Responding to the Coronavirus Crisis
Update on Ukraine (13/11/20)

European Bank for Reconstruction and Development

EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
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Economic channels of disruption

Private consumption, metals, remittances

- Re-introduction of lockdown measures, albeit looser than at the onset of the pandemic, is affecting many enterprises particularly those in the HoReCa sector.
- The rising global uncertainty has caused a confidence crisis, resulting in currency depreciation and soaring debt refinancing costs on international financial markets. Hryvnia relatively stabilised following initial volatility.
- Disrupted travel hit temporary workers in the EU neighbouring countries and took a toll on remittances (7.8% of GDP in 2019) which declined by 2.5% y/y in the first nine months of 2020.

Selected crisis impact indicators

EBRD GDP growth outlook (Oct 2020)	2020: -5.5% 2021: 3.0%
Business sentiment index	Apr: 29.9 (down 15.9 points m/m) October: 47.5 (down 2.6 points m/m)
Exchange rate change, against USD (minus means depreciation)	January-13 November 2020: -15.8%
F/X interventions	March: net sale of US$ 2.2bn Apr-Oct: net purchase of US$ 2.2 billion

Crisis response measures to date

Prompt liquidity injection, fiscal response package approved

- Remaining fiscal space: low to moderate (quasi-fiscal deficits eliminated, public debt reduced to around 50%, debt repayment burden remains high).
- Crisis response package equal to 3.1% of GDP was adopted by parliament on April 13. Initial fiscal measures were focused on temporary tax breaks, tax audit holidays, abolishment of penalties for certain tax wrongdoings, extension of deadlines and an increased threshold for the simplified taxation regime.
- Subsidised loan programme, credit guarantee scheme and social support programmes were expanded to make them more generous and accessible.
- Monetary policy: loosened monetary policy rate, introduced long-term refinancing facility, relaxed LCR and RR requirements and expanded list of collateral for ELA.

Selected crisis response indicators

Prudential requirements loosened	Implementation of enhanced capital requirements extended by one year
VAT reduction	Goods related to addressing the pandemic are VAT exempt
Committed external assistance	18 month US$ 5 billion IMF SBA signed in June and disbursing US$ 2.1 billion, unlocking additional support from the WB and EU, and enabling a successful Eurobond issuance

Key short-term priorities

Ensure continued external financing, support SMEs and vulnerable households, develop the economic recovery plan