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MINISTRY FOR DEVELOPMENT OF ECONOMY, TRADE AND AGRICULTURE OF UKRAINE

UKRAINE: COVID-19 impact on economy and society

(a vision of 2020-2024 post-pandemic development through the eyes of experts and youth)

CONSENSUS FORECAST

#52

DEPARTMENT FOR STRATEGIC PLANNING AND MACROECONOMIC FORECASTING

August 2020

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MINISTRY FOR DEVELOPMENT OF ECONOMY, TRADE AND AGRICULTURE OF UKRAINE

unicef for every child Ukraine

In response to the situation caused by the COVID-19 pandemic, the Ministry for Development Economy, Trade and Agriculture of Ukraine, in cooperation with the UNICEF in Ukraine, prepared a new thematic issue of the Consensus Forecast.

The Consensus Forecast has been prepared in order to highlight a consensus-based vision of future trends and provide an unbiased assessment of the risks and challenges facing both the global economy and the economy of Ukraine due to the global recession and the restrictive measures established in Ukraine as part of combatting the pandemic of the COVID-19 acute respiratory infection caused by SARS-CoV-2 coronavirus (hereinafter named as COVID-19). As an innovative feature of this issue, the publication presents a consensus-based vision of the country's development through the eyes of young people and its comparison with expert estimates.

The Consensus Forecast publication is a periodical of the Ministry for Development of Economy, Trade and Agriculture of Ukraine prepared by the Department for Strategic Planning and Macroeconomic Forecasting, the main activity goal of which is to formulate economic policy recommendations as regards ensuring stable and balanced economic growth of Ukraine and to provide macroeconomic forecasts of the country's possible development scenarios.

The Consensus Forecast is averaged values of the main forecast economic development indicators of Ukraine calculated as a median based on expert estimates by the survey respondents – leading experts in macroanalysis and forecasting as well as young scientists. For the first time ever, the issue contains both a consensus-based vision of post-pandemic development trends as seen by experts and youth and a comparison of their evaluative judgements.

The publication will be useful to the government officials, experts of central and local executive authorities, academia, representatives of non-governmental organizations, and everyone interested in the matters of the country's socio-economic development and macroeconomic forecasting.

The publication has been prepared and produced with support from the UN Children's Fund (UNICEF) in Ukraine. The opinions expressed in this publication are those of the authors and do not necessarily represent the UNICEF's policies and views.

Reference to sources of materials is mandatory.

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The consensus forecast has been calculated on the basis of materials provided in July 2020 by the experts of the Ministry for Development of Economy, Trade and Agriculture of Ukraine, the Ministry of Finance of Ukraine, SI "Institute for Economics and Forecasting of the NAS of Ukraine", Ptukha Institute for Demography and Social Studies of the NAS of Ukraine, Dobrov Research Institute on Scientific and Technological Potential and Science History of the NAS of Ukraine, the Institute for Economic Research and Policy Consulting, the International Centre for policy Studies, the Council of Entrepreneurs under the CMU, ICU investment banking company, Dragon Capital, CASE Ukraine, Ukrsybbank JSC, etc.

Please note that all the forecast indicators presented by the survey respondents are expert estimates only rather than official forecasts of the institutions.

The issue includes results of analysis of an additional survey among young people. Their inputs were provided by more than 70 students and postgraduates of Ukrainian higher educational institutions: Taras Shevchenko Kyiv National University, Vadym Hetman Kyiv National Economic University, Kyiv National Trade and Economic University (KNTEU), Igor Sikorsky Kyiv Polytechnic Institute, Ukrainian Humanitarian Institute, Institute of Evolutionary Economics (IEE), and International Finance University.

We express our sincere gratitude to all the specialists involved in this work, and all the students, postgraduates and teachers who expressed their wish to engage in the state management decision-making process.

