

CHAPTER

RESEARCH ON THE CURRENT STATE OF FINANCING SUSTAINABLE DEVELOPMENT IN UKRAINE

DOI: <https://doi.org/10.30525/978-9934-26-670-6-32>

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Summary

This chapter examines the current state of financing sustainable development in Ukraine under conditions of economic instability and wartime challenges. The study systematizes theoretical approaches to the interpretation of sustainable development financing and identifies its key structural components. Particular attention is devoted to the institutional framework and regulatory environment shaping financial flows toward sustainable development goals. The analysis covers public finance mechanisms, private investment instruments, international financial assistance, and donor support programs. The role of international organizations and development partners in strengthening Ukraine's financial resilience is also assessed. The chapter evaluates recent trends in budget expenditures, green financing instruments, and ESG-oriented investment practices. Special emphasis is placed on the transformation of financial priorities in response to war-related risks and reconstruction needs. The research identifies structural imbalances and institutional constraints that limit the effectiveness of sustainable development financing. Empirical evidence is used to substantiate the need for diversification of funding sources and enhancement of financial governance mechanisms. The findings contribute to the development of policy recommendations aimed at improving the efficiency and transparency of sustainable development financing in Ukraine.

Introduction

Sustainable development has become one of the defining paradigms of global socio-economic transformation in the twenty-first century. The growing interdependence between economic growth, social cohesion, and environmental protection has fundamentally reshaped approaches to public policy and financial governance. Since the adoption of the 2030 Agenda for Sustainable Development by the United Nations, national governments have been expected not only to align their strategic priorities with the Sustainable Development Goals (SDGs), but also to ensure the availability of adequate and

diversified financial resources for their implementation. In this context, the issue of sustainable development financing has evolved from a purely fiscal matter into a complex multidimensional system integrating public finance, private investment, international assistance, and innovative financial instruments.

For Ukraine, the problem of financing sustainable development has acquired particular relevance in light of profound structural transformations, macroeconomic instability, and the unprecedented challenges caused by the full-scale war initiated by the Russian Federation. The destruction of infrastructure, demographic losses, disruption of production chains, and increased social expenditures have significantly altered budgetary priorities and fiscal capacities. At the same time, the need to maintain progress toward long-term sustainability objectives – including environmental modernization, energy transition, social protection, and institutional reform – remains critically important. Under such conditions, ensuring effective and resilient financial mechanisms for sustainable development is not only an economic necessity but also a strategic imperative for national security and post-war recovery.

The transformation of Ukraine's financial architecture has intensified since the country obtained EU candidate status from the European Union. European integration processes require harmonization of regulatory frameworks, adoption of ESG standards, strengthening of transparency in public finance management, and development of green and sustainable financial instruments. These processes create both new opportunities and additional responsibilities for Ukraine's financial system. On the one hand, access to European financial instruments, structural funds, and reconstruction facilities expands the potential resource base. On the other hand, compliance with stringent governance and accountability requirements necessitates institutional modernization and enhanced financial discipline.

In contemporary economic discourse, sustainable development financing is understood as a comprehensive system of mobilizing, allocating, and monitoring financial resources to achieve balanced economic, social, and environmental outcomes. This system encompasses state and local budgets, extra-budgetary funds, international financial assistance, concessional lending, private capital, public-private partnerships, green bonds, impact investing, and blended finance mechanisms. The complexity of this structure reflects the multidimensional nature of sustainable development itself. Effective financing requires coordination among various stakeholders, including governmental institutions, private sector actors, civil society organizations, and international partners.

In Ukraine, public finance continues to play a central role in supporting sustainable development initiatives. However, the fiscal burden associated with defense expenditures and humanitarian needs has significantly constrained

domestic financial capacities. Consequently, the role of international financial organizations and donor countries has increased substantially. Cooperation with institutions such as the World Bank and the International Monetary Fund has become a critical factor in maintaining macroeconomic stability and ensuring the continuity of social and infrastructural programs. At the same time, reliance on external funding underscores the importance of developing long-term internal sources of sustainable finance.

An equally important dimension of the current stage is the gradual integration of sustainable finance principles into the private sector. Ukrainian businesses are increasingly adopting environmental, social, and governance (ESG) approaches, particularly in sectors oriented toward international markets. The development of green energy projects, energy-efficiency initiatives, and sustainable agricultural practices illustrates the growing awareness of sustainability as a competitive advantage. Nevertheless, the domestic market for green financial instruments remains underdeveloped, and institutional barriers continue to limit large-scale private investment in sustainability-oriented projects.

The war has also fundamentally reshaped the priorities of sustainable development financing. Reconstruction of damaged infrastructure, modernization of energy systems, and restoration of social services require substantial capital inflows. At the same time, recovery strategies must be aligned with sustainability principles to avoid recreating outdated and environmentally inefficient models of growth. The concept of “build back better” emphasizes the integration of climate resilience, digital transformation, and inclusive development into reconstruction policies. Therefore, the study of current financing mechanisms must consider not only short-term stabilization measures but also long-term structural reforms.

