

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY

Faculty of Management and Business

Department of International Economic Relations, Business & Management

Bachelor's Qualification Work

**Economic cooperation between Ukraine and the United States of America within
the context of financial aid**

(based on the World Evangelical Alliance case)

Bachelor's student of the 4th year of study

Field of Study 29 – International Relations

Specialty 292 – International Economic Relations

Educational program – International Economic
Relations

Maksym Maliuta

Research supervisor

Glib Buriak

Ph.D. in Economics

Kyiv – 2024

Abstract: Economic cooperation between Ukraine and the United States of America within the context of financial aid

Financial aid is an essential instrument of economic and political influence, and the present aid relationship between Ukraine and the United States is a perfect example of how impactful such a relationship is in times of crisis. Following Russia's full-scale invasion of Ukraine in 2022, foreign aid became a critical component of Ukraine's fight for survival. While Ukraine has had an ongoing aid relationship with the United States since the establishment of Ukrainian independence in the early 1990s, the scale and importance of this relationship have increased tremendously. This paper uses publicly available data concerning the US-Ukraine foreign aid relationship to construct a clear picture of its progress between February 2022 and April 2024 and analyze the outcomes that are visible at the time of this paper's publication. These methods are supplemented by the author's personal experience as a foreign aid coordinator and Ukrainian national. While some arguments can be made against the effectiveness of foreign aid, this paper finds that US foreign aid to Ukraine in 2022-2024 had a decisively positive effect, as it provided the emergency funds and equipment the country desperately needed to defend itself from a numerically and economically superior enemy.

Keywords: foreign aid, financial aid, russo-Ukrainian war, United States of America, Ukraine

Анотація: Економічна взаємодія між Україною та Сполученими Штатами Америки у контексті фінансової допомоги

Фінансова допомога є критичним інструментом економічного та політичного впливу. Нинішня взаємодія між Україною та Сполученими Штатами Америки є ідеальним прикладом того, наскільки впливовою може бути подібна взаємодія у час кризи. Після початку повномасштабного вторгнення росії в Україну у 2022

році, іноземна допомога стала критичним компонентом боротьби України за виживання. У той час як Україна мала сталу допоміжну взаємодію зі Сполученими Штатами з початку української незалежності у ранніх 1990-х, масштаб та важливість цих відносин значно збільшився після подій 2022 року. Ця робота використовує публічну інформацію що стосується відносин України та США у сфері іноземної допомоги задля створення чіткої картини прогресу цієї допомоги між Лютим 2022 та Квітнем 2024 та аналізу результатів, які можливо зафіксувати на момент публікації роботи. Ці методи доповнені персональним досвідом автора як координатора іноземної допомоги та громадянина України. У той час як певні аргументи проти ефективності іноземної допомоги мають право на існування, ця робота приходить до висновку що іноземна допомога Україні від США у 2022-2024 мала вирішально позитивний ефект, адже вона надала критично необхідне фінансування та обладнання, якого Україна відчайдушно потребувала щоби захистити себе від ворога що має значну численну та економічну перевагу.

Ключові слова: іноземна допомога, фінансова допомога, російсько-українська війна, Сполучені Штати Америки, Україна

PHEE-institute «Ukrainian-American Concordia University»

Faculty of Management and Business

Department of International Economic Relations, Business and Management

Educational level: **Bachelor degree**
Specialty **292 “International Economic Relations”**
Educational program **“International Economic Relations”**

APPROVED
Head of Department



Prof. Zharkova L.V.
“09” May 2024

TASK
FOR BACHELOR’S QUALIFICATION WORK OF STUDENT

MAKSYM MALIUTA

(Name, Surname)

1. Topic of the bachelor’s qualification work

Economic cooperation between Ukraine and the United States of America within the context of financial aid

Supervisor of the bachelor’s qualification work Buriak Glib, PhD,
(surname, name, degree, academic rank)

Which approved by Order of University from **“25” September 2023 № 25-09/2023-4к**

2. Deadline for bachelor’s qualification work submission “25” April 2024.

3. Data-out to the bachelor’s qualification work

Information from open sources on the Internet, official reporting of financial and economic activities of the relevant states and enterprises, and materials from the student’s internship at the World Evangelical Alliance.

4. Contents of the explanatory note (list of issues to be developed)

The document is structured into three main chapters: the first introduces financial aid, discussing its economic basis, common models, historical context, and the arguments for and against its effectiveness. The second chapter analyzes the donor-recipient dynamics between Ukraine and the U.S., including detailed analyses of 2022 financial aid packages and a case study featuring the author’s experiences in the World Evangelical Alliance: The Response Ukraine Special Taskforce. The final chapter assesses the impacts of these aid

relations, evaluating both positive and negative outcomes to offer a comprehensive view of the current state of U.S.-Ukraine economic cooperation.

5. List of graphic material (with exact indication of any mandatory drawings)

Graphs and figures for analysis of economic and statistical information on the relevant states, projects, and the course of their development.

6. Date of issue of the assignment

Time Schedule

№	The title of the parts of the qualification paper (work)	Deadlines	Notes
1.	I part of bachelor thesis	10.12.2023	In time
2.	II part of bachelor thesis	27.02.2024	In time
3.	Introduction, conclusions, summary	25.04.2024	In time
4.	Pre-defense of the thesis	30.04.2024	In time

Student



Supervisor



(signature)

(signature)

Conclusions (general description of the work; participation in scientific conferences/ prepared scientific article; what grade does the student deserve):

The bachelor qualification paper on "Economic Cooperation between Ukraine and the United States of America within the Context of Financial Aid" represents a comprehensive and rigorously analyzed exploration of the financial aid dynamics post-2022 invasion. The work adeptly combines theoretical frameworks with empirical evidence, offering a detailed examination of the political, military, and economic impacts of U.S. aid to Ukraine. The incorporation of the author's direct involvement with the World Evangelical Alliance TRUST enriches the analysis, adding a layer of practical insight. Participation in scientific conferences and the preparation of articles for academic publication further underscore the research's relevance and scholarly contribution. Given the quality of research, depth of analysis, and academic engagement, the student is unequivocally deserving of an "excellent" grade upon a successful defense of the paper.

Supervisor



(signature)

TABLE OF CONTENTS

TABLE OF CONTENTS	2
INTRODUCTION	3
CHAPTER 1. THEORETICAL APPROACH TO FINANCIAL AID SOLUTIONS	8
1.1 Economic justification of financial aid as a sustainable solution	8
1.2 Retrospective view on the development of financial aid	11
1.3 Evaluation of the efficiency of foreign aid	13
CHAPTER 2. EVALUATION OF US FINANCIAL AID IN UKRAINE	17
2.1 Basis for economic cooperation on financial aid between Ukraine and the United States of America	17
2.2 Examples and analysis of the economic cooperation between Ukraine and the United States of America	22
2.3 World Evangelical Alliance: The Response Ukraine Special Taskforce	35
CHAPTER 3. IMPACT AND OUTCOMES OF FINANCIAL AID IN UKRAINE	38
3.1 Positive impact of aid in Ukraine	38
3.2 Challenges of implementation of foreign aid in Ukraine	42
3.3 General outcome assessment of the economic cooperation between Ukraine and the United States of America within the context of financial aid	45
CONCLUSION	48
REFERENCES	54

INTRODUCTION

The countries of Ukraine and the United States of America have been in a close partnership since the former became independent in 1991, and this relationship has been underlined by a constant flow of financial and in-kind aid from the US to Ukraine, stimulated by the countries' political and strategic alignment due to Ukraine's orientation towards NATO and the collective "west," as well as the persistent existential necessity of escaping russian geopolitical orbit. After russia's full-scale invasion of Ukraine, which started on February 24, 2022, the spectrum of aid provided by the US was considerably widened, and its volume significantly increased. This aid is characterized by a strong focus on direct emergency aid in the form of direct shipments on military aid, including critical equipment such as infantry fighting vehicles, main battle tanks, and air defense systems, as well as economic aid aimed at further expanding the capabilities of the Ukrainian military, as well as stabilizing the country's society and vulnerable wartime economy through direct financial support. This paper will explore this relationship within the economic context of international financial aid and asses its impacts and challenges in addition to analysing the broader social, political, economic, and military impact of the aid provided to Ukraine by the United States.

The **aim** of this paper is to explore the aid provided to Ukraine by the United States of America in 2022, 2023, and early 2024 as a direct result of the russian full-scale invasion and the ensuing total war and analyze the outcomes of this aid while taking into account the broader social, political, and economic contexts of financial aid.

The **object** of this paper is the political, economic, and strategic relationship between Ukraine and the United States of America following the establishment of modern Ukrainian independence in 1991, and especially within the context of the historic conflict between russia and Ukraine.

The **subject** of this paper is foreign financial aid and Official Developmental Assistance, with a specific focus on emergency aid and tied military aid.

The first chapter will introduce the concept of financial aid in its general sense. It will first present its economic basis, standard models, formats, and the most well-known issues connected to it. This will be followed by a brief and selective history and

retrospective view of financial aid as a social, political, and economic phenomenon, highlighting its relative recency as a concept in international relations as well as previous historical precedents. Lastly, the most common arguments for and against its effectiveness and efficiency will be presented while exploring past studies and cases that support or contradict these arguments, with a special focus on issues relevant to the modern aid relationship between Ukraine and the United States, such as tied aid, dependency, and efficiency assessment difficulties.

The tasks of the first chapter are:

- To evaluate and analyze the economic basis and justification for financial and foreign aid as broad economic and political concepts, researching the types of economic aid, their distinct characteristics, and common issues and criticisms aimed at them.
- To look at the history of financial and foreign aid in order to contextualize and better understand the historical reasons for their existence in their current form, as well as evaluate the validity and efficiency of its previous forms found throughout history.
- To explore and evaluate the efficiency of foreign aid in its modern sense, analyze its most common scientific and political criticisms, and provide measurable parameters that can be used to assess and compare its efficiency in a clear, fair, and unbiased way.

The second chapter will cover the donor-recipient relationship between Ukraine and the United States of America. It will first be presented in its wide sense in the form of a brief historical overview starting at the proclamation of Ukrainian independence and ending just before the full-scale russian invasion of 2022. This will be followed by an exploration of the financial aid packages provided in 2022, their legal and political basis, volume, and methods of execution. Lastly, the case of World Evangelical Alliance: The Response Ukraine Special Taskforce will be briefly covered as a more straightforward example of the US-Ukraine aid relationship, augmented by the author's personal experience as a coordinator within the task force.

The tasks of the second chapter are:

- To explore the historical, political, and strategic background behind the bilateral economic cooperation on financial aid between Ukraine and the United States of America, starting from the beginning of modern Ukrainian independence in the early 1990s and ending just before the full-scale russian invasion of Ukraine in early 2022.
- To closely study the financial and military aid packages the United States of America provided to Ukraine following the full-scale russian invasion of 2022, to break down the elements of these packages and explore which departments and bodies within the United States government were responsible for their distribution, and to analyze the dynamics and statistics of critical aid flows and their effect on Ukraine's military capabilities in the fight against russia and the country's economic stability.
- To present the author's empirical observations and first-hand experience in the foreign aid relationship between the United States of America and Ukraine trough facilitating the flow of financial aid between an American company and multiple recipients based in Ukraine and other countries in Eastern Europe that were providing shelter and other assistance to those affected by the war and assisting in the flow of humanitarian aid to Ukraine.

The third chapter will present an analysis of the outcomes of the US-Ukraine aid relationship, especially taking into account the aid packages passed in 2022 and 2024, as presented in Chapter 2. It will first focus on the positive impact of this aid relationship and present evidence and analysis in support of its effectiveness. It will then explore the negative impact of this aid relationship while also taking into account the present and potential negative consequences that will manifest if this relationship is stalled or terminated. Lastly, a general outcome assessment will consider both positive and negative outcomes, as well as any other relevant information, to present a definitive picture of the outcomes of this aid relationship as a whole in its current form.

The tasks of the third chapter are:

- To study the positive impact of the aid provided by the United States of America to Ukraine, specifically its decisive impact on the military capabilities of the

Ukrainian Armed Forces, which allowed them to sustain a fight against a numerically and economically superior enemy, as well as the impact of the aid on the economic stability of Ukraine.

- To review the challenges that arose in the process of implementing the aid provided by the United States of America to Ukraine, especially as related to challenges presented by the domestic political climate in the United States, dangerous levels of corruption in Ukraine, and other internal and external factors that threaten future aid packages directly or have the potential to negatively affect the efficiency of its distribution.
- To combine all previous data and analysis into a thorough and deep assessment of the results, outcomes, and consequences of the aid provided by the United States of America to Ukraine and its decisive impact both on the frontline of the war and in supporting the Ukrainian wartime economy, while also exploring the overarching issues related to the way the United States approaches aid and its use as an instrument of political and strategic pressure on both its partners and adversaries.

This report was compiled using publicly available sources, primarily press publications, government reports, scientific articles, open-source intelligence, books, analytical articles, and published law texts. It covers a war between Russia and Ukraine that is ongoing as of the paper's publication. The paper thus cannot paint a complete picture of the topic in question due to the sensitive and/or classified nature of many of its elements, especially as it pertains to military action and shipments of military assistance, as well as utilization and effectiveness of military equipment. The author of this paper recognizes that certain elements of data, reporting, statistics, and other information referenced in this report, while cited from sources deemed verifiable and trustable as of its publication, may subsequently be revealed to be accidentally distorted or intentionally misrepresented for the purposes of military and political secrecy or propaganda. Some analytical elements are based on the relevant personal experiences of the author as a citizen of Ukraine who is directly involved in the process of non-governmental

international aid from the United States to Ukraine as a coordinator and administrator of a rapid response taskforce (The Response-Ukraine Special Taskforce or TRUST).

The combination of diverse sources and personal experience aims to offer a nuanced and informed perspective on the ongoing conflict and the multifaceted role of international aid. However, given the dynamic and evolving nature of the situation, the report must be understood as a snapshot in time, reflecting the best available information and analysis up to the point of its completion. Future developments and revelations may alter the understanding of the events and actions discussed herein.

CHAPTER 1. THEORETICAL APPROACH TO FINANCIAL AID SOLUTIONS

1.1 Economic justification of financial aid as a sustainable solution

Financial aid falls under the general category of international assistance or, as it is called by the Organisation for Economic Co-operation and Development, Official Development Assistance (OECD, 2021), and is a specific form of aid in which international assistance is provided in the form of financial resources transferred directly from one nation to another, usually without a direct economic incentive for the former, or at a significantly discounted rate if provided in the form of a loan (Lancaster et al., 2005).

