PROBLEMS AND DIRECTIONS FOR IMPROVING THE EFFICIENCY OF BUDGET FINANCING FOR UKRAINE'S POST-WAR RECOVERY

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Abstract. The subject of the study is the theoretical, methodological and applied foundations of budget financing for the post-war recovery of Ukraine's national economy and social infrastructure, including the formation, allocation and administration of state budget resources and international financial assistance. The empirical analysis covers 2022–2025 and is supplemented by updated 2026 assessments and a medium-term outlook for 2026–2029. The purpose of the research is to identify the main constraints on recovery financing and to substantiate directions for improving the efficiency, transparency and results-based orientation of public expenditure under wartime and post-war conditions. The methodological framework combines analysis and synthesis, induction and deduction, comparison, statistical and structural analysis, systematisation and generalisation. Budget revenue, expenditure, deficit and external-financing indicators were compared over the research period; institutional arrangements, special funds and international support mechanisms were assessed in terms of their ability to transform available resources into measurable recovery outcomes. The study shows that the state budget performs a dual function: it finances defence, social protection and the continuity of essential public services, while simultaneously coordinating emergency repair, reconstruction and longer-term modernisation. The fiscal capacity of the state remains constrained by the predominance of security and defence expenditure, a persistent budget deficit, limited domestic revenue,

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growing debt risks and strong dependence on external support. At the same time, grants, concessional loans, the Ukraine Facility, ERA Loans, World Bank programmes and other partner instruments have become integral components of Ukraine's budgetary architecture. The analysis identifies a substantial and widening gap between recovery needs and available resources, uneven territorial needs, fragmented programmes, limited project-preparation capacity in some public authorities and communities, and risks related to prioritisation, procurement, monitoring and accountability. The proposed approach is based on medium-term budget planning, a unified public investment management system, transparent criteria for selecting projects, mandatory digital disclosure through DREAM, stronger internal and external audit, coordination of state and local budgets with donor resources, and an appropriate balance between grants, loans and private capital. Social and humanitarian programmes should rely primarily on grants and compensation mechanisms, whereas concessional lending and blended finance should support projects capable of generating long-term economic value. The practical significance of the results lies in their applicability to budget programme design, selection of recovery projects, intergovernmental fiscal support and donor coordination. The originality of the study lies in the development of an integrated approach to recovery financing that combines financial, institutional, territorial and accountability dimensions; differentiates financing instruments according to the socio-economic nature of recovery projects; and links budget allocation with unified public investment management, digital monitoring through DREAM and measurable recovery outcomes. It is concluded that the effectiveness of Ukraine's reconstruction depends not only on the volume of mobilised funds but also on transparent prioritisation, institutional capacity, public accountability and measurable economic and social effects.

INTRODUCTION

Amid the full-scale war and extensive destruction of production capacity, housing stock, energy, transport, educational, healthcare, and social infrastructure, the study of the role of the state budget in financing the recovery of Ukraine's national economy and social infrastructure has become particularly relevant. Under current conditions, the state budget performs not only its traditional function of centralising and redistributing

financial resources, but also serves as a key instrument for ensuring national defence capability, social stability, supporting critically important sectors of the economy, and creating the financial foundation for post-war reconstruction.

The relevance of the topic is determined by the fact that in 2022–2026 Ukraine's budgetary system has been operating under unprecedented pressure. A significant share of budgetary resources has been directed to the security and defence sector, social protection of the population, support for internally displaced persons, healthcare, education, and ensuring the functioning of public authorities. At the same time, the state has financed priority measures aimed at restoring infrastructure, supporting economic activity, strengthening energy resilience, and maintaining essential services for territorial communities. In 2024, revenues of the State Budget of Ukraine amounted to UAH 3.12 trillion, expenditures to UAH 4.49 trillion, while grants from international partners included in budget revenues reached UAH 473.9 billion [18].

The issue of budget financing for recovery is complex, as it combines the challenges of fiscal sustainability, budgetary security, efficient allocation of expenditures, transparency in the use of funds, attraction of international financial assistance, and coordination of current wartime needs with long-term modernisation objectives. According to estimates by the World Bank, the Government of Ukraine, the European Commission, and the United Nations, recovery and reconstruction needs under RDNA4 amounted to USD 524 billion over the next decade [38]. The state budget cannot be the sole source of financing; however, it is largely through the budget that the resources required to support the economy and social infrastructure are accumulated, allocated, and administered.

The theoretical and practical aspects of the functioning of the state budget, budget policy, public finance, and financial support for economic development have been studied by I. O. Lunina, I. Ya. Chuhunov, V. D. Makohon, V. P. Kudriashov, I. Z. Storonianska, and other scholars. I. O. Lunina examines public finance in the context of macroeconomic growth policy and the long-term sustainability of public finances [14]. I. Ya. Chuhunov and V. D. Makohon investigate fiscal and tax policy under conditions of uncertainty [5]. V. P. Kudriashov substantiates the components of the recovery plan, sources of financial support, and mechanisms for

coordinating resources [12; 13]. Approaches to assessing the consequences of the war and the financial needs of recovery are highlighted in the works of K. V. Klymenko and M. V. Savostianenko [11]. Comprehensive directions for post-war recovery are systematised in the monograph edited by V. Ye. Khaustova [10], the role of international financial assistance is examined by V. A. Panchenko [28], while institutional barriers to public investment management are analysed by I. Z. Storonianska, Kh. O. Patytska, and O. O. Ivashko [30].

Despite the considerable number of existing studies, the efficiency of budget financing for recovery in 2022–2025 requires more in-depth analysis. This is due to the dynamic nature of budget indicators, Ukraine's high dependence on international support, changes in the expenditure structure, and the need to assess the capacity of the state budget to simultaneously meet current wartime needs and create the financial foundation for post-war development.

The purpose of the study is to identify key problems and substantiate directions for improving the efficiency of budget financing for Ukraine's post-war recovery, based on an analysis of the role of the state budget, its indicators in 2022–2025, and international financial assistance in supporting the recovery of the national economy and social infrastructure. The empirical analysis covers 2022–2025 and is supplemented by updated 2026 assessments and a medium-term outlook for 2026–2029.

To achieve this purpose, the following objectives have been defined:

– to reveal the economic essence and theoretical foundations of budget financing for Ukraine's post-war recovery;

– to characterise the directions and instruments for financing the recovery of the national economy and social infrastructure;

– to assess budget expenditures and international financial assistance in 2022–2025;

– to systematise the main financial, institutional, territorial, and control-related problems;

– to substantiate directions for improving the efficiency of the use of budget funds and international assistance.

The object of the study is the process of budget financing for the post-war recovery of Ukraine's national economy and social infrastructure.

The subject of the study comprises the theoretical, methodological, and applied aspects of the formation, allocation, and use of state budget funds and international financial assistance for financing the recovery of Ukraine's national economy and social infrastructure in 2022–2025.

The methodological framework of the study is based on the provisions of economic theory, public finance theory, budget policy, and financial support for socio-economic development. The methods used include analysis and synthesis, induction and deduction, comparison, statistical and structural analysis, as well as graphical and tabular methods and generalisation. The core statistical analysis covers 2022–2025, while 2026 institutional, regulatory and analytical updates are used to assess the medium-term financing outlook for 2026–2029.

The information base of the study consists of the provisions of the Budget Code of Ukraine, the Laws of Ukraine on the State Budget for 2022–2025, the Law of Ukraine "On Public-Private Partnership", relevant resolutions and orders of the Cabinet of Ministers of Ukraine, and official materials of the Ministry of Finance of Ukraine, the National Bank of Ukraine, the IMF, the European Commission, the United Nations, the OECD, and the World Bank, including the RDNA4 and RDNA5 assessments [3; 4; 9; 18; 22; 27; 32–39].

1. Principles of Budget Financing

Budget financing for the recovery of the national economy and social infrastructure is one of the key forms of implementing state financial policy amid wartime and post-war challenges. Its essence lies in the targeted allocation of funds from the state budget, local budgets, interbudgetary transfers, international financial assistance, and other public resources to restore economic capacity, ensure the provision of essential public services, reconstruct destroyed facilities, and create the preconditions for the country's long-term development.

In a broad sense, budget financing for recovery should be viewed as a system of financial relations arising among the state, local self-government bodies, budget fund administrators, business entities, international partners, and the population in the process of forming, allocating, and using budgetary resources to overcome the consequences of war. This approach makes

it possible to consider the budget not merely as a source of expenditure, but as an institutional mechanism for coordinating recovery policy.

The regulatory framework for budget financing is established by the Budget Code of Ukraine, according to which a budget is a plan for the formation and use of financial resources intended to ensure the performance of tasks and functions carried out by state authorities and local self-government bodies during a budget period. Through budget appropriations, budget programmes, interbudgetary transfers, the reserve fund, and public debt mechanisms, the state finances priority areas of public policy, including measures aimed at restoring the economy and social infrastructure [32].

A distinctive feature of budget financing for recovery is that it combines short-term and long-term objectives. Short-term objectives include addressing the consequences of destruction, ensuring the continuity of educational, healthcare, and social services, supporting internally displaced persons, and carrying out emergency restoration of critical infrastructure, housing and communal services, and energy facilities. Long-term objectives encompass modernisation of the economy, restoration of production capacity, development of human capital, improvement of energy efficiency, digitalisation of public services, and the creation of resilient social infrastructure.