MDETA and UNICEF jointly launched the "Synergy of knowledge, experience and creativity for the future" initiative aimed at ensuring involvement of young persons, who carry first of all innovative and creative potentials (creative and active part of the population – SDG 8 target 8.6), in achievement of the SDGs[1]. As part of the objective of increasing the extent of the young generation's participation in the country's socio-economic development process, students, postgraduates and young scientists were offered an opportunity to engage in the processes of macroeconomic forecasting, strategic planning and monitoring of national development. Academic youth was involved in the consensus workshops and in the formulation of the consensus forecast of Ukraine's development: students and postgraduates of leading national universities and higher educational institutions. The key matters discussed in drafting of the consensus forecast included: vision of the development directions through 2024, analysis of the current situation and vision of prospects, risk assessment, macroeconomic forecast of main trends using scenario-based approaches and subject to the COVID-19 impact, etc. The recommendations given by the young persons were considered in drafting of the State Programme for Stimulation of Economy to Overcome the Negative Consequences Caused by the Restrictive Measures for Preventing the Emergence and Spread of the Coronavirus Disease (COVID-19) for 2020-2022.

[1] The "Synergy of knowledge, experience and creativity for the future" initiative, implemented jointly with UNICEF in Ukraine, involved proactive, creative and non-indifferent young people experienced in work on Ukraine's achievement of the Sustainable Development Goals (SDGs), namely 50 representatives of youth from 6 Ukrainian higher educational institutions: Taras Shevchenko Kyiv National University, Kyiv National Trade and Economic University, Vadym Hetman Kyiv National Economic University, Ukrainian Humanitarian Institute, International Finance University, Igor Sikorsky Kyiv Polytechnic Institute, etc.

UKRAINE'S SOCIO-ECONOMIC DEVELOPMENT SITUATION

The COVID-19 pandemic spread factor proved to be one of the major drivers of impact on economic processes in 2020.

In response to the COVID-19 pandemic, major changes occurred in life activities of many countries in the world, including Ukraine. In particular, the state of emergency was introduced in entire countries or in some regions or sectors; almost all countries imposed sanitary and epidemiological measures (quarantine areas, temperature screening, cancellation of mass events, closure of educational and cultural and entertainment facilities); restrictions were set on exit from/entry into countries and movements inside countries; the role of public administration in emergency conditions was strengthened; limitations of work activities were imposed; new, remote forms of work and education were introduced.

Such unprecedented steps caused a slowdown of economic development in countries globally, including the EU.

FOR REFERENCE

GDP of the eurozone countries declined by 3.6% in the 1st quarter because of the crisis (seasonally adjusted indicator versus the 4th quarter of 2019) instead of the formerly expected 3.8% and 0.0% growth in the last 3 months of 2019. GDP decreased also versus the 1st quarter of 2019. In particular, GDP drop was 2.6% in Austria, 5.2% in Spain, 5.3% in France, and 5.3% in Italy.

Ukraine was not an exception: its seasonally adjusted GDP decline in the 1st quarter was 0.7% versus the previous quarter and 1.3% on the year-on-year basis. However, the largest loss was suffered by the national economy in the 2nd quarter. According to MDETA's preliminary estimates, GDP drop amounted to 11% versus the 2nd quarter of 2019 (with 14% projected).

FOR REFERENCE

For reference. According to Eurostat data, GDP decline in the 2nd quarter 2020 year-on-year was 11.7% in Germany, 22.1% in Spain, 19.3 in France, 12.8% in France, 12.8% in Austria, and 3.8% in Lithuania. According to tentative data from the US Department of Commerce, the US economy dropped by 32.9% in the 2nd quarter 2020 in annual terms.

