th>
<th>2022 fact</th>
<th>2023 plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total external financing</strong></td>
<td>31,1</td>
<td>37</td>
</tr>
<tr>
<td><strong>Foreign grants</strong></td>
<td>14,3</td>
<td>18</td>
</tr>
<tr>
<td>including from the USA</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>from Germany</td>
<td>1,3</td>
<td>-</td>
</tr>
<tr>
<td>from the EU</td>
<td>0,7</td>
<td>-</td>
</tr>
<tr>
<td><strong>Foreign loans</strong></td>
<td>16,8</td>
<td>19</td>
</tr>
<tr>
<td>including EU</td>
<td>7,3</td>
<td>18</td>
</tr>
<tr>
<td>IMF</td>
<td>0,7</td>
<td>-2,5</td>
</tr>
<tr>
<td>World Bank</td>
<td>1,4</td>
<td>2</td>
</tr>
<tr>
<td>the Government of Canada</td>
<td>1,9</td>
<td>-</td>
</tr>
<tr>
<td>the UK Government</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>other creditors</td>
<td>4,5</td>
<td>1,5</td>
</tr>
</tbody>
</table>

Source: it was developed by the authors according to (Bohdan, 2023).

It should be noted that Ukraine needs systematic financial assistance from international partners. This year, regular and sustainable financing in the amount of $3-4 billion. USA per month for the needs of the budget will be critical to maintaining our state. Most of these funds are aimed at stabilizing the economy and paying salaries, pensions and social benefits. Another additional $1-2 billion. USA per month will be required to finance urgent investments during 2023.

The main factor in supporting and stabilizing the national economy is the controlled and targeted use of international financial flows. At the same time, it is necessary to maximize the efficiency of each dollar of foreign aid.

A very important question is whether the Government of Ukraine will be able to service its accumulated debts in the long run without defaulting and without shock policy adjustments. To do this, it is necessary to conduct an analysis of debt sustainability, take into account the possible risks of the dynamics of public debt in the long term and implement response measures by the Government and the international community to existing threats.

The volume of international assistance in the form of credit sources creates high risks of a debt crisis. To adjust them, it is necessary to try to increase the share of grants in the financing structure and consider the issue of post-war restructuring of external public debt on the terms of its partial write-off.

If the share of grants in the structure of external financing of the budget remains at the level of 45%, then the volume of external grants in budget revenues will be 12.2% of GDP in 2023 and about 5% in 2024-2025 (Bohdan, 2023).

The initial budget deficit as a total deficit, reduced by the amount of interest payments, amounted to 16% of GDP in 2022. 11.2% expected in 2023. It is projected that the end of the war and the easing of the pressure of public spending on military needs will lead to a reduction in the primary deficit to 3.5% of GDP in 2024. and 2.1% in 2025.

Avoiding a state default and restoring debt sustainability could theoretically increase the share of grant funding from 45% in 2022-2023 to 75% in 2024-2025. International experience speaks of the possibility of practical implementation of such a proposal (Bohdan, 2023).

An important step for the Ukrainian economy is also the restructuring of external debt to reduce the
debt burden. It was debt restructuring on the terms of writing off a certain part of it that was an essential component of post-war reconstruction programs in many countries of the world. Therefore, we can conclude that the provision of international grant assistance to partners is the key to the stable functioning of the economy and banking system of Ukraine, proper protection of the country and victory in the war.

Conclusions and perspectives of further research. Our country has suffered greatly due to Russian aggression. But due to the support and assistance of international partners, Ukraine was able to keep the economy from collapse. The growth of foreign aid and, most importantly, regular revenues, allowed to stabilize the economic situation in the country.

Having analyzed the international financial support of Ukraine in the conditions of war, we can understand that it was this support that allowed the country to avoid default, and to maintain the level of economic and social life of the residents of the country at the maximum possible level for martial law.

The amount of international financial support provided to Ukraine reduces the risks of a significant and prolonged devaluation of the national currency. At the same time, attracting financial resources in the foreign market of debt instruments leads to an increase in the debt burden. Therefore, there is a need to develop mechanisms for effective regulation of public debt.

Ukraine, both now and after the victory, needs large-scale international support that will help in the coming years not only to rebuild but also to modernize the country to become a full member of the European Union.

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