In the academic literature, financial support for Ukraine's economic recovery is regarded as a multi-component process requiring a combination of budgetary resources, international financial support, private investment, guarantee instruments, and effective public administration. V. P. Kudriashov emphasises that recovery financing should be based not only on the volume of resources mobilised, but also on the efficiency of their allocation, the coherence of managerial decisions, the transparency of procedures, and the availability of mechanisms for monitoring the results of fund utilisation. Therefore, budget financing for recovery cannot be reduced solely to an increase in expenditures; it also involves setting priorities, assessing needs, selecting projects, and monitoring performance [12].

An important benchmark for determining the scale of Ukraine's financial needs is provided by assessments conducted by international institutions. According to the World Bank, the Government of Ukraine, the European Commission, and the United Nations, under the Fourth Rapid Damage and Needs Assessment (RDNA4), the total cost of Ukraine's

recovery and reconstruction as of 31 December 2024 was estimated at USD 524 billion over the next decade. The scale of these needs demonstrates that the state budget is a fundamental, but not the sole, source of financing for reconstruction. Its role is to combine domestic budgetary resources with external assistance, loans, grants, resources from international funds, and potential private investment [38].

The main areas of budget financing for the recovery of the national economy include support for economic activity, infrastructure development, ensuring energy resilience, restoration of transport and logistics systems, support for entrepreneurship, restoration of production capacities, and stimulation of employment. In the social sphere, priority areas include financing education, healthcare, social protection, housing provision, restoration of social infrastructure facilities, support for territorial communities, and ensuring access to essential services for the population.

International financial assistance is of particular importance in the recovery process. It may be provided in the form of grants, loans, budget support, targeted project financing, technical assistance, and guarantees. In particular, the Ukraine Facility provides for European Union financial support to Ukraine for 2024–2027 in a total amount of EUR 50 billion, a significant share of which is directed toward direct support of the state budget, investment stimulation, and technical assistance. This demonstrates that under wartime and recovery conditions, international assistance is effectively integrated into the state's budgetary mechanism, strengthening its financial capacity [6; 7; 31].

To reveal the practical content of budget financing for the recovery of the national economy and social infrastructure, it is appropriate to systematise the main instruments through which the state accumulates, allocates, and directs financial resources toward the relevant objectives.

These instruments have different economic purposes; however, taken together, they form the financial mechanism of recovery. Budget expenditures and budget programmes provide direct financing for state priorities. Interbudgetary transfers make it possible to support the financial capacity of territorial communities that directly face the consequences of destruction and require resources to restore essential services. The reserve fund of the state budget is used for prompt response to unforeseen situations,

while capital expenditures and public investments are directed toward long-term recovery and modernisation.

Given the limited own revenues of the state budget, public borrowing and international financial assistance are of particular importance. They make it possible to bridge the gap between high expenditure needs and the insufficient volume of domestic budgetary resources. However, the use of such instruments requires a prudent debt policy, transparent planning, and proper oversight, since excessive dependence on external financing may create risks to budget sustainability in the medium and long term.

An important feature of the current stage is the gradual transition from financing immediate response measures to financing recovery based on the principles of prioritisation and effectiveness. This means that budgetary resources should be directed primarily toward areas that generate the greatest social impact: restoration of critical infrastructure, support for the functioning of territorial communities, creation of conditions for the return of the population, preservation of human capital, restoration of economic activity, and strengthening the state's resilience to future risks.

Social infrastructure is of particular importance in the process of budget financing for recovery, as it directly affects the quality of life of the population, access to essential services, and social cohesion. The destruction of schools, hospitals, social protection institutions, housing and communal facilities, and public infrastructure not only causes material losses but also worsens living conditions and opportunities for education, healthcare, and employment. Therefore, financing social infrastructure is not a secondary area of budget policy, but a necessary prerequisite for the stabilisation and recovery of the country.

Thus, budget financing for the recovery of the national economy and social infrastructure is a complex, multi-level process encompassing direct budget expenditures, programme-based financing, capital investment, interbudgetary transfers, reserve resources, public borrowing, international financial assistance, and instruments of partnership with the private sector. Its effectiveness depends on realistic planning, prioritisation of expenditures, transparency of procedures, effective oversight, and coordinated actions by the state, local self-government bodies, and international partners. In the context of Ukraine's post-war recovery, the state budget serves not only as a source of financing but also as the principal financial coordinator of the reconstruction of the economy and social infrastructure.

Table 1

Main Instruments of Budget Financing for the Recovery of the National Economy and Social Infrastructure

Instrument	Economic Content	Areas of Application in the Recovery Process
1	2	3
Budget expenditures	Direct financing of the tasks and functions of the state from the State Budget.	Financing of education, healthcare, social protection, housing and communal services, infrastructure facilities, and support for economic activity.
Budget programmes	Targeted allocation of budget funds for the implementation of specific public policy objectives.	Implementation of programmes for the restoration of damaged facilities, business support, compensation payments, social benefits, and infrastructure modernisation.
State capital expenditures	Budget expenditures aimed at the creation, reconstruction, modernisation, or acquisiti on of fixed assets.	Reconstruction of roads, bridges, educational institutions, hospitals, energy facilities, water supply systems, and housing stock.
Subventions to local budgets	Interbudgetary transfers provided from the State Budget to local budgets for specific purposes.	Financing the restoration of community social infrastructure, educational and healthcare institutions, shelters, and municipal infrastructure.
Grants to local budgets	Funds transferred from the State Budget to balance the financial capacity of local budgets.	Support for communities that have lost part of their revenues due to the war and ensuring the provision of essential services to the population.
Reserve Fund of the State Budget	A financial resource intended to cover unforeseen and urgent expenditures.	Addressing the consequences of destruction, emergency restoration of infrastructure, and response to emergencies.
Special Fund of the Budget	A separate component of the budget whose funds have specified sources of revenue and designated purposes.	Financing specific areas of recovery, social protection, road infrastructure, and energy resilience.
Public borrowing	Raising funds on domestic or external markets to cover the budget deficit and finance public needs.	Covering shortages in the budget's own revenues, financing social and economic expenditures, and supporting macro-financial stability.

Instrument	Economic Content	Areas of Application in the Recovery Process
International financial assistance	Grants, loans, and other forms of financial support provided by international partners.	State budget support, financing of social payments, infrastructure restoration, and implementation of reconstruction and reform programmes.
State guarantees	Commitments undertaken by the state to ensure the fulfilment of debt obligations of entities raising funds for designated purposes.	Mobilising financing for infrastructure, energy, transport, and socially significant projects.
Public investment	Allocation of budgetary resources to projects with long-term economic or social effects.	Modernisation of the economy, development of critical infrastructure, and creation of conditions for employment and economic growth.
Public-private partnership [33]	Cooperation between the public and private sectors in implementing projects of public importance.	Restoration of transport, energy, housing, healthcare, and educational infrastructure with the involvement of private capital.

Source: compiled by the authors based on the research materials

2. Expenditures and International Assistance

Financing the recovery of Ukraine's national economy and social infrastructure in 2022–2025 took place under an exceptionally complex combination of budgetary priorities. On the one hand, the state budget was primarily focused on ensuring defence capability, security, social support for the population, and the stable functioning of the state. On the other hand, even during the war, an objective need emerged to finance the urgent restoration of destroyed facilities and to support critical infrastructure, energy resilience, housing stock, educational institutions, healthcare, social protection, and transport infrastructure.

In this context, the state budget performed a dual function: first, it financed current expenditures without which the functioning of the state under wartime conditions would be impossible; second, it created the financial foundation for recovery processes. It was through the state budget that domestic revenues, grants from international partners, concessional

loans, funds from international financial institutions, and other resources were accumulated and directed toward supporting the economy, the social sphere, and infrastructure.

A key feature of budget expenditures in 2022–2025 was the predominance of defence and security needs. This was an objective consequence of the full-scale war, as financing the security and defence sector became a key condition for preserving statehood. At the same time, significant amounts of expenditure continued to be directed toward social protection, education, healthcare, support for regions, and capital expenditures related to recovery. According to the Ministry of Finance of Ukraine, in 2024 total expenditures of the State Budget of Ukraine amounted to UAH 4.49 trillion, of which UAH 2.97 trillion was allocated to the security and defence sector. Social expenditures in 2024 were financed in the amount of UAH 579.2 billion, while capital expenditures related to addressing the consequences of armed aggression, construction, and infrastructure restoration increased to UAH 306 billion [18].

The data presented in Table 2 indicate that budget financing for recovery is not limited solely to direct capital expenditures on the reconstruction of destroyed facilities. It has a much broader scope, as it also encompasses financing social stability, human capital, the functioning of territorial communities, support for economic activity, and the mobilisation of international resources. Therefore, the role of the state budget in the recovery process should be assessed comprehensively, taking into account not only expenditures on construction or repairs, but also those budget programmes that ensure the viability of the economy and the social sphere under wartime conditions.

Social expenditures occupy an important place in recovery financing. Under wartime conditions, they perform not only the traditional function of supporting the population but also a social stabilisation function. The increase in the number of internally displaced persons, destruction of housing, job losses, declining household incomes, and growing social vulnerability have created the need to maintain substantial budget expenditures on social protection. In 2024, social expenditures were financed in a timely manner and in full, including through grant assistance provided by international partners.