In international practice, direct financial aid is always provided by either a developed country or an international organization to developing countries, countries that it wishes to support for political, military, or humanitarian reasons, countries experiencing a crisis, an emergency, or a combination of the above. In this context, the giving country is traditionally referred to as a “donor”, while the receiving country is referred to as a “recipient.”

Usually, foreign aid can be put into one of the following categories:

- Aid that directly stimulates the recipient’s economy by providing operational funds to be used on state and other expenses.
- Aid that indirectly stimulates the recipient’s economy as a whole, the country’s development—as in the case of OECD’s Official Development Assistance—or a particular sector of the recipient’s activities, such as its military or crisis response capabilities.

In addition to the broad categories outlined above, most international aid is also tied, which means that the recipient can only spend the aid to purchase goods or services from the donor nation (OECD, n.d.). Aid tying is an extremely important and controversial part of international aid. On the one hand, it eases the political and economic burden on the donor by reducing the negative effect of the aid on a country’s balance of payments. In theory, this enables a donor to provide more aid, as its consequences on the domestic economy and balance of payments are not as severe as with untied aid and often

positively contribute to unemployment rates as jobs are created by the export orders made by the recipient (Jalan, 1969). On the other hand, it often undermines its economic efficiency by effectively reducing the aid by up to 20-30% as recipients are forced to spend the funds to purchase goods and services from a more developed country (the donor), which are almost always significantly more expensive than those available on domestic markets, in addition to the necessity of subsequent international shipping and logistics, which take up another large chunk of aid budgets (Jepma, 1991).

One example of tied aid that will be covered in more detail later in the report is the military aid the United States provides to Ukraine to bolster its fighting potential during the ongoing Russo-Ukrainian war. Recently, it was reported that 68 of the \$113 billion that the U.S. pledged to Ukraine (data as of the end of 2023) is spent in the United States, primarily to replenish stocks of weapon systems that were sent to Ukraine from storage (Cancian, 2023; Theissen, 2023). This is an excellent example of tied aid: while at a glance it might seem like Ukraine is getting all this money to bolster its military, in reality, Ukraine is getting American weapons, and the U.S. Ministry of Defence is using the money to pay local defense manufacturers to replenish the depleted stocks. While this approach has its advantages, such as the Pentagon finding that it “accidentally overvalued” previous aid and had an extra \$3 billion just when the funding was running low (Stone, 2023), it is generally disadvantageous to Ukraine. Like many nations that receive tied aid, Ukraine has little control over how the aid is truly spent, and the goods and services purchased are significantly marked up due to exclusivity and lack of competition.

While the models outlined above are now considered standard and widely accepted by donors and recipients alike, they have been receiving sustained criticism for their inefficiency and the multitude of issues that they potentially create. For example, in the case of Lebanon, a Middle Eastern country that has been one of the biggest and most prominent recipients of direct financial aid in the past few decades, many critics argue that the country had an unhealthy and unsustainable political and economic system, but large direct financial aid packages delayed the need for fundamental change and reform while empowering the failing government to continue its unhealthy financial and political

practices without the threat of short term consequences due to the “insurance” provided by foreign aid (Finckenstein, 2021), which led to an economic and humanitarian crisis of an enormous magnitude when decades of mismanagement, conflict, and mounting national debt—which was as high as 150% of national output—culminated in a total economic collapse of the state and the accompanying humanitarian crisis which saw 80% of the Lebanese population descend below the poverty line (Blair, 2022; see also DG NEAR, 2023).

The type of aid that is antonymic to direct financial assistance is in-kind aid, which is aid provided directly in the form of goods and services instead of financial contributions. In-kind aid is often the first and primary type of aid delivered in crisis humanitarian situations, as it is considered far less complex to ensure its secure delivery and avoid misuse. In-kind aid creates multiple issues for recipients, such as the particular aid items being no longer relevant to the recipient upon arrival or even irrelevant ones being sent mistakenly or due to a lack of understanding of the actual need. This most commonly happens in crises, when a quick response is required, and governments and non-government organizations responsible for—or voluntarily participating in—the response have no contingency plans in place for such situations, leading to multiple mistakes and miscommunication. A perfect example of this is a situation that developed on the Ukrainian-Polish border in early March of 2022, right after the beginning of the full-scale Russian invasion of Ukraine. As the refugee crisis was intensifying, multiple international relief organizations decided to send warm clothing to the border in anticipation of multiple refugees arriving dressed inadequately for the weather conditions, as it often happened in previous refugee crises. However, they failed to account for the fact that the vast majority of Ukraine’s population owns winter clothing, and most refugees put theirs on before leaving their homes, with most of them moving by trains, cars, or public transportation. This culminated in minimal demand for such clothing on the border, which led to piles of discarded donated winter clothing accumulating near border crossings. In reality, most refugees needed housing, food, and basic hygiene products, which were also anticipated and provided as a form of in-kind aid. For the reasons above, direct financial assistance is generally preferred by recipients, especially

in a crisis, as it gives them more flexibility, delivers additional economic impact if the aid is allowed to be spent internally (as opposed to tied aid), and greatly improves efficiency in comparison to in-kind aid (CaLP, n.d.). Donors—especially non-government organizations—however, in many cases tend to gravitate to in-kind aid, as it gives them more control, requires less scrutiny, audits, and paperwork, and is excellent for public relations, as it is easier to understand the value and importance of aid if it is tangible and visible.

Financial aid has a solid but simultaneously controversial economic basis. While some may say that it is the driver behind modern politics, international development, and the growth of human civilization, others may argue that it is a tool of control that defers progress and change while providing little positive effect. As with many things in international economics, there will never be one decisive answer, and all situations should be reviewed on a case-by-case basis.

1.2 Retrospective view on the development of financial aid

In its current interpretation, financial aid is a very modern term. While aid for military reasons and the use of wealth and resources to encourage specific political actions are as old as the concept of international relations, development assistance in its modern sense was not actively practiced before the 19th century. Neither a strong political nor social precedent for the use of financial aid to assist other nations rather than dominate them was convincingly established before the middle of the 20th century when the consequences of the world wars and the related shift in power dynamics and social constructs triggered the change.

For most of humanity's history, the geopolitical landscape was that of power, conquest, and domination. War and trade were the key instruments in international relations, and strategic conflicts that could not be settled by gold were settled on the battlefield. In that age, powerful countries that provide financial aid in modern contexts would instead use the resources to colonize and dominate over developing territories directly, utilizing the acquired resources, workforce, and geographic position to the advantage of their imperialistic aspirations. Such an approach greatly benefited the

conquerors, as they used and abused their colonies to their absolute advantage. The vastly unequal relationships between colonists and their colonies were manifested in the extremely common situation where a representative of the colonizing nation was appointed as the head of the government of a colonized nation. Such an arrangement led to very little consideration being given to the social, economic, and political interests of the colony's population, with the interests of the foreign colonists taking precedence before any internal interest of the colony. Such a relationship almost always resulted in a trade imbalance in the colonist's favor, as their subjects were unable to negotiate and forced to accept any agreement that their conquerors desired, so long as the dominating power had enough military presence to maintain full control over the population. It is clear that in such a situation, the advantage gained from the resources a colony received from the colonists was completely nullified by the immense disadvantages inflicted by the abuse of the resources, workforce, and geographic position of the colony.

The behavior outlined above continued for thousands of years, but in the 19th century, it began to slowly transform and evolve (Phillips, 2013). The transition was not rapid or drastic, however, as the first examples of what is now considered to be foreign aid were recorded when colonial empires such as Britain, France, and Germany began to deliver aid to their respective colonies to stimulate their industrial growth and consolidate their empires, which was, in essence, just another, softer form of the dominating behavior outlined above. In fact, in the 21st century, many ex-empires, such as France, Spain, and Portugal, continue to disproportionately prioritize their past colonies when distributing their Official Development Assistance budgets (The Guardian, 2015).

This dominating approach drastically changed after the World Wars, which ravaged Europe, brought an end to most empires, and caused a chain reaction of independence in colonies worldwide. Europe was in ruins, and the United States became the first and largest donor of modern direct financial aid when it launched the Marshall Plan, officially known as the European Recovery Program, an aid program aimed at rebuilding European infrastructure and economy (Marshall Plan (1948), 2022). While the need for the project itself and its efficiency is debated to this day, it has most certainly laid the foundation for modern development aid.

On the other hand, the newly decolonized nations, while free, were depleted of their resources by centuries of colonization and had their industrial bases weakened by the wars, during which they were ruthlessly used as manpower and manufacturing hubs. In combination with the desire of the crumbling empires to retain influence and maintain strong relations with their past colonies, this gave birth to development aid as it is known today.

Another factor that influenced the rise of financial aid in the second half of the 20th century is the shift in moral and political values that occurred after a new geopolitical order was established in the 1950s. Advocacy and social awareness of the struggling populations of new developing nations grew, and the political demand for financial aid grew with it. The realization that foreign aid can be used to simultaneously satisfy the domestic electorate, strengthen international influence, and boost the country's image led to many Western nations adopting foreign aid as a standard practice in their international relations. The United States, for example, in recognition of the importance and power of this tool of international influence, created a separate independent agency in 1961 titled "U.S. Agency for International Development," which has a very fitting acronym: USAID. In modern times, USAID is one of the largest international aid bodies and provides the most international assistance in the world in USD equivalent (*U.S. Agency for International Development*, n.d.).

1.3 Evaluation of the efficiency of foreign aid

The economic validity and efficiency of financial aid are contested and controversial topics in both economic and political senses. Debates have been ongoing for decades, as many scientific studies have been conducted to try to measure the social, economic, and political impact of foreign aid. The results of such studies have been historically inconclusive, as the impact and efficiency of such aid are extremely dependent on the specific circumstances of the recipient, the format and conditions of the agreement, and the goals the donor was pursuing in providing this aid to the recipient.

As financial aid was gaining popularity in the second half of the 20th century, it was initially met with criticism and doubt in the economic scientific community. Many studies and publications of that period on the topic of foreign aid were mostly negative. In “African Independence: The First Twenty-five Years,” a collection of studies and opinions on the social, political, and economic events surrounding the new African states established after de-colonization, one of the authors argues strongly against foreign aid: “International assistance programs, as currently administered, tend to promote continued Africa’s dependence rather than Africa’s development; provide resources of the wrong kind in the wrong ways, and in the wrong quantities. Specifically, many of the resources have often been channeled into projects unconnected with agricultural or rural development—the sphere best able to improve the lot of the majority—and have further separated the twin sectors of African economies and sharpened the social and geographical dualism as well.” (Asante, 1985, p. 270). Further arguments against foreign aid at the time included a lack of positive impact on critical healthcare and social metrics, such as infant mortality and education rates (Boone, 1995). More recently, foreign aid has also been criticized for often being unfairly distributed by both donors (among recipients) and recipients (among sub-recipients, such as a country’s citizens) and being disproportionally allocated to more prosperous regions of a country, deepening the wealth gap (Briggs, 2016).

However, some contemporary studies have found a positive correlation between financial aid and economic growth, citing a noticeable macroeconomic impact: “Results provide broad support for a positive long-run impact of ODA flows on the macroeconomy. In contrast, we find little evidence supporting the thesis that aid has been harmful.” (Jusélius et al., 2013). The study “Impact of Project and Programme Aid on Economic Growth: A Cross Country Analysis” (Janjua et al., 2018) compares the economic effectiveness of project aid—aid provided for a specific project or purpose—to programme aid, that is, aid provided to a sector of the economy as a whole. It uses economic growth, investment, and human capital as its main comparison points (as opposed to several previous studies on the topic, which used only one comparison point). The study found: “Project Aid has significant impact on economic growth but

insignificant impact on investment and human capital. Programme Aid has insignificant impact on economic growth, insignificantly negative impact on investment and significantly positive impact on human capital.”

The metrics for evaluating foreign aid presented in the study above are far more conclusive than the more commonly used general economic indicators such as Gross Domestic Product or trade balance. Using a combination of factors provides a much more robust comparison base than using just one general indicator, as it helps to make a much stronger correlation between the outcomes of the specific aid project or program and its economic impact on the recipient. The specific indicators used are also a good example of evaluation, as they combine the internal economic growth, external investment dynamics, and human capital growth to paint a clear picture of the aid’s effect. Not all aid cases, however, should be evaluated by these parameters, as some aid projects are aimed at stabilizing a rapidly developing emergency, improving the social conditions of the recipient’s population, or other humanitarian goals. Such aid projects and programs should always be assessed by their target indicators rather than general economic parameters. For example, comparing humanitarian aid to Official Developmental Assistance using the same metrics would always yield faulty results, as they are very different types of aid with different goals and target demographics.

When discussing the effectiveness of foreign financial aid, it is also essential to consider its political and humanitarian ramifications, as not all aid is provided with the goal of boosting the recipient’s economy or achieving economic efficiency. However, economic efficiency is an important factor, sometimes even more so for the donor than for the recipient, as if a government provides the funding of the aid, its taxpayers will expect the funds to be used in a way that furthers a cause important to them and ideally yields at least some economic benefits for the donor economy. Donor governments are also often pressured by their constituencies to ensure that their tax money is supervised and reasonable steps are taken to prevent misallocation, misuse, or the provision of aid to unwanted recipients.

There is another big concern that often puts the economic efficiency of foreign aid into question and causes much criticism: corruption. Corruption has been a serious threat

to foreign aid since its inception, as aid is often provided to assist in times of growth, instability, or both, which all attract corrupt individuals seeking to enrich themselves on the plight of others just as well as they attract the attention of foreign donors. Corruption not only reduces the efficiency of aid that is already being provided but often threatens future aid projects, as donors are far more reluctant to provide assistance to a recipient known for misallocating it and failing to supervise its fair and efficient implementation. For example, in the case of Ukraine, which will be covered in more depth later in the report, as media reports of foreign aid embezzlement on all levels of government mount, it becomes increasingly difficult to request future assistance and threatens to undermine the relationship of the country with its strategic allies (POLITICO, 2023).

Even though its economic efficiency and validity continue to be controversial, donors still continue to provide financial aid on a large scale. An argument can be made that, after all, inefficient aid is better than no aid at all, but such an argument must not be used to excuse poorly researched, supervised, and implemented aid projects. It is difficult to correctly assess the efficiency of a given aid project and even more difficult to compare several unrelated aid projects to each other, as all aid situations are very different and unique. Governments and organizations must continue working on helping those in need and developing robust and reliable aid mechanisms. At the same time, economists should constantly analyze aid flows and their long-term results to propose scientifically proven methods of optimizing aid and ensuring the intended recipient will be able to realize it to its full potential.

