

INVESTMENT

Funding is crucial, so here at Kyiv Consulting, we will work to help leaders and captains of business design incentives and strategies to attract private foreign investment (PFI). Undoubtedly, seeing the big picture is as important as mastering the detailed organisation and processes that will come with new working methods.

For Ukrainians living through war, the cost of the conflict is hard to measure in terms of lives lost, homes destroyed and families displaced. Months of bombardment have damaged airports, factories and railways. Horrifyingly, attacks have reduced residential buildings, shopping centres, schools, hospitals and even churches to rubble.

Starting with a recent gathering of international leaders in Lugano, Switzerland, aid organisations and financial institutions have begun mapping out the massive task of rebuilding those battle-damaged areas still held when peace returns to the region. Addressing the Swiss conference, the Ukrainian prime minister, Denys Shmyhal, estimated the total cost of reconstruction at approximately \$750 billion, necessitating total investments of around €500 billion (\$523 billion).

GOVERNMENT DELIVERY

Equally, it will be necessary to design and improve delivery systems and procedures to speed up repairs and recovery. By introducing a performance-oriented culture and metrics, the renewed government will be more likely to implement new strategies and deliver on plans. Its recently drafted blueprint suggests expenditure of hundreds of billions of euros, even while the nation grapples with continued Russian invasion in the east.

Outlined in a meeting with the European Commission members, the plan ran to around 2,000 pages. The detail included:

- A broad list of infrastructure and security projects.
- The digitalisation of the economy.
- Climate-related investments and diversification of energy resources.

EU READINESS

Kyiv Consulting has the necessary expertise to assist government departments and quasi-governmental organisations in their preparations to align with EU integration and funding requirements. Notably, the European Commission has already formally admitted Ukraine as a candidate and plans to contribute significantly to financial assistance.

However, representatives of the existing twenty-seven EU countries have made it clear that they expect the country to make meaningful progress. If it is to advance its application for membership, anti-corruption measures and the rule of law will come under the spotlight.

On 1st July 2022, the Commission proposed macro-financial assistance (MFA) worth €1 billion as the first tranche of an aid package of up to €9 billion. Commissioners announced their approval in May (2022). In late June, the European Council endorsed these financial support plans.

These payments complement the money already committed by the EU, which includes a €1.2 billion emergency loan issued earlier in the year. So far, since the beginning of the war, total MFA payments have reached €2.2 billion and could rise to €10 billion when the complete package comes into force.

The extraordinary effort of the EU and international community will address immediate financial needs following what it describes as unprovoked and unjustified aggression. The loans are long-term and the conditions favourable; in a further expression of solidarity, the EU budget will cover the interest costs.

As is the case for other MFA loans, the Commission borrows funds on international capital markets and, as guarantor, sets aside EU funds to guarantee up to 70 per cent of the amount borrowed. It then transfers the advance on the same conditions to Ukrainian national coffers.

The college of European commissioners justified the unprecedented support to date on humanitarian grounds, in addition to urgent defence and development needs. The EC has also suspended import duties on Ukrainian exports for a year to reduce bottlenecks and facilitate grain exports.

EUROPE'S LONG-TERM VIEW

President Ursula von der Leyen described how the EU would continue providing relief and long-term support to Ukraine to subsidise its reconstruction as a prosperous and democratic country. Similarly, Johannes Hahn, the Commissioner for Budget and Administration, described the nation as a neighbour and ally facing highly challenging circumstances. Finally, Paolo Gentiloni, Commissioner for Economy, spoke of shoring up Ukrainian finances as the country continued to defend itself against aggression.

MFA operations form part of the Union's engagement with neighbouring countries to respond to crises. Another support has included humanitarian aid, thematic programmes, technical assistance and financial facilities to funnel investment. The Czech government holds the EU's six-month rotating presidency and plans to organise a further donor conference in November.

European aid and subsidies are not new. Since 2014, the EU has provided more than €5 billion in Ukrainian funding via various programmes. In return, key expectations were that the nation would work to reform the business environment and break the control of oligarchs. Its government would also fight corruption and improve the judicial system's independence.

According to Transparency International's CPI (Corruption Perceptions Index), Ukraine ranks 122nd of 180 countries. Furthermore, it scores 32 out of 100 in the CPI's measure of perceived levels of public sector corruption. Zero means highly corrupt, whereas 100 means very clean.