Overall, the relevance of this study is determined by the urgent need to design a coherent and resilient financial framework capable of supporting Ukraine’s sustainable recovery and long-term development. Ensuring effective financing mechanisms under conditions of war and economic uncertainty is essential for maintaining macroeconomic stability, promoting social cohesion, and achieving environmental modernization. The findings presented in this chapter aim to contribute to the theoretical discourse on sustainable finance and to provide practical recommendations for policymakers and stakeholders involved in Ukraine’s recovery and development processes.

1. Sustainable development trends in Ukraine in times of war

In order to facilitate Ukraine’s transition to a sustainable development model, improve the legislative and institutional framework of the public administration system, enhance living standards, and ensure balanced economic, social, and environmental development, the draft Law of Ukraine

“On the Strategy of Sustainable Development of Ukraine until 2030” was developed [1]. This document effectively reflects indicators of national targets aligned with the Sustainable Development Goals, with phased and clearly defined target values. These indicators are based on the provisions of the National Report “Sustainable Development Goals: Ukraine,” prepared in 2017 by the Ministry of Economic Development and Trade of Ukraine. The report provided for the adaptation of the 17 global Sustainable Development Goals established by the United Nations, taking into account national specificities, and formulated a national system of objectives comprising 86 targets and 172 indicators for monitoring their implementation. This framework is intended to establish a solid foundation for Ukraine’s strategic development planning and for assessing progress toward the achievement of the defined goals [2].

In developing conceptual approaches to the implementation of the Sustainable Development Goals, Ukraine identified four key dimensions of the 17 global goals: social, economic, environmental, and governance-related. The social dimension envisages the implementation of reforms in the fields of healthcare, education, and decentralization, the improvement of public welfare, poverty reduction, ensuring access to quality education, and the adoption of measures aimed at increasing life expectancy. Collectively, these factors constitute the foundation of Ukraine’s human capital and serve as a prerequisite for sustainable development in the long-term perspective.

The economic dimension of the implementation of the Sustainable Development Goals in Ukraine is focused on strengthening cooperation between the state and the business sector in the fields of science and innovation, as well as on revising the priorities of scientific and technological development in accordance with the strategic objectives of sustainable development. Priority tasks include the implementation of large-scale infrastructure projects and the structural modernization of the national economy through diversification, digital transformation, and the rational utilization of resource potential. Particular emphasis is placed on fostering innovation-driven growth, increasing productivity, and creating sustainable employment opportunities. Within this framework, economic development is interpreted not solely as quantitative expansion, but as a qualitative transformation aimed at enhancing long-term competitiveness and resilience.

The environmental dimension of sustainable development presupposes substantial changes in state environmental policy, including the elimination of unsustainable exploitation of natural resources and the establishment of an effective waste management and recycling system aligned with international environmental standards. This approach requires the mainstreaming of environmental considerations into sectoral policies, the promotion of energy efficiency, the expansion of renewable energy capacity, and the strengthening of environmental regulatory mechanisms. Achieving ecological balance is

considered a fundamental prerequisite for ensuring public health, preserving ecosystems, and mitigating climate-related risks.

The governance component envisages a comprehensive transformation of public administration at all levels through the development of transparent institutional frameworks, the strengthening of merit-based social mobility mechanisms, and the enhancement of the effectiveness and accountability of state institutions and local self-government bodies. Particular attention is devoted to reinforcing the rule of law, improving regulatory quality, and building institutional capacity. Ensuring gender equality and creating conditions for the equitable participation of citizens in socio-political processes are recognized as integral elements of inclusive governance. Collectively, these measures are intended to consolidate democratic principles and provide an institutional foundation for sustainable and balanced development.

It is important to emphasize that the process of implementing the Sustainable Development Goals (SDGs) in Ukraine began at a time when the state was already facing large-scale challenges caused by the aggression of the Russian Federation. The annexation of Crimea and the occupation of certain areas of the Donetsk and Luhansk regions in 2014 constituted not only a serious threat to Ukraine's sovereignty, but also a factor of destabilization for security and peace in Europe and globally. The events of February 2022 further intensified the destructive nature of the war: the expansion of temporarily occupied territories, massive missile attacks, and the destruction of state, municipal, and private infrastructure resulted in significant human losses, the disruption of economic ties, a decline in living standards, and large-scale waves of internal and external migration. Overcoming the consequences of prolonged military aggression has thus become one of the key determinants in achieving the global Sustainable Development Goals. The effective implementation of these goals, together with their integration into public policy frameworks and budgetary planning processes, constitutes a necessary precondition for national recovery. The principal task remains the gradual improvement of living standards in Ukraine toward average European benchmarks, which directly affects the well-being of every citizen, every household, and future generations [3].

