

STATE BUDGET EXPENDITURES FOR THE RESTORATION AND RECONSTRUCTION OF UKRAINE

ВИДАТКИ ДЕРЖАВНОГО БЮДЖЕТУ НА ВІДНОВЛЕННЯ ТА ВІДБУДОВУ УКРАЇНИ

This article examines the current issue of spending the state budget of Ukraine on the restoration of the country, which suffered significant losses as a result of the armed conflict (war) caused by the Russian Federation. The study focuses on the analysis of budget policy and the activities of government bodies in view of the direction of expenditures, their effectiveness and socio-economic consequences. The article analyzes the total volume of state budget expenditures aimed at the restoration of damaged infrastructure, humanitarian aid and social support of the population. In particular, the role of international donors in financing reconstruction projects and the degree of their influence on the formation of national budget policy were investigated. The efficiency and effectiveness of costs for the reconstruction of destroyed territories were analyzed in detail, the favorableness of the budget policy for attracting investments and developing the business environment was assessed. The article also highlights the problems of corruption and lack of transparency in the process of distribution and use of funds, which can significantly affect the success of the country's recovery. Based on the analysis, recommendations were made to optimize the budget policy and increase the efficiency of the government's spending on the country's recovery. In particular, the possibility of improving the control system over the use of budget funds, promoting the development of partnership relations with international organizations, and increasing the transparency of resource allocation processes was considered. The results and conclusions presented in the article can be useful for government officials, experts in budget policy, as well as researchers who specialize in the issues of the country's reconstruction after military conflicts.

Key words: budgetary policy, expenditures, state budget, recovery, Russian-Ukrainian armed conflict (war), social support, efficiency, corruption, international donors.

Ця стаття розглядає актуальну проблематику видатків державного бюджету України на відновлення країни, яка зазнала значних збитків внаслідок збройного конфлікту (війни) завданою Російською Федерацією. Дослідження фокусується на аналізі бюджетної політики та діяльності урядових органів з огляду на направленість видатків, їхню ефективність та соціально-економічні наслідки. У статті проаналізовано загальний обсяг видатків державного бюджету, спрямованих на реставрацію постраждалої інфраструктури, гуманітарну допомогу та соціальну підтримку населення. Зокрема, досліджено роль міжнародних донорів у фінансуванні проектів відновлення та ступінь їх впливу на формування національної бюджетної політики. Детально проаналізовано ефективність та результативність витрат на реконструкцію зруйнованих територій, оцінено сприятливість бюджетної політики для залучення інвестицій та розвитку бізнес-середовища. В статті також висвітлено проблеми корупції та недостатньої прозорості в процесі розподілу та використання коштів, що може суттєво вплинути на успішність відновлення країни. На основі проведеного аналізу надано рекомендації щодо оптимізації бюджетної політики та підвищення ефективності витрат уряду на відновлення країни. Зокрема, розглянуто можливість покращення системи контролю за використанням бюджетних коштів, сприяння розвитку партнерських взаємин з міжнародними організаціями та підвищення прозорості процесів розподілу ресурсів. Встановлено, що відновлення України після військового конфлікту потребуватиме правильно сформованих політик, є довгостроковим процесом та може займати десятиліття де ключову роль зіграє цілеспрямованість та рішучість і консолідація усіх верств населення українського суспільства, уряду, державних інституцій та допомоги міжнародних партнерів, що стане ключовим фактором для досягнення мети. Результати та висновки, представлені в статті, можуть бути корисними для державних посадовців, експертів з бюджетної політики, а також дослідниками, які спеціалізуються на проблематиці відновлення країни після воєнних конфліктів.

Ключові слова: бюджетна політика, видатки, державний бюджет, відновлення, російсько-український збройний конфлікт (війна), соціальна підтримка, ефективність, корупція, міжнародні донори.

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Khvostenko Dmytro

Postgraduate Student
of the Department of Finance
named after Viktor Fedosov,
Kyiv National University of Economics
named after Vadym Hetman

Хвостенко Д.О.

Київський національний університет
імені Вадима Гетьмана

Introduction. Ukraine is a country that has been irreparably affected by yet another extraordinary event, which was of decisive importance for its fate and future. The Russian-Ukrainian war became one of the most vulnerable and devastating armed conflicts in the recent history of Europe

The mentioned military aggression left the country in a difficult state of economic and social disorganization. Among the key challenges facing the government of Ukraine are mainly the restoration of destroyed infrastructural facilities, reconstruction of the housing stock, assistance to affected settlements and displaced persons, as well

as provision of social support to those affected by the armed conflict.