CHAPTER 2. EVALUATION OF US FINANCIAL AID IN UKRAINE

2.1 Basis for economic cooperation on financial aid between Ukraine and the United States of America

To understand the underlying principles, connections, and interests that stimulate the United States' interest in Ukraine and readiness to supply it with financial, humanitarian, and military aid in the years following the full-scale Russian invasion, it is necessary to review the history of modern U.S.-Ukrainian economic and political relations and how the political and social shifts in both countries influenced them.

In the early 1990s, Ukraine was a newly created country, still shaking after the dramatic collapse of the Soviet Union. Due to radical soviet collectivization and industrialization, Ukraine's economy coming out of the Union was very weak. In the years immediately following the collapse, it was one of the poorest ex-Soviet republics (Sutela, 2012), and its GDP was constantly decreasing throughout the turbulent 1990s (Figure 2.1). It was during this period that the United States decided to start an aid program for Ukraine through a bilateral agreement signed in 1992.

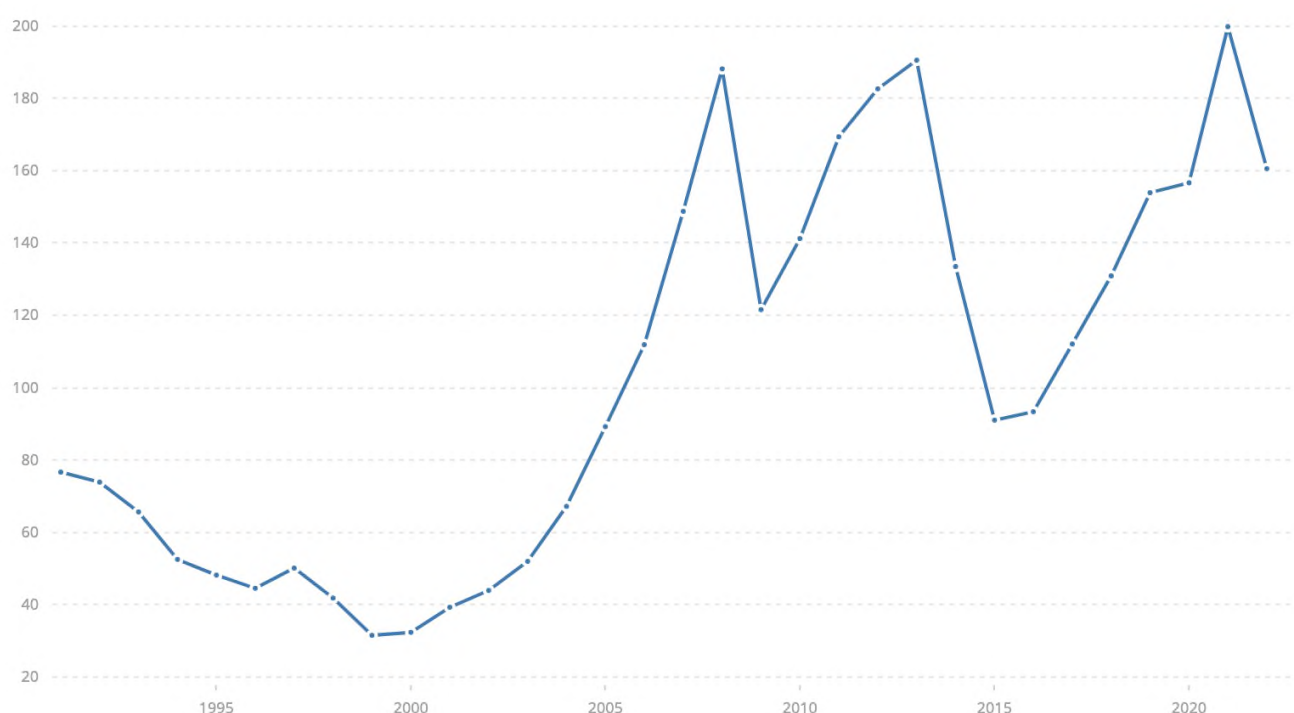


Figure 2.1

GDP of Ukraine between 1991 and 2022, in billions of US dollars

Politically, Ukraine was in the process of change and reform, transitioning from a one-party Soviet Republic into a modern democracy modeled after European countries. On the international stage, Ukraine was fighting for recognition and acceptance amid debates about the sovereign status of past Soviet republics. When it proclaimed independence, Ukraine immediately became the third largest nuclear state in the world, with over 1900 nuclear warheads and multiple delivery systems such as ballistic missiles and strategic bombers (Arms Control Association, 2022).

The United States recognized Ukraine in 1991, upgrading its Kyiv consulate to embassy status at the beginning of 1992 and immediately initiating negotiations with the Ukrainian government on several important topics, namely security, nuclear weapons, and financial aid. The Official Development Assistance and other aid that the United States of America has been providing to Ukraine in the 1990s were provided based on several economic and political factors that can primarily be attributed to the needs of a newly established independent Ukrainian state formed after the collapse of the Soviet Union in 1991:

- the necessity of establishing a functioning market economy to allow the state and its population to be self-sufficient and enable them to participate in international economics and trade;
- the United States' political and military interests necessitated preventing Ukraine from falling into the orbit of the Russian Federation as the ideological successor to the Soviet Union and Russian Empire.
- a dire economic situation that arose as a result of the collapse, leading to high rates of poverty, crime, and unemployment in the years that followed;

The primary mechanism used to meet those needs and achieve the goals above was that of the United States Agency for International Development (USAID). The three primary strategic objectives outlined in a bilateral agreement signed between USAID and the Ukrainian government in 1992 (USAID, n.d.), shortly after Ukraine proclaimed its independence, which the United States recognized soon after, are:

- to create a broad-based market economy;
- to help build a participatory democratic political system;
- to assist in social sector reforms to ease the difficulties of transition, particularly among the most vulnerable members of society;

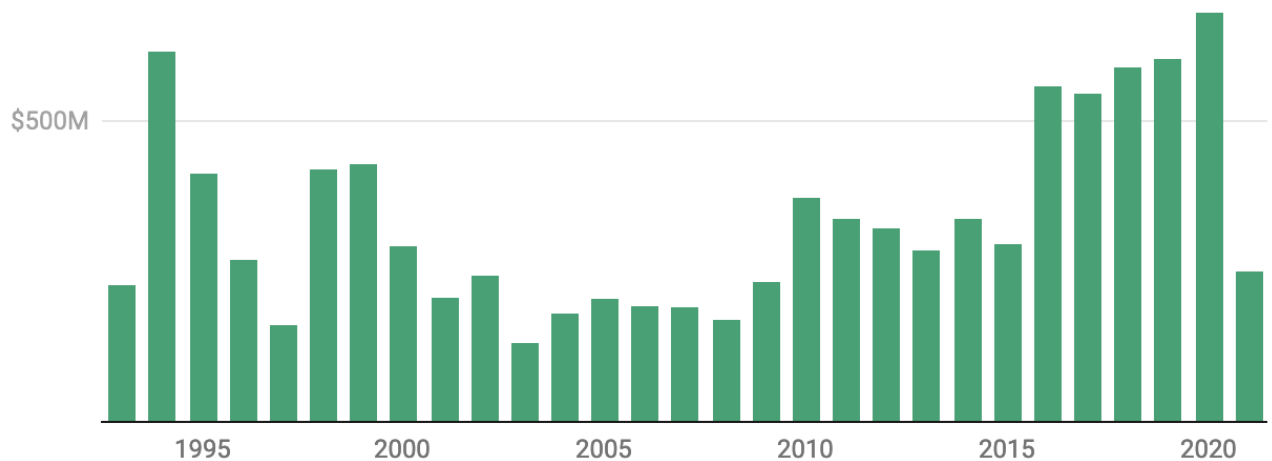


Figure 2.2

Financial aid provided to Ukraine by the United States between 1993 and 2021, in millions of US dollars.

The Conversation, CC-BY-ND. Adapted by the original publisher from an official source (ForeignAssistance.gov).

As can be seen in Figure 2.2, created by The Conversation, 2022, based on the data available at ForeignAssistance.gov, the U.S. has been steadily providing assistance to Ukraine since the bilateral agreement of 1992 was signed. The U.S. sent an average of \$352 million dollars per year in aid to Ukraine between 1993 and 2000 (all further data adjusted for inflation, rounded to the million). In 1994, the U.S. doubled its aid to Ukraine as a part of the de-nuclearisation agreement, which later became known as the Budapest Memorandum (Nelson, 2019).

The early 2000s were marked by a significant deterioration in US-Ukrainian relations when the Cassette Scandal—the publication of an audio recording secretly made in the office of then-President of Ukraine Leonid Kuchma—revealed that he not only ordered the assassination of a top Ukrainian journalist, Georgiy Gongadze but also

authorized the secret sale of four advanced military radar systems to Iraq, one of the principal enemies of the U.S. at the time (Rfe/RI., 2002). The consequences of this revelation included a boycott of Kuchma by many Western leaders, including at a Prague NATO summit where the names of the participating countries appeared in French instead of English to force the separation of Ukraine from the U.S. and U.K. in the alphabetical seating of participating countries (CNN, 2002) and a significant reduction in financial aid, with it hitting an all-time low in 2003 at \$131 million dollars.

Even though US-Ukrainian relationships and foreign aid projects started a slow recovery after the Orange Revolution of 2004-2005, which revitalized Ukrainian democracy, a significant shift of the U.S. attention towards the Middle East, the War on Terror and the subsequent wars in Iraq and Afghanistan decreased the attention Ukraine was getting from the United States, leading to a stagnation of US aid. It remained comparatively stagnant until the 2010-s, with an average of \$212 million dollars per year.

In the early 2010s, U.S. aid to Ukraine almost returned to late 1990s levels. The internal political situation, however, quickly reached a boiling point when the increasingly oppressive regime of President Viktor Yanukovych reversed the country's course for Eurointegration while simultaneously pushing hard to return Ukraine firmly into Russian orbit. This sparked the Revolution of Dignity, a turning point in modern Ukrainian history which, after months of violently repressed protests and over a hundred deaths, resulted in the removal of the President and his government, significant change to government structures and political systems, and a new, more progressive vector of democratic and pro-European development for Ukraine. While a new government was elected and reforms started to be implemented, Ukraine's economy was still very volatile and unstable, with the new democratic regime being in need of external funding to continue operations.

Days after the revolution's success, the Russian military entered the Crimean peninsula and blocked Ukrainian military bases, which soon resulted in the illegal annexation of Crimea, an act that is still not recognized by any legitimate state in the world. A few months later, pro-Russian separatists, with the direct support and coordination of the Russian military and political leadership, attempted to seize control of

multiple cities in eastern Ukraine, leading to the War in Donbas (later dubbed the Anti-Terrorist Operation or Joint Forces Operation) and which later saw the direct involvement of Russian troops, and remained ongoing into the 2022 invasion. Ukraine requested assistance, but the United States was initially reluctant to provide lethal weaponry as it did not trust the Ukrainian military and law enforcement, some units of which were involved in brutally assaulting and shooting protesters just months earlier, and did not dramatically increase assistance volumes as political instability and corruption were still rampant (DeYoung, 2022). Volumes of humanitarian and non-lethal aid increased significantly by 2016, reaching \$500 million dollars in 2016 for the first time since the nuclear deal boost in 1994. As fighting continued well into the late 2010s, the U.S. kept providing much-needed aid to Ukraine, with an average of \$436 million dollars per year between 2011 and 2021, a 20% increase compared to the 1990s and doubling the volumes of the 2010s. A notable event related to US aid to Ukraine in the late 2010s was the Trump scandal when then-US President Donald Trump blocked 400 million of US aid to Ukraine in an attempt to pressure his counterpart Volodymyr Zelenskyy into launching a criminal investigation against the son of Trump's political rival Joe Biden (Financial Times, 2019).

This decades-long cooperation, with its ups and downs, is the foundation of modern US-Ukrainian cooperation. It formed the political, financial, and bureaucratic basis for the immense amounts of aid that Ukraine received from the US in 2022, 2023, and 2024, continuing to significantly affect the relationship between the countries on all levels.

2.2 Examples and analysis of the economic cooperation between Ukraine and the United States of America

On February 24, 2022, the Russian Federation initiated a full-scale invasion of Ukraine by ground, air, and sea from the North, East, and South, marking the beginning of the most large-scale conflict on the European continent since World War 2. While many analytics and Russian outlets suggested the Ukrainian military and state would collapse within days, Ukraine managed to effectively fight the initial assault and relatively stabilize the crisis and the frontline by April 2022.

US weaponry, such as the FGM-148 Javelin anti-tank weapon system, played a crucial role in the early days of the invasion, allowing Ukrainian military and civilian resistance units to destroy Russian tanks and other heavily armored vehicles with extreme effectiveness (The Wall Street Journal, 2022). However, in the years prior to the invasion, the US was very reluctant to provide lethal aid—a term that denotes potentially offensive and deadly weapons, such as rifles, missile systems, or ammunition, and is the opposite of non-lethal aid, which usually includes training, personal armor such as helmets, and medical supplies—to Ukraine. The Obama administration, in charge until early 2017, completely refused to provide any lethal aid, with then-US President Barack Obama arguing, “[Ukraine] is going to be vulnerable to military domination by Russia no matter what we do.” (The Wall Street Journal, 2022b) The Trump administration authorized the sale of lethal weaponry, including Javelins, to Ukraine soon after President Trump came into office (CNBC, 2017). However, some commentators later suggested that President Trump initially resisted the sale, only agreeing when his advisors pointed to the potential future economic gains from follow-up sales (Mackinnon, 2019).

US Aid packages in 2022

As the war exploded into total warfare, the effectiveness of—and the dire need for—US weaponry became apparent. In addition to military needs, Ukraine’s economy was on the brink of collapse, as the war forced businesses and manufacturing to shut down. A large part of the workforce volunteered, was conscripted to fight, or fled their homes, becoming internally displaced or refugees abroad, while constant Russian strikes often paralyzed transportation and put work to a halt. Ukraine pleaded for increased support, and in response, on March 15, 2022, the US Congress passed the Consolidated Appropriations Act (US Congress, 2022), which included the first large package of US support in the full-scale invasion, totaling \$13.6 billion dollars: more than the total amount of aid Ukraine received from the US for the past 30 years of independence (Pramuk, 2022). This package was unprecedented both in scale and the way it handled the funds: while before the invasion, the vast majority of US aid for Ukraine was transferred through USAID, the most significant part of this package—\$6.56 billion—was funneled through the Department of Defence (DoD), a Department of the US government’s federal executive branch responsible for managing and coordinating the US military and national security agencies.