The Sustainable Development Goals serve as a fundamental reference framework for defining Ukraine's development priorities and as an effective instrument for attracting financial support aimed at recovery and strengthening state resilience. They provide a structural foundation that enhances governmental effectiveness, promotes the efficient allocation of resources, and ensures maximum productivity in reconstruction and development processes. Despite the severe circumstances caused by the ongoing war, Ukraine remains committed to the principles of sustainable development and continues to pursue their systematic implementation.

Under contemporary global challenges, the international community is compelled to reconsider the priorities of the Sustainable Development Goals (SDGs). In recent years, developed countries have predominantly emphasized environmental dimensions; however, the war in Ukraine has demonstrated that without fundamental prerequisites – peace, economic stability, justice, and the protection of life and human rights – other components of sustainable development may become unattainable. In this regard, within the context of ongoing military aggression, the primary priorities for Ukraine are the achievement of socio-economic development objectives that will serve as the foundation for further recovery and long-term prosperity.

The destructive impact of the war has triggered critical changes across nearly all of Ukraine's domestic economic indicators, producing a domino effect that has generated macroeconomic imbalances not only within the country but also across European states. Consequently, addressing the challenges associated with military aggression must become one of the central directions in achieving the Sustainable Development Goals. This includes the development and effective application of international legal mechanisms for conflict resolution, the strengthening of sanctions pressure against the aggressor state, the restoration of Ukraine's territorial integrity, the regulation of migration processes, the reintegration of temporarily occupied territories, and the mitigation of unemployment and declining household incomes. Collectively, these measures constitute essential preconditions for stabilizing the socio-economic system and ensuring the feasibility of sustainable development in both the national and broader European contexts.

The loss of human capital and the large-scale destruction of infrastructure – particularly energy infrastructure – resulting from terrorist attacks and active hostilities led to a profound recession in 2022–2023, thereby complicating prospects for economic recovery in the medium term. Elevated levels of risk and uncertainty have exerted a negative impact on business activity and the functioning of the financial sector. At the same time, substantial international financial assistance has played a decisive role in preserving macrofinancial stability by providing the necessary resources to sustain essential public expenditures and support the country's recovery and reconstruction efforts.

Nevertheless, further national recovery must proceed in alignment with the core objectives of sustainable development. This is feasible only through the active engagement of public institutions, sustained societal support, and a clear recognition of the importance of economic recovery grounded in the rational use of natural resources, the expansion of renewable energy sources, and the effective application of modern innovations in agriculture, which plays a pivotal role in Ukraine's economic structure and export capacity. Embedding sustainability principles into reconstruction strategies is essential to ensure long-term resilience and structural modernization.

To better understand the global context of sustainable development implementation, it is appropriate to examine the specific features of the concept's application worldwide. In this regard, particular attention should be given to the Sustainable Development Index for 2022. This composite index is calculated annually for all countries based on changes in indicators corresponding to each of the Sustainable Development Goals. Its calculation methodology is highly complex, as it encompasses a broad range of macroeconomic, social, financial, environmental, and institutional indicators. Figure 1 presents the relevant data as of January 2024.

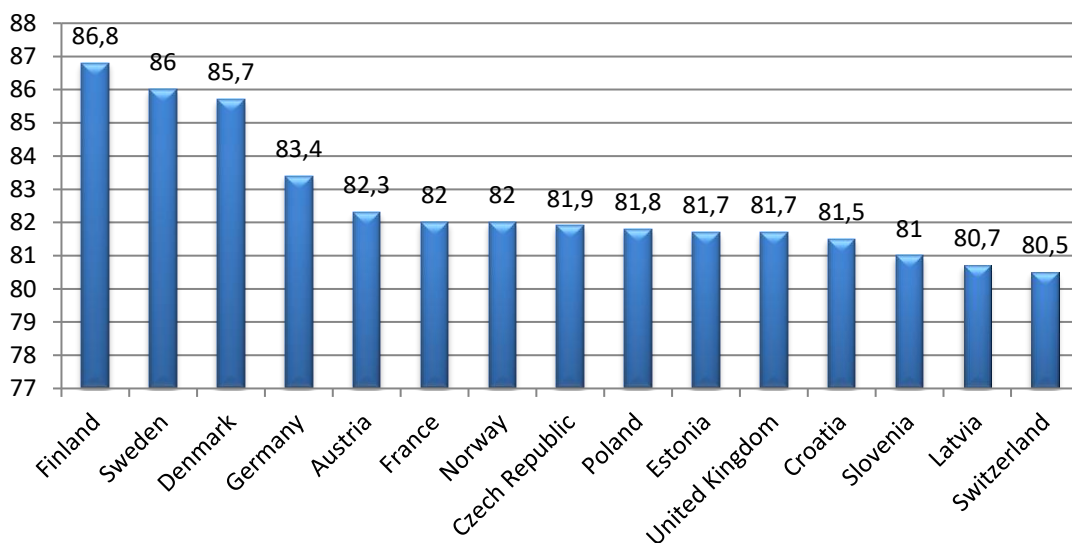


Figure 1. Information on the sustainable development index of the 15 most developed countries for 2024

Source: generated by the author

The Scandinavian countries, in particular Finland, Sweden and Denmark, remain the leaders in implementing a model of sustainable economic development among all countries in the world. In general, and quite naturally, the most economically developed countries also demonstrate high rates of sustainable development. However, only European countries occupy leading positions in this ranking, which confirms their successful experience in implementing a model of sustainable development of the national economy.