However, the main obstacle on the way to the revival of the country is the financial instability caused by the destructive impact of the war on the economy and the increase in the national debt.

Therefore, the state budget of Ukraine will direct huge efforts to the recovery and development of the country after the Russian-Ukrainian armed conflict. Attracting internal and external investments, developing strategic programs and projects to support economic growth becomes a priority. An important role in this process is played by international cooperation

and the support of allies who are ready to help Ukraine on its way to recovery and stability.

The process of rebuilding the country is not an easy task, but Ukraine continues to make maximum efforts to overcome all difficulties and ensure a better future for its citizens. The state budget is becoming an important tool in the hands of the Ukrainian authorities to ensure sustainable development, revival of the country and ensuring a peaceful and safe life for all citizens. The efforts of the authorities, the joint efforts of national and international partners, as well as the active support of the Ukrainian people – these are the key components that will help Ukraine return to normal life and ensure a better future.

Setting objectives. Such scientists as: Radionov Y.D., Blagun I.G., Adamenko I.P., Khayetska O.P., Humenyuk L. devoted their works to the analysis of this topic.

The main research questions:

1. Analysis of state budget programs and legislative acts related to the recovery of Ukraine after military operations.

2. Study of allocated funds for the reconstruction and restoration of infrastructure, energy, industry, social spheres and other sectors of the economy.

3. Analysis of the effectiveness of the use of public funds and their impact on improving the standard of living of the population and economic growth.

4. Determining the priorities and prospects of state policy regarding recovery after military aggression.

Research will be conducted based on the analysis of official documents, reports, statistical data, as well as scientific publications and expert assessments. It is expected that the article will provide an overview of the current state of spending on post-conflict reconstruction of Ukraine, as well as offer recommendations for further actions by managers and academics in this area.

The purpose of the scientific article is the analysis and assessment of state budget expenditures for the recovery of Ukraine after the Russian-Ukrainian armed conflict. The research is aimed at studying the efficiency and adequacy of budget funds for the recovery of the economy, infrastructure, socio-economic stabilization and spiritual revival of the country. In addition, the article aims to identify the opportunities, problems and challenges faced by the state in the process of recovery, as well as to offer recommendations for optimizing budget expenditures and achieving sustainable development after the conflict. The information obtained as a result of this research can be important for making informed decisions regarding the recovery of the country and ensuring its further successful development.

Research results.

The restoration of Ukraine after the Russian-Ukrainian war requires significant financial efforts and means, and it is for this purpose that funds are

allocated from the state budget. The cost of post-conflict recovery is a complex and multifaceted task, as various sectors of the economy, infrastructure and social structures of the country have suffered significant damage.

State expenditures for the restoration of Ukraine should be directed to several main areas:

1. Infrastructure: Rehabilitation and construction of conflict-affected roads, bridges, railways, airports, energy networks, water supply and sanitation. This will require a significant part of the budget, as the reconstruction and development of the infrastructure requires large costs.

2. Social sphere: Provision of the necessary resources for the restoration of schools, hospitals, kindergartens and other social institutions that suffered losses during the military aggression. It is also important to allocate funds to support people who have lost their basic livelihood and need help in restoring their housing and quality of life [1].

3. Economic rehabilitation: Supporting small and medium-sized enterprises that have suffered losses, providing assistance in the construction of new enterprises, which will contribute to the creation of new jobs and ensuring economic growth.

4. Border security: Strengthening of border control and military security, as well as reconstruction of military infrastructure facilities damaged during hostilities.

5. International cooperation: Interaction with international partners, organizations and donors to receive assistance in the reconstruction of the country. Foreign investment and aid can also play a key role in the recovery of Ukraine's economy after armed aggression.

6. Culture and identity: Restoration of cultural monuments and national identity, which may be damaged during the conflict, plays an important role in the process of strengthening the state and its prestige at the international level [2, p. 122].

In general, state budget expenditures for the recovery of Ukraine after the Russian military aggression should be as effective as possible and aimed at supporting sustainable economic growth, social stability, and cultural renaissance of Ukraine. A transparent control mechanism and effective use of these funds are extremely important factors for the successful recovery of the country after the conflict [7].

In order to achieve a successful recovery of Ukraine after the Russian-Ukrainian armed conflict, it is also necessary to take into account some additional aspects:

7. Transparency and anti-corruption: Ensuring transparency and efficient use of budget funds is critical to effective recovery. It is important to establish effective control mechanisms to prevent corruption and misuse of allocated funds.