Table 2

Main Areas of Budget Financing for the Recovery of Ukraine's Economy and Social Infrastructure in 2022–2025

Area of Financing	Economic Content	Significance for Recovery
Security and defence expenditures	Financing of the Armed Forces of Ukraine, the security sector, defence procurement, and monetary allowances for military personnel.	Provides the fundamental prerequisite for recovery: preserving statehood, territorial integrity, and citizens' security.
Social protection and social security	Pension payments, social benefits, support for vulnerable population groups and internally displaced persons.	Support social stability, reduce poverty risks, and ensure the basic needs of the population.
Education	Financing of educational institutions, remuneration of teaching staff, educational subventions, and the creation of a safe educational environment.	Contributes to preserving human capital and ensuring continuity of the educational process.
Healthcare	Financing of medical services, hospitals, the Medical Guarantees Programme, and the restoration of damaged healthcare facilities.	Ensures public access to healthcare and supports social resilience.
Economic activity	Support for selected sectors of the economy, infrastructure projects, entrepreneurship, transport, and energy.	Creates conditions for the recovery of production, employment, and economic activity.
Capital expenditures for recovery	Expenditures on construction, reconstruction, repair, elimination of the consequences of destruction, and infrastructure restoration.	Directly aimed at the physical restoration of economic and social infrastructure facilities.
Interbudgetary transfers	Transfer of funds from the State Budget to local budgets in the form of subventions and grants.	Support the financial capacity of territorial communities, particularly those affected by the war.
International financial assistance	Grants, concessional loans, budget support, and investment instruments provided by international partners.	Compensates for the shortage of domestic resources and ensures financing of social and recovery-related needs.

Source: compiled by the authors based on the research materials

A separate area is the financing of education and healthcare as key components of social infrastructure. Expenditures in these areas are of long-term importance because they ensure the preservation of human capital, access of the population to essential services, and support for social cohesion. During the war, educational and healthcare infrastructure suffered significant destruction; therefore, budget financing of these sectors has both a current and a recovery-oriented nature. It includes remuneration of public-sector employees, financing of services, construction and equipping of shelters, repair of damaged premises, procurement of equipment, and support for the functioning of institutions in territorial communities.

The scale of recovery needs significantly exceeds the capacity of the state budget. According to estimates by the World Bank, the Government of Ukraine, the European Commission, and the United Nations, the total cost of Ukraine's recovery and reconstruction as of 31 December 2024 was estimated at USD 524 billion over the next decade. In 2025, the Government of Ukraine, with donor support, allocated USD 7.37 billion to priority recovery areas, while the financing gap for recovery and reconstruction needs in 2025 was estimated at USD 9.96 billion. This confirms that the State Budget of Ukraine cannot independently provide full financing for recovery and therefore requires a systematic combination of domestic resources and international support [38].

The presented data show that in 2022–2025 Ukraine attracted approximately USD 167.6 billion in external budget financing to the state budget. The largest amount of support during the analysed period was received in 2025, totaling USD 52.4 billion. At the same time, the structure of financing in 2025 differed significantly from that of previous years: more than 70% of the support was provided under the ERA Loans mechanism, which envisages the use of proceeds generated from frozen Russian assets to service the corresponding obligations [20; 21].

In 2022, the share of grants was the highest, at 45.8%, which played an important role in reducing the debt burden during the first year of the full-scale war. In 2023–2024, the grant component remained significant but gradually declined to 27.4% and 27.8%, respectively. In 2025, the share of grants fell sharply to 1.3%, which is explained by the predominance of the ERA Loans mechanism and credit-based budget support. Therefore, in the long term, the issues of debt sustainability and the efficient use of external resources are becoming increasingly important [19; 20].

Table 3

External Budget Financing of Ukraine in 2022–2025, USD billion

Year	Concessional loans and other credit financing	Grants	ERA Loans / financing backed by extraordinary revenues from immobilised Russian sovereign assets [20]	Total	Share of grants in the total amount, % [19]
2022	16.862	14.224	-	31.086	45.8
2023	30.855	11.621	-	42.476	27.4
2024	29.090	11.572	1.000	41.662	27.8
2025	13.782	0.670	37.930	52.382	1.3
Total	90.589	38.087	38.930	167.606	22.7

Source: compiled by the authors based on the Ministry of Finance of Ukraine [21]

International financial assistance not only compensated for the shortfall in domestic revenues but also enabled the state to finance social and humanitarian expenditures in a timely manner. The Ministry of Finance of Ukraine explicitly notes that international support in 2025 made it possible to fully finance key social and humanitarian expenditures, including pension payments, salaries of employees in the education and healthcare sectors, social protection of the population, and humanitarian programmes. Thus, external budget support effectively performed the function of a financial stabiliser for social infrastructure.

As shown in Table 4, the European Union was the leading source of external budget financing in 2022–2025, with the total volume of support amounting to approximately USD 56.9 billion. The United States, the IMF, Japan, the World Bank, and Canada also played a significant role. The ERA Loans mechanism should be highlighted separately, since in 2025 it became the largest source of budget support and effectively changed the structure of external financing [20; 9].

The Ukraine Facility programme for 2024–2027 is of particular importance for combining budget support with recovery objectives. The total volume of the programme amounts to EUR 50 billion, of which EUR 38.27 billion is envisaged as direct support to the state budget, while an investment component is also provided to mobilise public and private investment. In 2025, Ukraine received USD 12.1 billion under the Ukraine

Facility, of which approximately USD 669 million was provided in the form of grants. This indicates that international assistance is gradually acquiring not only a stabilisation function but also an investment- and recovery-oriented character [6; 7; 31].

Table 4

Main International Partners and Financing Mechanisms of External Budget Financing for Ukraine in 2022–2025

Partner / Financing Mechanism	Amount in 2022–2025, USD billion	Brief Description of Financing
European Union	56.935	Concessional loan and grant financing, including macro-financial assistance and the Ukraine Facility [6; 7; 31].
ERA Loans [20]	38.930	G7 mechanism using proceeds generated from frozen Russian assets [20].
United States	30.240	Predominantly grant support provided through World Bank mechanisms and directed toward social and humanitarian needs.
IMF [9]	13.357	Loan financing under the Extended Fund Facility programme and related mechanisms.
Japan	8.980	Concessional loans and grants, including financing provided through World Bank projects.
World Bank	6.020	Loan and grant financing for programmes in healthcare, education, public finance, and private-sector support.
Canada	5.405	Concessional loan financing for the state budget.
United Kingdom	3.034	Guarantees and related budget support.
Germany	1.687	Predominantly grant support and targeted assistance.
Other partners	3.018	Norway, Council of Europe Development Bank (CEB), European Investment Bank (EIB), France, Italy, the Netherlands, Spain, other countries and institutions.

Source: compiled by the authors based on the Ministry of Finance of Ukraine [21]. Totals may differ slightly due to rounding

Certain programmes of international partners were directly linked to social infrastructure. Thus, in 2022, under the PEACE in Ukraine project implemented through World Bank mechanisms, Ukraine received UAH 495.2 billion in external financing to cover priority expenditures,

including pension payments, assistance to internally displaced persons, housing subsidies, childbirth benefits, as well as salaries of healthcare workers, school teachers, and academic staff of higher education institutions. This confirms that international support was directed not only toward covering the overall budget deficit but also toward ensuring the functioning of key social services [15].

At the same time, dependence on international assistance creates certain risks. The main risks include the dependence of budget stability on decisions made by external partners, the need to comply with financing conditions, the risk of delays in the receipt of funds, an increase in the debt burden in the case of loan-based support, as well as the need to ensure a high level of transparency and accountability in the use of resources. Therefore, an important objective of state budget policy is to gradually strengthen the domestic revenue base of the budget, improve expenditure management, and ensure the effectiveness of every budget programme related to recovery.

To provide a more in-depth assessment of the role of international assistance in financing the recovery of the economy and social infrastructure, it is appropriate to distinguish three interrelated components: state budget support, humanitarian financing, and targeted recovery programmes.

Budget support was provided either directly to the state budget or through the mechanisms of the World Bank, the European Union, the IMF, and other partners and was used to cover priority non-military expenditures. Humanitarian assistance was largely channelled through UN agencies, international organisations, and humanitarian funds. Targeted recovery programmes were related to housing, energy, transport, healthcare, education, social protection, business support, and public investment management [9].

In 2022–2025, international support performed not only the function of covering the state budget deficit but also the function of stabilizing the social and humanitarian sectors. Under conditions in which domestic state revenues were largely directed to the security and defence sector, funds from international partners made it possible to finance pension payments, assistance to internally displaced persons, housing subsidies, social benefits, remuneration of employees in the education and healthcare sectors, as well as the implementation of individual recovery projects.

Table 5

International Budget and Humanitarian Financing of Ukraine in 2022–2025

Year	External Budget Financing	Humanitarian Financing Recorded by OCHA FTS [23; 24; 25; 26]	Main Focus of Support
2022	approximately USD 31.1 billion; in 2022, UAH 495.2 billion of priority expenditures were financed through PEACE in Ukraine [15].	USD 4.55 billion in total humanitarian financing	Emergency budget stabilisation; pensions, social benefits, support for internally displaced persons, housing subsidies, salaries of healthcare workers and educators
2023	USD 42.6 billion, including USD 11.5 billion in grants [16].	USD 3.61 billion in total humanitarian financing	Regular budget support; financing of social protection, education, healthcare, humanitarian needs; initial strengthening of the recovery component
2024	more than USD 41 billion in budget support; according to the Ministry of Finance – USD 41.7 billion in external financing [17].	USD 2.66 billion in total incoming humanitarian financing	Full coverage of social and humanitarian expenditures through partner support; development of projects in housing, healthcare, education, agriculture, and the private sector
2025	USD 52.4 billion, of which more than 70% was provided through ERA Loans; USD 12.1 billion from the EU under the Ukraine Facility [6; 7; 31; 20].	USD 1.86 billion in total humanitarian financing	Stronger linkage between budget support and recovery; roads, bridges, public investment, social protection, internally displaced persons, education, and healthcare

Source: compiled by the authors based on the research materials

In 2022, international assistance was predominantly of an emergency stabilisation nature. The main objective of partner support was to prevent disruptions in the financing of essential social expenditures amid a sharp

decline in economic activity, the loss of part of the budget revenue base, and rising military expenditures. An important role was played by the World Bank's PEACE in Ukraine project, through which priority expenditures amounting to UAH 495.2 billion were financed in 2022. According to the Ministry of Finance of Ukraine, these funds were directed, in particular, to pensions for more than 9 million pensioners, assistance to internally displaced persons, housing subsidies, childbirth benefits, as well as remuneration of healthcare workers, school teachers, and academic staff of higher education institutions [15].