Also, the results of calculating the sustainable development index are significantly correlated with the indicators of the global competitiveness of countries. This indicates that the formation of an innovative model of the economy is a key condition for ensuring its sustainable development in the long term. At the same time, in developing countries that are constantly faced with the consequences of complex destructive processes, the formation of a sustainable development model occurs gradually and with significant

difficulties. Overcoming such crisis consequences is a complex task that requires significant resources, time, and institutional capacity to implement the necessary reforms.

At the same time, the simultaneous implementation of large-scale projects for the development of society on the principles of sustainable development is often hampered by a shortage of financial resources. However, the uniqueness of this model lies in the fact that in the process of its implementation, a transformation of the country's financial system takes place, which contributes to the emergence of new mechanisms for raising funds. That is why, even during the period of post-crisis recovery of the national economy, the implementation of the principles of sustainable development is not only expedient, but also necessary in the current conditions of the global economy. Moreover, most of the current innovations aimed at increasing the competitiveness of national economies are focused on the rational use of natural resources and the harmonization of the interaction between man, nature and society [3; 4].

The key macroeconomic indicator of the country's sustainable development is gross domestic product (GDP), the analysis of the dynamics of which makes it possible to assess the general trends of economic development in peacetime and compare them with the situation in wartime. Figure 2 presents changes in Ukraine's GDP for 2004–2024.

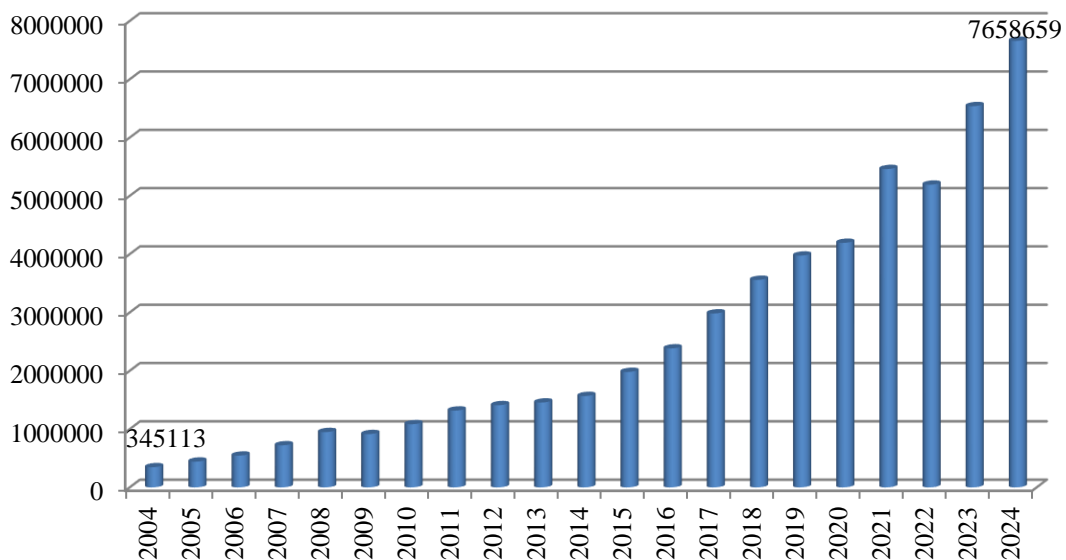


Figure 2. Dynamics of nominal GDP of Ukraine for 2004–2024

Source: [5]

Analysis of the data in Figure 1.2 indicates the gradual growth of the Ukrainian economy over the past decades, which is confirmed by a stable

increase in GDP. In particular, in 2021 this indicator exceeded the level of 2002 to UAH 5233.76 billion, which amounted to an increase of 2317.77%. The general trend demonstrated positive dynamics, with the exception of 2009, when GDP decreased as a result of the global financial and economic crisis. Ukraine's economy has been growing again since 2010, but Russia's military aggression has significantly affected its development. By 2022, the country's GDP had shrunk by 29.2%, the largest decline in the history of independent Ukraine. However, this result turned out to be less devastating than experts had predicted at the beginning of the full-scale invasion, when estimates predicted a decline of 40-50%. The stability of the Ukrainian economy was ensured by the effective actions of the defense forces, the coordinated work of state bodies and business, significant international financial assistance, as well as the prompt restoration of critical infrastructure.

Another key macroeconomic indicator that characterizes the level of sustainable development of a country is the consumer price index (Figure 3).

