

OPPORTUNITIES FOR FINANCIAL SUPPORT OF INVESTMENT DEVELOPMENT OF THE REGION DURING THE WAR

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INTRODUCTION

In modern conditions, when Ukraine is experiencing a large-scale armed invasion by the Russian Federation, the financial support issue for investment development of regions is becoming particularly relevant. The war significantly transformed the country's economic picture, causing a reduction in production capacity, human capital loss, disruption of logistics chains and infrastructure destruction. At the same time, it is investments – in particular, domestic, international, private, public or grant – that can become the basis for the regional economy restoration, the communities' financial independence strengthening, enterprises' technological modernization and infrastructure reconstruction.

The economic crisis caused by military actions is accompanied by a significant reduction in local budget revenues, a labor outflow, a decrease in the population's effective demand, and a change in the state budget policy priorities. This necessitates the search for new investment models that would take into account the specifics of martial law, high risks, the need for projects' rapid implementation and maximum socio-economic effect. At the same time, against the backdrop of destructive processes in the economy, numerous initiatives are being activated by international partners, public organizations, and financial institutions, which open new financial horizons for the regions. It is important to understand that the war was not only a catastrophe, but also an impetus for rethinking approaches to investment policy at the local level.

In wartime conditions, the foreign direct investment reduction has become an objective challenge. However, the role of financial support alternative forms is growing, including international aid mechanisms, donor support, grant assistance programs, instruments of USAID, UNDP, EBRD, EIB, EU, crowdfunding, credit guarantees and preferential financing of small and medium-sized businesses. Grant programs, in particular, have become capital important source for enterprises seeking to adapt to war conditions, change their business profile, move from dangerous regions or introduce new technologies.

Given the scale of the war and destruction, the strategic question becomes particularly important: how to ensure not just the economy's functioning in crisis conditions, but investment development at the regional level, which

would form a new quality of life, strengthen local capacity and contribute to the sustainable business environment formation. At the same time, it is necessary to take into account that the Ukrainian regions have different levels of impact from hostilities, differences in resource provision, management capacity, logistical capabilities, and economic structure, which requires differentiated approaches to the investment policy formation.

Investments during wartime are not only an economic expediency, but also an trust act, a strategic bet on the future. That is why it is important to provide appropriate financial mechanisms that would contribute to the business restoration, the critical infrastructure launch, the production modernization and the human potential development. Priority should be given to areas that have the potential for export growth, import substitution, job creation, increased energy efficiency and technological renewal. In these conditions, effective interaction between the state, local governments, business and international partners plays a special role.

The task of this article is a comprehensive study of financial opportunities that ensure the Ukrainian regions investment development in wartime, an existing mechanisms analysis, barriers identification and the proposals formulation for their elimination. The focus of the study is not only traditional investment instruments, but also new forms of financing, the digital technologies role in attracting funds, the communities' potential for independent initiative and the new architecture formation of interaction in the development field. This approach will allow for a deeper understanding of which mechanisms work effectively, where there are systemic gaps, and how to form a comprehensive policy to support investment activity in regions facing unprecedented challenges.

Thus, the financial support problem for regions' investment development in wartime is a multifaceted task that encompasses macroeconomic, institutional, managerial, and social dimensions. Its solution requires all available resources mobilization, the effective coordination establishment, the partnerships' building, and a flexible response to changing circumstances. This is what will underpin the recovery of not only individual territories, but also the national economy as a whole.

1. The problem's prerequisites emergence and the problem's formulation

The war against Ukraine has caused a profound transformation of the economic space. According to estimates by the Kyiv School of Economics (KSE), the total amount of direct infrastructure damage by the end of 2024 has reached almost 170 billion US dollars, and total economic losses have

reached more than 700 billion US dollars¹. As a result of the fighting, tens of thousands of production and social infrastructure facilities were taken out of operation. Many companies lost assets or were forced to relocate. This led to a sharp decline in private investment.

However, even in such conditions, investment processes did not stop completely. As Bohdan Danylyshyn notes in his publication, the key trend of 2022–2023 was the reorientation of financing to critical areas - the defense industry, the agricultural sector, energy, IT, logistics, and critical infrastructure².

At the same time, starting in 2024 and especially in 2025, there is a gradual recovery of investment activity in some sectors, in particular in manufacturing and the agricultural sector, which indicates the business adaptation to new conditions and the new investment priorities' formation³.

The main problem at the regional level is that most standard sources of financing, such as private capital, bank lending or traditional investment, either have become unavailable or are operating in an extremely limited manner. Investors are reluctant to invest in regions that are under constant threat of shelling, which lack logistical guarantees and clarity in regulatory mechanisms. Added to this is the inflationary background, currency restrictions, as well as the judicial system slow reform, which hinders confidence in investment projects. At the same time, 2025 marks the beginning of more systematic work to restore investor confidence by implementing transparent procedures, improving the local governments' institutional capacity, and enhancing public-private partnerships.

As Kateryna Smagina, an expert on sustainable development at the United Nations Development Programme (UNDP), emphasizes, in conditions of increased uncertainty, local governments must independently master the skills of forming investment projects and establishing effective interaction with international donors. Direct access to external financing, in particular international grants, public-private partnership procedures adaptation to modern challenges, as well as designing initiatives based on open data – all this has become both a new vector of development and a serious institutional

¹ Direct losses to Ukraine's infrastructure due to the war have increased to \$170 billion – KSE Institute estimate as of November 2024. *kse.ua* Retrieved from: <https://kse.ua/ua/about-the-school/news/pryami-zbitki-infrastrukturi-ukrayini-cherez-viynu-zrosli-do-170-mlrd-otsinka-kse-institute-stanom-na-listopad-2024-roku/>

² Danylyshyn B. On the state of investment processes in the economy of Ukraine and ways to activate them. *lb.ua*. Retrieved from: https://lb.ua/blog/bogdan_danylysyn/503439_shchodo_stanu_investitsiyih_protseviv.html

³ Investments during the war. Who, where and why is ready to invest money in Ukraine. *rbc.ua*. Retrieved from: <https://www.rbc.ua/rus/news/investitsiyi-pid-chas-viyni-hto-kudi-ichomu-1710245929.html>

challenge for regions. In 2025, the management processes digitalization is gaining increasing importance, which not only optimizes mechanisms for attracting investments, but also increases the transparency level in the public finances management. Along with this, the sustainable development principles, compliance with environmental standards and social responsibility of business are becoming the investors' focus, which form new standards for financing regional initiatives⁴.

An important technological component of this transformation has become the digital platform DAR – State Agrarian Register⁵. It provides transparent and simplified access for agricultural producers to financial assistance, grants and compensations. From 2022 to 2025, thousands of farmers and representatives of the agricultural sector in the affected regions received financial support through DAR, in particular thanks to international donors, including the EU, USAID, GIZ. DAR operates as a digital bridge between the state, agribusiness and donors, increasing the resource allocation efficiency, which is critically important for the investment recovery of rural areas.

Despite significant challenges, the Ukrainian government, with the international partners' support, implemented a strategic initiatives' number in 2022-2025 aimed at stabilizing the economy and supporting business⁶. In particular, programs for the enterprises' relocation to safer regions were introduced, which allowed preserving jobs and production potential. Providing grant funding through the EU4Business⁷, USAID, UNDP⁸ programs allowed supporting small and medium-sized businesses, which is regional development important component. Support for local production within the framework of the "Made in Ukraine" initiative has gained particular importance, contributing not only to economic recovery, but also to the national identity formation⁹.

The update of the Diia.Business platform in 2024–2025 significantly increased the access transparency to assistance for entrepreneurs, simplified the procedures for applying for grants and loans, and provided the opportunity to promptly receive information about changes in legislation¹⁰. According to

⁴ Decentralization: Priorities 2025. *decentralization.gov.ua*. Retrieved from: <https://decentralization.gov.ua/news/19093>

⁵ State Agrarian Register. *dar.gov.ua*. Retrieved from: <https://www.dar.gov.ua/>

⁶ Assistance from international financial institutions to Ukraine. January 2024. *niss.gov.ua*. Retrieved from: <https://www.niss.gov.ua/en/node/5195>

⁷ Assistance from international financial institutions to Ukraine. January 2024. *niss.gov.ua*. Retrieved from: <https://www.niss.gov.ua/en/node/5195>

⁸ UNDP. *undp.org*. Retrieved from: <https://www.undp.org/>

⁹ Made in Ukraine. *madeinukraine.gov.ua*. Retrieved from: <https://madeinukraine.gov.ua/>

¹⁰ Helping entrepreneurs create and develop a business. *business.diaa.gov.ua*. Retrieved from: <https://business.diaa.gov.ua/>

data from the European Business Association, business remains in Ukraine despite the risks: 91% of companies have not left the market, and 55% plan to invest even in war conditions. This demonstrates the economic potential preservation at the regional level in the presence of properly formed financial mechanisms.

One of the key factors that mitigated the investment activity collapse was the international partners' activities. In particular, the United Nations Development Program (UNDP) is actively implementing microfinance programs, supporting internally displaced persons and local businesses, thereby creating conditions for economic recovery at the regional level. USAID provided financial assistance, grants, guarantees, technical support, and consulting until January 2025, allowing Ukrainian businesses to adapt to new challenges and find new opportunities for development. The European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) provide credit lines for the restoration of energy, transport, and healthcare, which are critical for stabilizing regional infrastructure. The EU4Business program supports the small and medium-sized enterprises' development in the regions through grants, training programs, and consulting.

An important component of effectiveness was the attraction of international grants and donor programs: according to USAID and UNDP, in 2022-2024, more than 350 communities received support for a total amount of more than UAH 1.2 billion, which contributed to the implementation of more than 450 projects in the energy efficiency, digitalization, and social development areas. These funds often amounted to 15 to 40% of the total project budget, stimulating communities to co-finance and take a more responsible approach to planning.

Thus, even in the context of a full-scale war, Ukraine is not an investment-isolated state. On the contrary, it attracts a record number of grants and support programs focused on resilience and reconstruction. In 2025, this trend is strengthening due to the growing interest of international donors in sustainable development projects, environmental transformation, and digitalization. At the same time, work continues on eliminating administrative barriers, improving the regulatory environment, and strengthening the institutional capacity of regional authorities, which are important factors for creating an attractive investment climate.