Thus, in 2022, international financing was not primarily directed toward conventional post-war reconstruction. Its main purpose was to preserve the social function of the state, support the population, and ensure a minimum level of stability of the budget system. At the same time, such support created the preconditions for a subsequent transition to more systematic recovery measures, since without stable financing of social payments, healthcare, and educational services, the state would not have been able to ensure basic social resilience.

In 2023, external financing became more regular and systematic. The State Budget of Ukraine received USD 42.6 billion in external financing, of which USD 11.5 billion was provided in the form of grants, accounting for approximately 27% of the total amount. The largest partners were the European Union, the United States, the IMF, Japan, Canada, the United Kingdom, and the World Bank. The Ministry of Finance of Ukraine emphasised that the funds attracted made it possible to cover priority expenditures, including pensions, salaries of employees in the education and healthcare sectors, social protection, and humanitarian support [16; 9].

In economic terms, 2023 can be regarded as a transitional year. International assistance continued to perform a stabilisation function, while at the same time becoming increasingly linked to early recovery needs. Japan, for example, financed World Bank projects related to social protection, agricultural recovery, housing repairs, and healthcare. This indicates a gradual expansion of international support from covering current social expenditures toward financing sectors that directly affect economic activity and the quality of life of the population.

In 2024, Ukraine attracted more than USD 41 billion in budget support from international partners. The Ministry of Finance explicitly stated that

international support made it possible to fully cover social and humanitarian expenditures, while all domestic financial resources were directed to the security and defence sector. The largest partners were the European Union, the United States, the IMF, Japan, the World Bank, Canada, the United Kingdom, Norway, the Republic of Korea, the Council of Europe Development Bank, and Spain [17; 9].

A distinctive feature of 2024 was the strengthening of the project-oriented nature of international financing. The United States provided substantial grant support through PEACE in Ukraine to compensate for social expenditures, while Japan financed a number of World Bank projects, including SURGE for recovery and public investment management, ARISE for agricultural development, RISE for private sector support, THRIVE for healthcare, LEARN for improving the educational process, HOPE for compensating homeowners for repairs to damaged apartments and houses, and HEAL Ukraine to support the medical guarantees programme [17].

Thus, in 2024, international assistance increasingly acquired not only a compensatory but also a recovery-oriented character. It remained essential for maintaining social stability, while simultaneously being directed toward areas that form the foundation of post-war development: human capital, housing, healthcare, education, the private sector, agricultural production, and the public investment system.

In 2025, international financing for Ukraine increased to USD 52.4 billion. The largest share consisted of funds provided under the ERA Loans mechanism, amounting to USD 37.9 billion, or more than 70% of total external financing. In addition, Ukraine received USD 12.1 billion from the EU under the Ukraine Facility, USD 912 million from the IMF, USD 733 million from the World Bank, approximately USD 454 million from Japan, and USD 232 million from the Council of Europe Development Bank [6; 7; 31; 20; 9].

In 2025, the link between international assistance and recovery became significantly stronger. Japan provided USD 453 million through three World Bank projects: DRIVE – USD 190 million to strengthen the resilience of the national road network, modernize infrastructure, and restore bridges; SURGE – USD 183 million to develop the public investment management system under wartime and post-war recovery conditions; and RISE – USD 80 million to address constraints to resilience, growth, and private

sector development. The Council of Europe Development Bank financed payments to internally displaced persons, including support for housing, food, healthcare, and children's education.

The Ukraine Facility is of particular importance as an EU financial instrument for 2024–2027 with a total volume of EUR 50 billion. Its first pillar provides EUR 38.27 billion in direct budget support, including EUR 33 billion in concessional loans and EUR 5.27 billion in grants. At the same time, 20% of the grant funding under the first pillar is to be allocated to regional needs, while the financing cannot be used to cover military expenditures. This makes the Ukraine Facility one of the key instruments for financing not only current budgetary stability, but also recovery, modernisation, and European integration reforms [6; 7; 31].

Alongside budget support, humanitarian assistance also played an important role. Although it was not always channelled through the state budget, it directly contributed to the social resilience of the population. According to the OCHA Financial Tracking Service, total humanitarian financing for Ukraine amounted to USD 4.55 billion in 2022, USD 3.61 billion in 2023, USD 2.66 billion in 2024, and USD 1.86 billion in 2025. Thus, during the analysed period, humanitarian financing gradually declined, which increased the need to prioritize assistance for the most vulnerable groups of the population and frontline territories [23; 24; 25; 26].

The humanitarian component included food assistance, support for internally displaced persons, water, sanitation and hygiene services, medical assistance, educational support, child protection, psychological assistance, support for older persons, and assistance to other vulnerable groups. Unlike budget support, these funds were mainly implemented through UN agencies, international non-governmental organisations, humanitarian funds, and local partner organisations. However, in economic terms, they complemented public expenditure by reducing pressure on social infrastructure and supporting populations affected by the war.

The data presented in Table 7 show that even with substantial international support, Ukraine's recovery needs remain significantly higher than the resources currently available. In 2025, the largest sectoral financing gaps persisted in energy and mining and in housing, reflecting the extensive destruction of energy infrastructure and residential property. Social sectors – education and science, health, and social protection – also

required substantial additional financing because they directly affect human capital, access to essential services, and quality of life.

Table 6

Key Partners and Mechanisms of International Financing for Ukraine in 2022–2025

Year	Main Partners / Mechanisms	Amount of Financing	Allocation / Purpose
2022	World Bank, United States, EU, United Kingdom, Germany, Spain, Finland, Ireland, Switzerland, and other PEACE donors [15].	UAH 495.2 billion through PEACE; total external financing – approximately USD 31.1 billion [15].	Pensions, support for internally displaced persons (IDPs), subsidies, social assistance, and salaries of healthcare and education workers
2023	EU, United States, IMF, Japan, Canada, United Kingdom, World Bank [9].	USD 42.6 billion, including USD 11.5 billion in grants [16].	Social protection, humanitarian support, education, healthcare, agricultural recovery, and housing repairs
2024	EU, United States, IMF, Japan, World Bank, Canada, United Kingdom, Norway, Republic of Korea, Council of Europe Development Bank (CEB) [9].	More than USD 41 billion; according to separate data from the Ministry of Finance – USD 41.7 billion [17].	Coverage of social and humanitarian expenditures, housing, healthcare, education, agriculture, the private sector, and public investment
2025	ERA Loans, EU / Ukraine Facility, IMF, World Bank, Japan, Council of Europe Development Bank [6; 7; 31; 20; 9].	USD 52.4 billion, including USD 37.9 billion under ERA Loans and USD 12.1 billion under the Ukraine Facility [6; 7; 31; 20].	Social expenditures, support for IDPs, the road network, bridges, public investment, the private sector, and regional recovery

Source: compiled by the authors based on the research materials

Thus, an analysis of international financing by year demonstrates a gradual change in its functional role. In 2022, it was predominantly emergency, stabilisation-oriented, and humanitarian in nature; in 2023, it became more regular and predictable; in 2024, it increasingly combined

budget support with recovery projects; and in 2025, the key mechanisms were ERA Loans, the Ukraine Facility, and World Bank projects aimed at infrastructure, social protection, support for internally displaced persons, public investment, and the private sector. Therefore, in 2022–2025, international assistance became not only a source of financing for the state budget deficit, but also an important financial basis for supporting social infrastructure, humanitarian resilience, and Ukraine's gradual post-war recovery [6; 7; 31; 20].

Table 7

Ukraine's Recovery and Reconstruction Priorities for 2025 According to RDNA4

Recovery Area	2025 Need, USD million	Available Financing, USD million	Financing Gap, USD million
Total recovery and reconstruction priorities in 2025	17,320	7,370	9,960
Public investment projects	11,880	5,460	6,430
Priority non-investment programmes	5,440	1,910	3,530
Housing	4,025	608	3,417
Education and science	1,225	465	760
Health	860	317	543
Social protection and livelihoods	2,020	1,449	571
Energy and mining	4,802	1,292	3,510
Transport	2,992	2,262	730
Water supply and sanitation	730	541	189
Emergency response and civil protection	78	43	35
Explosive hazards management	236	31	205

Source: compiled by the authors based on RDNA4 [38]. Note: USD 352 million in fully funded multi-sectoral priorities is included in the overall total but is not allocated to the sector rows

In summary, during 2022–2025 the State Budget of Ukraine became the principal financial mechanism for supporting the economy, social infrastructure, and priority recovery measures. Its role was reflected in financing defence, social protection, education, healthcare, regional

support, capital expenditures, and the restoration of critical infrastructure. At the same time, the scale of destruction and reconstruction needs significantly exceeded the state's domestic financial capacity, which made international financial assistance critically important. It is the combination of budgetary resources, grants, concessional loans, investment instruments, and technical assistance that forms the financial basis for the post-war recovery of Ukraine's national economy and social infrastructure.