As shown in Figure 2.3, DoD and USAID were the two primary agencies put in charge of implementing the funds provided as part of the package, with USAID receiving \$4.57 billion dollars. However, substantial funding—\$2.51 billion dollars—was also provided for the Department of State, a US department charged with handling international relations, primarily for refugee relief and to cover the significantly increased administrative costs related to the war and the ensuing strategic, operational, and intelligence collaboration between the US and Ukraine.

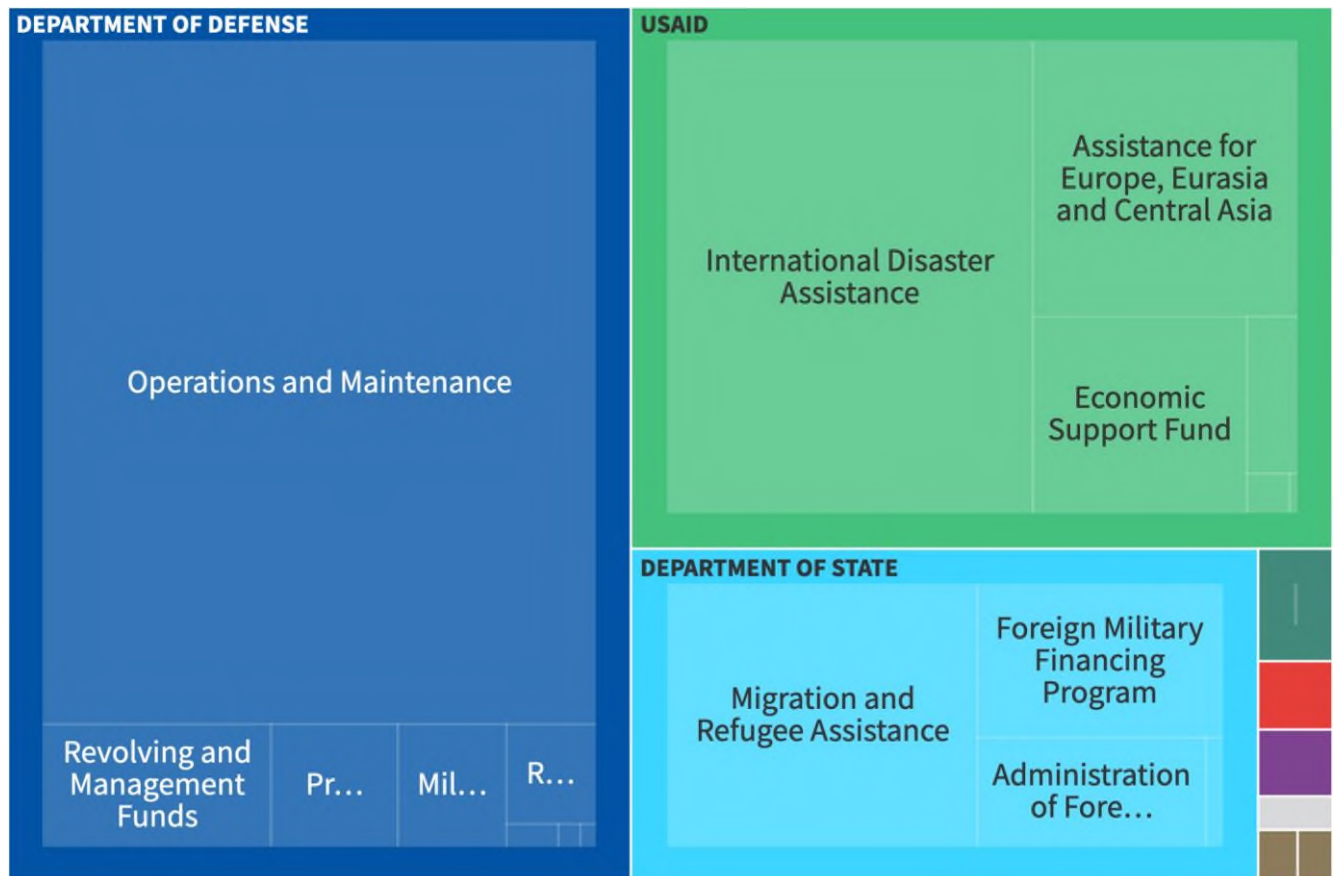


Figure 2.3

Visual demonstration of the March 15, 2022, US Ukraine funding package.

Center for Strategic and International Studies. Adapted by the original publisher from an official source (US Congress P.L.117-103).

Along the course of 2022, the United States has provided 3 more packages modeled after the first one, bringing the total aid figure to \$113 billion dollars (a visual comparison of all the packages can be seen in Figure 2.4 below):

- in May of 2022, Congress passed Public Law 117-128, providing nearly \$40 billion dollars in financial aid. (US Congress P.L.117-128)
- in September of 2022, Congress passed Public Law 117-180, providing over \$12 billion dollars in additional aid. (US Congress P.L.117-180)
- in December of 2022, Congress passed Public Law 117-328, providing over \$47 billion dollars in additional aid. (US Congress P.L.117-328)

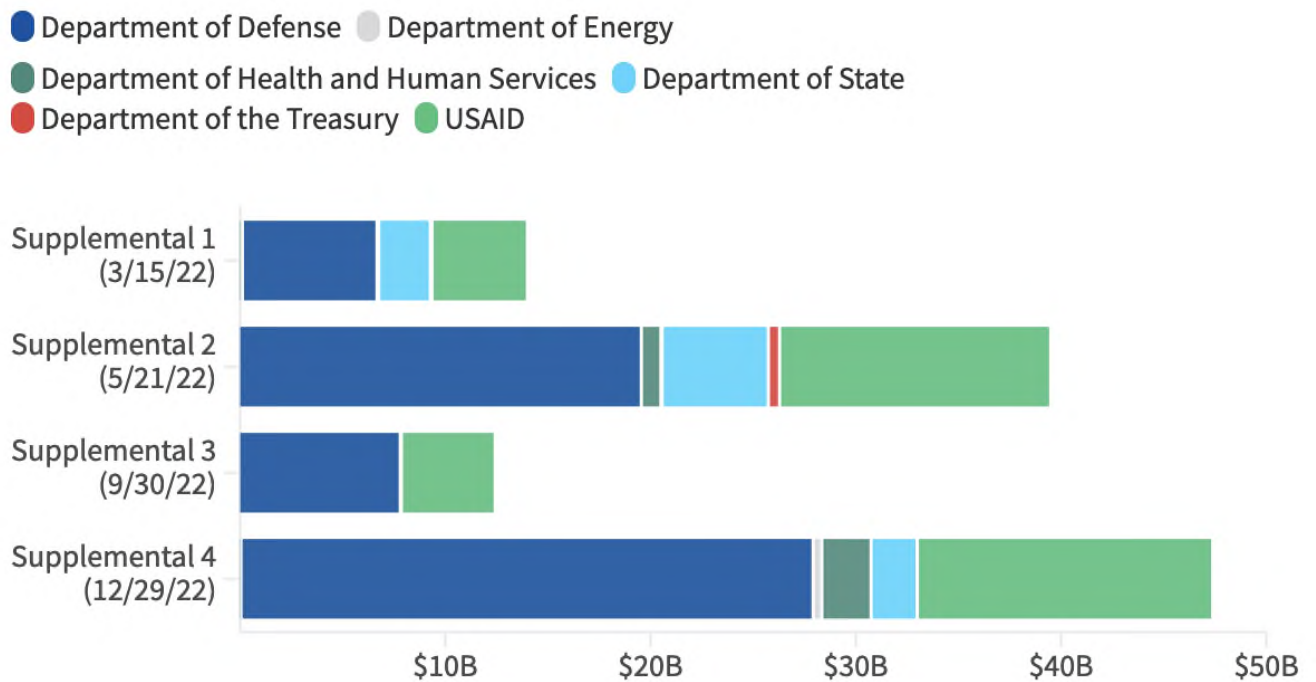


Figure 2.4

Visual comparison of the four 2022 Ukraine funding packages (in billions of dollars) Center for Strategic and International Studies. Adapted by the original publisher from an official source (US Congress P.L.117-103; US Congress P.L.117-128; US Congress P.L.117-180; US Congress P.L.117-328).

As Figure 2.4 clearly demonstrates, throughout 2022, the US Department of Defense and US Agency for International Development (USAID) remained the largest beneficiaries of the aid packages, with a total of \$61.8 billion dollars allocated to the DoD and \$36.5 billion dollars allocated to USAID. Department of State is the third largest department in terms of the total sum of aid allocated at \$9.9 billion, while the rest of other departments total \$4.9 billion.

Primary mechanisms for Department of Defense aid utilization

The US developed several mechanisms to efficiently utilize the funds directed to the Department of Defense in the first package and packages that followed, with the main mechanisms being the Presidential Drawdown Authority (PDA), the Ukraine Security Assistance Initiative (USAI), and Foreign Military Financing (FMF) (Center for Strategic and International Studies, 2023; Congressional Research Service, 2024). Among the four

aid packages, PDA has received by far the most funding at \$25.93 billion dollars, followed by \$18 billion dollars for USAI and \$4.73 billion dollars for FMF, totaling \$48.7 billion dollars in Department of Defence allocated aid. The total funding received by the Department of Defense as part of these four packages totaled \$61.8 billion dollars, with funds not mentioned in this report being used to finance operational expenses, intelligence operations, shipments and logistics, additional programs to purchase ammunition and equipment from third parties, and other expenses (Center for Strategic and International Studies, 2023).

Presidential Drawdown Authority (PDA) is a provision in the legislation of the United States of America that grants the President of the United States the authority to order the shipments of equipment from the stocks of government agencies, especially the US armed forces, whenever “...an unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization...” (Special Authority, 1968). PDA is a very fast and effective way to deliver emergency military aid. If the Congress authorises enough funding, it effectively allows the US President to order the direct shipment of US military equipment to Ukraine without any further bureaucratic or financial delays. PDA was already used to bolster Ukraine before the invasion of 2022, as can be seen in Table 2.1. It is, however, important to note that before 2022, PDA was limited to \$100 million per fiscal year, an amount which was exceeded by factors ranging from two to over fifty every month since December of FY (Financial Year) 2022. To compensate for this, US Congress increased this limit from \$100 million to \$11 billion for FY2022 via P.L. 117-128, that is, the second aid package of May 21, to \$14.5 billion for FY2023 via P.L. 117-328, that is the fourth aid package of December 29, 2022. As of the publication of this report, the latest package passed in April of 2024 has set the PDA limit at \$8 billion for FY2024. It is important to note that, while currently, funding is being provided to replenish equipment sent under PDA, there is no legal requirement for it to be replenished. Thus, PDA can theoretically be used even in the absence of such funding, provided the US Congress authorises appropriate spending limits for the President (Center for Strategic and International Studies, 2023).

Table 2.1

Presidential Drawdowns for Ukraine, FY2021-FY2024 (in millions of dollars)

FY	Month Authorised	Announced Value	Committed Authority
2021	August	60	
	December	200	
	February	350	
	March	1,000	
2022	April	1,700	
	May	250	
	June	1,500	
	July	625	
	August	2,325	
	September	1,275	9,225
	October	1,625	
	November	800	
	December	1,275	
	January	5,350	
	February	875	
2023	March	750	
	April	825	
	May	975	

FY	Month Authorised	Announced Value	Committed Authority
2024	June	825	
	July	1,200	
	August	(450)	
	September	128 (371)	14,628
	October	(350)	
	November	(225)	
	December	(625)	
TOTAL:			23,913

Note: FY stands for “Financial Year.” Packages using previously authorized PDA marked by (parentheses). PDA numbers excluded as irrelevant. They can be found in the original table.

(Congressional Research Service, 2024)

The Ukraine Security Assistance Initiative (USAI) is another mechanism for US-Ukraine aid utilization. Just like the Presidential Drawdown Authority, it was actively used before the full-scale invasion but at a much lower volume than during the invasion. As opposed to PDA, wherein funds are spent to fund the replenishment of the equipment directly sent to Ukraine, Ukraine USAI funds are transferred to Ukraine to be then used to pay for services, such as international training of Ukrainian troops under programs such as the Joint Multinational Training Group-Ukraine or JMTGU (U.S. 7th Army Training Command, n.d.), purchase of equipment and armament on the open market, and order production of new equipment (U.S. Embassy in Ukraine, 2020).

Table 2.2

Selected U.S. Security Assistance to Ukraine, FY2016-FY2024 (in millions of dollars)

FY	Foreign Military Funding (FMF)	Ukraine Security Assistance Initiative (USAI)
2016	85	226.5
2017	99	148.6
2018	95	195.5
2019	115	214.8
2020	115	256.7
2021	115	275.7
2022	1,317.6**	6,300
2023	325***	12,300
2024*		300****

*Does not include funding that would be provided in the Senate-passed National Security Act, 2024 (H.R. 815, as amended)

**FMF assistance from FY2022-FY2023 Ukraine supplemental appropriations also was provided to other European allies and partners.

***As announced by the Department of State, FY2023 FMF amounts are not final.

****As announced by the Department of Defense, available under FY2024 continuing appropriations.

(Congressional Research Service, 2024)

Foreign Military Financing, or FMF, is a tool used by the U.S. government to enhance the military capabilities of its allies by providing them with loans or grants they can use to purchase military equipment, services, and training (Department of State, 2009). FMF is managed both by the Department of Defense and the Department of State and was provided not only to Ukraine but also to other countries affected by the Russian

invasion, such as Poland, who, in addition to previous aid, received a \$2 billion defense financing loan in September 2023 (U.S. Embassy and Consulate in Poland, 2023).

As shown in Table 2.2, both USAI and FMF have been provided to Ukraine for a long time before the invasion, and USAI has always surpassed FMF in volume. A positive trend can be seen in both FMF and USAI since FY2016.

Those extensive mechanisms allow for efficient distribution and utilisation of the aid the United States provide to Ukraine. They successfully create separated funding avenues for different strategic directions and establish clear mechanisms for the delivery and utilisation of aid.

