

Coronavirus response in 2021: building back better

Update on Ukraine (06 December 2021)



Covid-19 policy response

- **In December 2020, parliament adopted a number of measures to support the economy during the prolonged Covid-19 pandemic.** These included a one-off financial grant of UAH 8,000 (US\$ 280) to employees and sole entrepreneurs who lost their income and the write-off of tax debts not exceeding UAH 3,060. The subsidised loan programme was continued into 2021. In addition, parliament approved state guarantees worth US\$ 180 million for bank business lending.
- **The central bank extended prudential measures in 2021 and maintained crisis liquidity measures to mid-year.** Banks were advised to restructure the loans of borrowers facing financial difficulties due to the Covid-19 pandemic and refrain from credit risk revision until the end of April 2021.
- **Access to external financing was maintained.** Ukraine received a macro-financial assistance (MFA) loan of €600 million from the European Union (EU) in October 2021, US\$ 2.7 billion through the International Monetary Fund (IMF) Special Drawing Rights (SDR) allocation in August 2021 and a further US\$ 700 million in November on completion of the first review under the IMF stand-by arrangement (SBA) programme.

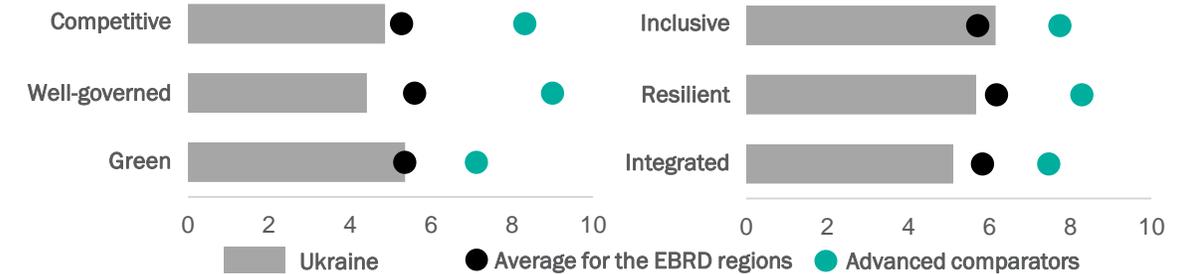
Macroeconomic indicators (per cent)

	2018	2019	2020	Short-term indicators
GDP growth	3.4	3.2	-4.0	EBRD GDP growth forecast (Nov 2021) 2021: 3.5%; 2022: 3.5%
Annual inflation (year end)	10.9	7.9	2.7	GDP quarterly growth: 2.4% y/y (Q3 2021)
Government balance/GDP	-2.1	-2.2	-5.8	Industrial production: 1.4% y/y (Oct 2021), 1.4% y/y (Jan-Oct 2021)
Current-account balance/GDP	-4.9	-2.7	3.4	Economic sentiment indicator: 98.7% (Q4 2021)
Net FDI/GDP	-3.4	-3.4	0.1	Retail sales: 5.7% y/y (Oct 2021)
Public debt/GDP (year end)	60.9	50.3	60.8	Annual inflation: 10.9% y/y (Oct 2021)
Unemployment rate (year end)	8.8	8.2	9.5	

Key short-term priorities

- Macro-financial stability reform achievements should be preserved, while judicial, anti-corruption and corporate governance reform efforts should be stepped up.
- Post-Covid-19 recovery policies should focus on climate change and digitalisation.
- Efforts should be made to prepare the country to benefit from the expected reshuffle of global value chains.

EBRD assessment of transition qualities (ATQs), 2021¹



Building back better: key ongoing initiatives

Well-governed

- Parliament approved key judicial reform bills in 2021, which re-establish an independent panel, the High Qualification Commission of Judges, to appoint judges and ensure that they are qualified for the job and to regulate the appointment of members of the High Council of Justice.

Green

- Ukraine submitted its updated Nationally Determined Contribution (NDC) in July 2021. By 2030, greenhouse gas (GHG) emissions should not exceed 35 per cent of 1990 levels, a significant improvement on the 60 per cent target envisaged in the previous version of the NDC in 2016.

Inclusive

- Unemployment and pension funds have been boosted to support the most vulnerable citizens.

Digital

- The expansion of government services available via the “Diia” app is ongoing, and National Action Plan priorities include the nationwide rollout of high-speed internet and new opportunities for distance learning. In March 2021, Ukraine gave e-passports the same legal status for domestic use as traditional paper documents.