

Building Solid Ground

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It is good to see that Investgazeta gives a voice to investors and their views on how Ukraine can build some solid ground for post-crisis times. Reading your article about the Ukrainian investment conference held in London inspires me to make a few comments

Ukraine is one of many markets that has experienced a tough business rule – that losing investors' confidence is easy and can happen very quickly.... while building that confidence back up is painstaking work, often requiring one to review one's strategy. So I fully agree with Baker Tilly International's Geoff Barnes' comment on the need for "active measures" to improve "corporate hygiene" in Ukraine through better financial reporting and a comprehensive inventory of assets (тщательная инвентаризация активов).

In this respect, I would like to stress the need for enforcement of international reporting standards for Ukrainian public sector companies – listed companies, insurance companies, banks and non-bank financial institutions. Building out disclosure rules for

these institutions will increase companies' responsibilities towards investors through reporting, but also by revealing true ownership or ultimate controllers, therefore preventing bad characters from entering the financial services arena. The clearer the understanding investors – whether domestic or foreign – have of how companies work through access to fair and free financial information, the easier it is for them to appreciate their risk and the more likely it is that they will invest some of their capital in Ukraine.

And I share the opinion of the EBRD's Varel Freeman when he says that he believes that "Ukraine has understood the necessity of reform". Freeman also points out that it is an issue not of "who" but "how" to do the reform. Indeed reforms and anti-crisis measures will have to be supported by successive governments cooperating together over time.

**The views expressed are not necessarily those of USAID.*