The most difficult month in the 2nd quarter was April, a period of the most severe quarantine measures. However, subsequent mitigation

Fig. 1. GDP change in Ukraine and EU countries, % versus previous year

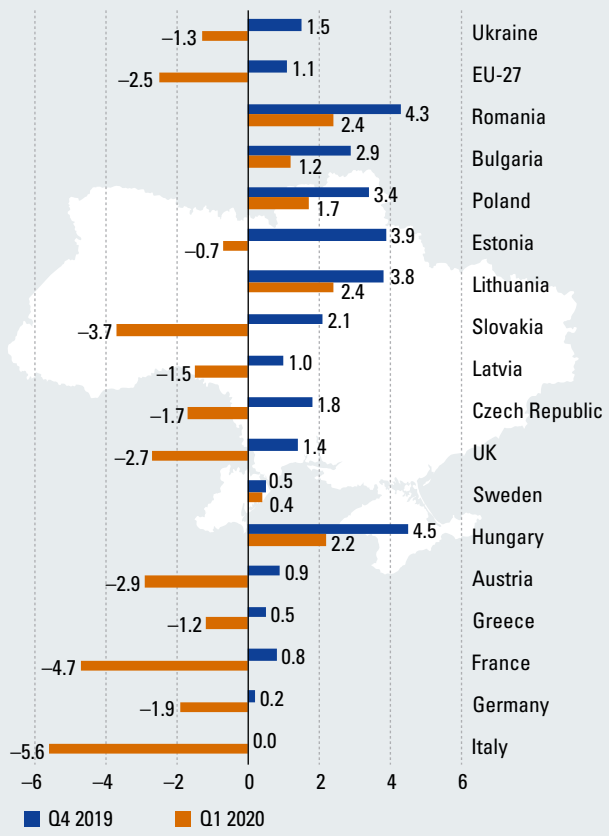
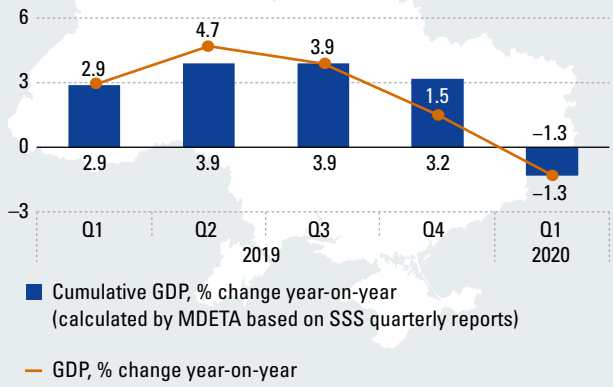


Fig. 2. GDP change in Ukraine, % versus previous year



of quarantine restrictions both in Ukraine and across the world promoted gradual recovery of business activities. According to the NBU data, the business expectations index was 45.5 points as soon as June 2020 versus 29.9 points in April 2020 (a record low) and 45.8 points in March 2020. Accordingly, depth of downfall has begun to decrease in most economic activities since May.

In particular, whereas:

- production decline in industry was 16.2% in April 2020 versus April 2019, it amounted to 12.2% as early as May and 5.6% in June;
- in freight traffic:
  - freight turnover dropped by 27.2% in April but by 26% in May and 18.3% in June;
  - passenger turnover declined by 95.9% in May but by 92.3% in May and 72% in June;
- in construction: decrease in the amount of completed works was 16% in April but only 2.6% in May, and June saw 0.1% growth.

Overall among main economic sectors, growth occurred during January-June only in retail trade turnover, by 3.0% (January–June 2019 saw 10.5%). All other economic activities demonstrated decline: agriculture by 18.7% (5.8% increase in January–June 2019), freight turnover by 19.6% (3.4% increase), passenger turnover by 55.9% (3.0% increase), wholesale trade turnover by 0.5% (0.2% decline), industrial production by 8.3% (1.3% increase), and construction by 5.5% (25.3% increase).

As a consequence, GDP drop in the first half-year is estimated by MDETA at 6.5% (with 8.1% projected).

Despite a period of some quarantine-related uncertainty in the mood of economic entities, the general dynamics of domestic prices is lower to a greater extent than in the preceding years. A temporary demand decline due to quarantine restrictions on economic activities (especially concerning trade), amid persistent potential supply of goods and services requiring relatively quick sale mainly limited growth of consumer prices, except some isolated items in food products.