Aid delivery timelines

Another important factor affecting the efficiency of the aid that the US is delivering to Ukraine is the timelines on which the necessary aid can be delivered. The most important element of this aid is the military equipment shipments, the speed with which the equipment can be delivered is critical to Ukraine and its armed forces. It is also a literal question of life and death for many Ukrainian soldiers. For example, the Armed Forces of Ukraine often have to use unarmored civilian vehicles for troop transport if infantry fighting vehicles are not available in sufficient quantities and at the right time. As can be seen in Table 2.3, most US equipment takes from several weeks to half a year to arrive to Ukraine after it has been pledged. While some of these delivery times are adequate, like in the case of HIMARS and 155mm Howitzers, which took just 12 and 22 days respectively, some are outrageous, like in the case of MIM-104 Patriot air defences, which took over 100 days to arrive, allowing Russia to harass Ukrainian infrastructure and terrorise civilians throughout the grueling winter of 2022-2023. Such delays have a severe adverse effect on the efficiency of aid provided to Ukraine by the United States, and if the governments of both countries wish to increase the impact of such aid, delays like those that occurred in the case of the Patriot should be avoided at all costs.

Table 2.3*Known Equipment Delivery Timelines to Ukraine*

Equipment	First commitment date	Earliest known arrival in Ukraine	Days from commitment to arrival
MIM-104 Patriot	December 21, 2022	April 19, 2023	119
National Advanced Surface-to-Air Missile System	July 1, 2022	November 7, 2022	129
Avenger air defense system	November 10, 2022	April 6, 2023	147
VAMPIRE counter-Unmanned Aerial System	December 6, 2022	June 1, 2023	177
HIMARS	June 1, 2022	June 23, 2022	22
155mm Howitzer	April 13, 2022	April 25, 2022	12
155 mm Self-Propelled Howitzer	January 6, 2023	May 3, 2023	117
105 mm Howitzer	August 19, 2022	December 1, 2022	104
Abrams tanks	February 3, 2023	September 25, 2023	234
Bradley IFV	January 6, 2023	April 17, 2023	101
Stryker Armored Personnel Carrier	January 19, 2023	March 21, 2023	61
M113 Armored Personnel Carrier	April 13, 2022	July 13, 2022	91
Mine Resistant Ambush Protected Vehicle	December 21, 2022	September 7, 2023	260
M60 Armored Vehicle Launched Bridge	March 20, 2023	January 26, 2024	312
M1117 Armored Security Vehicle	November 4, 2022	March 17, 2024	499
Mi-17	April 13, 2022	May 3, 2022	20

(Center for Strategic and International Studies, 2024)

The political situation surrounding US-Ukraine Aid as of 2024

In December 2022, the US Congress passed P.L.117-328. After that package, no large US aid packages for Ukraine were passed for over 15 months. While some smaller DoD packages were approved to compensate (Department of Defence, 2023), US Congress has repeatedly failed to negotiate an aid package for Ukraine (Demirjian, 2023). This was caused mainly by the current internal political landscape in the US, which has resulted in both the Senate (the upper chamber of the two-chamber US Congress) and the House of Representatives (the lower chamber) having seat distributions with very slim majorities: in the Senate, 48 Democrats are in caucus with 3 Independents to form a majority over the 49 Republicans, while in the House of Representatives, 218 Republicans maintain a narrow majority over 213 Democrats. Furthermore, Republicans are divided within the party, with hardline conservatives usually opposing Ukraine aid even if other Republicans support it. Some of those Republican representatives categorically oppose aid to Ukraine even though it stands to boost the economy of their constituencies directly: as much as 90% of US aid to Ukraine remains in the US in the form of manufacturing, logistics, and human resources support (Thiessen, 2023). Such a precarious political situation within the vital decision-making authority in the US when it comes to large-scale aid is a critical threat to the Ukrainian war effort, survival, and continued existence.

The potential election of Donald J. Trump as US President in the fall of 2024 further threatens Ukraine's national security, as he has expressed a pro-russian inclination and is known to have a general personal dislike for Ukraine (Melkozerova, 2024), going as far as to state that he will "cut off" all US military aid to Ukraine in the case of his election (Hillyard & Shabad, 2024). Donald Trump is not alone in this sentiment, as anti-Ukrainian tendencies are widespread within the Republican party, especially within its hardline conservative factions.

While US aid to Ukraine in 2022 and 2023 has been consistent, due to the failure of Congress to pass additional packages, the flow of aid in 2023 heavily relied on previously passed packages. By 2024, they were mostly exhausted, resulting in a severe ammunition deficit in the winter of 2024, which was one of the root causes of several

military defeats on the Ukrainian eastern flank (Hayden, 2024). In the spring of 2024, a deficit in air defense missiles caused by the lack of aid deliveries manifested in a devastating bombing campaign that destroyed a vast chunk of Ukrainian electricity generation capacity, including total destruction of the Trypillya power plant, a critical installation that provided electricity to Ukraine's central Kyiv region and the capital Kyiv. According to Ukrainian President Volodymyr Zelenskyy, the plant was destroyed because the presumably American-supplied air defense battery defending it ran out of missiles: "Because we had zero missiles left. We have exhausted all the missiles that were defending Trypillya..." (Zelenskyy, 2024).

US Aid to Ukraine in 2024

Despite the Senate succeeding in passing an aid package in early 2024 (Foran, 2024), the domestic political situation in the United States outlined above led to a climate where even the scheduling of a vote for such a package would threaten the Republican Speaker Mike Johnson's position as the head of the House of Representatives. Thus, the House stalled and failed to initiate a vote for over 3 months, which seriously strained US-Ukraine relations as Ukraine started to suffer military defeats due to a lack of ammunition and support as Russia outnumbered Ukraine 10:1 in terms of artillery shells (Zelenskyy, 2024).

After significant lobbying and compromise, the US House of Representatives voted on the new aid package on April 20, 2024, and successfully passed it. On April 23, 2024, the updated law was passed by the Senate with a subsequent signing by the President of the United States on April 24. The \$61 billion package, the complete details of which are not yet available as of the publication of this report, is the largest US aid package since the beginning of the full-scale invasion and will include \$13.8 billion for the purchase of weapons and equipment, and authorize a further \$8 billion of Presidential Drawdown Authority funding. It will additionally include over \$9 billion in economic assistance in the form of forgivable loans (PBS, 2024). This is a notable departure from the previous packages, in which financial aid was provided as a grant without a loan provision. This change was implemented as a concession to certain Republican politicians who were

opposed to funding Ukraine beyond direct military necessity, but the forgivable nature of those loans leaves future US governments with an option not to pursue their repayment.

As can be seen in Figure 2.5, the fifth package came at a critical time when the volumes of US equipment deliveries to Ukraine were on a steep decline, and were projected to continue to go down if the package would not be passed. The decline, however, could have been prevented altogether if not for the multiple issues outlined above.

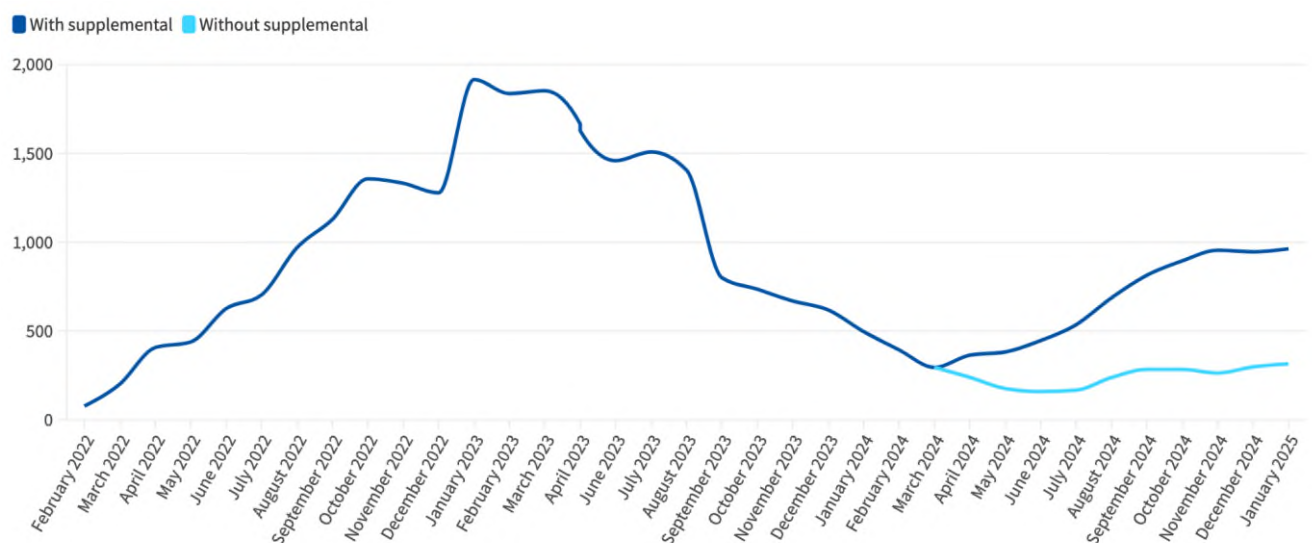


Figure 2.5

Estimated US Equipment Deliveries to Ukraine, in millions of US dollars

Center for Strategic and International Studies. Adapted by the original publisher from an official source.

This fifth package is the first US aid package to Ukraine to be passed since 2022, and it comes at a critical time for Ukraine's fight against Russia. As of the publication of this report, the United States has just sent \$1 billion of emergency military supplies, including artillery shells, ammunition for multiple launch rocket systems such as HIMARS, and additional air defense equipment (Reuters, 2024). More aid deliveries are expected within the coming months, and the battlefield impact can already be seen in multiple recent strikes on high value Russian military targets, such as the devastating strike on the Belbek airbase (Reuters, 2024) and an air defense command center in Alushta (The Kyiv Independent, 2024), in the Russian-occupied Crimean peninsula. Both of these

targets are suspected to be hit by US-supplied Army Tactical Missile System (ATACMS) long-range missiles. Both of these strategically significant and highly impactful strikes came within a month of the fifth aid package being signed, and just weeks after the first deliveries authorized by the package were confirmed to reach Ukraine. This once again shows the decisive influence of US military and financial aid on Ukrainian military capabilities to rival the Russian aggressor, as well as the political and economic stability that is brought by the increased ability of the Ukrainian military to defend the sovereign territory of the country.

It is important to note that as of the publication of this report, the United States is still enforcing a limitation that prevents the Ukrainian military from using US-provided equipment, including the aforementioned Army Tactical Missile System (ATACMS) missiles, in strikes on sovereign Russian territory, which significantly hinders the capability of the Ukrainian armed forces to proportionally respond to Russian attacks, which are often launched from the Russian regions that border Ukraine.

2.3 World Evangelical Alliance: The Response Ukraine Special Taskforce

Less than a week after the start of the full-scale Russian invasion of Ukraine, a special team was created within the World Evangelical Alliance, a US-based international organization that aims to unite and represent the more than 619 million (Fath, 2016) evangelical Christians around the world through an interconnected network of National Alliances. The special team was created as a response to the breakout of war and had the objective of supporting Christians in Ukraine who were suffering from this horrific war by any means possible. It received the name TRUST - The Response Ukraine Special Taskforce.

In early March of 2022, the World Evangelical Alliance received large private donations, over \$2 million dollars, from anonymous donors who wished to support Ukrainian Christians. TRUST was made responsible for distributing this aid. Distributing direct and immediate financial assistance to churches and Christian NGOs became a critically effective tactic in the first weeks of the full-scale invasion, as Ukrainian churches are deeply interconnected into networks spanning regions and sometimes even

borders, and in the wake of the war, these networks turned into routes by which refugees fled west, and the churches became shelters. Then, as humanitarian aid came, these networks became routes by which it was moved east, and the churches became hubs for its distribution. This synergy was one of the critical pillars of the humanitarian response in Ukraine during this time. TRUST supported it by sending targeted financial assistance to those hubs and networks. The assistance was needed immediately, and there was no time for bureaucracy and long consideration. The first rapid support was distributed based on mutual trust and personal connections, and all the supporting documentation and financial reporting were scaled down to the legally required minimum, with the intent to deepen and formalize it in the coming months when the recipients would have time and resources to do it without needing to divert them from lifesaving activities.

Since March 2022, The Response Ukraine Special Taskforce has distributed over \$2.1 million in direct financial assistance to churches and Christian organizations in Ukraine, Poland, and other countries participating in the crisis response. These funds were used to distribute humanitarian aid such as food packages, provide funding for evacuation teams saving people from combat zones, fund shelters for internally displaced persons and refugees, as well as provide support, rest, and recovery to pastors and chaplains who are actively engaged in supporting their communities (TRUST, 2023).

In a recent project which ran over the summer of 2023, The Response Ukraine Special Taskforce has partnered with the Council of Evangelical Protestant Churches of Ukraine to provide direct support with financial aid and physical and emotional recuperation to pastors who served on the frontlines, have suffered from the full-scale russian invasion, or perform the role of military chaplains in the Armed Forces of Ukraine. During the course of this project, several hundred thousand dollars were directed through 13 partnering church networks, impacting 678 pastors in need (TRUST, 2024). As of the publication of this report, another large support project supervised by TRUST and directed through the Council of Evangelical Protestant Churches of Ukraine is ongoing. Like all previous projects, this project is specifically tailored to the requests of the supported persons and institutions and will operate as a direct grant, with no

restrictions or requirements on the method of aid utilization aside from its mandatory use to achieve the specific goals of the project that is being executed.

CHAPTER 3. IMPACT AND OUTCOMES OF FINANCIAL AID IN UKRAINE

3.1 Positive impact of aid in Ukraine

The positive impact of the financial aid delivered to Ukraine by the United States is impossible to overlook. When analyzing the data presented above, it becomes clear that the extent and volume of aid the US provided after the invasion was unprecedented, but even the relatively small pre-invasion volumes played a significant role once it began. For example, in the case of the FGM-148 Javelin anti-tank weapon system discussed above, it played a critical role in Ukraine's defense in the first days and hours of the invasion before any additional aid could arrive, destroying numerous Russian tanks and armored vehicles in small skirmishes and large scale battles that decided the future of Ukraine. If not for Javelins, Russian troops would likely be able to advance further and inflict more damage on Ukraine, which would lead to the already enormous losses from the invasion being substantially higher.

Another good example of pre-invasion cooperation that yielded results during the invasion was recently revealed: the so-called Unit 2245, an elite commando unit within the Ukrainian military intelligence (HUR), which was partially funded and trained by the US Central Intelligence Agency (CIA). The unit, which has been operating since 2016, has conducted numerous secret operations against Russia, including gathering intelligence and hindering its combat capacity. Those operations and knowledge became invaluable at the start of the invasion, and those investments and aid, which were classified at the time, brought significant benefits in the form of enhanced protection of strategic objects and a better understanding of the enemy, which helped to save infrastructure and personnel (Entous & Schwartz, 2024).

