

The Legal Framework for Venture Capital in Ukraine

Simon Deakin and Hanna Sitchenko

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Abstract

With the current focus on the role venture capital (VC) can play as a part of Ukraine's post-war reconstruction, we explore how far Ukraine's legal framework supports VC. We use a multi-methods approach, combining a quantitative review of the operation of legal norms with qualitative evidence based on interviews with industry participants. We observe a recent strengthening of formal legal protection for shareholders and creditors of the kind which is consistent with support for VC. In addition, our interviews suggest that Ukraine-based funds and start ups are able to use overseas legal systems (mainly Delaware law and English law) to maintain investor trust. Reliance on foreign law may not, however, be a long-term solution if the aim is to build an indigenous VC ecosystem. Steps to build state capacity and trust in public institutions will be needed in the longer term.