FOR REFERENCE

For reference. Consumer market prices grew by 2.4% in June 2020 in annual terms (with 1.7% increase in May 220). Prices in industry in June 2020 were lower by 4.6% year-on-year in annual terms (-5.1% in May 2020).

Fig. 3. Consumer prices, %

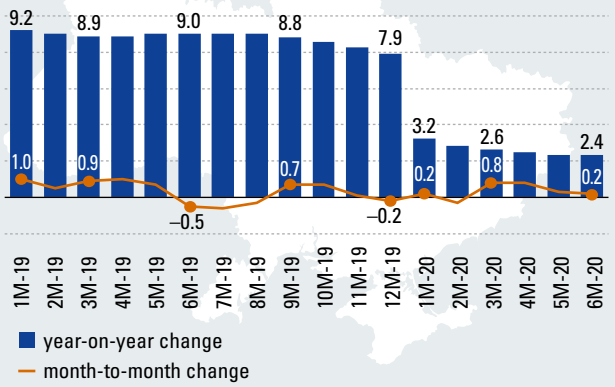


Fig. 4. Retail trade and real wage change, % versus previous year

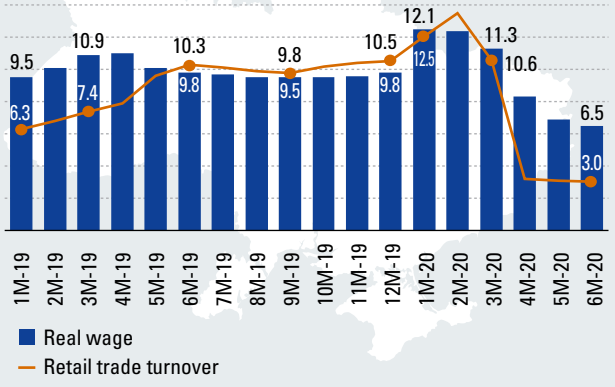
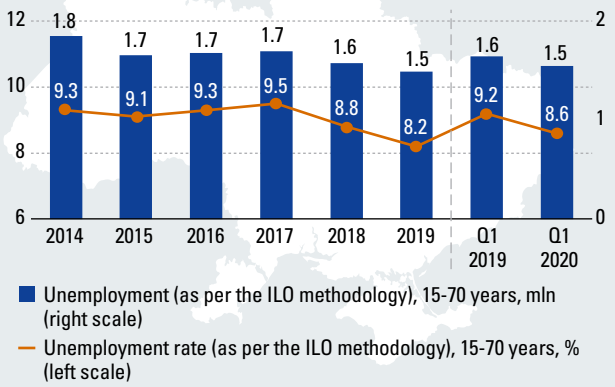


Fig. 5. Unemployment



Wages were moving in line with the production pattern. However, unlike production, only April 2020 showed a slight wage decline versus April 2019. In May and June 2020, amid relaxed quarantine measures and gradual recovery of sectoral activities, real wages continued to rise

both compared to April–May 2020 (by 0.8% and 9.5%) and to May–June 2019 (by 1.4% and 4.8%, respectively). Overall, monthly average nominal wage of staff workers amounted to UAH 10,928 in January-June 2020, with a 6.5% real increase. It is the persistent positive wage pattern and, accordingly, growing consumer demand that alleviated a negative effect of the sudden "quarantine stoppage" of the economy.

Besides, unemployment was growing throughout the quarantine period globally and in Ukraine. Some companies reduced their staff or sent their employees on leave without pay.

FOR REFERENCE

According to the State Employment Service, the unemployed status was granted in January–June 2020 to 829.4 thousand persons, including 324.1 thousand who obtained the status between 12.03.2020 and 30.06.2020.