In summary, it can be argued that despite the significant challenges faced by the country due to the war, financial support for investment development in the regions is gradually gaining momentum thanks to the state, international and private resources synergy. In 2025, Ukraine is on the new phase verge of economic recovery, where innovative financing mechanisms, transparency

and accountability of management, as well as the active participation of local communities in the sustainable economic environment formation will be key components.

2. The analysis of existing methods for solving the problem and formulating a task for the optimal technique development

In the context of martial law, which has caused significant structural deformations at all levels of the Ukrainian economy, the search for effective approaches to financial support for investment development in regions is becoming a priority. In conditions of constant risks, resource shortages and high uncertainty, it is critically important not only to mobilize existing sources of financing, but also to conduct a reasonable assessment of the already implemented support instruments' effectiveness. An existing mechanisms' analysis – in particular, decentralized budget resources, international assistance, public-private partnerships, as well as new forms of digital capital mobilization – allows us to identify both the strengths of current approaches and their limitations. Such an analysis is a necessary prerequisite for forming strategic decisions on further adapting investment policy to modern conditions, which, in turn, necessitates the comprehensive task development to optimize the financial model of regional development.

One of the financial support key aspects for investment development in regions in wartime is related to the local budgets functioning and decentralized management of financial resources. In the context of the Russian Federation armed aggression against Ukraine, decentralization continues to play a significant role in supporting the communities' livelihoods, providing basic public services, and creating the prerequisites for stabilizing the economy at the local level. Despite the general decline in fiscal revenues, some regions, in particular those located in a relatively safe rear area, were able to maintain a certain level of economic activity. Despite the general decline in fiscal revenues, some regions, in particular those located in a relatively safe rear area, were able to maintain a certain level of economic activity. They have become centers of financial resources mobilization, which are used not only for the current maintenance of infrastructure, but also for measures aimed at supporting social stability and investment potential.

In such regions, the shelter facilities continues' modernization, measures are being implemented to improve housing and social conditions for internally displaced persons, incentives are being created for the businesses relocation from dangerous areas, and educational, medical and cultural institutions are being supported.

Table 1 shows local budget activity quantitative indicators in the investments' field in 2022–2025.

Table 1

**Investment projects' number and the local budgets' financing volume
in the regions of Ukraine in 2022–2025¹¹**

Region	Projects' number	Total financing need (bn UAH)	Project implementation status
Kyiv region	1 475	over 90	Active implementation, mainly reconstruction and construction
Dnipro region	507	47	297 – are implementing, 149 – in preparation
Kharkiv region	752	over 35	390 – are implementing, 362 – in preparation
Kherson region	368	7,89	32% funded, active phase
Ivano-Frankivsk region	27	0,39	Road infrastructure and social sector projects
In general in Ukraine	7 730+	388+	Balanced funding, mainly social and infrastructure sectors

By structure, more than 76% of projects are aimed at infrastructure reconstruction, 19% at new construction, and the rest at equipment procurement. It is important that due to decentralization, local communities have been able not only to attract resources, but also to independently determine development priorities, which contributes to increasing their resilience in wartime conditions.

As of April 2025, more than 7,730 investment projects for a total amount of more than UAH 388 billion have been registered in the DREAM digital platform, which are being implemented in various communities of Ukraine. In Dnipro region alone, there are more than 507 projects with a need for financing of UAH 47 billion, in Kherson region – 368 projects (UAH 7.89 billion), and in Kyiv region – more than 1,470. At the same time, more than 76% of them concern the infrastructure facilities' reconstruction, about 19% – new construction, and 5% – equipment procurement.

However, these processes' scale remains uneven: the communities' economic capacity varies significantly depending on their geographical location, structural budget adequacy, level of business activity, demographic situation, and external influence factors, such as shelling or internal population displacement. The result is a significant asymmetry between communities in the ability to implement investment initiatives and effectively use available resources¹².

¹¹ A digital ecosystem for accountable recovery management. *dream.gov.ua*. Retrieved from: <https://dream.gov.ua/ua>

¹²Decentralization: Priorities 2025. *decentralization.gov.ua*. Retrieved from: <https://decentralization.gov.ua/news/19093>

One of the important elements that determines the local budgets' effectiveness during martial law is their functional purpose. A significant part of local expenditures is reoriented from capital projects to current needs, primarily in the social protection field, healthcare, security, maintenance of critical infrastructure and rapid response to emergencies. This creates double pressure on local finances: on the one hand, the need for funds is increasing, and on the other, the revenue base, which largely depends on the private sector economic activity, is decreasing. In many regions, revenues from the single tax, rent, excise duty and income tax have significantly decreased, which makes it impossible to implement large-scale investment projects without attracting external financing sources.

Despite this, in 2022–2025, many examples of effective budget resources use at the local level with an investment component were recorded. In particular, some communities managed not only to adapt to new conditions, but also to initiate projects on municipal services' modernization, energy efficiency, administrative services' digitalization, local logistics hubs and co-working centers development. Thus, in Lviv region, over 120 investment initiatives with a total value of over 1.1 billion UAH were implemented in 2023, of which 45% was financed by international grants¹³.

In this context, not only the budgetary resources availability as such became important, but also managerial competence, the ability to effectively formulate development objectives, build partnerships with international donors, flexibly respond to challenges, and integrate digitalization tools into financial management.

The institutional basis for strengthening the role of local budgets in financing investment development was laid in the pre-crisis period through the decentralization reform, which gave communities greater financial autonomy, the right to independently form and implement budget policy, and create local development strategies. The war actually became a test of the this model viability : some communities demonstrated the ability to financial adaptation and proactive management, while others lost a significant part of their capabilities due to the destructive consequences of hostilities or internal institutional weakness. In view of this, the effective mechanisms' formation of horizontal and vertical solidarity in financing development becomes a critically important task. This is about the need not only for state support for the most affected regions, but also for stimulating the best management

¹³ Updated information about International programs and grants for communities, entrepreneurs, and public organizations of the Lviv region, available from January 1, 2023. *lvivoblrada.gov.ua*. Retrieved from: <https://www.lvivoblrada.gov.ua/articles/onovlena-informaciya-pro-mizhnarodni-programi-ta-granti-dlya-gromad-pidprijemciv-gromadskih-organizacii-lvivshchini-dostupni-z-1-sichnya-2023-roku>

practices' exchange, developing a network of partnership projects between communities, and creating conditions for equalizing financial opportunities.

Within the framework of international cooperation, programs are actively being implemented that are aimed at supporting the local governments' financial sustainability. Such programs involve not only providing funds on co-financing terms, but also developing institutional capacity, improving budget planning, and building an analytical base for making management decisions. In this context, electronic public finance management tools are important, in particular online monitoring systems, expenditures' visualization, the budget balance automated analysis, and forecasting. Such tools not only increase the funds use efficiency, but also strengthen citizens' trust in institutions, which is especially important in war conditions, when every hryvnia must be as effective as possible¹⁴.

At the present stage, one of the biggest challenges is ensuring the local budgets' integration into the national investment policy. Despite the proclaimed principles of budget decentralization, in practice, fragmentation in development planning, insufficient coordination between central and local authorities, as well as a low level of community involvement in the national recovery programs' formation are often observed. This leads to functions' duplication, priorities' inconsistency, and sometimes to inefficient funds spending. Therefore, the investment planning holistic model formation that combines state and local budgets, international technical assistance, private capital and financial innovations should become one of the post-war reconstruction policy priorities.

In general, local budgets in war conditions perform not only a fiscal function, but also become an instrument of stability, solidarity and innovation. Their effective use is a guarantee not only of the basic infrastructure preservation, but also of the new institutional environment capable formation of strategic planning, inclusive management and investment attraction. The investment programs' effectiveness in the short and medium term depends on the local communities' ability to mobilize finances, take initiative, and be open. In this context, the regional development funds formation, the local borrowing mechanisms improvement, the municipal bonds development, and the partnerships system with private investors are becoming increasingly important as effective tools for regional growth modern financing.

One example of an effective state initiative is the State Agrarian Register (DAR) – an electronic platform that has become an important tool in ensuring

¹⁴ Kvak, V. V., Kvak, S. A., Vilchynska, O. M., & Marets, O. R. (2023). Investment potential of regions of Ukraine during martial law. *Academic Visions*, (25). Retrieved from: <https://academy-vision.org/index.php/av/article/view/726> [in Ukrainian].

agricultural producers' access to financial resources, subsidies and grant programs.

The DAR platform was created as a digital service for transparent interaction between the state, international donors and agricultural producers. In 2022–2025, it became a key channel for attracting financial support to the regions, especially in destruction conditions caused by the war. Thanks to integration with other state registers (State Land Cadastre, Unified State Register of Legal Entities, Register of Property Rights, etc.), DAR allows agricultural producers to submit applications for support without the need to visit government agencies, which is especially important in conditions of limited mobility in frontline areas.

In the period 2022–2025, thousands of small and medium-sized farms received grants, partial compensation for losses, compensation for seeds, fuel, equipment or microloans to ensure the sowing campaign through the DAR platform. International aid received through the platform plays a special role: funds from the EU, USAID, GIZ, the World Bank, etc. are used for direct targeted support to farmers in the regions.

The State Development Agency (DAR) plays a key role in promoting investment development in the regions, ensuring coordination, attracting financial resources and supporting infrastructure and innovation projects. The agency acts as a platform for the state, local and private investments integration, contributes to the favorable investment climate creation, supports the public-private partnership projects implementation and the small and medium-sized businesses development.

