

UKRAINE

Challenging Times

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"Debt operations," an overly optimistic spending plan, tough reforms, the threat emanating from the east and intensified infighting between various Ukrainian factions are all part of Ukraine's new reality. While these things don't stoke optimism, there are nonetheless positive developments. There is, for example, a significant improvement in Cabinet personnel policy. We have observed dozens of promising people joining the government, which creates a strong foundation for real fundamental changes. Another positive development is the IMF support Ukraine received recently, though it was designed so that a new tranche will be badly needed very soon.

We envision a complicated road ahead for Ukraine in 2015. The IFIs will be pressing hard to see real changes domestically, and we anticipate that true transformation is on the way. Not many of these reforms will be reflected in real life or even statistics in 2015, but observing all the internal work at the ministries from the inside, we anticipate grounds for a true economic recovery will be established by the end of the year – as long as a major war with Russia doesn't erupt>>>