3. Problems of Financing Recovery

Budget financing for the recovery of Ukraine's national economy and social infrastructure under wartime and post-war challenges is complex and systemic in nature. The problems associated with it are related not only to the shortage of financial resources but also to the need to simultaneously ensure the country's defence capability, social stability, support for critical infrastructure, fulfilment of debt obligations, continuation of reforms, and preparation for post-war modernisation. Under such conditions, the state budget remains the central financial instrument of recovery; however, its capacity is limited compared with the scale of the tasks facing the state.

Current analytical assessments for 2025–2029 indicate that the challenge of financing recovery is gradually shifting from the stage of emergency support to the stage of medium-term budget planning, institutional capacity building, and prioritisation of public investment. According to an updated assessment by the World Bank, the Government of Ukraine, the European Commission, and the United Nations, published in 2026, the total cost of Ukraine's recovery and reconstruction is now estimated at nearly USD 588 billion over the next decade. This indicates an increase in needs compared with the RDNA4 assessment, which estimated recovery needs at USD 524 billion as of the end of 2024. Thus, each additional year of war not only increases physical destruction but also complicates budget planning, as the volume of needs is growing faster than the capacity of domestic financing [38; 39].

A key challenge for the state budget is the mismatch between the scale of recovery needs and the resources available. In 2025, the Government of Ukraine, together with donors, allocated USD 7.37 billion to priority recovery areas, including housing, education, healthcare, social protection, energy, transport, water supply, demining, and civil protection.

At the same time, the financing gap for recovery needs in 2025 remained at USD 9.96 billion. This proportion demonstrates that even substantial international inflows are insufficient to cover priority reconstruction needs, forcing the state budget to operate under conditions of strict prioritisation among the most essential areas of financing.

Expenditure pressures on the state budget are intensified by the fact that a significant share of resources is directed to the security and defence sector. This is an objective prerequisite for preserving statehood, but at the same time it restricts fiscal space for civilian recovery, capital expenditures, and long-term investment in social infrastructure. Analysis by the European Parliament in 2026 emphasises that, if the war continues, the need for military and financial assistance to ensure defence and basic public services will remain dominant, while large-scale reconstruction is considered rational mainly after the end of the active phase of the war; during wartime, priority should be given to repairs of energy, transport, and social infrastructure [2].

Dependence on international financial assistance has become one of the defining features of Ukraine's budget policy. In 2025, the Ministry of Finance of Ukraine attracted USD 52.4 billion in external financing, with more than 70% of this amount provided through the ERA Loans mechanism linked to proceeds generated from frozen Russian assets. Such financing helps maintain budgetary capacity; however, it creates risks associated with dependence on decisions by external partners, political cycles in donor countries, delays in meeting programme conditions, and possible changes in access to financial resources [20].

The medium-term horizon of 2026–2029 further increases the relevance of this problem. According to the IMF's first review of the new Extended Fund Facility arrangement, published in July 2026, Ukraine's cumulative baseline financing gap for 2026–2029 increased to USD 140.3 billion, including USD 55.4 billion in 2026. The four-year EFF arrangement approved in 2026 amounts to approximately USD 8.1 billion and is intended not only to provide direct IMF financing but also to catalyse broader official support. This means that budget financing for recovery in the coming years will depend on Ukraine's ability to fulfil reform commitments, maintain partners' confidence, and preserve macro-financial discipline [22; 46].

The debt burden represents another significant constraint. A substantial share of external support is provided in the form of concessional loans.

Although these are more favourable than market-based borrowing, they still create future debt obligations. In this context, the problem does not lie in borrowing itself, but in the need to ensure a financing structure that does not undermine the state's long-term solvency. I. O. Lunina emphasises that public finance should be assessed not only from the perspective of covering current expenditures but also in terms of long-term sustainability and the state's capacity to support economic growth [14].

The quality of expenditure prioritisation remains a serious problem. Recovery requires financing for housing, energy, transport, education, healthcare, social protection, water supply, demining, business support, and local communities. Each of these areas is important; however, available budgetary resources do not make it possible to finance them all in full simultaneously. The risk is that, in the absence of a clear project selection methodology, resources may be directed away from those areas where the expected socio-economic impact is greatest. For this reason, Ukraine is gradually reforming its public investment management system, while the Ukraine Plan under the Ukraine Facility defines the principles of integrity, accountability, sustainability, subsidiarity, efficiency, and transparency in the recovery process [6; 7; 31].

The institutional capacity of the state and territorial communities constitutes a separate systemic challenge. Large-scale recovery is impossible without high-quality project preparation, reliable needs assessment, transparent procurement, digital monitoring, independent auditing, and coordination among central government authorities, local self-government bodies, international financial institutions, donors, and the private sector. Studies of the reform of Ukraine's public investment management system demonstrate that the main barriers continue to include institutional fragmentation, a shortage of well-prepared projects, limited managerial capacity, and the need to adapt European practices to national conditions [30].

The territorial unevenness of recovery needs also complicates budget financing. The greatest burden falls on communities that have suffered direct destruction, are located close to the frontline, or have received large numbers of internally displaced persons. At the same time, the financial capacity of such communities is often lower due to the loss of the tax base, destruction of enterprises, reduced employment, and increased social needs.

This creates a need for differentiated interbudgetary transfers, targeted subventions, compensation mechanisms, and a stronger role for the local level in determining recovery priorities.

Another important problem is the risk of inefficient or non-transparent use of funds. Recovery involves a large number of financing sources, including the state budget, local budgets, grants, concessional loans, funds from international organisations, private investment, and charitable assistance. Such a multi-channel financing structure increases the risks of programme duplication, fragmentation of resources, weak coordination, and difficulties in oversight. Scholars I. Ya. Chuhunov and V. D. Makohon emphasise that under conditions of uncertainty, fiscal and tax policy should ensure adaptability, macroeconomic stability, and effective use of financial resources [5].

An additional challenge is the conditional nature of international support. The Ukraine Facility for 2024–2027 provides up to EUR 50 billion in stable and predictable financial support, of which EUR 38.27 billion constitutes direct support to the state budget. However, access to these funds is linked to the implementation of reforms set out in the Ukraine Plan, as well as compliance with requirements concerning transparency, the rule of law, public investment management, and anti-corruption measures. Therefore, the state's budgetary capacity in 2025–2029 will depend not only on decisions made by international partners but also on the domestic quality of reforms [6; 7; 31].

Taken together, these problems demonstrate that budget financing for recovery should be viewed as a comprehensive system of risks, constraints, and opportunities. It is appropriate to summarize them in the form of an analytical matrix showing the nature of the main problems, their impact on recovery, and possible management priorities.

The systematisation of the problems presented in Table 8 confirms that the main constraint on budget financing for recovery lies in the combination of resource shortages, a high wartime expenditure burden, and the institutional complexity of project implementation. Recovery cannot be made effective solely by increasing the volume of financing. Equally important are the quality of governance, project prioritisation, the capacity of territorial communities, transparency of procedures, and the state's ability to maintain the confidence of international partners.

Table 8

Key Problems of Budget Financing for Ukraine's Recovery in the Medium Term, 2025–2029

Problem	Nature of the Problem	Consequences for Recovery	Management Priority
Gap between needs and resources	Recovery needs are estimated at hundreds of billions of US dollars, while available financing covers only part of the priorities.	Postponement of some projects, competition among sectors, and the risk of deepening infrastructure losses.	Strict prioritisation, project selection based on socio-economic impact, and concentration of resources on critical needs.
High expenditure pressure	Predominance of defence and security needs in the budget structure.	Constraints on capital expenditures and civilian recovery during the active phase of the war.	Combining short-term repairs with the preparation of long-term reconstruction projects.
Dependence on external financing	Key role of the EU, IMF, G7, World Bank, ERA Loans, and other partners [20; 9].	Risks of delays in disbursements, political conditionality of support, and instability of medium-term planning.	Diversification of funding sources, implementation of reforms, and strengthening of the domestic revenue base.
Debt risks	Part of the support is provided in the form of concessional loans.	Growth of future government liabilities and restrictions on fiscal space after the war.	Preference for grants and concessional financing, and monitoring of debt sustainability.
Institutional capacity	Insufficient quality of project preparation, fragmented governance, and weak coordination.	Slow absorption of funds, risk of low-quality projects, and loss of partners' confidence.	Reform of public investment management, digital monitoring, and unified project selection criteria.
Territorial disparities	Different levels of destruction and financial capacity among territorial communities.	Unequal access to resources and deepening regional disparities.	Targeted subventions, consideration of destruction indices, and community participation in prioritisation.
Transparency and oversight	The multi-channel financing structure complicates auditing and monitoring.	Risks of duplication, misuse of funds, and low effectiveness.	Open project registries, auditing, public reporting, and evaluation of budget programme results.

Source: compiled by the authors based on the research materials

For a comprehensive assessment of the problems of budget financing, it is appropriate to use a SWOT model. It makes it possible not only to identify weaknesses but also to demonstrate the potential that can be used to improve the efficiency of financing recovery.