The economic effectiveness of such aid cannot be accurately calculated, but it destroyed enemy equipment worth at least tens of millions of dollars while preventing Ukrainian equipment and infrastructure from being destroyed by it and, most importantly, saving countless invaluable lives of Ukrainian defenders and civilians. Thus, when analyzing aid delivered before the Russian full-scale invasion of 2022, it is important to consider its relative economic value, which manifested when the invasion began, and not immediate gains, which were few. Another example is the provision of training and

intelligence before the invasion, which also brought significant benefits that can be expressed economically (but cannot be even approximately calculated as of the publication of this report) both before and after the invasion.

The aid provided during the invasion is much more substantial, and its benefit is thus easier to calculate. For example, on April 19, 2023, Ukraine received the first MIM-104 Patriot surface-to-air air defense systems (RFE/RL's Ukrainian Service, 2023). These systems were critical for defending Ukraine's civilians and energy infrastructure, which suffered immense losses in the unprecedented bombing campaign of October-December 2022, which was a series of terror attacks against Ukrainian civilian energy generation infrastructure. The attacks were motivated by russian genocidal ideology and were aimed at debilitating the Ukrainian population and economy through a lack of heating and electricity in the coming winter. Ukraine was unable to adequately defend itself from the attack due to a lack of modern air defense capability and suffered losses of over \$10 billion in direct economic damage from that campaign alone, with untold indirect losses due to lack of access to electricity, water, heating, and transportation by businesses, people, and other dependent structures (UNDP & World Bank, 2023). After the MIM-104 Patriots arrived the following spring, and with additional support from the European-donated IRIS-T surface-to-air system, they managed to greatly reduce (but not completely eliminate) the devastation of russian air raids on Ukraine. They also provide extensive protection for Ukrainian military installations and frontline positions, which undoubtedly saved countless lives and units of equipment (details related to military operations are classified as of the publication of this report). MIM-104 managed to shoot down russian quasi-hypersonic air-launched ballistic Khinzal missiles and numerous russian planes and helicopters, with experts agreeing that there is no doubt about its effectiveness in protecting Ukrainian airspace, infrastructure, troops, and civilians (Baker, 2024).

Thus, the value of the military aid provided before and after the invasion is in losses prevented rather than benefits gained, which is an equally important metric. The purely economic aid, on the other hand, is a different story. The tens of billions of dollars that boosted the Ukrainian state and NGOs through the United States Agency for International Development became an invaluable instrument in stabilizing and re-building the

Ukrainian economy after the devastating impact of the Russian invasion. As of December 2023, the impact of the Russian invasion of Ukraine in terms of infrastructure damage was assessed at \$152 billion dollars. However, the recovery and reconstruction costs are assessed at \$486 billion dollars, considering an optimistic 10-year term (United Nations, 2023), which is a figure more than two times higher than the pre-war Ukrainian GDP of \$200 billion in 2021. As shown in Figure 3.1, housing, transport, energy, and commercial infrastructure sustained the most damage.

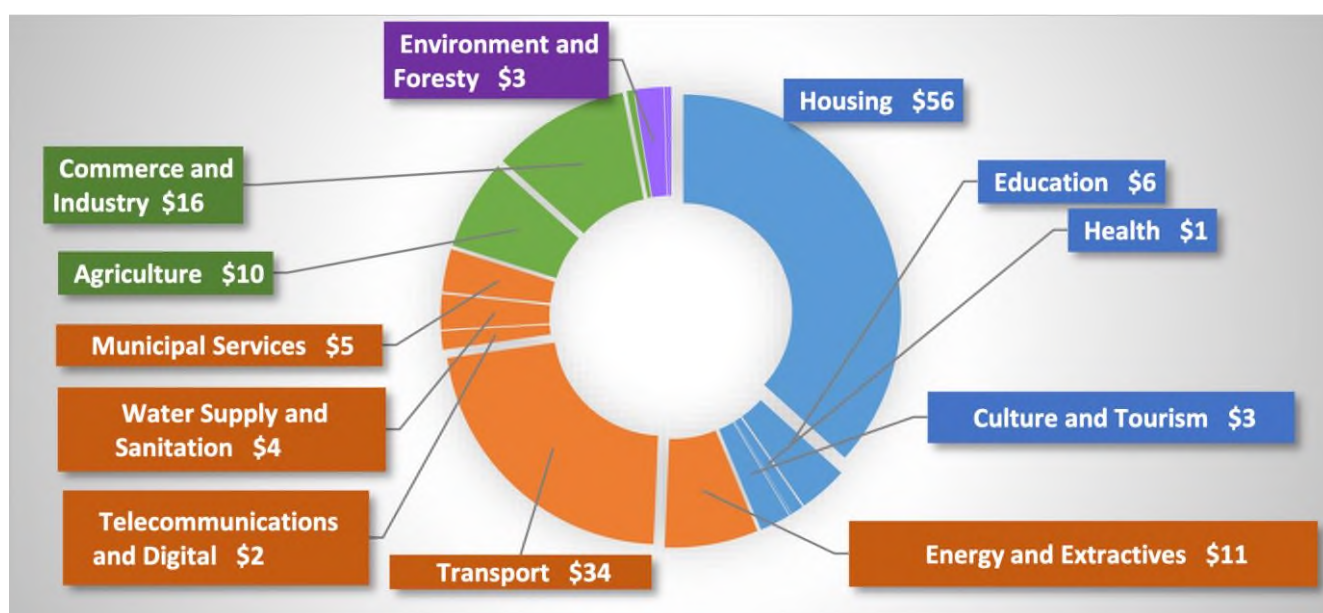


Figure 3.1

Total assessed damage to Ukrainian buildings and infrastructure, by sector, in billions of US dollars.

United Nations, 2023. Visualization provided by the Assessment Team.

Such extensive damage, together with Russian physical control over thousands of businesses, manufacturing facilities, and energy infrastructure (notably the Zaporizhzhia Nuclear Power Plant, which remains under Russian occupation as of the publication of this report), in combination with the Russian blockade of the Black Sea, threatened to destroy the Ukrainian economy completely. The aid provided by the U.S. in that timeframe through frameworks such as USAID was and still remains critical to the continued operation of the Ukrainian state and its economy, as it provided billions of

dollars that could be used to pay employees of state facilities such as power plants, rebuild damaged critical infrastructure, and provide adequate financial compensation to soldiers fighting at the frontlines. The aid provided by the US was not, of course, the only financial aid Ukraine received, as substantial contributions were made by members of the European Union and other patterns that are outside the scope of this paper. It is nevertheless necessary to recognize that their contributions were also of extreme and necessary value.

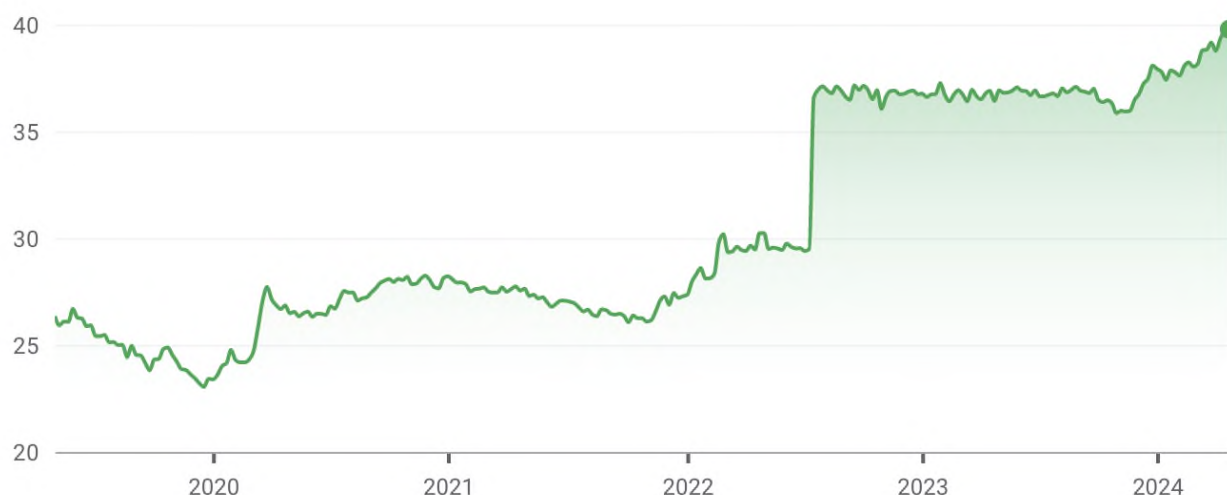


Figure 3.2

Exchange rate of USD to UAH, 2019-2024.

Google Finance, 2024.

While it is too early to attempt to accurately measure the comprehensive economic impact of US aid on the Ukrainian economy, there is one metric that can be consulted to analyze the stability that Ukraine was able to maintain thanks to foreign aid, and that is the exchange rate of the national currency. While extreme measures, such as the prohibition of buying foreign currency and an exchange rate freeze, were implemented in the first year of the war, as can be seen in Figure 3, the National Bank of Ukraine has managed to maintain a fairly stable exchange rate of 36-37 UAH to USD ever since it shot up from 30 to 35 UAH in the summer of 2022. A consistent inflation rate and foreign exchange are critical to successfully utilizing international aid and keeping the economy stable, while both are notably difficult to maintain in wartime. However, with the help of

direct financial assistance from the US and other allies, Ukraine's National Bank succeeded in both.

It is hard to argue against the positive impact of US financial and military aid to Ukraine, as the main testament to their effectiveness is the fact that Ukraine as a state still exists today and is able to sustain its economy despite the immense military, political, and economic pressure that Russia has been sustaining for over two years as of the publication of this report. It can be said with confidence that if the US did not provide the economic and financial aid that it provided in the first months and years of the invasion, Ukraine would be in a much worse socioeconomic condition than it is as of the publication of this report. Furthermore, if the US did not provide the military aid that it provided, there is a high degree of possibility that a much larger part of Ukraine would be lost and even a real possibility of a widescale military defeat.

3.2 Challenges of implementation of foreign aid in Ukraine

While it is hard to argue against the incredible effectiveness and vital importance of the aid the US provided to Ukraine before and after the full-scale Russian invasion of 2022, there are certainly serious challenges surrounding its procurement and implementation. One of the most discussed and publicized issues surrounding foreign aid to Ukraine are corruption and embezzlement risks. Despite the country currently facing an existential war with a genocidal opponent, there are still many individuals who value personal wealth over the welfare, security, and lives of others. Corruption is an issue that has been plaguing Ukraine for decades, with the country currently ranking 104th in the Corruption Perception Index, at a score of 36/100 (Transparency International, 2023). Fighting corruption on all levels is being cited by allies as the top priority for the Ukrainian government, as it threatens to undermine the efficiency of the aid provided to Ukraine and disrupt future aid packages and projects due to elevated donor concerns. For example, in early 2024, several Ukrainian Ministry of Defence officials and defense industry employees conspired to embezzle around \$40 million meant for the purchase of mortar shells (Associated Press, 2024). While it was not revealed whether the funds came from an aid package, there are no doubts that any aid being transferred to Ukraine is, to a

degree, at risk of corruption. Such doubts create a dangerous situation when it comes to the procurement of future aid packages, as adversary groups lobby the legislatures of donors with claims that aid will unavoidably be embezzled and thus should not be provided. This, however, is not unique to Ukraine, and an argument can be made that corruption is an unavoidable risk in similar aid scenarios. However, such an argument should merely be used to avoid disqualifying any countries in need of aid on the grounds of corruption risks, as such a policy will disqualify most if not all of countries undergoing a crisis. However, corruption cannot be attributed to aid, as to describe corruption as an adverse effect of the aid itself would be to imply that aid causes corruption, while in actuality, it merely provides additional opportunities to corrupt individuals.

There is a strong argument that the tied nature of the US aid to Ukraine is negatively affecting its performance, but such a perspective is undermined by the particular circumstances under which it is being provided. Many European states are now in a weakened position, with understocked militaries and multiple issues with defense manufacturing pipelines due to years of budget cuts and neglect (Colchester et al., 2023). This imposes severe restrictions on those countries, as long time policies of reduced military spending have caused a situation where their militaries are already not strong enough to provide adequate domestic defense capabilities, let alone send equipment to other countries. At the same time, the United States has the strongest military in the world, with plenty of logistical capacity and spare equipment (Global Firepower, 2024). In such a situation, if Ukraine is seeking significant quantities of modern interoperable equipment, there are few alternatives to the US as it is, and thus, the tying of US aid to Ukraine cannot be considered detrimental for those cases. There is, however, an important exception: most of the Ukrainian military still uses equipment manufactured in the USSR or modernized versions of it, and the US military does not have any such equipment in any relevant quantities. Due to this, Ukraine is unable to purchase necessary Soviet-made equipment with funding from the US; instead, it has to rely on European countries to procure it (Gosselin-Malo, 2024). This problem is especially critical in the case of artillery shells, in which Russia outnumbers Ukraine 10:1 as of the publication of this report (Zelenskyy, 2024). It is likely that if US aid could be used to purchase Soviet equipment,

at least a part of it would be used to do so. Such restrictions and conditions imposed on aid packages also have an adverse sociopolitical effect, as they increase tension in the Ukrainian society, which has long been dissatisfied with the multiple limitations that the United States government demands be followed in exchange for continuous provision of aid. As of the publication of this report, the Czech Republic is trying to compensate for the deficiency caused by the restrictiveness of US aid by fundraising funds needed to buy hundreds of thousands of artillery shells from anonymous countries, some of which are likely to be Russia's allies (Pancevski, 2024).

Another argument often made against this type of aid is that it creates dependency in the recipient and hinders independent growth and development. In this case, this argument is not acceptable, as the long-term consequences of such a dependency are irrelevant in an existential struggle, and Ukraine's growth and development have already been greatly hindered by Russia's invasion. This paradox can best be illustrated by the ill effects of radiation therapy on cancer patients: while there are certainly risks and apparent adverse effects of the treatment, its benefit in saving the patient's life greatly outweighs them.

There are certainly issues with the efficiency and potential negative consequences of aid dependency. However, aid from the United States has been a key part of Ukraine's continued resistance to a force vastly superior in raw manpower numbers and equipment quantity, all the while helping a struggling wartime economy pull the country forward.