In 2021–2022, when the launch pilot stage of the DAR digital platform was implemented, more than three thousand farmers benefited from state support totaling approximately 1.6 billion UAH. Over the almost 5 months of the State Agrarian Register operation, more than 90,000 farmers registered in the system, about 32,000 received assistance¹⁵. Of this amount, about UAH 1.3 billion were allocated to support land users, and another 0.3 billion to livestock, which demonstrated the initial effectiveness of digital distribution mechanisms. In the following period, covering 2022–2023, more than UAH 1.6 billion were paid through the platform within the first full-scale programs, of which UAH 1.316 billion were support related to land cultivation, and 329 million to livestock, including cattle breeding. In 2023, in the context of further institutionalization of agricultural support

¹⁵ Over the almost 5 months of operation of the State Agrarian Register, more than 90,000 farmers have registered in the system, about 32,000 have received assistance. *dar.gov.ua*. Retrieved from: <https://www.dar.gov.ua/news-list/za-mayzhe-5-misyaciv-roboti-derzhavnogo-agrarnogo-reiestru-v-sistemi-zareiestruvalisya-ponad-90-000-agrariyiv-blizko-32000-otrimali-dopomogu>

instruments, UAH 1.645 billion were distributed within the program framework focused on small farms, which included both subsidies per hectare and subsidies per cow¹⁶.

The largest year in terms of funding was 2024, during which state support for the agricultural sector in the amount of UAH 3.88 billion was provided through the DAR platform, which indicates a significant expansion of the programs scale, as well as the digital mechanisms effectiveness for administering budget resources in the agricultural sector. For 2025, the state budget provides for more than UAH 6 billion to finance key programs to support the agricultural sector¹⁷.

As of the end of March 2025, according to the Ministry of Agrarian Policy and Food of Ukraine, among the registered users of the State Agrarian Register (DAR), individuals predominate – 72.6%, while the share of legal entities is 16.6%, and individual entrepreneurs – 10.8%¹⁸.

In 2024-2025, the state policy of supporting the Ukrainian agricultural sector acquired a systematic and targeted nature, which is due to the need to stabilize food production under martial law. The DAR platform took a central place in the support toolkit, through which comprehensive programs of direct budget subsidies, grants, compensations and preferential lending are implemented. One of the basic mechanisms was the subsidies provision to agricultural producers who cultivate up to 120 hectares of agricultural land in controlled territories – the program provides for a payment of UAH 4 thousand per hectare. For farms located in de-occupied areas or those where hostilities have ended, an expanded format of this subsidy has been introduced – in double volume, i.e. UAH 8 thousand per hectare, which should compensate for losses and contribute to the restoration of the relevant territories agricultural potential. Along with land support, there is also subsidies program for the livestock farming development. In particular, for keeping from three to one hundred heads of cattle, agricultural producers have the opportunity to receive a subsidy of UAH 7 thousand per head. A similar form of support is provided for goat and sheep breeding - in the amount of UAH 2 thousand per head, provided that they keep from five to five hundred animals. This model of stimulating the livestock industries provides not only

¹⁶ More than 3 thousand farmers received assistance under the DAR program. *opendatabot.ua*. Retrieved from: <https://opendatabot.ua/analytics/dar-2022>

¹⁷ More than 200 thousand users have already been registered in the State Agrarian Register (DAR), – Committee on Agrarian and Land Policy. *rada.gov.ua*. Retrieved from: https://www.rada.gov.ua/news/news_kom/260678.html

¹⁸ More than 200 thousand users have already been registered in the State Agrarian Register (DAR), – Committee on Agrarian and Land Policy. *rada.gov.ua*. Retrieved from: https://www.rada.gov.ua/news/news_kom/260678.html

financial compensation to producers, but also contributes to the livestock preservation during the crisis period (Table 2).

Table 2

Dynamics of the applications’ number for the main state support programs for farmers through the DAR platform in 2022–2024

Assistance type	Years		
	2022	2023	2024
Subsidy of UAH 2000 for keeping goats or sheep	0	0	1988
Subsidy of UAH 7000 for keeping cows	284	7000	14815
Land subsidy UAH 4000 up to 120 hectares	2733	25000	30000*
Land subsidy of UAH 8000 for de-occupied/frontline residents	0	0	5000*

* For 2024, the data is preliminary, expected before the end of the application period (June 30, 2024)¹⁹

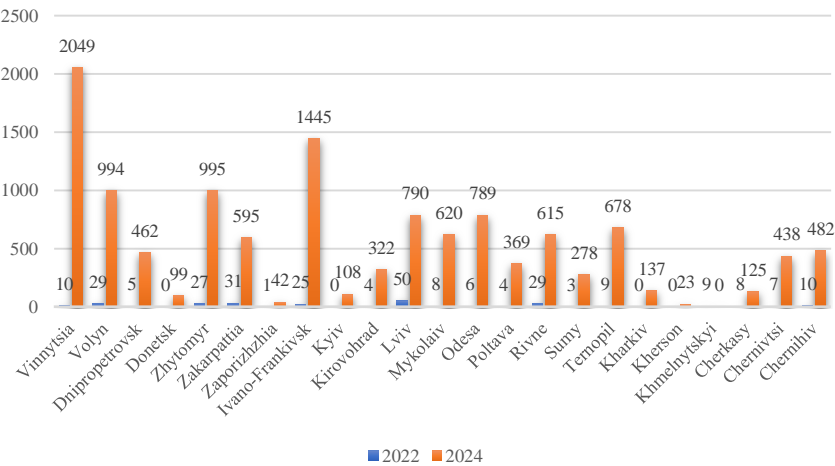


Fig. 1. Dynamics of submitted applications for subsidies of UAH 7000 for keeping cows in 2022 and 2024²⁰

¹⁹ Analytical Gift. *bi.dar.gov.ua*. Retrieved from: <https://bi.dar.gov.ua/recipients>

²⁰ The State Agrarian Register (DAR) received almost 15 thousand applications from farmers for the amount of 607 million hryvnias for assistance for maintaining a herd of cows. *golos.com.ua*. Retrieved from: <https://www.golos.com.ua/article/378876>

In addition to direct subsidies, within the framework of the Resolution of the Cabinet of Ministers of Ukraine No 918, programs for partial costs' compensation for the purchase of equipment, the land reclamation measures' implementation, the gardens and greenhouses creation are being implemented. These programs provide for compensation of up to 25–50% of costs, the preferential loans' provision at a rate of 1 to 7% per annum, as well as the receiving grants' possibility for 70% of the cost of implemented projects. In parallel, a program for preferential lending to agricultural producers with fixed rates of 5–7–9% for the technical equipment purchase and production modernization is in operation, which allows providing the necessary investment support in the short term (Tables 3 and 4).

Table 3

Preferential loans' distribution to Ukrainian farmers for 2022

Region	Farmers' number	Loans' total volume, billion UAH	Program "5–7–9 %"	80% State Guarantee Program
Kyiv	3 042	15,5	8,9	6,6
Vinnysia	2 292	10,2	6,7	3,5
Kirovohrad	1 120	8,6	6,1	2,5
Dnipropetrovsk	1 371	6,8	4,1	2,7
Odesa	1 179	6,0	4,0	2,0
Lviv	1 000	3,6	3,6	0
Poltava	1 000	3,5	3,5	0
Chernihiv	1 000	3,4	3,4	0
Khmelnyskyi	1 000	3,2	3,2	0
Sumy	1 000	3,1	3,1	0
Volyn	1 000	3,3	3,3	0
Ternopil	1 000	3,1	3,1	0
Kharkiv	1 000	3,0	3,0	0
Cherkasy	1 000	3,0	3,0	0
Zhytomyr	1 000	2,8	2,8	0
Rivne	1 000	2,7	2,7	0
Zakarpattia	1 000	2,6	2,6	0
Ivano-Frankivsk	1 000	2,5	2,5	0
Mykolaiv	1 000	2,4	2,4	0
Luhansk	1 000	2,3	2,3	0
Donetsk	1 000	2,2	2,2	0
Zaporizhzhia	1 000	2,1	2,1	0
Kherson	1 000	2,0	2,0	0

In 2022, the largest volumes of preferential lending to the agricultural sector were concentrated in Kyiv, Vinnytsia, Kirovohrad, Dnipropetrovsk and Odessa regions, which indicates a significant level of investment activity in these regions. The “5–7–9%” program continued to play a key role in providing financial support to agricultural producers, demonstrating a high level of credit resources’ attraction, especially in leading agricultural regions. At the same time, the state guarantee program with 80% credit risk coverage provided additional support, stimulating lending in regions with the largest volumes of financing, which contributed to expanding farmers’ access to preferential financial resources and increasing the stability of the agricultural sector.

Table 4

Preferential loans’ distribution to Ukrainian farmers for 2024

Region	Farmers’ number	Loans’ total volume, billion UAH	Program “5–7–9 %”	80% State Guarantee Program
Kyiv	3 300	21,0	12,5	8,5
Vinnytsia	2 400	12,5	8,0	4,5
Kirovohrad	1 250	10,0	6,5	3,5
Dnipropetrovsk	1 450	9,0	5,5	3,5
Odesa	1 300	8,0	5,0	3,0
Lviv	1 100	5,5	5,5	0
Poltava	1 100	5,0	5,0	0
Chernihiv	1 050	4,8	4,8	0
Khmelnyskyi	1 050	4,5	4,5	0
Sumy	1 000	4,3	4,3	0
Volyn	1 050	4,7	4,7	0
Ternopil	1 000	4,2	4,2	0
Kharkiv	1 000	4,0	4,0	0
Cherkasy	1 050	4,0	4,0	0
Zhytomyr	1 000	3,8	3,8	0
Rivne	1 000	3,5	3,5	0
Zakarpattia	1 000	3,2	3,2	0
Ivano-Frankivsk	1 000	3,0	3,0	0
Mykolaiv	1 000	2,8	2,8	0
Luhansk	1 000	2,6	2,6	0
Donetsk	1 000	2,5	2,5	0
Zaporizhzhia	1 000	2,4	2,4	0
Kherson	1 000	2,2	2,2	0

In 2024, there was an increase in the total farmers' number who took advantage of preferential lending, which indicates an expansion of the relevant programs' coverage. At the same time, the loans' volumes provided increased significantly in leading agricultural regions, in particular in Kyiv, Vinnytsia and Kirovohrad regions, which reflects the increase in investment activity in these territories. The "5–7–9%" program retains the status of the preferential lending main instrument to agricultural producers, while the state guarantee program provides effective support and stimulates the lending development in strategically important regions, contributing to increasing the financial accessibility of the agricultural sector. An important component of state policy has also become the assistance attraction from international organizations and the private sector. Through DAR, farmers receive grants and material resources from the Food and Agriculture Organization of the United Nations (FAO), the European Union, as well as private companies – in particular in the form of seeds, modules for storing crops, refrigeration equipment, etc. This comprehensive support model demonstrates the budget financing instruments integration with international technical assistance, which strengthens the resilience of the agricultural sector in the multifactorial crisis face.