Table 9

SWOT Model of Budget Financing for the Recovery of Ukraine's National Economy and Social Infrastructure

Strengths	Weaknesses
A functioning budget system even under martial law. The capacity of the state budget to finance defence, social protection, education, healthcare, and essential public services. Established cooperation with the EU, the IMF, the World Bank, the G7, and other partners. The availability of programme-based support mechanisms, including the Ukraine Facility, ERA Loans, PEACE in Ukraine, and World Bank instruments. The gradual implementation of public investment management reforms and digital monitoring tools.	A substantial state budget deficit and a limited domestic revenue base. High dependence on external financing. Debt risks resulting from the significant share of loan-based support. Insufficient institutional capacity for the rapid preparation and implementation of high-quality projects. Risks of programme duplication, weak coordination, and uneven financing across regions.
Opportunities	**Threats**
Attracting long-term international support in 2025–2029. Using the Ukraine Facility to combine budget support, reforms, and investment. Mobilising resources from frozen Russian assets. Developing the Ukraine Investment Framework and public-private partnerships. Strengthening the role of territorial communities in determining recovery priorities. Increasing transparency through digital platforms, open registries, and audits The updated IMF programme framework for 2026–2029 provides an additional anchor for mobilising official financing [46].	Continuation of the war and further destruction of infrastructure. Recovery needs growing faster than the volume of available resources. Delays or reductions in external assistance due to political changes in partner countries. Deterioration of debt sustainability. Corruption risks, inefficient procurement, and low effectiveness of individual programmes. Deepening territorial disparities in the event of uneven allocation of resources.

Source: compiled by the authors based on the research materials

The SWOT model shows that budget financing for Ukraine's recovery has considerable potential, but its realisation depends on the state's ability to transform international support into effective projects. The main strengths

remain the functionality of the budget system, the confidence of international partners, and the availability of major financial instruments. The weaknesses are associated with the budget deficit, debt risks, institutional fragmentation, and the uneven distribution of needs among territorial communities.

The opportunities of the medium-term period 2025–2029 are related to the expansion of financing instruments. The Ukraine Facility provides predictable support through 2027, the new IMF programme for 2026–2029 is expected to catalyse broader financing from international partners, and mechanisms linked to revenues generated from frozen Russian assets may become an important source for covering budgetary needs. At the same time, these opportunities do not eliminate the risks: the duration of the war, further destruction, potential delays in assistance, and the debt burden may significantly constrain the pace of recovery [6; 7; 31; 20; 46].

In view of current analytical assessments, budget financing for recovery in 2025–2029 should develop according to a model combining three components. The first component is related to ensuring current social and humanitarian expenditures, without which social stability is impossible. The second component covers the rapid restoration of critical infrastructure, primarily energy, transport, housing, education, healthcare, and water supply. The third component involves the preparation of high-quality investment projects for post-war modernisation, the attraction of private capital, and Ukraine's integration into the European economic area.

Thus, the problems of budget financing for the recovery of the national economy and social infrastructure are not only financial but also managerial in nature. The most significant challenges remain the gap between needs and resources, high dependence on external financing, expenditure pressure on the budget, debt risks, insufficient institutional capacity, territorial disparities in recovery needs, and the risks of inefficient use of funds. Addressing these problems requires strengthening the domestic revenue base, improving public investment management, ensuring transparent project prioritisation, more active involvement of territorial communities and the private sector, and maintaining the confidence of international partners through reforms, accountability, and the effective use of every hryvnia of budget funds.

OECD assessments confirm that insufficient integration of public investment with medium-term budget planning, limited project preparation capacity, and weak execution of investment expenditures reduce the

effectiveness of recovery. Therefore, public investment management reform should cover the entire project cycle – from preliminary selection and appraisal to financing, audit, and verification of achieved results [27].

4. Directions for Improving Efficiency

Improving the efficiency of using state budget funds and international assistance in the process of Ukraine's post-war recovery requires not so much an increase in the number of individual programmes as the creation of an integrated financial architecture for reconstruction. This involves coordinating budget planning, special funds, international instruments, local budgets, private investment, and digital monitoring within a unified recovery management system. Such a system should ensure not only the financing of projects but also measurable economic and social outcomes.

A distinctive feature of recovery financing in Ukraine is the mixed nature of its resource base. The state budget remains the primary coordinator of financial flows; however, actual reconstruction capacity depends on combining domestic revenues, balances and receipts of the special fund, international budget support, grants, concessional loans, extraordinary revenues generated by immobilised Russian sovereign assets, resources of international financial institutions, and private capital. Therefore, the effectiveness of recovery is determined not only by the amount of resources mobilised but also by the quality of the mechanisms used to allocate them.

The Ukrainian financing model has another important feature: under martial law, a significant share of the state budget's own revenues is directed to the security and defence sector, while civilian, social, and recovery-related areas are supported to a considerable extent by international partners and special mechanisms. This objectively increases the requirements for transparency, prioritisation, and accountability, since external resources cannot compensate for shortcomings in public project management.

In this context, improving efficiency should be viewed as a transition from allocating funds according to formal budget appropriations toward managing a portfolio of recovery projects. Each project should have a verified need, a justified cost estimate, an identified source of financing, a designated implementing entity, realistic deadlines, performance indicators, and a mechanism for the subsequent maintenance of the created or restored facility.

For Ukraine, the availability of state and public funds and mechanisms that are already used or have been established to finance post-war recovery is particularly important. They differ in their legal nature, sources of funding, and designated purposes; however, taken together, they form the financial infrastructure for reconstruction.

The mechanisms presented above should not operate in isolation. Their effectiveness depends on the extent to which planning, project selection, allocation of funds, procurement, implementation of works, reporting, and auditing are coordinated. If each fund or programme develops its own logic for distributing resources, this creates risks of duplication, uneven territorial financing, and loss of overall manageability of the recovery process.

The Fund for the Elimination of the Consequences of Armed Aggression is one of the most illustrative examples of a special budgetary recovery mechanism. Its importance lies in the fact that it is directly linked to the consequences of the war and has a clearly targeted purpose. In 2023, the Ministry of Finance reported that UAH 35.5 billion had been allocated to this fund in the State Budget of Ukraine, with resources directed toward the construction, reconstruction, restoration, and capital repair of public buildings, civil protection shelters, critical infrastructure, as well as housing for internally displaced persons and citizens who had lost their homes as a result of the war [47].

At the same time, data from the Accounting Chamber audit show that the actual financial scale of the fund in 2023 was significantly broader than initially envisaged in the budget. According to the audit results, UAH 61.9 billion was accumulated in the fund in 2023, of which the Cabinet of Ministers of Ukraine allocated UAH 56.6 billion, or 91.4%. Actual cash expenditures amounted to only UAH 38.1 billion, while accounts receivable at the end of the year reached UAH 13.6 billion. This indicates that the problem of efficiency concerns not only the availability of resources but also the ability to transform budget appropriations rapidly and effectively into completed recovery outcomes [1].

The audit also identified significant management shortcomings, including insufficient transparency in the allocation of funds, discretionary procedures, the absence of clearly defined objectives and results, the lack of a unified prioritisation methodology at the time when a substantial share of resources was distributed, and weak monitoring of resource utilisation.

Table 10

Financial and Institutional Mechanisms Supporting Ukraine's Recovery

Fund / Mechanism	Legal and Organisational Nature	Sources of Funding	Main Purpose for Recovery
Fund for the Elimination of the Consequences of Armed Aggression	A special fund within the State Budget of Ukraine	Special fund resources, balances carried over from previous years, proceeds from seized or sanctioned assets, and other revenues specified by law	Financing compensation for damaged/destroyed housing, completion of recovery projects, and restoration of critical and social infrastructure
Fund for the Restoration of Destroyed Property and Infrastructure	An account for accumulating voluntary contributions for recovery	Voluntary contributions from individuals and legal entities, funds in national and foreign currencies	Financing the restoration of property and infrastructure damaged as a result of hostilities, terrorist acts, and sabotage
Reserve Fund of the State Budget	A budget mechanism for an immediate response to unforeseen events	State budget funds	Emergency financing of urgent reconstruction, elimination of the consequences of emergencies, and crisis response
State Fund for Regional Development	An instrument for supporting regional development	State budget funds	Financing regional development projects and the social, municipal, and economic infrastructure of territorial communities
eRecovery	A state compensation programme for damaged or destroyed housing	State budget funds, the Fund for the Elimination of the Consequences of Armed Aggression, and international assistance	Compensation to citizens for repairing damaged housing or purchasing new housing to replace destroyed property
Ukraine Facility [6; 7; 31]	A European Union financial instrument for Ukraine for 2024–2027	Budget support, grants, concessional loans, investment instruments, and EU technical assistance	Supporting the state budget, reforms, investment, European integration, and recovery
Ukraine Investment Framework	The investment component of the Ukraine Facility [6; 7; 31]	Guarantees, grants, blended finance, resources of international financial institutions, and private-sector capital	Mobilising public and private investment for reconstruction and modernisation

Fund / Mechanism	Legal and Organisational Nature	Sources of Funding	Main Purpose for Recovery
United States–Ukraine Reconstruction Investment Fund [45]	A bilateral investment fund established by Ukraine and the United States	Capital contributions, reinvested returns, and agreed shares of future revenues associated with eligible new natural-resource projects under the bilateral framework	Mobilising long-term investment for reconstruction and economic recovery, including infrastructure and eligible natural-resource projects
DREAM [4]	A digital ecosystem for public investment management and recovery projects	It is not a fund but provides project registration, selection, monitoring, and transparency	Coordination, transparency, accountability, analytics, and public oversight of recovery projects

Source: compiled by the authors based on the research materials and [3; 4; 6; 7; 31; 33; 45]

These findings are fundamentally important for developing directions for improving efficiency, since they demonstrate that the existence of a special fund alone does not guarantee effective recovery without proper selection, control, and evaluation procedures.

