

Zelenskyy, BlackRock Announce New Investment Initiative to Rebuild Ukraine

By Andrew Moran

Global asset manager BlackRock will coordinate investment in rebuilding Ukraine's economy, Kyiv [announced](#) on Wednesday.

Following a meeting between President Volodymyr Zelenskyy and BlackRock CEO Larry Fink, the government confirmed that the Wall Street titan agreed to coordinate "the efforts of all potential investors and participants in the reconstruction of our country." As a result of the agreement, BlackRock will channel capital into multiple sectors of the Eastern European country's economy.

Since an initial meeting between Zelenskyy and Fink in September discussing the transfer of public and private investments into Kyiv, the two sides have been working on a comprehensive project advising the government "on how to structure the nation's reconstruction funds." In November, the Ukrainian ministry of economy (MoE) and BlackRock Financial Markets Advisory (FMA) signed a memorandum confirming the plan.

"BlackRock FMA will advise the MoE on establishing a roadmap for the investment framework's implementation, including identifying design choices for the envisioned setup, structure, mandate, and governance," the \$8 trillion asset manager said in a [statement](#) last month. This comes a week after Zelenskyy visited Washington to meet with President Joe Biden and deliver an address to Congress. The House approved a \$45 billion aid package for Ukraine.



BlackRock CEO Larry Fink attends a session at the World Economic Forum annual meeting in Davos, on Jan. 23, 2020. (Fabrice Coffrini/AFP via Getty Images)

In his speech, the Ukrainian leader thanked the American people for their money, calling it an investment rather than charity.

“Your money is not charity,” he told Congress. “It is an investment in the global security and democracy that we handle in the most responsible way.”

Will Ukraine Be a Hot Spot for Investment?

While speaking at the Ukrainian Infrastructure Forum in London this month, Deputy Minister of Economy Oleksandr Gryban [predicted](#) that Ukraine would eventually “become one of the best in the world in terms of opportunities for investors” following the war.

“We must act quickly—and in this case, the experience and expertise of the private sector in project management should come to the rescue,” he said.

So far, 10 months after Russia started its invasion, an increasing number of international organizations and global corporations have announced new investments in Ukraine.

Earlier this month, for example, Nestlé announced a [\\$43 million investment](#) to launch a production facility in western Ukraine.

“This is an important move for Nestlé, taken in a very challenging time for the country,” said Alessandro Zanelli, Nestlé CEO for Southeastern Europe Market, in a statement.

In November, the International Finance Corporation, the private investment arm of the World Bank, [launched](#) a \$2 billion package to support the Ukrainian private sector.

“This investment is a testament to a new generation of visionary entrepreneurs in Ukraine leading high-potential businesses that will help Ukraine’s economy enhance its resilience,” said Makhtar Diop, IFC’s managing director. “Together with partners, we aim to inject much-needed capital into Ukraine’s IT sector, bolstering innovation, creating jobs, and encouraging investors to return to the market despite the ongoing war.”

Last month, Andrew and Nicola Forrest [provided](#) \$500 million to the Ukraine Green Growth Initiative through their Tattarang Group. The fund, expected to grow to \$100 billion, was established to partner with global investors to accelerate Ukraine’s reconstruction efforts and rebuild its primary infrastructure.

The initiative has received support from President Biden, UN special envoy Michael Bloomberg, former British prime minister Boris Johnson, and Organisation for Economic Co-operation and Development (OECD) secretary-general Mathias Cormann.

“Ukraine can enter a golden era,” said Forrest. “By business backing Ukraine, we’re sending a message to the world. I want every government to know that as soon as hostilities cease global business will be ready to help rebuild immediately.”

In the second quarter, foreign direct investment (FDI) in Ukraine surged by \$439 million, according to [data](#) from the National Bank of Ukraine.

At the same time, the World Economic Forum (WEF) [recommended](#) that Kyiv’s postwar revival needs to be green and inclusive.

“While Ukrainians are heroically defending their freedom and values, it is crucial to create a vision of a new successful state with a growing economy, sustainable energy, and inclusive infrastructure,” the group wrote.

This past summer, Kyiv estimated that the cost of the postwar recovery would be [\\$750 billion](#). But this figure continues to grow amid heavy artillery shelling, persistent missile strikes, import and export disruptions, and population displacement.

Ukraine [established](#) a program to attract up to \$400 billion in foreign investment to target various areas of the economy, from clean energy to defense to natural resources. Zelenskyy believes this is “the greatest opportunity in Europe since World War Two.”

But Nick Fenton and Andrew Lohsen of the Center for Strategic and International Studies (CSIS) warn that “concerns about corruption threaten the flow of much-needed funds.”

“Ukraine has undertaken significant anti-corruption reforms in recent years, but it will need to show additional progress to maximize the potential for foreign investment,” they wrote in a November [report](#). “Investors may be deterred if they believe they must contend with unscrupulous rent-seeking officials, compete on an uneven playing field with actors who use bribes or kickbacks, or rely on a flawed judiciary to protect their rights.”

In recent years, the Ukraine government has established multiple entities to grapple with this issue, including the National Anti-Corruption Bureau (NABU), the National Agency on Corruption Prevention (NACP), and the Asset Recovery and Management Agency (ARMA). But oligarchic influence, judiciary capture, and strategic corruption could undermine these efforts, further threatening recovery efforts.

From [The Epoch Times](#)