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ENSURING UKRAINE'S FINANCIAL SECURITY IN TIMES OF WAR: DEFENSE PROCUREMENT AND INTERNATIONAL ASSISTANCE

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Abstract: *Ensuring the financial security of Ukraine during wartime is a critically important area of state policy and macroeconomic management, determining the resilience of the economy, the state's ability to meet its financial obligations, and maintain socio-economic stability under extraordinary conditions. In the context of military conflict, Ukraine has faced a complex set of challenges, including a sharp decline in state budget revenues, a significant increase in defense and security expenditures, devaluation of the national currency, rising inflation risks, and disruptions in the normal functioning of the financial sector. Additionally, global economic shocks, sanctions pressure on the financial system, and limited access to international capital markets complicate the situation.*

In these conditions, international financial assistance serves as a key tool for supporting financial security, providing currency market stabilization, covering budget deficits, financing critically important social programs, supporting the liquidity of the banking system, and developing state financial institutions. Analysis of the practice of mobilizing international resources shows that the effectiveness of assistance depends on strategic planning, transparency of fund usage, coordination among state bodies, and the application of crisis management mechanisms for public debt and financial risks.

Particular attention is paid to state financial management mechanisms, including budget stabilization, expenditure control, improving financial discipline, and countering corruption and fraud in public funds. At the same time, international assistance combines financial, credit, and technical-expert instruments, ensuring both short-term economic stabilization and long-term strengthening of financial institutions. Examination of Ukraine's experience in 2022–2025 demonstrates that the synergy of state measures and international support enables macroeconomic stability, reduces default risks, maintains social standards, and contributes to the restoration of critically important infrastructure.

The challenges of Ukraine's financial security during wartime highlight the need for a comprehensive approach that combines effective state governance, international cooperation, and systematic risk monitoring. The article emphasizes that integrating state anti-crisis measures with international assistance mechanisms is a fundamental condition for ensuring Ukraine's financial security, enhancing the resilience of its economic system, and preserving strategic resources during wartime. The results obtained have practical significance for developing anti-crisis policies, budget planning, public debt management, and forming an effective system of international financial cooperation.



Keywords: *financial security, defense procurement, international financial assistance, macroeconomic stability, military conflict, budget policy, currency market, anti-crisis measures, financial risks, external financing, economic resilience, financial institutions.*

The financial security of the state in wartime becomes critical, as it ensures the stability of state finances, the implementation of defense expenditures, and the support of the economy in conditions of high risks. War creates complex challenges: a reduction in budget revenues, an increase in defense expenditures, risks of financial violations and corruption practices. International financial assistance becomes a key element of supporting financial stability, but its effective use requires clear administrative-legal and financial-legal control mechanisms. The purpose of the article is a comprehensive analysis of measures to ensure the financial security of Ukraine during wartime, taking into account the role of international assistance and domestic administrative-legal instruments.

The financial security of the state is defined as the state of protection of the national economy and public finances from internal and external threats, which allows ensuring the sustainable functioning of state institutions. In wartime, the key factors of financial security include:

- stability of the state budget;
- efficiency of state finance management;
- control over defense procurement;
- preservation of international financial reserves;
- combating corruption offenses in the financial sector [1].

International financial assistance plays a key role in ensuring the financial security of states, especially in conditions of economic instability, political crises and military conflicts. It acts not only as a source of financial resources, but also as a mechanism for increasing the stability of national financial systems, reducing the risks of default and supporting socio-economic stability.

The financial security of a state is determined by the ability to maintain economic stability, fulfill obligations to domestic and external counterparties and provide critically important state functions even in times of crisis. In this context, international financial assistance is an important tool that allows the state to compensate for the lack



of internal resources, stabilize macroeconomic indicators, support the liquidity of the banking system and ensure the continuous functioning of state institutions.

Table 1 – Key factors of financial security in wartime

№	Financial security factor	Significance in wartime
1.	Budget stability	Ensuring defense financing and critical need
2.	Public finance management	Ensuring defense financing and critical needs
3.	Defense procurement	Cost optimization and control efficiency
4.	International reserves	Guaranteeing the stability of the national currency and balance of payments
5.	Anti-corruption measures	Minimizing the risks of misuse of funds

author's original concept

The mechanisms of international financial assistance are diverse and include direct financing of the state budget, the provision of targeted grants and loans, as well as technical and expert support. Direct financing of the state budget allows covering the deficit, ensuring the implementation of socially important programs and supporting critically necessary state spending. Targeted grants and loans are provided for specific projects, in particular, infrastructure modernization, energy sector development, support for the agricultural and social sectors, which contributes to the simultaneous development of the economy and strengthening of financial security. Technical and expert assistance is aimed at increasing the efficiency of public financial management, developing financial institutions, improving control systems and implementing international reporting standards, which in the long term increases the stability of the state's financial system[2].

The impact of international financial assistance on financial security is manifested in several key aspects. First, it provides stabilization of the foreign exchange market and support for the national currency exchange rate, which is critically important during external economic shocks. Loans from the IMF and multilateral banks are able to support the liquidity of the central bank and prevent sharp fluctuations in the exchange rate. Second, international assistance helps reduce the public debt burden and increase the country's solvency, which allows avoiding defaults and ensuring the stable



functioning of public financial institutions. Third, it supports macroeconomic stability through financing critical sectors of the economy, socially important programs and reforms, which directly affects the reduction of social tension and minimizes the risks of economic collapse. Fourth, international assistance contributes to the development and modernization of financial institutions, increasing the professional level of civil servants, improving management and control systems, which in the future ensures more efficient use of domestic financial resources [3].