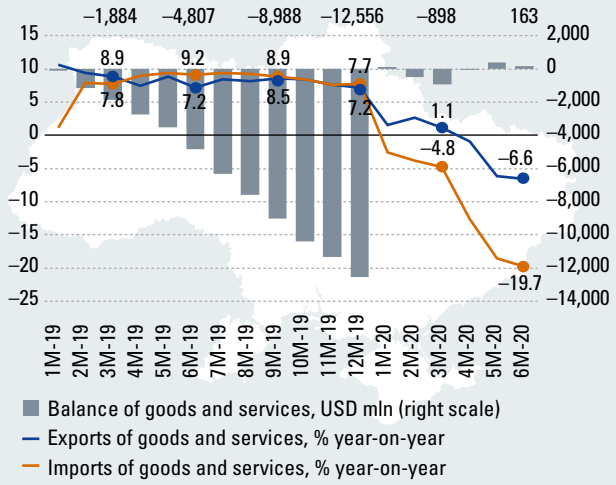
Meanwhile, the number of the unemployed began to decrease as early as June compared to May and April. In general, it is a seasonal phenomenon, and the fact that it did occur this yeat indicates the economy's gradually returning to its "business as usual" state.

The COVID-19 pandemic impact affected foreign trade volumes as well. In particular, imports suffered greater losses than exports amid no substantial exchange fluctuations.

In January–June 2020 overall, exports of goods and services demonstrated a negative pattern, namely a 6.6% decline in value terms as per preliminary NBU data – a situation not seen since January 2017 (except January–April and January–May 2020). Since the beginning of the year, exports of goods to the EU countries have still been going down – by 17% (the share in total exports of goods being 33.2%).

Imports of goods and services in value terms (as per preliminary NBU data) decreased by 19.7% versus January–June 2019. Imports of goods from the EU countries in value terms declined by 11.4% (the share in total imports of goods being 40.5%). Balance of trade in goods and services amounted to USD +163 mln in January–June 2020 (as per the preliminary NBU data).

Fig. 6. Foreign trade



Among components of demand, investments suffered the deepest downfall in the 1st quarter 2020. Two components also declined: both gross accumulation of the fixed capital (by 21.4% versus the 1st quarter 2019) and changes in inventories (by UAH 142.2 bln, respectively). The "sudden halt for quarantine" in Ukraine and across the world caused not only expected logical reduction of investments amid unpredictability of events but also interruptions in supply of some goods, which exhausted the stock.