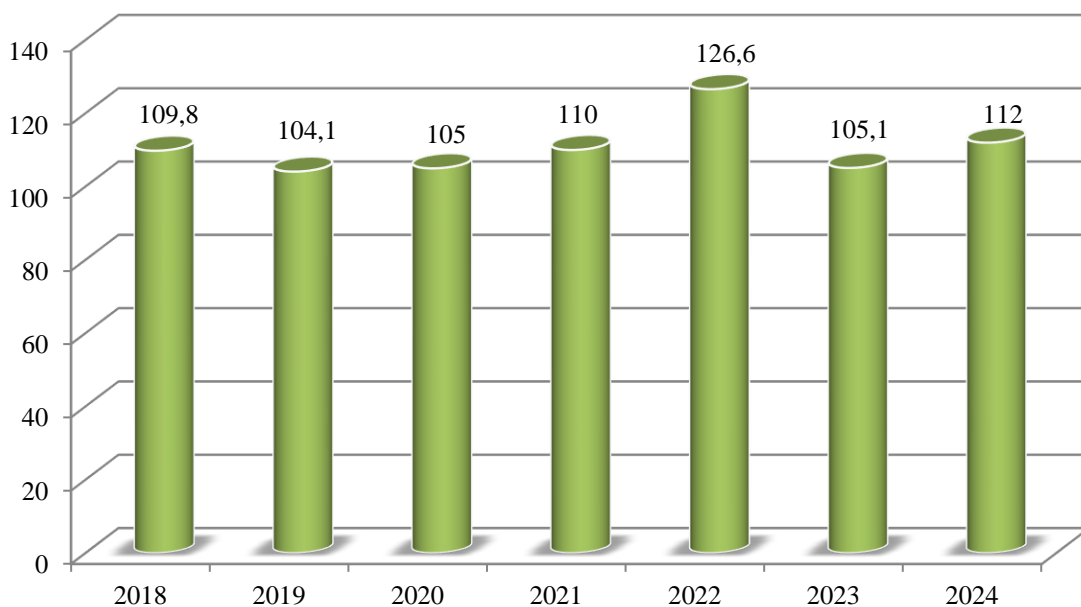


Figure 3. Dynamics of the consumer price index in Ukraine for 2018–2024

Source: systematized by the author based on [6]

In 2018, the CPI was 109.8, indicating moderate price growth. In 2019, it decreased to 104.1, likely due to exchange rate stabilization and effective monetary policy. In 2020 (during the COVID-19 pandemic), the index rose to 105, indicating slight inflationary pressure. In 2021, inflation surged to 110, possibly due to global supply chain disruptions and rising energy prices. The sharpest jump came in 2022, when the index reached 126.6 due to the full-scale Russian intervention, which caused infrastructure destruction, a devaluation of

the hryvnia, and a shortage of goods. In 2023, the index decreased to 105.1, which may indicate some stabilization of the economy due to government and NBU measures. However, in 2024, it increased again to 112, which may be associated with increased demand and changes in economic policy. The main factors influencing the fluctuations of the CPI were macroeconomic policy, external shocks (pandemic, energy crisis, war), military actions, and gradual economic recovery. It is predicted that further recovery of the country, international assistance, and economic reforms will contribute to the stabilization of inflation in the coming years.

Therefore, the Sustainable Development Strategy for Ukraine is not only a program document, but also a roadmap for overcoming the crisis consequences of the war and building a competitive economy based on the principles of social justice, rational use of resources, and effective governance. Legislative and institutional consolidation of sustainable development goals creates the basis for a comprehensive transformation of state policy, modernization of the economy and the formation of an innovative model of economic activity. In the context of military challenges, socio-economic goals aimed at restoring infrastructure, strengthening human capital, ensuring employment and improving the well-being of citizens acquire priority. At the same time, environmental and governance aspects remain important, because without the modernization of the energy sector, the development of renewable energy sources, the introduction of an effective waste management system, and the strengthening of state institutions, long-term prosperity is impossible. The experience of European countries shows that a focus on sustainable development increases competitiveness, and integration into global processes opens up additional sources of financing and investment. For Ukraine, this means the need to combine internal reforms and international cooperation, actively use foreign aid, and introduce modern innovations into production, energy, and agriculture. Thus, even in the post-war period, the sustainable development model should remain the main guideline of state policy, ensuring the revival of the economy, increasing the well-being of the population, and the country's integration into the European and global space.

2. Current trends in financing sustainable development in Ukraine

Ukraine has undertaken international commitments to implement the principles of sustainable development, as defined in the strategic documents of the United Nations [7]. At the same time, it is worth considering that the environmental and social challenges that the country faces in the context of a protracted war are extremely complex and require an urgent response. Without a doubt, the rational use of natural resources, environmental protection, adherence to high social standards and proper corporate governance remain the main factors of successful economic development and business in modern

conditions. Currently, Ukraine is at the center of international financial support, which is aimed not only at helping to resist armed aggression from the Russian Federation, but also at the country's long-term restoration and development. At the same time, the modern world demonstrates a trend towards the fact that one of the key criteria for making investment decisions is not only economic feasibility, but also compliance with the principles of sustainability and ESG criteria. These factors determine the prospects for attracting foreign resources and form the basis for the further development of the national economy.