The effectiveness of international financial assistance largely depends on internal financial discipline and transparency of public finances, the ability of state institutions to implement structural reforms, the presence of a strategic plan for the use of financial resources and the priority of financing critical sectors of the economy. The practical experience of countries receiving international financial support shows that it is most effective in the case of a comprehensive approach, when financial assistance is combined with measures to reform budget policy, debt management, modernization of state institutions and increase transparency of the financial system. During military conflicts, international aid becomes critically important, providing financing for defense and social programs, supporting critically needed infrastructure, and maintaining the functioning of the economy in conditions of increased risks. In this context, international financial assistance acts not only as a source of resources, but also as a mechanism for stabilizing the economy, allowing the state to withstand external and internal financial shocks and ensure long-term financial security [4].

Thus, international financial assistance is an effective tool for ensuring the financial security of the state, contributing to the stabilization of macroeconomic indicators, reducing the state debt burden, developing financial institutions, and supporting socio-economic stability. Its effective use requires a comprehensive approach that involves the integration of external resources with internal political, economic, and social measures, which allows maximizing the effect of international aid to ensure the stability of the financial system and the economic security of the state.

During wartime, international aid plays a key role in supporting the financial security of the state. The main forms of assistance include grants, loans, technical, and



humanitarian support. Major international donors: International Monetary Fund (IMF), World Bank, European Union, NATO, and individual states.

State measures to ensure financial security are a set of instruments and mechanisms aimed at supporting the stability of the financial system, protecting the economic interests of the state and citizens, as well as reducing the risks of financial crises and instability. They include state regulatory policy, monitoring compliance with financial discipline, public debt management, regulation of the banking and financial sectors, as well as the introduction of preventive mechanisms for responding to threats to financial stability.

Table 2 – Main sources of international financial assistance to Ukraine in 2022–2025 [5]

№	Source of assistance	Form of support	Volume billion USD	Main purpose
1.	IMF	Loans and stand-by programs	4,0	Budget and balance of payments stabilization
2.	World Bank	Grants and loans	3,5	Infrastructure reconstruction and economic support
3.	EU	Grants, macro-financial assistance	2,8	Financial stabilization and support for reforms
4.	USA and other countries	Financial and humanitarian assistance	5,0	Defense and humanitarian spending

One of the key areas of state financial security is the formation of a stable budget policy, which involves planning income and expenditure, optimizing public spending, ensuring effective allocation of financial resources and monitoring budget execution. This process includes assessing deficit risks, managing the tax system and introducing measures to increase the transparency of public finances, which allows for a timely response to potential threats to macroeconomic stability. Regulation of the banking and financial system is another critically important element of ensuring financial security. The state, through the central bank and regulatory authorities, supervises the liquidity



of banking institutions, monitors compliance with capital standards, credit portfolio risks and operations in financial markets. An important mechanism is the creation of a deposit insurance system and the introduction of anti-crisis plans to maintain the stability of the banking system in case of emergency situations. State regulation also includes control over financial flows, prevention of legalization of proceeds from crime, as well as counteraction to financial fraud and corruption schemes that threaten the stability of the financial system.

In the field of public debt management, the state applies measures to ensure its stable level and ability to service external and internal obligations. This includes the formation of borrowing strategies, optimization of the structure of debt instruments, control over the terms and conditions of debt service, as well as attracting financial resources on favorable terms. Effective debt management allows you to reduce financial risks, avoid defaults and maintain investor confidence in public finances.

State measures to ensure financial security also involve the active use of financial risk monitoring and analysis systems. This allows for the prediction of crisis phenomena, timely detection of financial imbalances and response to threats through regulatory interventions, anti-crisis programs and resource mobilization. An additional mechanism is to stimulate the development of the financial market, increase its transparency and liquidity, which strengthens the overall stability of the economy and minimizes the negative impact of external and internal shocks.

State measures become particularly relevant during war and crisis periods, when there is an increased risk of financial collapses, devaluation of the national currency, increased inflation and social tension. In such conditions, the state implements anti-crisis programs to support critically important sectors of the economy, social programs, the banking system and enterprises of defense importance. They may include subsidies, temporary price regulation, currency interventions, state guarantees for lending to strategic industries and support for the liquidity of financial institutions.

The effectiveness of state measures to ensure financial security largely depends on the availability of a strategic plan, the ability of state bodies to respond promptly to risks, implement structural reforms, ensure transparency of the financial system and



coordination between various state institutions. The integration of these measures with international financial assistance and cooperation with multilateral organizations allows for the most effective use of both internal and external resources to support the financial stability of the state and its economic security. The state thus acts as a guarantor of financial stability, coordinating budgetary, tax, credit and regulatory instruments to ensure the protection of national interests and support macroeconomic stability even in difficult economic and political conditions [6].

Summary and conclusions:

1. Ensuring the financial security of Ukraine during wartime is critically important for the stability of the state budget, macroeconomic resilience, and the continuous functioning of state institutions. The complex challenges of the wartime period include budget deficits, increased defense expenditures, national currency devaluation, and heightened social tension.

2. International financial assistance serves as a key instrument for stabilizing the financial system, supporting the balance of payments, and providing critically important social and defense programs. Its effectiveness depends on transparency, strategic planning, and integration with internal anti-crisis measures.

3. State measures for ensuring financial security include budget stabilization, control over defense procurement, public debt management, and the development of financial institutions. They help minimize the risks of default, corruption, and inefficient use of funds.

4. The synergy of state mechanisms and international financial assistance enables macroeconomic stability, supports social standards, and contributes to the restoration of critically important infrastructure, which is fundamental for Ukraine's financial security during wartime

5. A comprehensive approach to financial security involves integrating internal administrative and financial legal mechanisms with international cooperation, systematic risk monitoring, and the implementation of anti-crisis strategies to maintain economic resilience.



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