In the period 2022–2024, international assistance to the agricultural sector of Ukraine amounted to over UAH 1.2 billion. These funds were directed to support activities' wide range, including the high-quality seeds' supply, which allows increasing crop yields, as well as the installation of modern grain storage facilities and refrigeration modules for product preservation. In particular, funding came from such key international organizations as the Food and Agriculture Organization of the United Nations (FAO)²¹ and the European Union²², as well as from private partners who provided material and technical resources.

Thanks to this, more than 150 projects were implemented to modernize agricultural infrastructure, which allowed increasing the crop storage efficiency and reducing product losses. In parallel with state funding programs, this contributed to increasing the technological level of agricultural enterprises, strengthening their resilience to external challenges, and improving the country's food security. Thus, a comprehensive approach combining budgetary and international resources became an important factor in supporting the agricultural sector in the context of a multifactorial crisis.

²¹ Food and Agriculture Organization of the United Nations (FAO). *fao.org*. Retrieved from: <https://www.fao.org/home/en/>

²² EEAS: The Diplomatic Service of the European Union. *eeas.europa.eu*. Retrieved from: https://www.eeas.europa.eu/_en

Thus, DAR is not only a tool for supporting agricultural production, but also an important component of the infrastructure for financial support for regional investment. Its operation demonstrates that even during wartime it is possible to ensure transparency, speed and targeted direction of financial flows, creating the prerequisites for stabilizing the economy at the local level. In the future, the DAR platform further scaling and its functionality can contribute to the other economy sectors development, increasing trust in state mechanisms for distributing funds and activating local investment processes.

Another powerful tool for supporting the investment development of Ukrainian regions in wartime is international financial assistance, which is implemented through grant, loan, technical and consulting programs. In the war context, it has become not only a factor in economic stabilization, but also one of the key sources of resources for maintaining economic activity, restoring infrastructure, supporting internally displaced persons, small and medium-sized businesses, and modernizing local governance. Ukraine's participation in numerous international assistance programs from organizations such as the European Bank for Reconstruction and Development, the World Bank, the United States Agency for International Development, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the United Nations Development Program, as well as numerous European bilateral institutions, has defined external support vector focused on sustainability, effectiveness, and transformation. Grant assistance provided to regions of Ukraine through relevant donor channels is a financing form that does not require repayment, but requires strict adherence to the intended funds use. In the period 2022–2024, a significant part of this assistance was directed to supporting internally displaced persons, in particular by providing housing needs, medical and psychological assistance, integration into new communities, professional reorientation, and employment (Table 5). Such projects are implemented jointly with local authorities and public organizations, ensuring both an immediate humanitarian effect and a long-term impact on the regions' social sustainability. At the same time, support for small and medium-sized businesses, the local economy backbone, plays a special role. Through programs from USAID, EU4Business, UNDP, IFC and other donors, Ukrainian entrepreneurs gain access to grants, training courses, consultations, mentoring and technical support, which allows them to maintain or transform business models in the constant risks' face.

Table 5

**Grant assistance from major donors to Ukraine
in 2022–2024 (million USD)**

Donor	Grant amount	Purpose of Assistance
USA	8 300	Humanitarian assistance, business support, educational programs, infrastructure restoration
EU	3 200	Support for small and medium-sized businesses, infrastructure restoration, humanitarian aid
Japan	4 200	Social protection, infrastructure restoration, healthcare, education
Norway	633	Social protection, infrastructure restoration
Switzerland	70	Infrastructure restoration, social protection
Netherlands	225	Infrastructure restoration, social protection
Sweden	101	Infrastructure restoration, social protection
Canada	86	Infrastructure restoration, social protection
Finland	37	Infrastructure restoration, social protection
Ireland	6	Infrastructure restoration, social protection

Source: Information from official websites of donors and international organizations^{23 24}

The EU4Business program provides grants of up to €5,000 for micro-businesses in the affected regions of Ukraine. In total, around €7.5 million has been distributed through the program, supporting over 1,500 entrepreneurs²⁵.

Thus, it is worth noting that grant programs aimed at supporting regional development in Ukraine play a key role in stabilizing and gradually restoring the local economy in the context of a protracted military conflict. They not only provide the necessary financial resources for the socially significant initiatives implementation, but also contribute to the entrepreneurial activity activation, especially among small and medium-sized businesses representatives. The structure and focus of such programs indicate a systematic and comprehensive approach to solving regional problems, which includes the simultaneous implementation of economic, humanitarian, social and innovative components. The wide geography presence of coverage indicates the donors desire to support not only the territories directly affected by the war, but also regions that have experienced a significant burden due to internal migration. The active participation of international partners with

²³ EEAS: The Diplomatic Service of the European Union. [eeas.europa.eu](https://www.eeas.europa.eu/_en). Retrieved from: https://www.eeas.europa.eu/_en

²⁴ International financial assistance in December 2023. [kmu.gov.ua](https://www.kmu.gov.ua). Retrieved from: <https://www.kmu.gov.ua/news/mizhnarodna-finansova-dopomoha-u-hrudni-2023-roku>

²⁵ 100 grants of €5,000 each from EU4Business to help Ukrainian microbusiness. www.eeas.europa.eu. Retrieved from: https://www.eeas.europa.eu/delegations/ukraine/100-grants-%E2%82%AC5000-each-eu4business-help-ukrainian-microbusiness_en

many years of experience in interacting with Ukraine deserves special attention, which ensures long-term sustainability and the relevant projects effectiveness. In turn, the individual programs focus on technological development, digitalization and innovation is a strategic vision evidence for the modernization of Ukraine's economy in the post-crisis period.

Table 6

All-Ukrainian grant programs to support investment and socio-economic development of Ukrainian regions (2024–2025)

Name	Support area	Regions
Program Help – Hilfe zur Selbsthilfe ²⁶ ²⁷	Microbusiness support	Eastern, southern and western regions (including Dnipropetrovsk, Zaporizhzhia, Mykolaiv, Odesa, Sumy, Kharkiv, Chernihiv, Lviv, Ivano-Frankivsk, Zakarpattia, Volyn, Chernivtsi, Khmelnytskyi)
U-LEAD with Europe ²⁸	Social services for families, children, people with disabilities, post-institutional graduates	Territorial communities
Grants for technology startups ²⁹	Innovations in nutrition and health, supporting women	All of Ukraine or specific regions
Canadian-Ukrainian grants ³⁰	Humanitarian, cultural, educational projects	All of Ukraine
UNICEF grants	Technological solutions, access to medicine	All of Ukraine
World Bank – ARISE	The agricultural sector restoration	All of Ukraine
EU macro-financial assistance ³¹	Social support, budget financing	All of Ukraine
KfW ³²	Power grid restructuring, energy	Western regions and throughout Ukraine

²⁶ All-Ukrainian Association of United Territorial Communities. hromady.org. Retrieved from: hromady.org

²⁷ Time for change development center. chaszmin.com.ua. Retrieved from: chaszmin.com.ua

²⁸ U-LEAD with Europe. u-lead.org.ua. Retrieved from: u-lead.org.ua

²⁹ EIT Food. eitfood.eu. Retrieved from: eitfood.eu

³⁰ Canada-Ukraine Chamber of Commerce. cucc.ca. Retrieved from: cucc.ca

³¹ European Commission. ec.europa.eu. Retrieved from: ec.europa.eu

³² KfW – Bank aus Verantwortung. kfw.de. Retrieved from: kfw.de

Financing in the loans form also plays an important role, especially when it comes to the infrastructure modernization, energy systems, transport, healthcare facilities and education. International financial organizations are developing special credit lines with low interest rates, long repayment periods, mechanisms for partial guarantee or interest subsidy, which makes such instruments attractive to local governments and municipal enterprises. At the same time, resource efficiency constant monitoring, compliance with environmental and social compliance procedures, transparency of procurement, as well as regular audits are being introduced. These requirements force recipients of assistance not only to focus on achieving results, but also to build an internal project management system, improve the administration quality, and introduce digital control tools, which ultimately contributes to increasing institutional capacity.

Since the start of the full-scale aggression in 2022, international financial institutions have significantly increased the concessional lending volume to Ukraine, turning it into a systemic factor of macroeconomic stability and post-war recovery. The World Bank Group, acting in close coordination with donor partners, has mobilized over \$77 billion for Ukraine, with the lion's share of funds accumulated in the state budget favor and protected social expenditures; over 60% of this amount has already been financed in the form of long-term concessional loans and guarantees, which minimizes the current debt burden³³.

In parallel, the European Bank for Reconstruction and Development supports critical infrastructure, energy and the private sector: since 2022, its investment volume has reached almost €6.2 billion, with a record €2.4 billion allocated in 2024, and at least €1.5 billion planned for 2025, with a priority on energy security and logistics³⁴. The total external budget support attracted by the Ministry of Finance of Ukraine in 2024 alone exceeded \$41 billion, which allowed the government to finance social and humanitarian needs and at the same time direct domestic resources to the security and defense sector³⁵.

Thus, for 2022-2025, the international lending architecture has formed a multi-channel system of long-term concessional loans and guarantees, in which the World Bank ensures fiscal sustainability, the EBRD – targeted

³³ Financing Mobilized for Ukraine since February 24, 2022 *worldbank.org*. Retrieved from: <https://www.worldbank.org/en/country/ukraine/brief/world-bank-emergency-financing-package-for-ukraine>

³⁴ EBRD plans to invest at least \$1.56 bln in Ukraine's war-hit economy this year. *ebrd.comreuters.com*. Retrieved from: ebrd.comreuters.com

³⁵ Development partners provided Ukraine with over \$41 billion in budget support in 2024. *mof.gov.ua*. Retrieved from: https://mof.gov.ua/en/news/development_partners_that_provided_ukraine_with_over_41_billion_in_budget_support_in_2024_and_the_allocation_of_these_funds-4974

the energy and transport sectors modernization, and the partner countries governments and the G7/EU financial alliances support efforts with large-scale macro-financial insurance mechanisms. The strategic resources concentration on the social sphere, energy efficiency and infrastructure lays the foundation for the transition from emergency anti-crisis measures to structural reconstruction and long-term investment growth of Ukraine. A separate area of international assistance is technical support, which involves the knowledge transfer, tools and solutions necessary for the reforms implementation on the ground. This concerns the e-governance development, the new financial management systems introduction, improving budget planning, increasing transparency in municipal property management, the electronic registers introduction, the strategic and spatial planning development, and anti-corruption expertise. Communities that receive such assistance, as a rule, have the opportunity not only to improve the management decisions quality, but also to build a system for attracting investors, which is based on the principles of openness, stability and trust³⁶. In the context of regional development, this assistance is of critical importance, because without proper implementation of innovative practices and management decisions, even significant financial resources cannot ensure sustainable progress³⁷.