Financing for sustainable development is based on a concept that provides for a comprehensive approach to the use of financial resources. To achieve its goals, it is necessary to maximally use all possible financial flows – both private and public, both national and international. This allows creating an effective system of financial support for projects aimed at economic growth, social development and environmental sustainability. In today's environment, investors, when choosing areas for capital investment, are mostly guided by the compliance of projects with ESG principles, assessing their long-term effectiveness and stability [8].

This framework serves as a general guideline for the implementation and adaptation of ESG principles in the context of the military conflict in Ukraine, and can be modified and expanded to take into account the specific needs and situation in the country. These principles provide for taking into account the extent to which companies actively combat climate change, prevent environmental degradation, which is especially relevant in times of war, and also contribute to increasing the level of corporate responsibility. Thus, for modern managers, the key criterion when choosing sources of investment in sustainable development is high ESG indicators, which are integrated into the basis of the national strategy for the country's post-war reconstruction. If we focus exclusively on Ukraine's current financial indicators, taking into account the continuation of active hostilities and the risk of further terrorist attacks, compliance with ESG principles requires constant costs. Despite this, the European Bank for Reconstruction and Development (EBRD), whose activities are based on sustainable development standards, provided Ukraine with financial assistance in the amount of 2 billion euros, confirming its role as a world leader in the field of climate finance.

Undoubtedly, the effectiveness of investments depends on many factors that go beyond the scope of ESG principles. However, a significant number of investors do not doubt the long-term feasibility of ESG investments. For example, in the USA, it is planned to introduce mandatory requirements for the disclosure of financial information about climate risks and the level of greenhouse gas emissions in the near future. In addition, following the example of some European countries, the introduction of mandatory standardized disclosure of ESG reporting is expected, which confirms the global trend

towards increased transparency and responsibility of business in the field of sustainable development. To reduce investment risks in the field of finance, ESG funds are working, which are focused on solving environmental, social and governance issues. ESG investing helps to avoid investing in companies that engage in risky or unethical activities [10]. This approach is aimed not only at complying with ESG criteria, but also at ensuring the financial efficiency of responsible investments that contribute to the recovery of the economy and its further sustainable development.