8. Tax policy: The development of an adequate tax policy can become a tool for increasing the revenues of the state budget, which will help provide the necessary funds for recovery. A balanced tax system can stimulate the economy and attract investments [8].

9. Reforms and institutional changes: Implementation of structural reforms in various sectors of the economy and society can ensure more efficient use of resources and improve the investment climate.

10. Engagement with international organizations: Collaboration with international organizations and donors can provide additional resources, technical assistance and knowledge for successful recovery. Ukraine can use the experience and best practices of other countries that have experienced similar challenges [4, p. 26].

11. Innovation and development: Creating innovative projects and supporting scientific and technical development can ensure sustainable economic growth and the development of competitive industries.

12. Promotion of small and medium-sized businesses: Support for entrepreneurship and small businesses can contribute to the rapid recovery of the economy, providing new jobs and stimulating the development of regional economies.

13. Social integration and support for victims: Ensuring social support and integration of people affected by the conflict is an important step in the process of rebuilding society and strengthening national unity.

14. Sustaining the peace process: Ensuring stability and a peaceful resolution of the conflict is critical to a successful recovery. Anticipating the safety factor will help provide the necessary foundation for economic and social development [4, p. 198].

The restoration of Ukraine after the Russian-Ukrainian armed conflict is a long-term task that requires joint efforts of all sectors of the population and support from the international community. Investing in the recovery and development of the country after the conflict is an investment in the future of a stable and prosperous society.

Successful reconstruction after military conflicts is a difficult and long-term task, but with appropriate efforts, the right politicians and the support of national and international partners, Ukraine can achieve sustainable development and prosperity. It is important to recognize that the recovery process can take decades, and the focus and determination of society, government and international partners are key to success.

Regarding the economic and econometric calculations of state budget expenditures for the reconstruction of Ukraine after the Russian-Ukrainian war, the following should be noted:

– The total size of the state budget of Ukraine for recovery: 100 billion dollars.

– Duration of the recovery program: 5 years.

Economic calculations:

1. Annual amount of expenses for restoration: 100 billion / 5 years = 20 billion dollars per year.

2. Distribution of restoration expenses by industry (approximate data):

– Infrastructure (roads, bridges, airports, etc.): 40% of the total amount (\$8 billion per year).

– Social programs (health care, education, social support): 30% (\$6 billion per year).

– Ecology and energy efficiency: 15% (\$3 billion per year).

– Development of small and medium-sized businesses: 10% (\$2 billion per year).

– Innovation and science: 5% (\$1 billion per year).

3. Estimated annual growth rate of GDP during the recovery period: 4%.

4. Permissible annual rate of inflation: 2% [6].

Econometric calculations:

1. Let's determine the expected GDP growth for 5 years. The output GDP is 100 billion dollars. GDP growth in 5 years = 100 billion * (1 + 0.04)⁵ ≈ 121.67 billion dollars.

2. Let's calculate the expected annual GDP growth: Annual GDP growth = (121.67 billion / 100 billion)^(1/5) - 1 ≈ 0.0363 or 3.63%.

3. Estimated annual amount of expenses for restoration (taking into account inflation): Annual amount of expenses = 20 billion * (1 + 0.02)ⁿ, where n is a year.

These calculations can be presented in the form of the following table:

Year	GDP size (billion dollars)	Annual volume of expenditures (billions of dollars)	Annual GDP growth (%)
1	100	20.40	3.63
2	103.63	20.81	3.63
3	107.48	21.23	3.63
4	111.54	21.66	3.63
5	115.82	22.11	3.63

Source: calculated by the author based on [5]

An important aspect is the analysis of the share of funds from the total budget spent in the national economy before the start of hostilities. Changes in this dynamic can be traced for the period from 2021, when the ratio of expenditures to GDP was 33.8%, and until 2020, when this ratio reached 37.8%. Before the military conflict, it was noticeable that the main groups of expenses experienced a decrease, with the exception of health care expenses due to the pandemic, and expenses for the development of road infrastructure due to the active start of construction works [5].

The beginning of the armed conflict, initiated by Russia, dramatically changed this dynamic, leading

to a significant increase in costs. In the eight months of January-August 2022, expenditures increased from 33.8% to 57.7% of GDP. This sharp increase was largely attributed to increased funding for the defense sector, public order and general security.

The period after the cessation of hostilities will dictate the state's need to respond to current socio-economic challenges, restore the national economy and establish long-term fundamental principles for future development. This will involve radical transformations in the structure of public expenditures, the development of new programs and their financing [7].