Considering support in the context of the Ukrainian regions, it should be noted that international partners select priority regions taking into account the destruction scale, socio-economic potential and strategic importance³⁸. Eastern regions, such as Donetsk, Luhansk, Kharkiv, as well as southern ones – Zaporizhzhia, Mykolaiv, Kherson – receive comprehensive support that combines grant and loan financing with technical assistance for the infrastructure restoration, housing stock, water and heat supply systems, as well as the local self-government reform.

In the central and western regions, in particular in Kyiv, Lviv, Ivano-Frankivsk, Volyn and Zakarpattia regions, the emphasis is on the energy systems modernization, the alternative energy sources development, improving environmental safety and stimulating small and medium-sized businesses³⁹. Here, technical support is aimed at increasing the local

³⁶ Analysis of monitoring of international technical assistance projects for 2024. *mof.gov.ua*. Retrieved from: <https://mof.gov.ua/storage/files/Аналіз%20моніторингу%20проектів%20МТД%20за%202024.pdf>

³⁷ Annual Report of the Ukraine Recovery, Reconstruction and Reform Trust Fund (URTF) 2022-2023. *worldbank.org*. Retrieved from: <https://documents1.worldbank.org/curated/en/099446105032487638/txt/IDU1b34d830e11f551499d1a18014d4dbd4ce8e8.txt>

³⁸ EBRD sets record investment in Ukraine in 2024 – EUR 2.4 billion. *ukraineinvest.gov.ua*. Retrieved from: <https://ukraineinvest.gov.ua/en/news/ebd-sets-record-investment-in-ukraine-in-2024-eur-2-4-billion/>

³⁹ European Investment Bank. *eib.org*. Retrieved from: <https://eib.org>

governments institutional capacity, introducing modern municipal management systems, digitalization services and development of innovation clusters⁴⁰.

A particularly important role of technical assistance is observed in the education and health sectors reform. At the regional level, this is manifested in the implementation of training programs, consultations on the new standards introduction, digital tools for monitoring the service provision quality, as well as in supporting the public health system development, in particular in those regions where the health system has suffered due to military actions⁴¹.

In summary, technical assistance, integrated into regional recovery programs, becomes a catalyst for qualitative changes on the ground, ensuring the knowledge transfer and practical solutions necessary for the sustainable development of communities and regions as a whole. This approach allows for the most efficient use of financial resources, contributes to the management structures strengthening and stimulates the innovative models implementation in various spheres of the economy and social life of Ukraine⁴².

An integral part of international support to the Ukrainian regions in 2022–2024 has become consulting and mentoring services, which significantly contributed to the projects implementation and the local capacities strengthening. In this sense, regions participating in such programs not only gain access to financial resources, but also strengthen human resources, expand the horizon of strategic planning and increase institutional capital. The synergy between technical and financial support ensures greater sustainability of projects and reduces the risks of non-implementation or inefficient resources use.

In Kharkiv region, for example, within the framework of the U-LEAD with Europe program, experts provided methodological assistance to local communities in implementing e-government and improving the administrative service provision system, which contributed to the management digitalization and improving the services quality for citizens⁴³. At the same time, in the Dnipropetrovsk region, consulting centers for small and medium-sized business entrepreneurs operated, which supported the business models adaptation to new economic realities and the international grants and loans attraction⁴⁴.

⁴⁰ U-LEAD with Europe. *u-lead.org.ua*. Retrieved from: u-lead.org.ua

⁴¹ UNICEF. *unicef.org*. Retrieved from: unicef.org

⁴² European Investment Bank. *eib.org*. Retrieved from: <https://eib.org>

⁴³ U-LEAD with Europe. *u-lead.org.ua*. Retrieved from: u-lead.org.ua

⁴⁴ Report on the implementation of the state budget of Ukraine 2024. *mof.gov.ua*. Retrieved from: https://mof.gov.ua/uk/budget_of_2024-698

In the Lviv region, international partners, together with local authorities, implemented a set of measures to improve the specialists skills in the fields of energy and ecology. This included training on energy efficiency, audits and the introduction of renewable energy sources, which not only increased the professional level of personnel, but also allowed the implementation of energy-saving projects a number in schools and hospitals.

In the Odessa region, consulting support was aimed at developing innovative potential and forming clusters in the food industry, which included assistance in preparing business plans, marketing strategies and establishing partnerships with Western European companies. This has significantly increased the regional producers competitiveness and contributed to increased exports⁴⁵.

However, despite the undeniable international assistance advantages, there are a number of limitations and challenges. First, competition for resources between communities and organizations is quite high, as the number of available grants or technical programs is often limited, and the selection conditions are strict. This puts less experienced or less resourceful communities at a disadvantage, which do not have the appropriate apparatus to prepare project documentation, establish relations with donors, or ensure reporting support. Second, the high complexity of reporting procedures and the need to comply with international standards often become a barrier to participation in programs, especially for small communities or enterprises. Insufficient project culture, low level of English-language training of staff, shortage of grant management and audit specialists complicate the effective use of external assistance. Third, dependence on international aid should not become a long-term financial model, as this contradicts the principles of sustainable development and financial independence.

In view of this, one of the state policy key tasks should be institutional support for communities in preparing for participation in international programs. This involves the competence national centers creation in project management, the training programs launch for local government specialists, and the single electronic platform development that will generate information on all relevant international assistance programs. In addition, it is advisable to introduce mechanisms for state co-financing for the best regional projects that have already received international approval. Such an approach would reduce the financial burden on communities and at the same time create positive competition for quality and effectiveness⁴⁶.

⁴⁵ World Bank Group. *worldbank.org*. Retrieved from: *worldbank.org*.

⁴⁶ EBRD deploys record €2.4 billion in Ukraine in 2024. *ebrd.com*. Retrieved from: <https://www.ebrd.com/home/news-and-events/news/2025/EBRD-deploys-record--2-4-billion-in-Ukraine-in-2024.html>

In conclusion, international financial assistance is a strategic factor in supporting the regional development of Ukraine in war times, but its effectiveness largely depends on the state and communities ability to integrate these resources into a national reconstruction model. It should serve not only as a means of mitigating the war consequences, but also as a catalyst for structural modernization, the inclusive economy formation, and institutional renewal. This requires systemic coordination between all government levels, a transparent policy in the international aid management field, the effective mechanisms introduction for assessing effectiveness and strengthening accountability for achieving results. Only under such conditions will international aid be able to fulfill its strategic purpose – not only to support Ukraine in a difficult period, but also to lay the foundation for its sustainable recovery and development in the long term. The war limited the opportunities for classical forms of investment attraction. Security-related risks led to the cancellation of projects number, the private capital outflow, a reduction in bank lending, and a significant decline in business activity in certain industries. These problems were especially acute in front-line regions and temporarily occupied territories, where basic infrastructure was disrupted, enterprises were destroyed, and logistics routes were changed. As a result, local budgets suffered significant losses, and municipalities were forced to refocus on performing humanitarian functions. In this context, the ability of the state and local communities to attract alternative financing sources has become extremely important, among which a special place is occupied by international aid, grant programs, public-private partnership mechanisms, targeted state programs to support business and investment, as well as cooperation instruments with international financial institutions. In 2025, public-private partnership (PPP) mechanisms in Ukraine are gradually acquiring a new meaning, responding to the challenges of wartime. With the government and international institutions support, the practice of PPP is being institutionalized as a tool for economic survival and growth of regions not covered by active hostilities. The government's concept of post-war reconstruction provides for expanding opportunities for involving the private sector in performing functions that were traditionally financed exclusively from the state or local budgets. Public-private partnerships are seen not only as investment source, but also as a way to share risks, improve project management efficiency, and introduce innovations in the socially significant services field.

In the period from 2022 to 2024, despite the full-scale war in Ukraine, activity in the public-private partnership field at the regional level was maintained and gradually strengthened. According to the data of the Ministry of Economy of Ukraine as of the first half of 2025, there are more than

30 active PPP projects at the regional level in the country, most of which are implemented in the fields of healthcare, solid waste management, municipal transport, logistics and education (Table 7).

Table 7

Sectoral distribution of public-private partnership (PPP) projects in the regions of Ukraine for 2022–2024

Region	Main areas of PPP project implementation	Description and examples
Eastern regions (Donetsk, Luhansk)	Healthcare, housing and communal services, solid waste management	Hospitals rehabilitation, modernization of water and heating systems, waste processing complexes construction
Southern regions (Odesa, Kherson, Zaporizhzhia)	Municipal transport, logistics	Bus and tram fleets modernization, port infrastructure development, logistics centers creation
Central regions (Kyiv, Poltava, Cherkasy)	Education, administrative services digitalization	Schools modernization, electronic platforms implementation for administrative services, distance learning development
Western regions (Lviv, Ivano-Frankivsk, Zakarpattia)	Ecology, sustainable energy development	Energy-efficient technologies implementation, renewable energy sources development, environmental protection systems modernization

Source⁴⁷

In 2022–2024, the sectoral distribution of public-private partnership (PPP) projects in the Ukrainian regions demonstrated the solving socially important tasks priority and adapting to the challenges caused by the war. The most active development of PPP was observed in the healthcare sector, where the modular medical centers and mobile diagnostic points introduction, implemented with the private partners participation, ensured basic access to medical services, in particular for internally displaced persons and residents of remote territorial communities. Considerable attention was paid to solid waste management, the waste management system modernization in some cities, such as Uzhhorod, was implemented within the concession management framework, which provided for long-term private sector investments. Innovative digital solutions were used in the municipal transport

⁴⁷ Public-private partnership projects. *me.gov.ua*. Retrieved from: <https://me.gov.ua/Documents/List?id=d8dfdda6-434c-435e-8de3-44f23d101f7a&lang=uk-UA&tag=ZagalniiOgliadDerzhavno-privatnogoPartnerstva>

and logistics field, an example of which is the automated system for distributing humanitarian aid in Khmelnytskyi. There was also an increase in the private sector role in the vocational education development – through the retraining centers creation in partnership with IT companies, in particular in Dnipro and Poltava. In the context of increasing energy efficiency, projects were implemented to modernize heating networks and install modular boiler houses, which aimed to reduce energy consumption in budget institutions. In addition, a certain share of initiatives was aimed at developing digital infrastructure, updating water supply systems and preserving cultural heritage sites, which indicates a comprehensive approach to the PPP mechanisms application in the post-crisis recovery of regions⁴⁸.

