



Being a member of [Praxity](#) provides [Kyiv Audit Group](#) with global perspective. And for General Director Irina Igumnova, the firm's membership of the [European Business Association \(EBA\)](#), which advocates the interests of foreign and domestic companies, has proved invaluable throughout COVID. Irina explains the benefit of having an active mediator between government and businesses and shares some key economic data that has emerged from the organisation, which has over 900 members in Ukraine.

Adjusting though tough times ...

For many Ukraine business owners, these have been extremely difficult times. Some reacted quickly and adapted. Many closed completely waiting out quarantine. For approximately five months, our country, like the whole world, has been forced to live and function in a new reality. However, Ukraine's situation was further complicated by the fact that this difficult period coincided with the reshuffle of a new Government Cabinet.

[EBA](#) figures best convey the current business sentiments. According to their research, 70% of businesses

lost up to 50% of revenue, 15% lost between 50 and 75% and only 10% recorded profit growth.

Despite the cessation of social and economic life, uncertainty of the future, associated difficulties for business and simply human panic, many companies have still tried to maintain optimism and persistently sought new opportunities.

Moderately optimistic economic forecasts ...

On June 25, EBA hosted an insightful meeting to gauge viewpoints. The data gathered at [Crisis Management Lessons](#) generated some interesting statistics and revised economic and GDP benchmarks. Notably, 68% of surveyed business representatives have fully or partially returned to offices. In the context of company personnel policies, most entrepreneurs do not plan to reduce staff, a third of managers consider workforce reduction measures a necessity, and about 13% are already seeking new employees. Over the next six months, 69% of respondents plan on keeping wages unchanged, 21% are considering reducing wages, and only 9% are thinking about raising them.

Providing Ukraine adheres to prudent fiscal and monetary policies, President of the EBA Tomas Fiala believes that Ukraine's 2020 GDP will fall to about 7% compared to 15-16% in previous crises. GDP growth by 4% is projected for 2021. According to Tomas, an important condition for a positive development is the preservation central banking independence policies, ensuring the transparency of procedures for the privatisation of state-owned

enterprises and general political stability in the country.

Furthermore, preliminary estimates by IMF Resident Representative in Ukraine Goesta Ljungman suggest Ukraine will return to the pre-quarantine level of development in 2024.

Maintaining macroeconomic stability ...

No one foresaw the resignation of highly respected governor of the National Bank of Ukraine (NBU) Yakiv Smolii on July 1. It sent shock waves through the business community. Citing *systematic political pressure*, his announcement coincided with the day USD1.75 billion in Eurobonds was due to be placed by the Ministry of Finance. The next day this sale was cancelled.

Following the appointment of Kyrylo Shevchenko mid-July, the EBA has called for the new Chairman to preserve the independence of the central bank and continue Ukraine's ongoing course of macroeconomic stability and sustainable economic growth. Currency liberalisation, maintaining reforms in the financial sector, supporting the banking system with high liquidity and inflation targeting are all policy priorities. We shall wait and see how the policies evolve under the new governor's leadership.

Roller coaster of investment attractiveness ...

Unfortunately, Ukraine's investment attractiveness index for doing business and investing has dipped to 2015 levels. It's a complex situation with many influencing factors. Yes, there are certain longstanding issues - a weak judicial system,

insurmountable corruption, highly active shadow economy. New negative factors recently added include restrictive measures to prevent coronavirus infection, rotation in Government and other key government agencies. All of these cause political and economic fluctuations in society, endless changes in tax legislation, increased tax burden and pressure.

However, the launch of the land market, currency liberalisation, continued cooperation with the IMF, reduction of the NBU discount rate, and stabilisation of the national currency are among the many positive steps being taken to reassure investors. Currently, only 15% of company executives believe this year's investment climate can improve. Realistically, most are more inclined to believe that profitability and new start-ups won't be reinvigorated this financial year.

Staying successful ...

Financial stability and development of any organisation has been challenged and re-thought in many new ways. Same at Kyiv. Our philosophy has been our one constant - "people are the heart of the company". This value was our steering guideline in this force majeure. This crisis has not forced a complete strategy rethink. Rather ensuring the values that are our essence are totally aligned to clients and their needs. For us, it's the people who make this happen. The team, strong leaders, high-class specialists, their flexibility, stress resistance, creativity, decisiveness and coordinated work - all this together that creates success and secures future business reputation.

Additionally, the crisis has helped us to accelerate our digitisation. Before it was justified by convenience, during quarantine it became a necessity. These tools, as we've discovered, improve productivity, provide new, better channels of communication, save money and reduce time, create new demand and values. Additionally, the productivity gains from remote working are evidenced. And will undoubtedly be a future format adopted by more businesses.

Difficulties on this scale always force humanity to reconsider values, goals, environment, behaviour, strengths and weaknesses. Although success is important, safety and health come first. Wishing strong immunity to everybody, take care of yourself and your families and stay safe!