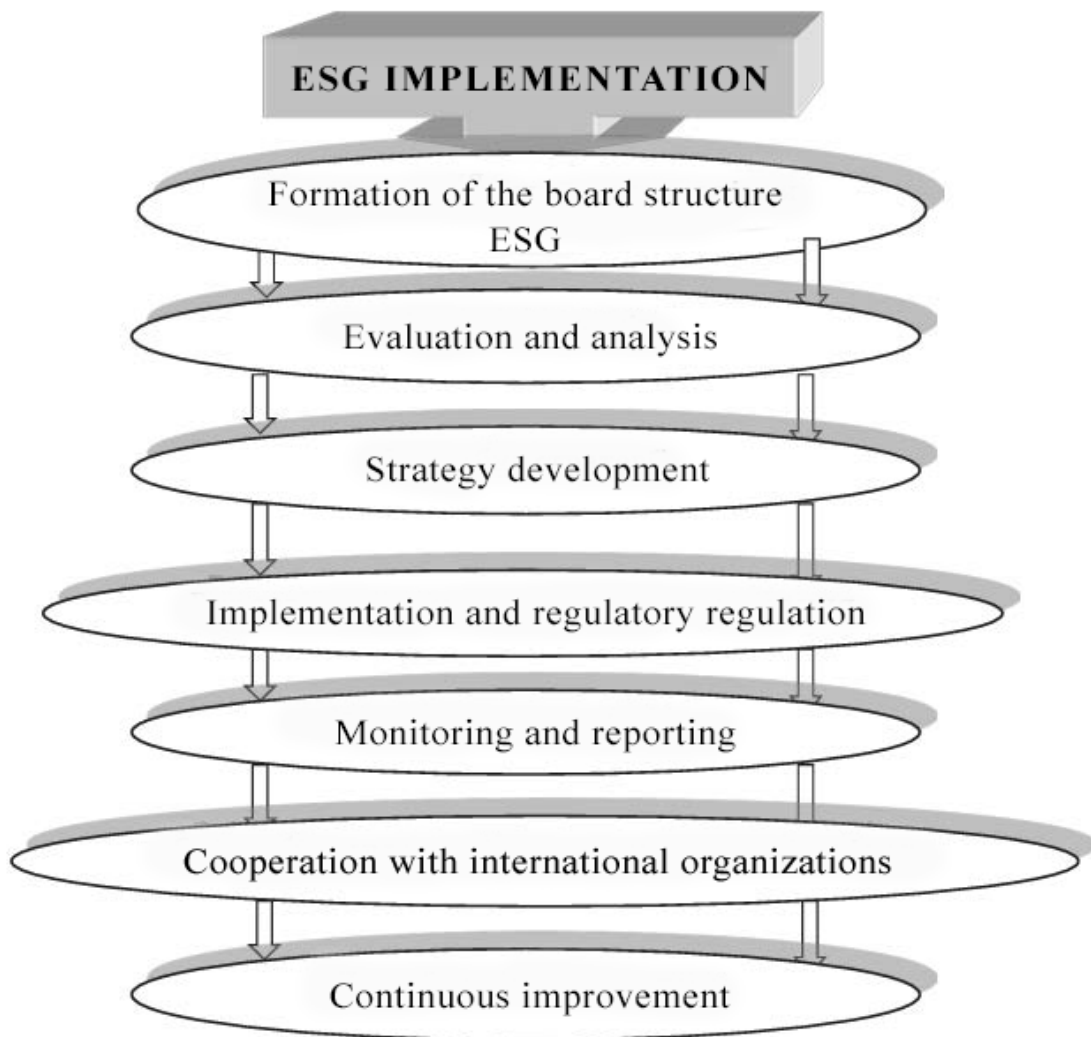


Figure 4. Scheme of ESG implementation and adaptation in the context of military conflict in Ukraine

Source: [9]

Undoubtedly, the state of war and the devastating consequences of the aggression against Ukraine have become an incentive for many companies to implement initiatives in the field of sustainable development and ESG. The Sustainable Development Goals define an action plan for building a more stable

and promising economic future [11]. The most common approach to sustainable investment is the integration of ESG principles through the systematic consideration of relevant criteria in the process of making investment decisions. However, the implementation of environmental, economic and social aspects of sustainability at the same time is a complex task that requires a comprehensive approach and strategic planning.

Since the analysis allows us to make appropriate generalizations, we can identify the main areas of investment in sustainable development based on ESG principles, taking into account the impact of prolonged military operations in Ukraine [2]:

1. Investment in the development of the defense-industrial complex (DIC) is an important factor in the implementation of the key social principle – the protection of a free and secure society. The DIC remains a strategically important sector of the economy, which ensures the defense capability of the state and creates jobs. According to the rating of Forbes Ukraine magazine, enterprises in this sphere are included in the list of the best employers in the country, which indicates their stable and continuous activity for the sake of victory from the first days of the full-scale invasion.

2. Investments in the development and implementation of environmentally friendly energy sources are aimed at achieving energy independence of Ukraine and supporting the principles of sustainable development. The energy sector showed strong growth potential through 2023 as the industry increasingly focuses on the green economy and responsible business practices. Clean energy investments include solar, wind, and bioenergy, as well as ethanol production as an alternative to traditional oil and gas. The shift to renewable energy sources will help reduce dependence on imported energy. In the future, it is expected that the destroyed thermal power plants will be replaced by modern coal-fired complexes with emission purification, bio-CHP plants, and high-efficiency gas stations.

3. Investing in decarbonization processes and the development of bioenergy, in particular biogas production, is a promising investment strategy based on the principles of environmental sustainability and aimed at minimizing the negative impact on the environment by reducing carbon dioxide emissions.

It is worth considering this issue in the broader context of the lack of adequate mitigation of emissions: long-term threats associated with global warming may cause more serious consequences of climate change, in particular, the destruction of Ukraine's ecosystems through military actions, such as the destruction of the Kakhovka HPP. It is obvious that the issue of environmental safety is not limited to certain borders: a violation of the natural balance in one location causes cascading consequences in other regions.

Large-scale fires, including forest fires caused by shelling, are a significant factor in atmospheric pollution with toxic substances. In addition, explosions

at fuel and lubricants warehouses, oil product storage facilities, and enterprises that use hazardous chemicals will lead to serious environmental consequences: tens of thousands of tons of harmful substances are released into the air, and wastewater is discharged into water bodies, which threatens to destroy treatment facilities.

Global climate stabilization and reduction of physical risks, known as the “transition to net zero,” will require transformations in the energy sector and land use, which in turn are the basis for expanding “climate finance.” Already, various regulatory and supervisory bodies are requiring businesses to assess climate risks and record instances of “ecocide.”

It has been proven that the implementation of decarbonization measures brings significant benefits to businesses, in particular, reducing costs, reducing risks, protecting brand reputation, increasing the sustainability of supply chains and improving investment attractiveness. Such investments contribute to the development of sustainable development instruments and stimulate comprehensive environmental initiatives aimed at improving the climate situation and preserving the natural environment.

4. Investing in the development of social processes and ESG standards within companies includes fair remuneration, adaptation, support and training of personnel, investment in social capital, implementation of flexible management systems, decentralization and prompt decision-making.

The prospect of creating an open market together with the EU obliges Ukrainian businesses to rapidly develop social initiatives, forming “socially responsible” companies. It is worth noting that domestic governance institutions were developed for stable operating conditions and are not always adapted to rapid changes caused by military operations.