President Von der Leyen recently told the Ukrainian Parliament that the country had to select what she described as the right people for its anti-corruption programme – and as soon as possible. While also calling for new media laws, she conceded that no one expected the government to fill all these posts in new institutions while defending a front. Nonetheless, addressing lawmakers assembled in the Kyiv parliament or Verkhovna Rada, she insisted that its fledgling democracy had to stay on the right track.

SECTOR AND CLUSTER DEVELOPMENT

To rebuild and develop, Ukrainian leaders must identify the sectors, clusters and enablers on which they are to focus. The aim is to bring about inclusive economic growth at the national, regional, and city levels in Ukraine.

However, the extent of the damage and the scale of rebuilding mean that the traditional approach to economic development is no longer as relevant. While economic growth and measures such as GDP are significant, policymakers must act swiftly to improve citizens' lives.

Leaders will have to bring about growth and individual well-being simultaneously and across safe territory. By creating work, developing skills and improving access to opportunities and services for all, the country should be able to build

ADVANCED ANALYTICS AND DECISION SUPPORT

Ukraine faces challenging times. To put it succinctly, governments should think big, act fast, and – where necessary – start small to solve complex problems. By developing analytical and organisational capabilities, we can ensure that business leaders and public policymakers have all the essential information and detail to make intelligent, evidence-based decisions.

The dynamics of economics and planned Ukrainian redevelopment are evolving in today's rapidly-changing situation. New technologies, shifting business models and competition for foreign investment will mean complexity and a degree of urgency.

Here at Kyiv Consulting, we are ready to advise, guide and support investors, businesses and government departments in reaching their goals. A unique combination of business gurus, strategic partnerships and insightful EDC tools confirm our preparedness. Among other areas, clients can expect first-rate consultancy in digitalisation, financial and agricultural technologies, EU processes and new, agile ways of working.

The cutting-edge tools and EDC resources available to our consultancy clients and business partners include Sustainable Economic Development Assessment (SEDA) reports. Crucially, their holistic approach enables us to suggest precise and optimal strategies for particular regions.

SEDA examines various dimensions, including health, education, infrastructure, income, investment, and stability. It defines well-being as a function of ten dimensions grouped into the following three categories.

- Economics: income, economic stability and employment.
- Investment: education, health and infrastructure.
- Sustainability: the environment and social inclusion (equality, civil society and sound governance).

Notably, the investment dimensions reflect the results of the largest part of governmental non-defence expenditure, policies and programmes.

SEDA WELL-BEING SCORE

Using indicators from publicly available sources, SEDA takes up to forty reliable indicators and the latest available data into account. Each measure is on a scale of 0 to 100. The wealth to well-being coefficient shows how well a country converts its wealth (income per capita) into expected, typical levels

Figures published as part of the 2020 SEDA (*2) show Ukraine's most robust score was for equality (94.4), followed by health, education and infrastructure, which all scored approximately 70. In contrast, the lowest ratings were for income per capita (15.4), governance (26.9), environmental considerations (27.4) and economic stability (37.4). Notably, these figures preceded the Russian invasion.

SEDA's ten dimensions provide a yardstick and opportunity to review priorities for remedial action. In addition, comparison to a group of peers highlights strengths and weaknesses. Armed with such insights, governments can begin to identify strategies for addressing the most pressing issues.

TRADE AND PARTNERSHIPS

Last but not least, this essential category covers:

- Developing international trade partnerships.
- Facilitating trade negotiations.
- Identifying frameworks to support export development and improve the trade balance.

Kyiv Consulting delivers solutions and goes the extra mile for clients. Directly involved and situated in the centre of the capital, the firm's staff and consultants focus on evaluating and appraising problems and situations, considering all the practical alternatives and resolving challenges. They are directly involved and passionate about how new ideas, business technologies and operational models will lead to sustainable economic growth and improved individual well-being in Ukraine.

In particular, the group of consultants around Nicolai Kiskalt envisages a brighter future as part of Europe. The consultants of Kyiv Consulting are keen to enhance the livelihood of the farming community by strengthening their capacity and integrating them into agricultural supply chains while preserving natural resources in Ukraine.

SUMMARY

As reputable business consultants, our mission at Kyiv Consulting is to facilitate efficient and self-sustaining entrepreneurial systems throughout Ukraine based on our values of excellence, reliability and culture. We support high-impact business entrepreneurs and senior public sector management. In addition, we advise and assist individual and organisational clients in aligning with EU standards. International partnerships include influential economic development organisations with whom we collaborate and acquire valuable insights.

For further information or initial advice, please call or [contact an expert](#) at Kyiv Consulting today.