Despite significant successes in the implementation of public-private partnerships (PPPs) at the regional level, in wartime conditions there remains a need for deep institutional modernization of this area. The main barriers to large-scale private investment remain a high level of legal uncertainty, security risks, and limited effectiveness of current PPP implementation procedures. The private sector has consistently emphasized the need to introduce effective investment protection mechanisms, compensation for force majeure costs, and a transparent and predictable regulatory environment. In response to these challenges, a new version of the Law of Ukraine “On Public-Private Partnership” was adopted on June 19, 2025, which initiated the transition to a qualitatively new stage in regulating this form of cooperation⁴⁹. The adopted law provides for procedures simplification for concluding contracts between public and private partners, mechanisms introduction for compensating costs caused by extraordinary circumstances, creation of PPP projects electronic register, and two-tier risk assessment system introduction and independent monitoring of the obligations fulfillment. In addition, the law formalizes the institutional functions of central executive bodies and local governments in terms of planning, monitoring and auditing PPP projects.

The new legislation adoption creates the basis for the stable investment environment formation, the infrastructure projects activation in the fields of medicine, transport, education, housing and communal services, as well as strengthening business confidence in state initiatives. It is expected that the legislative changes will contribute to the expansion of the public-private cooperation practice not only as a reconstruction tool, but also as a key element of the strategic regions development in the post-war period.

⁴⁸ State Agency for Support of Public-Private Partnerships. *ppp.me.gov.ua*. Retrieved from: *ppp.me.gov.ua*

⁴⁹ The Law of Ukraine on Public-Private Partnerships has been adopted. *rada.gov.ua*. Retrieved from: <https://www.rada.gov.ua/news/razom/263288.html>

At the same time, a specialized Program for training specialists in PPP project management in the regions has been launched, which is implemented on the basis of the National Academy of Public Administration in collaboration with UNDP and GIZ.

The sociological research results conducted in 2025 by the Institute for Economics and Forecasting of the National Academy of Sciences of Ukraine indicate an increase in the communities' readiness to participate in PPP projects: 62% of local governments recognized this mechanism as promising, although only 18% had positive practical experience of its implementation. The main difficulties in preparing projects were the qualified personnel lack, the legal support complexity and the need for start-up financing for the preparation of a feasibility study. In view of this, more and more attention is being paid to the creation of centralized PPP consulting offices that provide communities with templates, algorithms, expert support and access to banks of typical projects.

As part of the implementation of the national program "Rebuilding Ukraine" for 2024–2030, funding is provided for the preparation of at least 100 pilot PPP projects, with further scaling of the most successful models throughout the country. These initiatives are integrated into the general paradigm of financial decentralization and contribute to the a new level formation of financial regions autonomy, in which communities can not only administer projects, but also act as equal business partners in the investment policy formation. In this context, PPP is transformed into a strategic planning tool that combines state priorities, private resources and public expectations.

Thus, in 2025, public-private partnership mechanisms in Ukraine not only remain relevant, but also evolve in accordance with the conditions of wartime. They demonstrate the potential to solve key problems of regional development, but require further support at the level of state policy, strengthening the institutional environment and developing local competencies. PPP projects effective implementation can become not only a means of attracting finance, but also an effective mechanism for stimulating innovation, rebuilding infrastructure and ensuring long-term economic sustainability of Ukrainian regions in conditions of armed conflict.

Against the limited opportunities' backdrop for traditional forms of lending and investment, alternative financial support mechanisms, including microfinancing, crowdfunding and digital initiatives, are gaining significant development. These tools not only ensure the resources mobilization in difficult conditions, but also contribute to the culture formation of local investment, solidarity and digital inclusion. As of the beginning of 2025, more than 40 crowdfunding platforms are actively operating in Ukraine, among which the leading positions are occupied by "Splynokosht", "DobroDii" and

“Platform of Good Deeds”. They allow communities, public organizations and entrepreneurs to mobilize funds for the local projects implementation: from the repair of educational institutions to the purchase of energy equipment and medical supplies (Table 8).

Table 8

**Regional distribution of crowdfunding initiatives
in Ukraine in 2022–2024**

Region	Platforms/initiatives	Application areas
Kharkiv, Odesa, Dnipro	“My city”	Social, cultural, environmental projects
Kharkiv and region	“Common Fund”	Humanitarian medical support, goods for the military
Lutsk (Volyn)	Platform “My city” (My Horod)	Eco-initiatives: plastic recycling, eco-hubs for youth
Nationwide initiatives	United24	Housing and infrastructure restoration
Zaporizhzhia, Cherkasy	IRF /EU “Crowdfunding for the Media”	Regional media support
Throughout Ukraine	Big Idea (“Build Ukraine together”), Na-Starte, KUB	Innovations, startups, infrastructure, educational, cultural projects

In the period 2022–2024, crowdfunding platforms in Ukraine became active agents of regional development, integrating into the general support system for socially significant projects. They covered various sectors – culture, education, healthcare, ecology, media and entrepreneurship – and contributed to the new culture emergence of project thinking, strengthening the institutional communities’ capacity and activating local communities Uniting around a goal⁵⁰.

Kharkiv region with the platform “My City” has become the epicenter of significant initiatives number. The support of the EU and the International Renaissance Foundation allowed the projects implementation such as the Ocheret Theater, educational workshops and prevention campaigns, which strengthened the managerial sustainability of these initiatives. The open pitching format ensured transparency and increased trust in the resource allocation mechanism.

Volyn region stood out due to its environmental focus: the ECOHUB eco-project from Lutsk collected and recycled plastic blister packs. Although the

⁵⁰ Ukraine’s Investment Attractiveness Returns to 2020 Levels. *english.nv.ua*. Retrieved from: <https://english.nv.ua/business/ukraine-s-investment-attractiveness-returns-to-2020-levels-50291244.html>

funding scale was limited, the platform became a catalyst for environmental awareness, especially among young people.

At the same time, at the national level, United24 provided large-scale infrastructure support, attracting millions of dollars for the affected communities' restoration. Although data on the funds' distribution between regions remains incomplete, the funding has become critical support for strategically important areas, such as the construction of hospitals, transport and housing⁵¹.

The Na-Starte and KUB programs have significantly strengthened the business ecosystem, facilitating the launch of SME projects' dozens in different regions. They provided not only financial support, but also mentorship, expertise and access to entrepreneurs' networks. The IRF/EU Crowdfunding for the Media program supported regional media in Zaporizhzhia, Cherkasy, and other regions, which maintained an independent information space during the war.

Thus, crowdfunding in 2022–2024 demonstrated high efficiency as a financing and social mobilization tool. It served not only as a mechanism for raising funds, but also as a platform for activating communities, strengthening interaction with local communities, increasing trust, and developing new forms of investment interaction at the regional level.

Crowdfunding campaigns are increasingly being implemented in cooperation with local authorities, charitable foundations, and IT companies, which ensures synergy of technological, human, and financial capital. The blockchain analytics use and open data tools within some platforms, such as HelpUA and PeoplePower, increases the transparency level and trust on the donors' part. The campaigns' success is explained by the high level of civil society involvement and the speed of initiatives' implementation compared to traditional budget financing mechanisms.

In the context of further effective approaches' formation to financial support for regions' investment development, it is worth paying attention to the international interest dynamics in the Ukrainian market, despite the full-scale war. After the initial shock caused by military events passed, the political and economic discourse focused on issues of post-war recovery, which involves the activation of investments already during the war. Indicative in this sense is the launch of the Advantage Ukraine platform, presented by the President of Ukraine in September 2022 at the New York Stock Exchange. During the first three months of operation, the platform received more than 500 investment requests, in particular from strategic investors from the USA, Great Britain, Germany, Denmark and Korea. The high level of interest is

⁵¹ UNITED24 – The initiative of the President of Ukraine. *u24.gov.ua*. Retrieved from: <https://u24.gov.ua/>

associated with future economic transformation expectations and Ukraine's inclusion in the EU internal market.

Of particular note is the interest in infrastructure and logistics projects, which is due to the country's favorable geographical location, access to seaports, and an extensive network of railways and highways. It is known that 70% of exports are carried out through sea terminals, and the largest volumes of cargo transportation are provided by rail. In addition to the traditional factors of investment attractiveness (low cost of doing business, free economic zones availability, qualified workforce), Ukraine demonstrates significant progress in digitalization, services development for business and the regulatory environment simplification.

The Kyiv Investment Forum holding in Brussels, as well as the officials' statements at the Ukrainian Infrastructure Forum in London, testify to the government's intention to attract foreign direct investment already at the war recovery stage. This is not only about expanding access to external resources, but also about active mobilization of guarantees from export credit agencies to reduce investor risks. However, problems' number remain that continue to complicate investing in Ukraine: military operations, attacks on energy infrastructure, bureaucratic restrictions, corruption, and the judicial system instability. The integral Investment Attractiveness Index assessment, according to the European Business Association, decreased with the beginning of full-scale aggression, but already in the second half of 2022 there was a slight recovery⁵². Over 60% of companies operating in Ukraine intend to invest in 2023–2025 even in wartime, focusing mainly on supporting their own operations, digitalization, sustainable development and logistics. Only 17% of respondents consider the current moment attractive for new players, but the optimistic forecasts' share for the next six months is growing⁵³.