3.3 General outcome assessment of the economic cooperation between Ukraine and the United States of America within the context of financial aid

The economic and military cooperation between Ukraine and the United States of America in 2022-2024 has been very significant, as it is an unprecedented example of how a country can use direct aid to significantly influence events thousands of kilometers away from its border. With Ukraine fighting an extremely uneven battle against an enemy vastly larger in raw manpower, equipment and ammunition production capacity, and economic strength, foreign assistance became a key tool in sustaining the Ukrainian military effort and keeping its wartime economy running despite massive attacks. Russia is waging a genocidal war of total destruction, which led to tens of thousands of lost lives and hundreds of billions of dollars in economic losses, as Russia aims to destroy the Ukrainian people both with lethal weapons and by draining the country of its economical lifeblood through naval blockades and strikes on critical energy and manufacturing hubs.

In this crucial time for Ukraine, financial and military aid from the United States became a critical component of the country's survival strategy, as arms and ammunition from the stocks of the most powerful military in the world gave Ukraine a chance to hold off relentless and indiscriminate assaults from Russia, while economic assistance enabled the Ukrainian economy to remain functional and mostly effective even in the most devastating periods of the war. As of the publication of this report, the United States provided over \$113 billion dollars in military and economic aid to Ukraine, with an additional \$61 billion dollars being recently signed into law, which, upon their distribution, will bring the total US aid to Ukraine in 2022-2024 to \$174 billion (with the exception of smaller aid packages that did not require Congressional authorization).

This critical importance of aid from the United States can also be seen in the humanitarian field, as NGOs and international organizations, such as the World Evangelical Alliance, were able to mobilize additional resources and capabilities among specific population groups, such as evangelical Christians. With the help of the WEA and other similar organizations, those groups were able to build unique frameworks for the flow of aid and refugees and provide critical support for relief efforts. This is best

exemplified by the tremendous role of churches in humanitarian corridors, as those closely knit trust-based communities provided safety and security for both people and aid.

The aid that the United States is providing to Ukraine also has multiple issues on the economic, political, and military levels. Economically, the tying of this aid to purchases of US equipment and services puts a lot of strain on its efficiency due to the high cost of US weaponry and the immense logistical costs associated with its delivery to the European continent over the Atlantic Ocean. The issue of corruption, while not strictly economic, also puts negative pressure on the aid packages, as adversaries lobby against continuous support for Ukraine on the basis of allegedly widespread embezzlement in the Ukrainian government.

Politically, multiple issues are caused by the domestic political tensions in the United States, where the issue of aid to Ukraine, like many issues before it, has grown from a foreign policy matter to yet another battlefield of the constant war between the Democratic and Republican parties. These internal US tensions are having a drastic impact on Ukraine, as stalling an aid package for months, while being nothing more than a political maneuver from the perspective of the US legislature, has a critical detrimental effect on the capability of the Ukrainian military to fight the war and the economic stability of the countries markets and infrastructure.

In a military sense, the limitations that are imposed on the weapons provided are creating multiple strategic and tactical issues for the Armed Forces of Ukraine. The most notable of these limitations is the refusal of the United States to provide modern equipment compensated by the frequent reliance on outdated and—by NATO standards—obsolete weaponry and the ban on using US artillery and missile systems to conduct strikes on the internationally recognized territory of the Russian Federation, which means Ukraine is often left unable to proportionally respond to attacks, most notably in the Kharkiv region, where strikes on the second largest city in Ukraine are constantly conducted from regions which Ukraine is not authorized to strike with US-provided equipment and is unable to reach with its own weapons (Segura, 2024).

Despite the issues outlined above, it is undeniable that the heroism and determination of the Ukrainian people, coupled with timely and adequate aid from the

United States and other allied countries, is keeping Ukraine in the fight. While it is currently impossible to fully assess and compare the outcomes of US aid to Ukraine due to the recency of the events and relevant data being classified or incomplete, it can be said with certainty that US assistance to Ukraine was a crucial component of the country's economic and physical survival.

CONCLUSION

In the past decades, foreign aid emerged as a strong instrument of political and economic influence on the international stage. Throughout history, foreign aid has been used as an instrument of conquest and domination by powerful states and vast empires. However, a significant shift in public opinion and conventional government practices occurred after the World Wars and the collapse of most empires. These events and the changes that followed facilitated the transition of foreign aid into a strong and viable political instrument that prosperous countries can use to assist their allies in development or provide emergency humanitarian and other assistance in a time of crisis. Its effectiveness and especially efficiency are constantly debated to this day. Each aid case is unique, and foreign aid is notoriously hard to measure and compare due to different indicators being relevant in each specific case and economic value not always being the outcome the donor and recipient are targeting in the program or project. Additionally, aid is often criticized for creating dependencies in the recipient, while donors are often scrutinized for tying financial aid by forcing the recipient to only utilize it for the purchase of relevant goods and services from the donor. Despite these nuances, foreign aid is certainly a very popular and widely used instrument in international economic relations, which has allowed for many unique and fruitful partnerships and projects.

Within the scope of the scientific work conducted in this paper, the following tasks were achieved:

In the first chapter:

- The economic basis and justification for financial and foreign aid as broad economic and political concepts were evaluated and analyzed, and thorough research of the types of economic aid, their distinct characteristics, and common issues and criticisms aimed at them was conducted.
- The history of financial and foreign aid was explored and studied in order to contextualize and better understand the historical reasons for the existence of financial and foreign aid in its current form. The validity and efficiency of the previous forms of foreign aid found throughout history were evaluated, and conclusions relevant to the following chapters of the paper were drawn. The

historical evolution of foreign aid highlights its transformation from a tool of imperial domination to a means of fostering international development and providing humanitarian assistance. This shift was largely driven by the devastating impacts of the World Wars and the decolonization movement, which reshaped global power dynamics and prompted a re-evaluation of aid practices. The historical context underscores the importance of foreign aid in addressing global challenges and supporting vulnerable populations, although it also reveals persistent issues such as dependency and the strategic interests of donor countries.

- The efficiency of foreign aid in its modern sense was explored and evaluated, with a detailed analysis of its most common scientific and political criticisms. Measurable parameters that can be used to assess and compare the efficiency of such aid in a clear, fair, and unbiased way were analyzed for further usage in the latter parts of the report. Foreign aid is notoriously difficult to measure and compare due to differing objectives and outcomes. Economic value is not always the primary target; humanitarian impact, capacity-building, and geopolitical stability are also critical metrics. Criticisms of foreign aid include its potential to create dependencies and the conditions imposed by donors, which can limit the autonomy of recipient countries. Despite these criticisms, foreign aid remains a popular and necessary tool in addressing global inequities and crises.

In the second chapter:

- The historical, political, and strategic background behind the bilateral economic cooperation on financial aid between Ukraine and the United States of America was thoroughly explored, starting from the beginning of modern Ukrainian independence in the early 1990s and ending just before the full-scale Russian invasion of Ukraine in early 2022. The bilateral economic cooperation between Ukraine and the USA has evolved significantly. This partnership, grounded in mutual interests and strategic considerations, was further solidified by geopolitical developments and shared democratic values. The cooperation has included various

forms of financial and technical assistance aimed at supporting Ukraine's transition to a market economy and strengthening its political institutions.

- The financial and military aid packages the United States of America provided to Ukraine following the full-scale Russian invasion of 2022 were studied and broken down into elements. The departments and bodies within the United States government responsible for their distribution and the fiscal distribution of funding among these departments were also studied. The US approved \$113 billion in aid in 2022, covering Ukraine's economic and military needs through agencies such as USAID and the Department of Defense. This support enabled Ukraine to achieve significant military successes and maintain economic stability despite the severe challenges posed by the invasion. The aid included advanced weapon systems like the MIM-104 Patriot and FGM-148 Javelin, which became symbols of Ukraine's resilience and capability. Finally, the dynamics and statistics of critical aid flows and their effect on Ukraine's military capabilities in the fight against Russia and the country's economic stability were carefully considered.
- The author's empirical observations and first-hand experience in the foreign aid relationship between the United States of America and Ukraine were presented. A special focus was put on the author's specialized experience in facilitating the flow of financial aid between an American company and multiple recipients based in Ukraine and other countries in Eastern Europe that were providing shelter and other assistance to those affected by the war and assisting in the flow of humanitarian aid to Ukraine. The World Evangelical Alliance's TRUST initiative exemplifies how smaller-scale, rapidly deployable aid can complement large-scale government assistance by addressing specific needs and filling critical gaps. This dual approach underscores the importance of diverse aid mechanisms in responding to complex humanitarian crises.

In the third chapter:

- The positive impact of the aid provided by the United States of America to Ukraine was considered in detail, specifically its decisive impact on the military capabilities

of the Ukrainian Armed Forces, which allowed them to sustain a fight against a numerically and economically superior enemy, as well as the impact of the aid on the economic stability of Ukraine.

- An analysis was conducted on the challenges that arose in the process of implementing the aid provided by the United States of America to Ukraine, especially as related to challenges presented by the domestic political climate in the United States, dangerous levels of corruption in Ukraine, and other internal and external factors that threaten future aid packages directly or have the potential to negatively affect the efficiency of its distribution. These challenges highlight the complexities of delivering effective and timely assistance in a politically charged environment. The dependency on US aid also poses a significant risk to Ukraine's national security, as interruptions in aid flow can lead to operational setbacks and weakened military capabilities.
- All previous data and analysis were combined to form a thorough and deep assessment of the results, outcomes, and consequences of the aid provided by the United States of America to Ukraine and its decisive impact both on the frontline of the war and in supporting the Ukrainian wartime economy, while also exploring the overarching issues related to the way the United States approaches aid and its use as an instrument of political and strategic pressure on both its partners and adversaries.

The foreign aid provided to Ukraine by the United States of America following the full-scale Russian invasion of 2022 was an unprecedented example of the effectiveness of foreign military and financial assistance in times of extreme crisis. The Russian invasion of Ukraine triggered a conflict of a scale and intensity unprecedented in Europe since the Second World War. The initial invasion and the grueling conflict that followed cascaded into an immense social, economic, and geopolitical crisis not only for Ukraine but for much of what we now perceive as the “Western” world. In 2022, the United States approved \$113 billion dollars worth of funding, covering Ukrainian economic and military needs through the US Agency for International Development and the Department of Defence. With the US's help, Ukraine was able to perform nothing short of a military

and economic miracle, achieving stunning successes early in the war and managing to sustain a fight while being vastly outnumbered and outgunned. All the while, the Ukrainian economy stayed afloat even during the most desperate moments of the invasion. The aid provided by the USA in 2022, 2023, and 2024 was instrumental to Ukrainian defensive and offensive victories, bringing the much-needed operational capability and helping the Armed Forces of Ukraine effectively defend the freedom of their country, take back Ukrainian land, and liberate Ukrainian people. Weapon systems provided by the United States, such as the MIM-104 Patriot and FMG-148 Javelin, became symbols of a safe and strong Ukraine, enabling Ukrainian fighters to stand their ground in the face of overwhelming Russian forces.

At the same time, private and non-government organizations rallied supporters all around the globe to provide more direct and specific aid on a smaller scale. The World Evangelical Alliance, a global interdenominational Christian organization, created The Response-Ukraine Special Taskforce (TRUST) to provide emergency relief to Ukrainian Christians, churches, and religious organizations in the epicenter of the devastating war. As churches provided critical assistance to refugees and facilitated the movement of humanitarian aid, TRUST provided them with much-needed financial support, which enabled many to sustain or even expand their operations. Such comparatively small-scale support is no less important than the billion-dollar aid packages, as it can be delivered much more swiftly and precisely and does not require lengthy legislative processes.

When US aid stalled due to a legislative and political crisis and the country virtually ceased to provide aid in an adequate volume and in a timely manner, the Armed Forces of Ukraine started running out of ammunition and equipment, which led to a series of operational defeats and a weakened position on the frontline as of the publication of this report. While the recently passed \$61 billion aid package has the potential to restore ammunition stocks and provide Ukraine with additional capabilities and operational capacity, such a dependency on US aid for continued military operations is a significant risk to Ukraine's national security and military integrity. However, in the short to medium term, such a risk cannot be avoided, as Ukraine is unable to rapidly ramp up production and develop supply chains in the necessary volumes, just like it is unable to rebuild its

economy from the ruins as it is continuously hit with new attacks. It is thus crucial to secure continued and consistent military and financial support from the United States, as it has a decisive influence on the future of Ukraine.

