



Two decades ago, Ecuador's banking sector collapsed and the country became the first South American country to abandon its domestic currency for the US Dollar. Today, fear of the unknown has resurged, this time taking the form of a global pandemic and once again paralyzing the Ecuadorian economy. Managing Partner Mario A. Hansen-Holm explains why this is just one of many crises residents have learned to live with. Discussing the range of daily challenges, ranging from protests, curfews, political coups, volcanic eruptions, environmental disasters and trade isolation, Mario still believes [Hansen-Holm](#), the third largest firm in the city of Guayaquil and the fifth largest in the country, is well placed to assist clients to review processes and gain future efficiencies.

Rising above a permanent state of emergency
Ecuadorians face challenges almost daily. Even when in the midst of the pandemic, people have defied restrictions aimed at combatting the virus spread to protest the closure of some state-owned companies and cuts to public sector salaries. Although we are moving closer to one, we don't have a strong democracy. There are frequent political riots. But COVID-19 has been a challenge on a completely different scale. For us, fear is the key problem. We are fighting an invisible disease, and in trying to keep people safe, our economy and people have been paralyzed.

To put into some context, Guayaquil was the third major global city, after Milan and Madrid, to be severely affected by COVID-19 during the early months of the pandemic. In part this can be attributed to the mass emigration wave around 2000, when nearly 3 million Ecuadorians left for Spain, Italy and the US. Returning to visit families in the summer months, the virus swiftly took hold. Emergency containment and quarantine measures halted Ecuador's economy overnight. In March 2020, productivity and commercial activities contracted by 40%; followed by a 60% contraction in April.

Bringing out the best in people

Public safety drills generally prepare people for one disaster, not for two simultaneous ones. However, in early April a dramatic landslide in Ecuador caused a riverbed to collapse and two oil pipes to rupture, closely followed by a liquefied natural gas pipe. There has been a rapid scramble to limit the environmental impact. Oil companies themselves are accountable for meeting requirements. Additionally, those that are in the position to offer assistance are generally very willing to play their part in putting situations right.

What we have witnessed in recent months is a surge of people across the world coming forward to assist, not just providing philanthropy or altruistic aid, but real on the ground support. Stories of violence, looting and rioting will always dominate media headlines. Yet, the sharing of food or essential resources reaffirms for me the good in human nature. Without this help, our communities might not have bonded and as a result could have faced even greater instability.

Reactivating Ecuador's economy

Our economic activity began to show signs of slow recovery at the end of May, when lockdown measures were cautiously eased. Although the situation in Guayaquil stabilized, cases surged in Quito and some restrictions were re-imposed. Economists are anticipating that pre-COVID economic activity may be reached in the first quarter of 2021. It is estimated that the USD

\$105.000 million GDP achieved in 2019 will contract by 10 percent and more than 15 percent of formal jobs will be lost. This economic decline will decrease GDP per capita to 2012 levels.

Another positive is having effectively been isolated for decades, the stalemate US/Ecuador free trade agreement is finally close to conclusion. Not only will this boost relationships, FDI which has been extremely low compared to neighboring Columbia and Peru, will open our economy up further.

Migrating to remote working

Our firm was confronted with the pandemic in the middle of the financial reporting, general shareholders' meeting, and corporate tax return season. Of course this was challenging. However, we still managed to swiftly transition from a face-to-face environment to a virtual environment. Even though, in theory, our service processes certified for more than 15 years under ISO 9001 (Quality) and for seven years under ISO 27001 (Information Security) indicated that we were advanced in our position to face new conditions, we had not yet had the opportunity to migrate toward a completely integrated remote working scenario.

Client continuity by committee

Fortunately our clients are well-positioned companies and they all had relatively healthy balance sheets before COVID-19 struck. Currently, none have declared bankruptcy. Our 52 professionals have throughout advised clients on a case-by-case basis, which further strengthens relationships. We have done some pro-bono work and reduced fees, which has meant we've retained all our clients and gained some other important ones too.

Our international work prepared us well for the total transition to remote working. To support people, we created an Opportunities Committee on the first day of remote delivery, comprising myself, the partners and managers of key service lines, and other leaders. Daily at 15:00 we held a meeting via Microsoft Teams to discuss key issues. Through this committee, we've continued

to modify our business and client service practices. We recognize the perpetual need to continue to evolve and adapt in our rapidly evolving, inter-dependent global market to remain Latin American leaders and project ourselves into the future. By stepping out of our comfort zone, reflecting and introducing improvements, we are now in an even stronger position to operate in a totally digital and remote delivery service environment.

Winds of change are coming

Financially, our firm will inevitably be affected by this crisis. However, after 64 years in professional practice, we have endured before and we will again. This crisis is different in that it has presented us with a unique opportunity to review and introduce process improvements, giving us a strong foothold to expand. Our organization will end up being more mature and our Hansen-Holm brand even more recognizable. We are so confident that demand for our services will increase, we have saved every single job during the worst human crisis in global history. And it's become ingrained in our culture to continue sharing these opportunities, our recruitment program is set to resume in September.

Forever thankful

The inconvenience presented by COVID-19 has tested our humility, creativity and teamwork. However, I am eternally thankful to be part of such as respected alliance. Having joined Praxity three years ago, I'm always impressed that such a young organization has already achieved so much globally. During these troubled times, it gives me further assurance that there are benefits to be gained from sharing experiences, which opens up even more doors of opportunity. The winds of change are coming in Ecuador. We are edging closer towards democracy and we are always ready and willing to support our global colleagues when opportunities arise. And we look forward to many more collaborations in the future.