

Coronavirus response in 2021: building back better

Update on Ukraine (16 June 2021)



Covid-19 policy response

- **The authorities put in place a range of crisis response measures in 2020, amounting to around 3 per cent of GDP.** Initial measures included temporary tax breaks, an expansion of the subsidised loan programme, a credit guarantee scheme and social support programmes. Additional support was provided to vulnerable households and businesses, such as the forgiveness of penalties for delays in loan repayments.
- **In December 2020, parliament adopted a number of measures to support businesses during the second lockdown.** These included a one-off financial grant of UAH 8,000 (US\$ 280) to employees and sole entrepreneurs who lost their income, exemption from income tax and social security payments from December 2020 to May 2021 for some sole traders, 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.

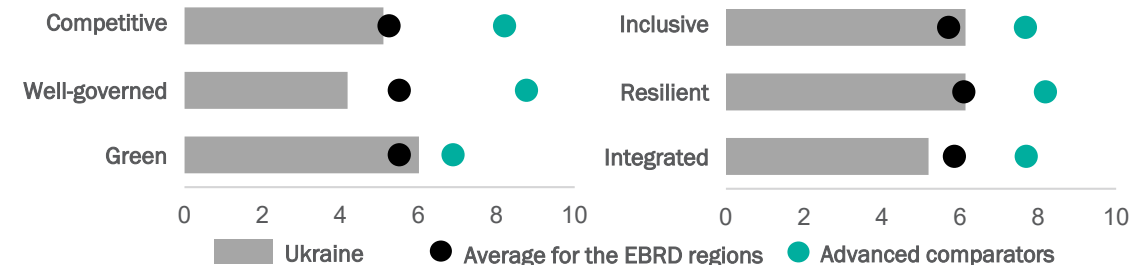
Macroeconomic indicators (%)

	2018	2019	2020	Short-term indicators
GDP growth	3.4	3.2	-4.0	EBRD GDP growth forecast (June 2021) 2021: 3.5%; 2022: 3.5%
Annual inflation (end-year)	10.9	7.9	2.7	GDP quarterly growth: -2.0% y/y (Q1 2021)
Government balance/GDP	-2.1	-2.2	-5.8	Industrial production: 13.0% y/y (April 2021)
Current-account balance/GDP	-4.9	-2.7	4.0	Business activity expectations index (BAEI): 46.9 (April 2021)
Net FDI/GDP	-4.1	-3.3	0.6	Retail sales: 34.4% y/y (April 2021)
Public debt/GDP (end-year)	60.9	50.2	60.8	Annual inflation: 9.5% y/y (May 2021)
Unemployment rate (end-year)	8.8	8.2	9.5	

Key short-term priorities

- Preserving the independence of the National Bank of Ukraine (NBU) is vital for macroeconomic stability and maintaining access to external funding.
- Progress is needed in key areas of public governance and the fight against corruption needs to continue.
- Corporate governance reform needs to be reinvigorated.

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: key ongoing initiatives

Well-governed

- The creation of the Bureau of Economic Security in March 2021, which will oversee economic crimes in the law enforcement system, is expected to contribute to business development.

Green

- Ukraine plans to set up a national greenhouse gas (GHG) emissions trading system and to introduce carbon taxes in 2025. In 2021, the country is expected to implement a system to monitor, report and verify GHG emissions.

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.