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INTERNATIONAL SUPPORT FOR UKRAINE: DYNAMICS AND EFFECTS OF AID FLOWS DURING THE WAR

МІЖНАРОДНА ПІДТРИМКА УКРАЇНИ: ДИНАМІКА Й ЕФЕКТИ ПОТОКІВ ДОПОМОГИ ПІД ЧАС ВІЙНИ

Russia's large-scale military aggression was an extremely painful blow for Ukraine and provoked a number of challenges and negative effects on the trajectory of economic development and well-being of every Ukrainian. As a result of the war, various regions of Ukraine faced many threats. In the zones of active hostilities, humanitarian problems were acutely manifested, especially the issue of survival of civilians, which from the first days of the war was supplemented by the destruction of infrastructure, which was the basis for ensuring the well-being of the population.

The international community did not leave Ukraine in a very difficult situation and, united, began to provide assistance in various formats and volumes. Since the beginning of the large-scale invasion, Ukraine has received significant financial, humanitarian, and military aid from various countries, international organizations, individual volunteer movements and people, which helped Ukrainians to endure and maintain their defense. Using the database of the Kiel Institute for the World Economy which was formed on the basis of information from official sources, existing lists of aid to Ukraine and media reports, gives an opportunity to see the scale and dynamics of international support [1-2].

The Table 1 shows total bilateral aid allocations to Ukraine among Top-donors in billion Euros between January 24, 2022 to August 31, 2024. Allocations are defined as aid which has been delivered or specified for delivery. Each column shows the type of assistance, i.e., financial, humanitarian, and military aid. Cost estimates for refugees are added. Costs of hosting Ukrainian refugees are based on estimates provided by the OECD Migration Outlook 2022 and scaled up using UNHCR refugee data.

An analysis of aid data from the point of view of donor countries' GDP (in 2021) makes it possible to identify the following countries whose support represents more than 1%: Poland – 4,91; Estonia – 3,79; Latvia – 3,68; Czech Republic – 3,17; Bulgaria – 3,12; Slovakia – 3,03; Lithuania – 2,85; Denmark – 2,13; Hungary – 1,43; Romania – 1,26; Finland – 1,25; Germany – 1,15; Norway – 1,15; Croatia – 1,13; Sweden – 1,01.

The largest amount of assistance in the amount of 118,23 billion Euros was provided by our European partners (Table 2). The contribution of the "Geographical Europe" group includes assistance from all member states of the European Union, EU institutions (Commission and Council), and the European Investment Bank, as well as Great Britain, Switzerland, Norway, and Iceland. Significantly important support was provided by the United States of America – 84,73 (billion Euros).

Table 1

TOP 10 countries: Total bilateral allocations plus refugee costs (billion Euros)

Country	Financial	Humanitarian	Military	Refugee cost estimation	Total
USA	25,00	2,93	56,80	0,00	84,73
Germany	1,41	3,05	10,63	30,59	45,68
Poland	0,89	0,40	3,23	26,49	31,01
United Kingdom	3,41	0,85	9,42	3,00	16,67
Netherlands	0,72	0,58	5,14	2,71	9,14
Japan	7,93	1,02	0,06	0,00	9,02
France	0,80	0,60	3,18	3,90	8,48
Czech Republic	0,00	0,05	1,24	7,00	8,29
Spain	0,57	0,08	0,57	7,04	8,26
Denmark	0,12	0,29	6,47	1,00	7,89

Source: [1-2]

Table 2

Aid allocations and residual commitments across donor groups (billion Euros)

Donor(s)	Total Committed	Total Allocated Aid	Aid To be Allocated
Geographic Europe	192,33	118,23	74,11
USA	100,15	84,73	15,43
Total	292,49	202,95	89,54

Source: compiled according to the data of the Kiel Institute of the World Economy, [1-2]

This data shows total allocations and the remaining amount of total bilateral aid commitments to Ukraine, in billion Euros, across main donor groups between January 24, 2022 and August 31, 2024. Allocations are defined as aid which has been delivered or specified for delivery. Aid remaining to be allocated is calculated as the difference between committed aid and realized allocations.

For the state and citizens who remained in Ukraine, international support for the stability of the country's budget became extremely important during the full-scale war. Budgetary support ensured the implementation of the state's social obligations; it was the support of the well-being of the population, which has significantly deteriorated. Table 3 presents allocations (Ukraine Support Tracker data) and disbursements (Ministry of Finance of Ukraine data). These data show a ranking of financial donors, measured by the nominal value of external grants, loans, and guarantees given for budgetary support to the government of Ukraine (in billion Euros). The given information confirms the important role of European institutions in supporting Ukraine's budget stability.

Table 3

Foreign budgetary support: allocations vs. disbursements (billion Euros)

Country	Allocations (loans, grants, and guarantees)	Disbursements
EU Institutions	41,49	34,26
USA	25,00	21,32
Japan	7,93	5,89
Canada	4,89	4,76
United Kingdom	3,41	2,41
Germany	1,41	1,57

Source: [2]

The results of the regression analysis and assessment of the effects of the international financial support of Ukraine and, in particular, the support of the state budget, proved the correctness of the hypothesis regarding the positive impact of the provided funds not only on supporting its stability, but also on the dynamics of GDP. In particular, based on model calculations for the period 2022-2023 on a quarterly basis, ceteris paribus, it was confirmed that an increase of 1 hryvnia in foreign aid to finance the deficit of the state budget during the war led to an average increase of 1.68 hryvnias in Ukraine's GDP.

And although the actual amount of assistance was irregular and smaller than the declared obligations (317,31 billion Euros), nevertheless, for the period from February 1, 2022 to August 31, 2024, according to the Ministry of Finance, total bilateral aid allocations to Ukraine was 221,56 billion Euros of aid (of which – 90,59 financial, 16,17 humanitarian and 114,79 military) [2]. These data does not include private donations, support for refugees outside of Ukraine, and aid by international organizations.

While maintaining a high level of uncertainty regarding the duration of a full-scale war, the risk of "reducing the volume of international aid receipts" against the background of the emergence of additional budget needs (to maintain defense capabilities, eliminate the consequences of terrorist attacks, infrastructure damage, etc.) remains relevant. This risk actualizes discussions regarding the assessment of the effects of donor countries in the continuation of aid to Ukraine. In this context, it is appropriate to mention the researches of Chebanova M., Faryna O., and Sheremirov S. [3-4], in which it is proved that in the economic aspect, international support to Ukraine is not a loss of donor countries. The researchers, for example, estimated that a \$1 increase in military spending by the countries, that supported Ukraine in 2022, is associated with a \$0.65 increase in output within a year and a \$0.79–\$0.87 increase over the following two years. The cumulative multipliers decline at longer horizons but remain positive and significant for five years [3].

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