In 2025, the procedure for using the fund's resources was amended by Resolution of the Cabinet of Ministers of Ukraine No. 180 of 21 February 2025. The amendments provided that the fund, as a component of the special fund of the State Budget, is used to address the humanitarian, social and economic consequences of the Russian Federation's armed aggression, with resources directed primarily toward compensation for destroyed or damaged residential property and the completion of projects financed in previous budget periods. The procedure was subsequently updated in 2026; therefore, the analysis in this section distinguishes the 2025 amendments from the current regulatory framework. This change in approach strengthened the fund's social and housing orientation and reduced the scope for financing new, insufficiently prepared projects [3].

According to the Ministry for Development of Communities and Territories of Ukraine, in 2025 the fund's resources are to be used for two main purposes: compensation to individuals whose homes were destroyed or damaged, and completion of projects that had already been launched and financed through the fund but require additional financing.

This model is more manageable, as it reduces the risk of including new, insufficiently prepared projects and concentrates resources on socially sensitive areas.

Independent analysis by Fiscal Center supplements official data by structuring actual recovery expenditures financed through the fund in 2023–2025. According to the open dataset, it covers 11,118 transactions, 19 regions, 71 responsible authorities, and UAH 29.724 billion in verified expenditures. The Fiscal Center interactive dashboard records UAH 48.1 billion in planned financing, UAH 29.7 billion in utilised funds, 629 facilities, and 18 regions; however, these indicators do not include expenditures on critical infrastructure, the eRecovery programme, or the security and defence sector. Therefore, these data should not be treated as comprehensive budget reporting, but rather as a tool for assessing the transparency and actual implementation of individual recovery projects [8].

The analysis of financing through the Fund for the Elimination of the Consequences of Armed Aggression makes it possible to identify several management-related conclusions. The fund is a necessary instrument of targeted budget financing for recovery, but its effectiveness depends on the transparency of procedures and the capacity of spending units to bring projects to completion. The main problem is not the existence of the fund itself, but the weakness of its institutional support: the absence of a comprehensive prioritisation methodology at the initial stage, risks of discretionary allocation, significant advance payments, accounts receivable, and an insufficient link between allocated resources and actual outcomes.

To improve the efficiency of using the fund's resources, it is advisable to apply a unified digital management approach through DREAM. Projects applying for financing should contain data on the damage incurred, justification of the need, cost estimates, the level of project documentation readiness, expected social impact, sources of co-financing, implementation deadlines, and the responsible contracting authority. This would help prevent the financing of facilities that are not directly related to the consequences of the war or do not correspond to recovery priorities [4].

Table 11

Analytical Characteristics of Financing of the Fund for the Elimination of the Consequences of Armed Aggression

Period / Data Source	Indicator	Amount	Purpose / Coverage	Analytical Conclusion
2023, Ministry of Finance [47]	Funding envisaged in the State Budget	UAH 35.5 billion [47]	Restoration of public buildings, protective structures, critical infrastructure, housing for IDPs and persons who lost their homes	Initial budget planning created a targeted recovery resource, but subsequent accumulation in the fund exceeded the initial appropriations
2023, Accounting Chamber [1]	Accumulated in the fund	UAH 61.9 billion [1]	Fund resources accumulated to eliminate the consequences of aggression	The actual scale of the fund was substantial, but represented only a small share of total recovery needs
2023, Accounting Chamber [1]	Allocated by the Cabinet of Ministers of Ukraine	UAH 56.6 billion, or 91.4% [1]	Allocation among chief spending units and projects	A high allocation rate did not mean full and timely utilisation of the funds
2023, Accounting Chamber [1]	Cash expenditures	UAH 38.1 billion	Actually financed expenditures	The gap between allocations and cash execution indicates problems with project implementation
2023, Accounting Chamber [1]	Accounts receivable	UAH 13.6 billion	Advance payments and outstanding obligations	Requires stronger control over advance payments, work completion deadlines, and contractor accountability
2023–2025, Fiscal Center [8]	Verified expenditures in the open dataset	UAH 29.724 billion; 11,118 transactions	Recovery expenditures across selected sectors and regions	The data are useful for public oversight but have limited coverage and do not replace comprehensive budget reporting

Period / Data Source	Indicator	Amount	Purpose / Coverage	Analytical Conclusion
2023–2025, Fiscal Center dashboard [8]	Plan / utilisation in the dashboard	UAH 48.1 billion planned; UAH 29.7 billion utilised	629 facilities in 18 regions, excluding critical infrastructure, eRecovery, and the security and defence sector	Shows the gap between planning and implementation and the need to strengthen implementation capacity
2025, Cabinet of Ministers Resolution No. 180 [3]	Targeted allocation of funds	Housing compensation and completion of previously launched projects	Social and housing support and completion of projects from previous periods	Concentrating resources improves manageability but requires a clear order of priority and transparent selection

Source: compiled by the authors based on [1; 3; 8; 47]

A separate priority is to tighten controls over advance payments and strengthen financial safeguards. The 2025 amendments introduced the possibility of advance payment for the completion of projects in an amount of up to 30% of the cost of works for a period not exceeding six months. Compared with earlier practices under which advance payments for individual contracts could be substantially higher, this approach provides stronger risk control. To minimise implementation risks, advance payments should be combined with bank guarantees, phased execution of works, milestone-based verification, and automatic public disclosure of contract status [3].

It is also important to ensure regular public reporting on the receipt, allocation, and use of the fund's resources. The regulatory framework provides for periodic reporting by chief spending units to the Treasury and for consolidated reporting on the receipt and use of the fund's resources to the competent public authorities. Given subsequent amendments to the procedure in 2026, reporting requirements should be interpreted according to the current version of the regulatory act. For practical effectiveness, these reports should not only be formally submitted but also published in a machine-readable and analytically convenient format [3].

Overall, the effective use of state budget funds and international assistance in the recovery process should be based on several interrelated

directions: strategic prioritisation of expenditures, integration of funds into the public investment system, digital monitoring, clear accountability of spending units, transparency of procurement, auditing of results, and involvement of communities in identifying needs.

A distinctive feature of financing in Ukraine should be the transition from the logic of restoring what was destroyed to the logic of modernisation-oriented reconstruction. State budget funds and international assistance should be directed not only toward returning facilities to their pre-war condition but also toward ensuring their safety, energy efficiency, accessibility, digital readiness, and resilience to future risks. This approach is particularly important for schools, hospitals, housing, energy facilities, transport infrastructure, and water supply systems.

Improving the efficiency of international assistance requires its integration into the national budget process. Donor resources should not create a parallel management system detached from national and local priorities. International programmes should be linked to medium-term budget planning, the public investment system, regional development strategies, and the DREAM digital ecosystem. This will help avoid project duplication, uneven territorial financing, and loss of control over the overall recovery framework [4].

For the social dimension of recovery, strengthening the targeting of assistance is particularly important. Support for internally displaced persons, households that have lost their homes, veterans, persons with disabilities, children, and other vulnerable groups should be combined with housing programmes, employment measures, retraining, and medical and psychological rehabilitation. Such an approach reduces the population's long-term dependence on transfers and contributes to the restoration of human capital.

Strengthening the capacity of territorial communities also remains an important task. It is at the local level that the actual consequences of destruction and the needs of the population are most clearly visible; however, not all communities have sufficient human and technical capacity to prepare high-quality projects. Therefore, the state should develop methodological support for communities, training in public investment management, standard project solutions, advisory support, and co-financing mechanisms.

Table 12

Directions for Improving the Efficiency of Fund and Recovery Programme Resource Utilisation

Direction	Practical Content	Expected Result
Unified digital coordination	Registration of recovery projects in DREAM, specifying financing sources, implementing entities, deadlines, and expected results [4].	Reduced duplication and improved transparency, traceability and oversight of financing
Financing prioritisation	Directing resources primarily toward housing, critical infrastructure, energy, social facilities, demining, and communities with the greatest losses	Concentration of resources on areas with the greatest social impact
Project selection based on unified criteria	Assessment of projects by readiness level, cost, social impact, risks, and alignment with strategies	Reduced risk of financing random or insufficiently prepared projects
Synchronization of funds and programmes	Coordination of the Fund for the Elimination of the Consequences of Armed Aggression, the Fund for the Restoration of Property, the Ukraine Facility, local budgets, and donor programmes [6; 7; 31].	Comprehensive financing without duplication of sources or gaps in implementation
Public reporting	Regular disclosure of information on the receipt, allocation, and use of funds	Increased trust among citizens, communities, and international partners
Performance control	Assessment not only of the absorption of funds but also of the project's actual impact on the community, the economy, and social infrastructure	Transition from formal financing to measurable outcomes
Private-sector involvement	Use of guarantees, public-private partnerships, risk insurance, and blended finance [33].	Reduced burden on the state budget and increased investment resources

Source: compiled by the authors based on the research materials and [4; 6; 7; 31; 33]

Overall, improving the efficiency of state budget funds and international assistance in Ukraine's recovery requires the systematic integration of medium-term budget planning, special funds, international programmes, public investment management, digital monitoring, community participation, and private-sector involvement. Recovery funds and programmes should operate as elements of a unified financial architecture

in which project selection, financing, implementation, reporting, and audit are linked to measurable results. Digital expenditure control should also align Treasury servicing with public investment registers and DREAM project data; the authors' previous research confirms that the completeness, timeliness, and interoperability of information directly affect the quality of budgetary control and management decisions [29; 40].