5. The introduction of transparent control mechanisms in corporate governance and the use of effective governance models contribute to reducing financial losses, minimizing risks, avoiding waste and combating corruption. For many investors, it is important not only to make a profit, but also for businesses to demonstrate social responsibility through environmental awareness, ethical behavior, and effective corporate governance.

In the context of unstable domestic conditions, there are no clearly standardized ESG investment criteria. Businesses find themselves in critical situations when they need to respond quickly to the challenges of wartime and the changing situation in the country. It is obvious that changes in market trends and the general economic situation can negatively affect the effectiveness of investments.

This, in turn, complicates the definition of true business ethics, which contributes to the spread of the practice of “greenwashing” – a situation where companies only declare their commitment to environmental standards, without actually adhering to them. In addition, one of the problems is limited access to

objective information that would confirm the compliance of the company's activities with ESG principles. It is also worth noting that compliance with these standards does not always directly correlate with future financial benefits [12]. Today, Ukraine has become a center of global financial support. The main investment flows are aimed at countering aggression, but they must also comply with the principles of sustainability and ESG criteria. Investing according to these standards is gaining popularity and is gradually becoming an integral part of corporate culture, similar to the practices of developed countries. With the beginning of full-scale war, the importance of the ESG approach has grown significantly. Adherence to these principles has become an internal business need, affecting its financial stability, development dynamics, and stakeholders' expectations regarding the expansion of sustainable investment processes [2].

In a wartime environment, integrating ESG principles into business opens up new financial, reputational, and governance opportunities for businesses, laying the foundation for a country's rapid and sustainable recovery. Investing in accordance with ESG standards, which is closely linked to sustainable development strategies, enables companies to respond more effectively to geopolitical risks, which is especially important in the context of the destructive impact of war. This contributes to the formation of sustainable business practices even in the harsh realities of wartime [9].

Ukraine remains open to investment and international cooperation in various sectors of the economy. This will determine its future economic potential both in countering the global challenges caused by the war and in its ability to successfully recover after its completion.

The path of Ukrainian enterprises to the implementation of ESG principles is only beginning, therefore further research in this direction is relevant, as always [2].

Thus, financing for sustainable development in Ukraine is gradually transforming under the influence of new challenges caused by the war, global economic changes and the need for integration into the European space [13]. The use of ESG principles is a determining factor in making investment decisions, as it builds the trust of international partners, opens up access to external resources and stimulates domestic companies to transparency and social responsibility. Attracting investments in renewable energy, decarbonization, bioenergy, social programs and effective corporate governance are the main directions of modern financial flows. At the same time, it is important to realize that the implementation of ESG standards is not without risks: the lack of objective information, the spread of "green laundering" practices, the discrepancy between financial benefits and social and environmental results complicate their implementation. However, even under these conditions, ESG investing demonstrates the potential to ensure

long-term stability and development. For Ukraine, it is not only a source of financial resources, but also an instrument of post-war reconstruction, modernization of the economy and the formation of a new economic system focused on sustainability. Further embedding ESG in national policies and business practices will become a key factor in strengthening the financial system, increasing international investment attractiveness, and achieving strategic sustainable development goals.

Conclusions

Thus, Ukraine faces significant challenges in the field of sustainable development as a result of the war, which caused large-scale economic, social and environmental losses. The destruction of infrastructure, high levels of migration and the occupation of part of the territory complicate the implementation of national sustainable development strategies. However, Ukraine's integration into the European Economic Area necessitates the adaptation of European principles, where sustainable development is a key element.

Despite the difficulties, the country's further recovery must be carried out using sustainable development approaches. For this, it is important to focus on the efficient use of natural resources, the development of renewable energy, and the introduction of innovations in the agricultural economy. At the same time, the experience of developed countries shows that sustainable development is closely correlated with economic competitiveness, which requires the transformation of the financial system and the active attraction of investments. Financing sustainable development in Ukraine depends to a large extent on international assistance and the attraction of private and public investments in accordance with ESG principles. Investors are focusing on the environmental, social and corporate responsibility of companies, which is becoming a key factor in financial support. Important areas of investment are the defense-industrial complex, the development of green energy, decarbonization and social initiatives.

Thus, the problems and risks of financing sustainable development in Ukraine in the context of war are complex and cover the economic, social, environmental and institutional dimensions. The destruction of infrastructure, the shortage of energy resources, the outflow of labor and the low level of investor confidence create serious obstacles to the implementation of strategic recovery programs. At the same time, these very challenges encourage the state and business to more actively implement innovative financial instruments, develop public-private partnerships, and integrate ESG standards into corporate governance. International experience shows that effective financing of sustainable development is possible only under conditions of synergy of state policy, private initiatives, and external support. For Ukraine, this means the

need to formulate a clear national strategy aimed at strengthening the financial system, developing "green" bonds, recovery funds, and stimulating small and medium-sized businesses. Despite serious risks, the war can become a catalyst for deep reforms and modernization of the economy if financial flows are directed towards long-term sustainable development goals. This will create the basis for the country's renewal, strengthening its economic stability, and integration into the European and global space.

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