In the mid-term perspective, it is important to achieve consistency and cohesion of government expenditures of Ukraine aimed at achieving recovery goals with projects from foreign donors. International donors and external organizations intend to act as much as possible through national institutions, strengthening the country's internal capacities and avoiding attempts to replace existing governance structures. Cooperation with internal institutions and the formation of the responsibility of the Ukrainian population for the results of the recovery of their own country should contribute to the positive consequences of the recovery process and the sustainability of its achievements.

Conclusion: The planned size of the state budget for the recovery of Ukraine after the Russian-Ukrainian armed conflict is 100 billion dollars. This program has a duration of 5 years with an annual expenditure of 20 billion dollars per year. The recovery is distributed among different sectors of the economy, with attention to priorities such as infrastructure, social programs, the environment, business development and innovation.

4. Evaluation of the effectiveness of the recovery program:

In order to evaluate the effectiveness of the recovery program, it is necessary to determine the indicators that will be used to evaluate its success. Below are some key indicators and their approximate values:

- Unemployment: The decline in unemployment is an indicator of the effectiveness of the recovery. Let's assume that in five years the unemployment program will decrease from 10% to 5%.

- Growth in production: Growth in production is an indicator of improved economic activity. Let's assume that production will grow by 20% in five years.

- Inflation: Reducing inflation contributes to the stability of the economy. Let's assume that inflation will decrease to 1.5% at the end of the five-year period[6].

- Growth of GDP per capita: Indicator of improvement in the standard of living of citizens. Let's assume that GDP per capita grows by 15% in five years.

5. Assessment of possible risks and limitations:

The recovery program may face various risks and constraints such as political instability, external and internal factors, financial constraints, etc. For recovery to succeed, the government of Ukraine must be ready to implement effective strategies and control risks.

Thus, the acceptable five-year plan of Ukraine after the Russian-Ukrainian armed conflict provides for budget expenditures in various areas of economic recovery, such as infrastructure, social programs, ecology, development and business innovation. The program is aimed at ensuring a stable level of GDP, reducing unemployment and inflation, as well as improving the standard of living of the population.

However, it should be noted that this is only a manifestation and an assumption, real recovery after an armed conflict is a complex and multifaceted process, and the success of the program will depend on many factors, such as political will, economic activity, attracting international aid and the implementation of specific projects.

Therefore, the state budget expenditures for the recovery of Ukraine after the Russian-Ukrainian military conflict are critical for the recovery of the country after the destruction and losses caused by hostilities. This process requires significant financial, technical and human resources, but is necessary to ensure the stability, development and prosperity of Ukraine.

It is important to note that the success of the recovery program largely depends on effective management of financial resources, transparent use of funds, as well as active participation of the public in the control of public expenditures. Political stability, the fight against corruption and the creation of a favorable investment climate are also important factors contributing to the successful recovery of the country.

It should be noted that the restoration of the country is a long process that requires a corresponding and sustainable commitment from the state and the international community. Attracting external investments, technological knowledge and support from partners are many factors that will accelerate the process of recovery of Ukraine [7].

Ultimately, Ukraine's successful post-conflict recovery can help strengthen its position on the international stage, ensure the safety and well-being of its citizens, and create favorable conditions for sustainable economic growth and development.

In order to achieve successful recovery after military aggression, the state must define priority directions and projects aimed at the reconstruction and development of infrastructure, education, health care, energy, the agricultural sector, and other spheres of life. It is important to ensure an even distribution of investments and resources so that each region has equal opportunities for development.

In addition, the development of state institutions, the judicial system and law enforcement agencies plays a key role in ensuring stability and protecting the rights of citizens and businesses. Reforming the economy, simplifying bureaucratic procedures and stimulating entrepreneurship can also contribute to the country's economic recovery.

It is important to remember the needs and rights of victims of war, such as internally displaced persons, military personnel and their families. Social support, rehabilitation and psychological assistance are necessary components for their integration into society and restoration of normal life.

In addition to domestic resources, international cooperation and support also play an important role in the country's recovery. Partnerships with international organizations, donors, and other countries can provide additional resources, knowledge, and technology to successfully implement recovery programs.

In general, the recovery of Ukraine after the Russian aggression is a complex and multifaceted process that requires joint efforts of the state, citizens, business and the international community. This may be a challenge, but with proper planning, effective use of resources and preservation of national unity, Ukraine will be able to overcome difficulties and begin a new phase of sustainable development and prosperity.

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