CONCLUSIONS

The study examines the role of the state budget in financing the post-war recovery of Ukraine's national economy and social infrastructure. The research established that under conditions of full-scale war, the state budget has acquired particular importance not only as the country's principal financial plan but also as a key instrument for ensuring the resilience of the economy, the social sphere, public services, critical infrastructure, and the creation of financial preconditions for future post-war reconstruction.

In examining the theoretical foundations, it was established that the state budget is the central element of the national financial system through which centralised financial resources are accumulated, allocated, and utilised. Its economic essence lies in the formation of monetary relations among the state, business entities, and the population concerning the mobilisation and use of funds for performing the tasks and functions of the state. The state budget performs distributive, control, regulatory, and stabilisation functions, while under wartime conditions its role increases substantially, since it is through the budget that financing is provided for defence capability, social protection, education, healthcare, support for territorial communities, and priority recovery measures.

The study substantiates that budget financing for the recovery of the national economy and social infrastructure is comprehensive in nature. It is not limited solely to direct expenditures on the reconstruction of destroyed facilities, but encompasses a much broader range of financial instruments, including budget programmes, capital expenditures, interbudgetary transfers, the reserve fund, special funds, public borrowing, international financial assistance, public investment, and public-private partnership mechanisms. This approach makes it possible to view the state budget not only as a source of financing but also as an organisational and financial mechanism for coordinating recovery processes [33].

An analysis of the final annual budget execution reports for 2022–2025 demonstrates a substantial increase in both revenues and expenditures of the State Budget of Ukraine. Revenues rose from UAH 1,787.7 billion in 2022 to UAH 3,841.0 billion in 2025, while expenditures increased from UAH 2,705.7 billion to UAH 5,480.5 billion. Throughout the period, the state budget was executed with a substantial deficit: UAH 914.9 billion in 2022, UAH 1,336.9 billion in 2023, UAH 1,359.4 billion in 2024, and UAH 1,635.8 billion in 2025. These figures confirm a persistent imbalance between budget revenues and expenditures resulting from the exceptional wartime burden on public finances [41–44].

Under wartime conditions, the substantial state budget deficit also reflects the stabilisation role of fiscal policy, as deficit financing enabled the government to maintain critically important expenditures on defence, social protection, healthcare, education, support for internally displaced persons, the functioning of public authorities, and priority infrastructure recovery. At the same time, the persistence of a significant deficit creates risks to debt sustainability, increases Ukraine's dependence on external financing, and limits the state's ability to independently finance large-scale post-war recovery.

International financial assistance played a particularly important role in ensuring Ukraine's budgetary capacity in 2022–2025. The study established that support from international partners not only contributed to covering the state budget deficit but also ensured the financing of social, humanitarian, and recovery-related expenditures. In 2022, international support was predominantly of an emergency stabilisation nature and was directed toward maintaining social payments, pensions, assistance to internally displaced persons, and salaries of employees in the education and healthcare sectors. In 2023, external financing became more systematic and larger in scale, enabling the regular financing of priority expenditures. In 2024, international assistance became increasingly linked to recovery support through individual projects in the areas of housing, education, healthcare, agricultural development, the private sector, and public investment. In 2025, the ERA Loans mechanism, the Ukraine Facility, World Bank projects, as well as financing related to the restoration of roads, bridges, social infrastructure, support for internally displaced persons, and

the development of the public investment management system became particularly important.

The study showed that the State Budget of Ukraine cannot independently provide full financing for post-war recovery. The scale of destruction and reconstruction needs significantly exceeds the state's domestic financial capacity. Therefore, international assistance, grants, concessional loans, guarantees, investment instruments, proceeds from frozen Russian assets, and private capital should be regarded as essential components of the financial architecture of recovery. At the same time, the state budget remains the central coordinator of these processes, since it is through the budget that priorities are determined, resources are allocated, co-financing is ensured, and control over the use of funds is exercised.

The study identified the main problems of budget financing for recovery as the substantial gap between needs and available resources, high dependence on international assistance, debt risks, the limited domestic revenue base of the budget, territorial disparities in the scale of destruction, insufficient financial capacity of individual communities, difficulties in determining financing priorities, and risks of inefficient use of funds. Particular attention should be paid to institutional capacity, since large-scale recovery requires not only the availability of financial resources but also high-quality project management, transparent selection procedures, efficient procurement, digital monitoring, independent auditing, and public reporting.

The SWOT analysis of budget financing for recovery demonstrated that Ukraine's strengths include maintaining the functionality of the budget system under martial law, accumulated experience of cooperation with international partners, the establishment of special funds, and the introduction of digital tools for managing recovery projects. At the same time, the main weaknesses remain the budget deficit, limited domestic revenues, dependence on external financing, high debt risks, and unequal capacity of territorial communities to prepare and implement projects. Opportunities are associated with attracting long-term support from the European Union and international financial institutions, using the Ukraine Facility, the Ukraine Investment Framework, DREAM, proceeds from frozen Russian assets, and developing public-private partnerships. The main threats remain the continuation of the war, further destruction, delays

in international assistance, increasing debt burdens, corruption risks, and uneven recovery across regions.

The study substantiates that Ukraine has already established a number of state and public mechanisms for financing recovery. These include the Fund for the Elimination of the Consequences of Armed Aggression, the Fund for the Restoration of Destroyed Property and Infrastructure, the Reserve Fund of the State Budget, the State Fund for Regional Development, the eRecovery programme, the Ukraine Facility, the Ukraine Investment Framework, the United States–Ukraine Reconstruction Investment Fund and the DREAM digital ecosystem. The importance of these mechanisms lies in their ability to accumulate resources from various sources and direct them toward the restoration of housing, critical infrastructure, social facilities, support for territorial communities, investment projects, and monitoring of the implementation of recovery measures [6; 7; 31; 4; 45].

The Fund for the Elimination of the Consequences of Armed Aggression was examined separately as a special budgetary instrument aimed at financing measures to address the destruction caused by the war. The analysis demonstrated that this fund plays an important role in restoring housing, critical infrastructure, social infrastructure, shelters, and other facilities necessary for the functioning of territorial communities. At the same time, the effectiveness of the fund depends on transparency in the allocation of resources, timeliness of financing, control over cash expenditures, prevention of the accumulation of accounts receivable, and public reporting on the results achieved. Therefore, this fund should not operate in isolation but as an integral component of a unified system of budgetary and donor financing for recovery.

Based on the results of the study, it is advisable to strengthen the strategic prioritisation of budget expenditures on recovery. State budget funds and international assistance should primarily be directed toward areas that generate the greatest social impact: housing for persons who have lost their homes; critical and energy infrastructure; educational and healthcare institutions; social protection; demining; transport accessibility; water supply; and support for communities that have suffered the greatest destruction or received large numbers of internally displaced persons. Such prioritisation would help prevent the fragmentation of resources and improve the effectiveness of budget financing.

An important direction for improvement is the integration of all funds, programmes, and donor mechanisms into a unified public investment management system. Projects financed from the state budget, local budgets, international assistance, or special funds should undergo a unified procedure of preparation, appraisal, selection, financing, monitoring, and reporting. It is advisable to ensure the mandatory inclusion of such projects in the DREAM digital ecosystem, specifying the source of financing, amount, implementing entity, implementation period, status of execution, and results achieved. This would improve the transparency of the use of funds and enable the public and international partners to monitor the recovery process.

It is also advisable to strengthen the performance orientation of budget programmes related to recovery. Evaluation should be based not only on the amount of funds disbursed but also on the actual economic and social impact. This requires taking into account the number of restored facilities, the number of citizens who have gained access to housing, education, healthcare, or social services, as well as the impact of projects on employment, economic activity, energy resilience, and the quality of life of the population. Such an approach would enable a transition from formal financing toward results-based management.

Particular attention should be paid to the wider use of grants and compensation mechanisms. Given the high state budget deficit and existing debt risks, social, humanitarian, and housing programmes should preferably be financed through grants, compensation payments, proceeds from frozen Russian assets, and other forms of non-repayable assistance. Concessional loans should be directed primarily toward areas that generate long-term economic effects and are capable of creating added value, including energy, transport, production, export infrastructure, business support, private-sector development, and innovative projects [20].

Strengthening the financial capacity of territorial communities is another important direction. Communities directly face the consequences of destruction, the needs of the population, and the challenges of restoring social facilities, housing, municipal services, and critical infrastructure. The state should provide methodological assistance to communities in project preparation, access to standard project solutions, training in public investment management, advisory support, and fair co-financing

mechanisms. Particular attention should be given to frontline, de-occupied, and financially vulnerable communities.

A promising direction is the more active involvement of the private sector in recovery. The state budget and international assistance cannot fully cover all reconstruction needs; therefore, it is necessary to develop public-private partnerships, guarantee mechanisms, war-risk insurance, concessional lending, investment funds, and blended-finance instruments. Private capital should be attracted to projects in the fields of energy, logistics, housing construction, agricultural processing, industry, transport, and digital infrastructure. Under such a model, the state budget should act as a catalyst for investment rather than as the sole source of financing.

Summarizing the results of the study, it can be concluded that the state budget is a key financial instrument for Ukraine's post-war recovery; however, its effectiveness depends on the state's ability to integrate its own budgetary resources, international assistance, special funds, local budgets, and private capital into a coherent financing system. The recovery of the national economy and social infrastructure requires not only substantial financial resources but also high-quality management of those resources. Therefore, the principal objective of budget policy in this area should be to ensure transparency, prioritisation, targeting, effectiveness, and a long-term socio-economic return from every hryvnia of state budget funds and every dollar of international assistance.

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