As noted by EBA⁵⁴ Executive Director Hanna Derevyanko, Ukrainian business demonstrates high resilience, adaptability and loyalty to the national economy, which creates the basis for restoring investor confidence⁵⁵.

Thus, the current investment situation in Ukraine is at the crossroads of three deep crises: security, energy and climate. However, despite these

⁵² Ukraine's Investment Attractiveness Returns to 2020 Levels. *english.nv.ua*. Retrieved from: <https://english.nv.ua/business/ukraine-s-investment-attractiveness-returns-to-2020-levels-50291244.html>

⁵³ 70% of surveyed companies plan to invest in Ukraine despite the war *eba.com.ua*. Retrieved from: <https://eba.com.ua/en/70-opytanyh-kompanij-investuvatymut-v-ukrayinu-popry-vijnu/>

⁵⁴ EBA Raises Ukraine's Investment Attractiveness Index. *unian.ua*. Retrieved from: <https://www.unian.ua/society/844650-eba-pidnyala-indeks-investitsiynoji-privablivosti-ukrajini.html>

⁵⁵ Now is the Time to Invest in Ukraine's Resilient Business Environment, EBA Says. *kyivpost.com*. Retrieved from: <https://www.kyivpost.com/videos/24149>

circumstances, the country is successfully forming mechanisms for attracting capital thanks to openness, digital modernization, the government's strategic vision and the international partners' support. In the future, this foundation can be transformed into a powerful financial infrastructure for the restoration and modernization of regions.

In 2022–2025, Ukraine observed intensive formation of a multi-level microfinance system as an important tool for supporting entrepreneurial activity in the context of war and post-war economic transformation. This direction has gained particular importance given the need for rapid adaptation of internally displaced persons (IDPs), self-employment promotion, activation of women's entrepreneurship, as well as stimulation of economic activity at the household and microbusiness levels. The focus of microfinance programs was on individual entrepreneurs, family farms, veterans, individuals from temporarily occupied territories, and women who initiate their own businesses in new socio-economic conditions.

Programs implemented with the support of international partners, including UNDP, USAID, GIZ, the Eastern Europe Foundation, and a wide range of domestic NGOs, have formed an ecosystem of grant and microcredit financing with an average support range of UAH 50000 to UAH 300000. These funds are usually used to purchase primary equipment, launch or scale up production, rent production and office space, and develop and test new products or services, particularly in the field of innovation and creative industries. In some cases, financing also includes consulting support, business plan development, and tax support. Digital forms of incubation support, based on the Diia.Business, StartUp Ukraine, Ukrainian Hub, Ustart, and other national and regional projects, have gained particular momentum during this period. These tools integrate components of mentoring support, educational programs, financial literacy intensives, acceleration tracks, preparation for participation in international startup competitions and pitching sessions. At the same time, they open up access to digital tools for building business models, online investor bases and opportunities to enter foreign markets. The digital business incubators' expansion has become a key factor in reducing barriers to entry into entrepreneurial activity for vulnerable categories of the population and has allowed for the rapid adaptation of support tools to the remote management conditions and an unstable environment.

In addition, during this period, significant attention was paid to the specialized programs' development to support women entrepreneurs and the family farms' development, which has become an important component of social stabilization and economic recovery of regions. Microfinance has also contributed to increasing the level of self-employment among IDPs, which has

made it possible to effectively integrate them into new communities and strengthen the local economy.

During the period 2022–2024, the participants' number in microfinance programs in Ukraine varied significantly by region, reflecting socio-economic conditions, the infrastructure damage level due to military actions, as well as the local organizations activity in implementing such programs.

The highest involvement level was observed in the western and central regions of the country, where the internally displaced persons concentration was the highest, and the conditions for doing business were relatively stable. In particular, in Lviv, Ternopil, Ivano-Frankivsk and Chernivtsi regions, the total recipients' number of microfinance support reached tens of thousands of people. Significant activity was also recorded in Vinnytsia, Khmelnytskyi, Rivne and Zhytomyr regions.

In the southern and eastern regions, despite more difficult conditions, microfinance programs attracted several thousand entrepreneurs, in particular in Dnipropetrovsk, Zaporizhzhia, Kharkiv regions. The smallest number of recipients was recorded in the immediate zones of active hostilities, where infrastructure and economic activity were most severely disrupted.

In general, according to official data from partner organizations and government agencies, the participants' number in microfinance programs in Ukraine has exceeded 120 thousand people in three years, which indicates the large-scale impact of this support form on economic stabilization and small businesses' development at the regional level. However, specific figures by region may differ depending on the source and accounting methodology.

In general, microfinance in 2022–2025 has transformed from an auxiliary segment into a strategic component of the policy for the development of micro and small businesses in Ukraine, acting as a bridge between social support and sustainable economic growth. Its multi-component structure, which includes financial, educational and technological support, allows for sustainable self-sufficiency of the population, strengthens the local initiatives' role in the regions' restoration and creates the prerequisites for the sustainable territorial communities' development.

In 2024–2025, one of the most successful cases was the digital platforms' implementation to support relocated businesses. For example, through the RelocateUkraine platform, more than 1,800 businesses were able to receive support during the relocation from dangerous regions to relatively safe areas. At the same time, more than 200 virtual community offices have been created within the framework of the National Program for Digital Transformation of Local Government, where entrepreneurs can apply for grants, consult on tax planning issues, and participate in online training courses. Artificial intelligence and automated analytics tools in these platforms allow

significantly reducing decision-making time and improving the application support quality. In addition, the role of digital wallets and mobile payment systems in the field of microfinance is growing. For example, the use of banking-based solutions from Monobank, Privat24, and izibank allows for real-time receipts and expenses' control under grant contracts. This is especially important in wartime conditions, when the financial transactions' speed and reporting reliability are critical. Initiatives such as "Grant in a Smartphone", supported by the Ministry of Digital Affairs together with international donors, demonstrate a new level of financing processes' automation.

An example of the grant crowdfunding initiatives' implementation in border regions is also illustrative. In 2025, a project to restore an outpatient clinic that suffered from the secondary consequences of the war was implemented in Chernivtsi region with the crowdfunding platform support and an international partner. The local community raised more than UAH 1.2 million, and the platform provided legal support and analytical reporting to donors. Such projects demonstrate a new model of responsible civic financing based on trust, transparency, and digital reporting.

An important vector of development is also the microfinancing introduction in the green economy field. In 2025, the GreenFin program, launched in partnership with GIZ and the National Bank of Ukraine, allowed more than 3000 participants to receive microfinancing for the solar panels' installation, heating and water supply systems' modernization, and the energy-saving technologies' use. This approach combines investment support with a long-term environmental effect, which is consistent with the sustainable development strategy of Ukraine⁵⁶.

Thus, microfinancing, crowdfunding, and digital initiatives form a multi-vector ecosystem of financial support for regional development in war times. They not only provide resource nourishment to local economies, but also form a new culture of project management based on openness, innovation and a technological approach. In the long term, these mechanisms can become the basis for building a more inclusive, adaptive and sustainable economy focused on citizens, local communities and socially responsible business.

Given the analysis of existing financial mechanisms operating in wartime conditions, as well as taking into account the changes in the socio-economic environment caused by the protracted armed conflict, the tasks' formulation for optimizing the investment financing techniques' development at the regional level requires a comprehensive interdisciplinary approach. The main

⁵⁶ Banks have financed energy projects in Ukraine for 10.5 billion in half a year. *minfin.com.ua*. Retrieved from: <https://minfin.com.ua/ua/2025/01/25/144121613/>

goal of such an approach is to create an adaptive, sustainable and innovatively oriented financing model that can take into account the specifics of the war period, local development needs and the requirements of foreign partners and donors.

The key task is to create an integrated regional financial strategy that combines short-term support measures with a long-term development vision. In 2025, taking into account the experience of the previous three years of war, the most effective were the regions that were able to develop their own financial roadmaps based on security risks analysis, available resources, PPP potential and community readiness for institutional development. The success of such strategies directly depends on the institutional capacity of local governments, the professional staff availability and the digital technologies' introduction in financial management. The second vector is the improvement of the regulatory framework. In 2025, the government implemented a initiatives' number aimed at simplifying PPP procedures, in particular, a pilot model of "fast PPP" for critical infrastructure facilities was introduced. However, there is still a need for an in-depth revision of investment legislation with an emphasis on protecting the interests of investors, business procedures deregulation, as well as the implementation of digital notary and registration services. The legislative mechanisms' development for insurance of investments in high-risk areas and the state guarantees' consolidation for strategic projects will be a significant step in attracting capital. The third direction is the local financial instruments' activation. By the end of 2024, only 8% of communities had developed programs for launching municipal bonds. At the same time, these instruments, subject to proper regulation and transparent use of funds, can become an effective source of long-term investment in social and infrastructure facilities. In this context, it is worth strengthening the financial literacy of local governments, establishing interaction with the National Securities and Stock Market Commission, and creating mechanisms for state co-financing. In parallel, it is necessary to develop instruments of local investment funds created with the participation of citizens, businesses, and institutional investors, which could participate in the regional projects' implementation.

Special attention should be paid to electronic project management systems. In 2025, the Ministry of Digital Affairs, together with the UK Government, implemented a pilot project to implement the Open Investment platform, which combines regional initiatives' databases, assessments of the use effectiveness of the funds and the project implementation progress in real time. This experience should be extended to all regions of the country, since transparency is one of the key factors in attracting donor resources. It is also necessary to increase the digital integration level of local budgets with

analytical systems of the central level, which will allow timely adjustment of funding priorities. As part of increasing the local governments' capacity, there is a need to create a national system of continuous training for managers. In 2025, the Ukrainian School of Governance launched a series of modules on project management, digital transformation and financial planning, focused on communities with a population of up to 50 thousand people. This experience has proven the investing effectiveness in human capital: according to the analysis, communities that completed the full training course were 34% more likely to attract international grants and 27% more effectively implement infrastructure projects. At the same time, the need for mentoring, networking, and the regional centers creation of competence remains high.