REFERENCES

1. OECD (April 2021). What is ODA? <https://web-archive.oecd.org/2021-05-07/154009-What-is-ODA.pdf>
2. Lancaster, C., & Van Dusen, A. (2005). Organizing U.S. Foreign Aid: Confronting the Challenges of the Twenty-First Century. <http://ci.nii.ac.jp/ncid/BA73163247>
3. OECD (n.d.). Glossary of Key Terms and Concepts. https://www.oecd.org/dac/dac-glossary.htm#Tied_Aid
4. Jalan, B. (1969). Finance & Development, September 1969. International Monetary Fund.
5. Jepma, C. (1991). The tying of aid. <https://www.oecd.org/development/pgd/29412505.pdf>
6. Cancian, M., & Cancian, M. (2023, October 3). Most ‘aid to Ukraine’ is spent in the US. A total shutdown would be irresponsible. Breaking Defense. <https://breakingdefense.com/2023/10/most-aid-to-ukraine-is-spent-in-the-us-a-total-shutdown-would-be-irresponsible/>
7. Thiessen, M. A. (2023, December 1). Ukraine aid’s best-kept secret: Most of the money stays in the U.S.A. Washington Post. <https://www.washingtonpost.com/opinions/2023/11/29/ukraine-military-aid-american-economy-boost/>
8. Stone, M. (2023, May 19). Exclusive: Pentagon accounting error overvalued Ukraine weapons aid by \$3 billion. Reuters. <https://www.reuters.com/world/europe/pentagon-accounting-error-overvalued-ukraine-aid-by-3-billion-sources-2023-05-18/>
9. Asante, S. K. B. (1985). Asante, S. K. B., 1985. "International Assistance and International Capitalism: Supportive or Counterproductive?" in Gwendolyn Carter and Patrick O'Meara African Independence: The First Twenty-Five Years
10. Jusélius, K., Møller, N., & Tarp, F. (2013). The Long-Run Impact of Foreign Aid in 36 African Countries: Insights from Multivariate Time Series Analysis*. Oxford Bulletin of Economics and Statistics, 76(2), 153–184. <https://doi.org/10.1111/obes.12012>

- 11.Boone, P. (1995). Politics and the effectiveness of foreign aid. RePEc: Research Papers in Economics. <https://econpapers.repec.org/paper/nbrnberwo/5308.htm>
- 12.Janjua, P. Z., Muhammad, M., & Usman, M. (2018). Impact of project and programme aid on economic Growth: A cross country analysis. *The Pakistan Development Review*, 57(2), 145–174. <https://doi.org/10.30541/v57i2pp.145-174>
- 13.Briggs, R. C. (2016). Does foreign aid target the poorest? *International Organization*, 71(1), 187–206. <https://doi.org/10.1017/s0020818316000345>
- 14.POLITICO (2023, October 2). Leaked U.S. strategy on Ukraine sees corruption as the real threat. <https://www.politico.com/news/2023/10/02/biden-admin-ukraine-strategy-corruption-00119237>
- 15.Valentina Finckenstein (2021). How International Aid Can Do More Harm than Good, The Case of Lebanon. <https://www.lse.ac.uk/ideas/Assets/Documents/updates/LSE-IDEAS-How-International-Aid-Can-Do-More-Harm-Than-Good.pdf>
- 16.Blair (2022, January 23). Lebanon's financial crisis and how it happened. <https://www.reuters.com/markets/rates-bonds/lebanons-financial-crisis-how-it-happened-2022-01-23/>
- 17.European Neighbourhood Policy and Enlargement Negotiations (DG NEAR). (2023, March 30). Lebanon: €60 million in humanitarian aid for the most vulnerable.https://neighbourhood-enlargement.ec.europa.eu/news/lebanon-eu60-million-humanitarian-aid-most-vulnerable-2023-03-30_e
- 18.CaLP (n.d.). The power of financial aid. <https://www.power-of-financial-aid.org/#intro>
- 19.U.S. Agency for International Development (USAID) (n.d.). Ukraine | History <https://www.usaid.gov/ukraine/history>
- 20.Keri Phillips (2013, December 18). The history of foreign aid. <https://www.abc.net.au/listen/programs/rearvision/the-history-of-foreign-aid/5162100>
- 21.The Guardian (2015, April 22). Europe’s former imperial powers continue to target aid to ex-colonies. <https://www.theguardian.com/global->

- [development/2015/apr/22/europes-former-imperial-powers-target-aid-ex-colonies](#)
22. Marshall Plan (1948). (2022, June 29). National Archives. <https://www.archives.gov/milestone-documents/marshall-plan#:~:text=For%20the%20United%20States%2C%20the,II%20into%20the%20postwar%20years.>
23. USAID History | About Us | U.S. Agency for International Development. (n.d.). U.S. Agency For International Development. <https://www.usaid.gov/about-us/usaids-history>
24. Darden, J. T. (n.d.). US aid to Ukraine: \$13.6 billion approved following Russian bombardment marks sharp increase. The Conversation. <https://theconversation.com/us-aid-to-ukraine-13-6-billion-approved-following-russian-bombardment-marks-sharp-increase-179172>
25. Nelson, J. (2019, March 6). Ukraine Agrees to Give Up Its Nuclear Arsenal, Clinton Says : Summit: President hails the accord as a breakthrough, but it faces parliamentary opposition. NATO endorses the U.S. “Partnership for Peace” plan to broaden alliance. - Los Angeles Times. Los Angeles Times. <https://www.latimes.com/archives/la-xpm-1994-01-11-mn-10675-story.html>
26. Sutela, P. (2012, March 9). The Underachiever: Ukraine’s economy since 1991. Carnegie Endowment for International Peace. <https://carnegieendowment.org/2012/03/09/underachiever-ukraine-s-economy-since-1991-pub-47451>
27. The World Bank (n.d.). GDP (current US\$ - Ukraine) <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2022&locations=UA&start=1991&view=chart>
28. Arms Control Association. (2022). Ukraine, nuclear weapons, and security assurances at a glance | <https://www.armscontrol.org/factsheets/Ukraine-Nuclear-Weapons>
29. Rfe/RL. (2002, December 12). Corruption Watch: December 12, 2002. RadioFreeEurope/RadioLiberty. <https://www.rferl.org/a/1342434.html>
30. CNN (2002, November 22). Diplomatic snub? Say it in French

- <http://edition.cnn.com/2002/WORLD/europe/11/22/nato.language/>
31. DeYoung, K. (2022, February 28). The U.S. has been rushing to arm Ukraine, but for years it stalled on providing weapons. Washington Post. <https://www.washingtonpost.com/national-security/2022/02/27/ukraine-us-arms-supply/>
 32. Financial Times. (2019, September 23). How Donald Trump's Ukraine scandal has ballooned. <https://www.ft.com/content/ec93a272-de05-11e9-9743-db5a370481bc>
 33. The Wall Street Journal (2022a, March 17). Ukraine Has Become a Graveyard for Russian Tanks <https://www.wsj.com/articles/ukraine-has-become-a-graveyard-for-russian-tanks-11647521721>
 34. The Wall Street Journal (2022b, March 7). Why Obama Didn't Arm Ukraine <https://www.wsj.com/articles/why-barack-obama-didnt-arm-ukraine-vladimir-putin-russia-angela-merkel-11646692058>
 35. CNBC (2017, December 23). US officials say lethal weapons headed to Ukraine <https://www.cnbc.com/2017/12/23/us-officials-say-lethal-weapons-headed-to-ukraine.html>
 36. Mackinnon, A. (2019, November 15). Trump resisted giving lethal military aid to Ukraine, countering key line of Republicans' impeachment defense. Foreign Policy. <https://foreignpolicy.com/2019/11/15/trump-resisted-ukraine-sale-javelin-antitank-missile/>
 37. P.L. 117-103, 117 Cong. (2022). <https://www.congress.gov/117/plaws/publ103/PLAW-117publ103.pdf>
 38. P.L. 117-128, 117 Cong. (2022). <https://www.congress.gov/117/plaws/publ128/PLAW-117publ128.pdf>
 39. P.L. 117-180, 117 Cong. (2022). <https://www.congress.gov/117/plaws/publ180/PLAW-117publ180.pdf>
 40. P.L. 117-328, 117 Cong. (2022). <https://www.congress.gov/117/plaws/publ328/PLAW-117publ328.pdf>
 41. Pramuk, J. (2022, March 16). Biden signs government funding bill that includes \$13.6 billion in Ukraine aid. CNBC. <https://www.cnbc.com/2022/03/15/biden->

[signs-government-funding-bill-with-ukraine-aid.html](https://www.csis.org/analysis/signs-government-funding-bill-with-ukraine-aid.html)

- 42.Center for Strategic and International Studies (September 26, 2023) The Past, Present, and Future of U.S. Assistance to Ukraine: A Deep Dive into the Data
- 43.<https://www.csis.org/analysis/past-present-and-future-us-assistance-ukraine-deep-dive-data>
- 44.Special Authority, 22 U.S.C. § 2318 (1968)
<https://www.govinfo.gov/content/pkg/USCODE-2020-title22/pdf/USCODE-2020-title22-chap32-subchapII-partII-sec2318.pdf>
- 45.Congressional Research Service. (2024, February 15). U.S. Security Assistance to Ukraine. <https://crsreports.congress.gov/product/pdf/IF/IF12040>
- 46.U.S. Embassy in Ukraine (2020, June 11). DOD announces \$250M to Ukraine - U.S. Embassy in Ukraine. U.S. Embassy in Ukraine.
<https://ua.usembassy.gov/dod-announces-250m-to-ukraine-2/>
- 47.Center for Strategic and International Studies (December 19, 2023) The Impact of Ending Military Aid to Ukraine: Gradual Decline, Then Collapse
<https://www.csis.org/analysis/impact-ending-military-aid-ukraine-gradual-decline-then-collapse>
- 48.U.S. 7th Army Training Command (n.d.). Joint Multinational Training Group-Ukraine <https://www.7atc.army.mil/JMTGU/>
- 49.US Department of State (2009). Foreign Military Financing (FMF) <https://2001-2009.state.gov/t/pm/65531.htm>
- 50.U.S. Embassy and Consulate in Poland (September 25, 2023). New U.S.-Poland Foreign Military Financing Direct Loan Agreement Showcases Strong Security Partnership <https://pl.usembassy.gov/fmf/>
- 51.U.S. Department of Defense. (December 27, 2023). DOD announces aid package for Ukraine. <https://www.defense.gov/News/News-Stories/Article/Article/3627204/dod-announces-aid-package-for-ukraine/>
- 52.Karoun Demirjian (December 19, 2023). Congress Abandons Ukraine Aid Until Next Year as Border Talks Continue.
<https://www.nytimes.com/2023/12/19/us/politics/senate-ukraine-border.html>

53. Clare Foran et. al. (February 13, 2024). Senate passes \$95 billion package with aid for Ukraine and Israel, setting up showdown with the House
<https://edition.cnn.com/2024/02/12/politics/senate-foreign-aid-bill-ukraine/index.html>
54. Vaughn Hillyard and Rebecca Shabad (March 12, 2024). Hungary's leader claims Trump told him he would cut off U.S. military aid to Ukraine.
<https://www.nbcnews.com/politics/2024-election/hungarys-leader-claims-trump-told-cut-us-military-aid-ukraine-rcna142774>
55. Veronika Melkozerova (April 18, 2024). Why Donald Trump ‘hates Ukraine’
<https://www.politico.eu/article/why-donald-trump-hates-ukraine-us-congress-kyiv-war/>
56. Jones Hayden (February 18, 2024). Russia takes full control of Avdiivka, as Kyiv decries ‘artificial deficit’ in ammo. <https://www.politico.eu/article/russia-avdiivka-full-control-as-kyiv-decries-artificial-deficit-in-ammo/>
57. Volodymyr Zelenskyy (April 16, 2024). Interview for PBS News Hour.
<https://www.kyivpost.com/post/31182>
58. PBS (April 21, 2024). A breakdown of what’s in the \$95 billion foreign aid package passed by the House. <https://www.pbs.org/newshour/politics/a-breakdown-of-whats-in-the-95-billion-foreign-aid-package-passed-by-the-house>
59. Center for Strategic and International Studies (May 1, 2024) What Is in the Ukraine Aid Package, and What Does it Mean for the Future of the War?
<https://www.csis.org/analysis/what-ukraine-aid-package-and-what-does-it-mean-future-war>
60. Reuters (May 17, 2024). Ukrainian strike on Crimea airbase destroys three Russian warplanes, satellite firm says. <https://www.reuters.com/world/europe/ukrainian-strike-crimea-airbase-destroys-three-russian-warplanes-satellite-firm-2024-05-17/>
61. The Kyiv Independent (May 24, 2024). Attack on occupied Crimea damages communications equipment, casualties reported, partisans claim.
<https://kyivindependent.com/partisans-attack-on-occupied-crimea-damages-communications-equipment-casualties-reported/>

62. Reuters (April 23, 2024). US preparing \$1 billion weapons package for Ukraine, officials say <https://www.reuters.com/world/us/us-preparing-1-bln-weapons-package-ukraine-officials-say-2024-04-23/>
63. Fath, S. (2016). L'Église catholique face à la concurrence évangélique. *Diplomatie*, 83, 50–53. <https://www.jstor.org/stable/26982864>
64. The Response Ukraine Special Taskforce (TRUST) (May 2023). Situation Report
65. <https://worldea.org/wp-content/uploads/2023/05/WEA-TRUST-Report.pdf>
66. The Response Ukraine Special Taskforce (TRUST) (February 2024). Pastors Support Report
67. https://worldea.org/wp-content/uploads/2024/02/TRUST_PS_Report.pdf
68. Adam Entous and Michael Schwartz (February 25, 2024) The Spy War: How the C.I.A. Secretly Helps Ukraine Fight Putin <https://www.nytimes.com/2024/02/25/world/europe/cia-ukraine-intelligence-russia-war.html>
69. UNDP (United Nations Development Programme) and the World Bank (March 2023). Ukraine Energy Damage Assessment <https://www.undp.org/ukraine/publications/ukraine-energy-damage-assessment>
70. RFE/RL's Ukrainian Service. (2023, April 20). Ukraine receives Patriot Air-Defense systems as Pentagon announces more military aid. <https://www.rferl.org/a/ukraine-russia-drones-odesa/32370013.html>
71. Sinead Baker (2024, March 23). Ukraine's Patriot kills of Russian planes and missiles have turned a US air-defense weapon with a troubled past into a hero. *Business Insider*. <https://www.businessinsider.com/patriot-performance-in-ukraine-dispels-doubts-over-abilities-experts-2024-3?IR=T>
72. United Nations (February 2024) Ukraine Recovery and Reconstruction Needs Assessment. <https://www.undp.org/ukraine/publications/updated-ukraine-recovery-and-reconstruction-needs-assessment>
73. Google Finance (2024). USD to UAH exchange rate, 2019-2024 <https://www.google.com/finance/quote/USD-UAH?hl=en&window=5Y>

74. Transparency International (2023). Corruption Perception Index. <https://www.transparency.org/en/cpi/2023/index/ukr>
75. Associated Press (2024). Ukraine says corrupt officials stole \$40 million meant to buy arms for the war with Russia. <https://apnews.com/article/ukraine-russia-war-corruption-476d673cc64a4b005c7ee8ed5f5d5361>
76. Max Colchester et. al. (December 11, 2023). Alarm Grows Over Weakened Militaries and Empty Arsenals in Europe. <https://www.wsj.com/world/europe/alarm-nato-weak-military-empty-arsenals-europe-a72b23f4>
77. Global Firepower (2024). 2024 United States of America Military Strength. https://www.globalfirepower.com/country-military-strength-detail.php?country_id=united-states-of-america
78. Elisabeth Gosselin-Malo (February 29, 2024). European states gather Soviet-style artillery rounds for Ukraine. <https://www.defensenews.com/global/europe/2024/02/29/european-states-gather-soviet-style-artillery-rounds-for-ukraine/>
79. Bojan Pancevski (March 17, 2024). In Central Europe, Czechs Go Hunting for Arms for Ukraine. <https://www.wsj.com/world/europe/a-small-ex-soviet-satellite-state-goes-hunting-for-arms-for-ukraine-35255577>
80. Segura, C. (2024, May 25). Ukraine pressures its allies to allow it to use NATO weapons against Russian territory. EL PAÍS English. <https://english.elpais.com/international/2024-05-25/ukraine-pressure-its-allies-to-allow-it-to-use-nato-weapons-against-russian-territory.html#>