Investing in Ukraine: What Foreign Investors Need to Know

by Monika Rihma

Although an end to the war in Ukraine remains elusive, foreign investors, government and multinational organizations are already investing in the country—and are expected to accelerate that involvement once reconstruction begins in earnest. To take one example, the European Bank for Reconstruction and Development plans to invest at least $1.56 billion in Ukraine in 2025 alone, and the National Bank of Ukraine projects that foreign direct investment will effectively return to pre-war levels in 2026.

While investing in Ukraine or doing business with Ukrainian entities at this point in the country's history can represent significant opportunity, foreign investors need to be prepared for nuances in due diligence, risk mitigation and operations. Based on our extensive experience in the region, we suggest the following guidelines:

1. **Include the Ukrainian perspective on sanctions.** It's standard practice for companies doing business in foreign countries to screen for whether the person or organization in question appears on—or is connected to someone who appears on—sanctions lists. But keep in mind that Ukraine has its own extensive sanctions lists, which include entities not under sanction by other jurisdictions, and which need to be incorporated in any due diligence on third parties.
2. **Turnabout is fair play.** Due diligence isn't conducted only by foreign companies looking to do business with a Ukrainian entity or the Ukrainian subsidiary of a multinational—you should expect those entities will be conducting due diligence on you and your business partners, with a particular emphasis on any involvement, however remote, with Russia.
3. **Continuously monitor operational continuity and supply chain risk.** Enemy actions can threaten sites with national security significance—as well as corporate facilities anywhere nearby. Russian artillery is notoriously inaccurate. Further, as the war unfolds, the location of sensitive sites changes and the risks faced by different regions ebbs and flows. While most organizations periodically review continuity and supply chain risks, in Ukraine, they must be prepared to do so more or less continuously.

4. **The legal and regulatory landscape is in flux.** Martial law makes for a more fluid legal environment. Corporate records—which could help the enemy identify economic vulnerabilities—are less readily available. Laws governing areas ranging from employment to foreign direct investment are constantly changing. There are also significant alterations to banking regulations, making moving funds out of Ukraine difficult.

5. **Power mapping is complex.** Ukraine is divided into 24 oblasts, or administrative regions. While oblasts do not have the level of autonomy that, for example, a state has in the United States, they each have their own leader and elected legislature, collect taxes and manage budgets. Foreign investors need to be cognizant of the key players in the relevant oblasts, whose priorities may differ in some respects from those of Kyiv.

6. **Collaboration adds a new due diligence dimension.** Doing business with a counterparty regarded as having collaborated with or being sympathetic to Russia could effectively blacklist you. Because of this, every counterparty must be evaluated with respect to their relationship with Russia and Russia-aligned entities. But doing so is nuanced. There is broad recognition that, particularly in the occupied regions, such interaction may have been an excusable necessity or done under duress. Due diligence needs to include an assessment of the nature the counterparty's relationship with and position toward Russia—a task likely requiring on-the-ground intelligence.

7. **You are an extension of your country.** While the war may be taking place along the Ukrainian-Russian border, it is truly a global conflict. Ukrainians are highly attuned to each country's record regarding military, economic and diplomatic support. Do not be surprised if, at least initially, Ukrainian feelings toward your country colors their feelings toward you.

8. **Double down on anti-fraud and anticorruption measures…** Like any country in wartime, Ukraine has both an official and a shadow economy—and opportunists looking to exploit uncertainty. Companies doing business with Ukrainian entities need to have robust antifraud and anti-corruption procedures in place to guard against kickbacks, bribes and diversion of assets.

9. **…but keep things in perspective.** Ukrainians are collectively working to keep their economy functioning and people employed during a period of unimaginable stress. Unavoidably, this means that corners will be cut and procedures not always scrupulously followed. But there is a difference between procurement kickbacks and not conforming to the details of branding guidelines in a franchise agreement. Be guided by judgment and common sense.

10. **Move quickly and get to the point.** Someone who spent last night in an air raid shelter or learning that a loved one was killed in a missile attack is likely to have little patience for small talk or administrative technicalities. Find ways to streamline processes without introducing undue risk or undermining objectives. At the same time, remember that trust must be earned—a process that takes time. Honesty, humility and consistency are valued over polish and flair.

In sectors from pharmaceuticals to natural resources, foreign investors are positioning themselves for Ukraine's reconstruction. Having a thorough and holistic understanding of the current environment allows those investors to establish a solid foundation for success.

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