Another promising direction is to involve the Ukrainian diaspora as a source of financial, expert, and reputational support. In 2025, within the framework of the Diaspora 4 Region program, the Ministry of Foreign Affairs of Ukraine created an interactive platform that allows Ukrainians abroad to invest in local projects in selected communities. This format has significant potential: the diaspora has both capital and access to international markets, as well as a high motivation to join the recovery processes. For the full deployment of this resource, it is necessary to develop a single legal mechanism for verifying such investments, guaranteeing reporting transparency, and ensuring unhindered transnational participation in municipal life.

Within the framework of the strategic task formation for the financial support of investment development of regions, it is necessary to take into account the change in investor behavior in war conditions and the criteria transformation for the economic sectors attractiveness. As emphasized by the Executive Director of the Center for Socio-Economic Research "CASE Ukraine" Dmytro Boyarchuk, today the investment attractiveness of Ukraine is perceived mainly through the high-risk assets' prism (distressed assets)⁵⁷.

Investors focused on this investment type are ready to buy assets at an undervalue, anticipating a significant potential return on the condition that at least a small part of such projects turns out to be successful. At the same time, long-term strategic approaches are being formed – investors are studying the sectors possibilities that demonstrate stable or promising development, in particular, the defense-industrial complex and agricultural production, which retains competitive advantages in the European market.

At the same time, restrictions on access to external financing have been recorded in industries' number, in particular in the IT sector, where foreign

⁵⁷ Who, Where and Why is Ready to Invest in Ukraine During the War. *inventure.com.ua*. Retrieved from: <https://inventure.com.ua/uk/analytics/articles/hto-kudi-i-chomu-gotovij-investuvati-v-ukrayini-pid-chas-vijni>

clients avoid cooperation due to the damage risks to infrastructure and personnel mobilization. This requires deeper risks' analysis and investment security guarantees' improvement. In view of the situation, the President of the Kyiv School of Economics, Tymofiy Mylovanov, predicts a significant increase in Ukraine's investment attractiveness in the long term due to the need for large-scale infrastructure reconstruction. He emphasizes that Ukraine's expected membership in the EU creates additional advantages for the energy sector development, critical materials' production, the food and furniture industries, as well as high-tech service segments⁵⁸.

Experts pay particular attention to the growing demand for expertise in the defense industry, medical rehabilitation, and demining, which, if properly institutionalized, can become export-oriented industries. At the same time, significant challenges remain at the current stage of development: insufficient market liberalization, underdeveloped logistics infrastructure, and security threats. Therefore, according to Mylovanov, in the near future, special attention should be focused on supporting export-oriented sectors, as well as those that generate a high fiscal effect, such as logistics, the defense industry, and the dual-use goods production. Areas related to hydrogen energy and "green" metallurgy are also recognized as promising. Their development is consistent with current European strategic guidelines for decarbonization and creates the prerequisites for strengthening Ukraine's position as a supplier of environmentally friendly industrial solutions. Taking into account the above analytical conclusions in the process of formulating technical and management decisions will contribute to the construction of a more adaptive, attractive and sustainable investment infrastructure at the regional level.

In the process of forming a comprehensive approach to the development of financial and investment technology, it is important to take into account not only general economic and security factors, but also the structural transformation of investment demand in connection with the energy, technological and logistical rethinking of the economic environment. According to the president of the Kyiv School of Economics, Tymofii Mylovanov, promising industries with high investment potential include the oil refining industry and gas production. They have both stable domestic demand and the ability to generate significant tax revenues. In parallel, the development of renewable energy sources is being considered, in particular wind and solar energy, which demonstrate relative resistance to the risks of the war period due to their decentralized structure and lower capital intensity compared to traditional industrial facilities.

⁵⁸ Where foreign capital will invest into Ukraine depends on the war. *ubn.news*. Retrieved from: <https://ubn.news/where-foreign-capital-will-invest-into-ukraine-depends-on-the-war/>

Experts pay special attention to knowledge-intensive industries with a long-term payback horizon. These are industries related to the production and design of microchips, which are of strategic importance in the context of digital sovereignty, technological integration into European value chains and ensuring cyber resilience. The development of such industries should be considered a priority area of state policy in the context of post-war recovery.

It is advisable to introduce targeted mechanisms for stimulating investment at the state level. He includes non-economic risks' insurance, security nature primarily, among the key elements of such a policy, which will remain relevant in the post-war period. Effective tools also include the specialized investment zones' creation in the most affected regions, the preferential tax regimes introduction and the lending stimulation to entrepreneurial initiatives⁵⁹.

It is no less important to provide high-quality information support for investors, in particular by creating open registers of the resource base, projects and cooperation proposals. Special emphasis is placed on Ukraine's integration into European-wide green and digital transition programs, which will allow synchronizing domestic economic policy with EU environmental and innovation standards. The recovery strategy formation should provide for a clear priority sectors' definition for investment, the professional training system development, as well as the conditions' creation for the internally displaced persons' return and citizens who have left abroad.

All this requires not only updating the regulatory framework, but also a deep rethinking of the interaction logic between the state, business and international partners, which is one of the forming central tasks an optimal model for the financial and investment technology development in the post-war period⁶⁰.

Therefore, the task formulation for the optimal development of the financial support technology for investment development in war conditions includes integrated steps' number. It is not only about updating the legal framework or attracting funding, but above all – about building a new paradigm for managing regional finances. This paradigm should be flexible, digitalized, focused on partnership, trust and openness. It is this comprehensive vision that will allow us to turn the war challenges into opportunity window for creating a sustainable and effective financial system

⁵⁹ Round table «Prospects of the Ukrainian economy in the context of global macroeconomic instability». *niss.gov.ua*. Retrieved from: <https://www.niss.gov.ua/news/novini-nisd/krugliy-stil-perspektivi-ekonomiki-ukraini-v-umovakh-globalnoi-makroekonomichnoi>

⁶⁰ Investments during war. Who, where and why is ready to invest money in Ukraine. *rbc.ua*. Retrieved from: <https://www.rbc.ua/rus/news/investitsiyi-pid-chas-viyni-hto-kudi-i-chomu-1710245929.html>

capable of ensuring a high-quality investment breakthrough for the regions of Ukraine even in extremely difficult conditions.

Interest in investing in the Ukrainian economy is showing positive dynamics even in conditions of full-scale war. This is confirmed by the growth in the investment initiatives number: currently, the total cost of projects prepared for submission to the Ministry of Economy of Ukraine exceeds 600 million euros. The declared activity of investors, in particular through the mechanisms implemented within the framework of the Law of Ukraine “On State Support of Investment Projects with Significant Investments”⁶¹, testifies to the state policy effectiveness of supporting capital investments. It is significant that legislative initiatives create equal conditions for domestic and foreign investors, and also ensure effective intersectoral coordination of the state, legislative and business community.

The investment projects’ implementation during the war is considered not only as a tool for economic growth, but also as a strategic prerequisite for the future reconstruction of the country. The private capital participation, in particular international capital, strengthens trust in the Ukrainian market and forms the image of Ukraine as a state open to partnership even in times of crisis challenges⁶².

CONCLUSIONS

In the context of large-scale military aggression against Ukraine, investment development of regions requires rethinking approaches to financial support, finding new tools and adapting existing models to the realities of wartime. The study showed that, despite the dramatic reduction in traditional investment, the country has not lost its investment potential, but has instead formed a multi-vector support environment that combines state initiatives, international aid, innovative digital solutions and civil society activity. The analysis found that the most viable in crisis conditions are flexible financial mechanisms: grants, microfinancing, crowdfunding, public-private partnerships and digital administration tools. In particular, the successful platforms’ functioning to support internally displaced persons, relocated businesses and digital incubators indicates the regions’ ability to respond promptly to challenges. International technical and financial assistance, aimed at both humanitarian support and economic recovery, plays a significant role. In this context, the issues of communities’ institutional

⁶¹ The Law of Ukraine On State Support of Investment Projects with Significant Investments № 1116-IX (2020, December 17). [zakon.rada.gov.ua](https://zakon.rada.gov.ua/zakon.rada.gov.ua). Retrieved from: <https://zakon.rada.gov.ua/laws/show/1116-20#Text>

⁶² State support and new opportunities for investing in Ukraine during the war. ukraineinvest.gov.ua. Retrieved from: <https://ukraineinvest.gov.ua/news/derzhavna-pidtrymka-ta-novi-mozhlyvosti-dlya-investuvannya-v-ukrayinu-pid-chas-vijny/>

capacity, procedures' transparency, resource management efficiency and the regulatory environment modernization remain priorities.

The comprehensive analysis also allowed to identify key challenges, including fragmented coordination between different levels of government, uneven access of communities to external financing, insufficient human resources capacity, as well as legal uncertainty in the public-private partnerships' implementation. At the same time, positive trends related to decentralization, digitalization of financial management and increased initiative at the local level were identified.

An important condition for achieving sustainable investment growth in the regions is the strategic vision formation of reconstruction financing, which should integrate the needs of security, social adaptation and economic development. This requires a systematic combination of centralized resources and local initiatives, active involvement of the private sector, the Ukrainian diaspora and international institutions. Of particular importance will be the investor confidence formation in state and local authorities, which directly depends on the governance quality, anti-corruption safeguards and legal protection guarantees.

Thus, even during the war, Ukraine is demonstrating progress in the new models formation of financing investment development of regions. In the future, these models have the potential to transform into a stable institutional basis for post-war recovery, sustainable economic growth and full integration into the European economic space.

SUMMARY

The article highlights the current problems of financial support for investment development in the regions of Ukraine in conditions of full-scale war. The key consequences of military actions for the national economy are analyzed, in particular, a decrease in investment activity, infrastructure destruction, labor resources migration and a drop in local budget revenues. Special attention is paid to the alternative financing mechanisms' analysis that acquire particular importance in crisis conditions: international technical assistance, grant programs, digital platforms such as the State Agrarian Register (DAR), preferential lending, public-private partnership. Empirical data on the investment projects' implementation in the regions of Ukraine, the peculiarities of the local budgets' functioning in emergency conditions and the effectiveness of state and donor support for small and medium-sized businesses are presented. The need to strengthen the institutional capacity of communities, digitalize financial processes and form an integrated investment development management system is substantiated. A number of practical recommendations are proposed for improving financial policy at the regional

level, taking into account the martial law risks, sustainable development goals, and Ukraine's European integration course.

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