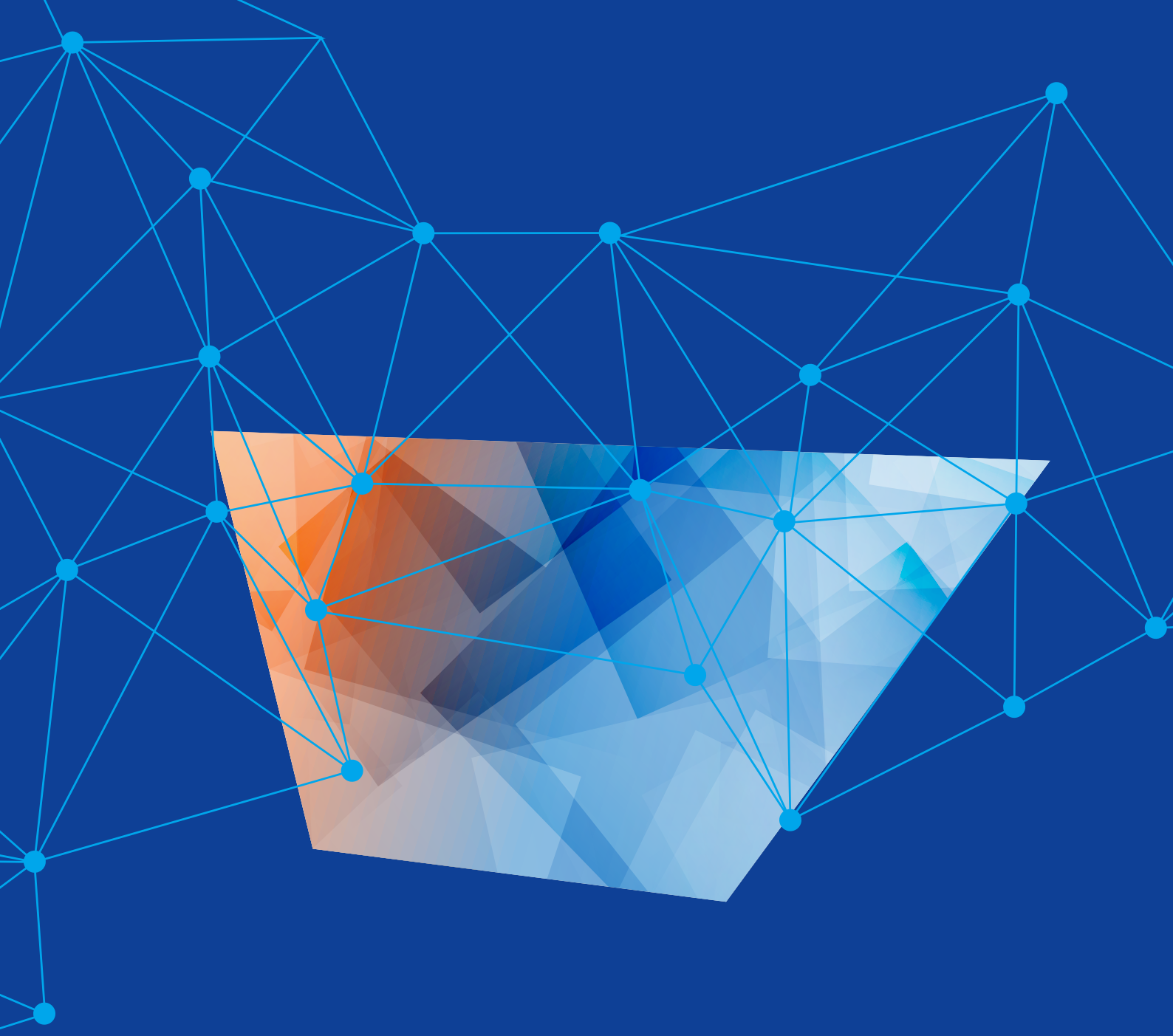
Ukraine, like other countries of the world, is exposed to a strong negative influence both of the global pandemic and, accordingly, global demand contraction, and of the quarantine measures imposed inside the country.

MAIN MACRO-INDICATORS, 2013-2019[1]

Показники	2013	2014	2015	2016	2017	2018	2019
National accounts, UAH bln							
Nominal GDP	1,465.2	1,586.9	1,988.5	2,385.4	2,983.9	3,560.6	3,974.6
Consumption	1,329.6	1430.0	1,723.6	2,032.3	2,618.1	3,209.3	3,785.1
Gross accumulation	270.9	212.6	316.8	518.2	595.2	661.8	500.6
Net exports of goods and non-factor services	–135.3	–55.6	–51.9	–165.2	–229.4	-310.5	-311.2
Index, % year-on-year							
Real GDP	0	–6.6	–9.8	2.4	2.5	3.4	3.2
Consumption	5.2	–6.2	–15.2	2.0	8.4	7.1	8.1
Gross accumulation of the fixed capital	–8.4	–24.0	–9.2	20.4	16.1	16.6	14.2
Exports of goods and services	–8.1	–14.2	–13.2	–1.8	3.8	-1.3	6.7
Imports of goods and services	–3.5	–22.1	–16.7	9.3	12.6	3.0	6.3
Output of certain economic sectors, %, year-on-year							
Agriculture	13.6	2.2	–4.8	6.3	–2.2	8.2	1.4
Industrial production	–4.3	–10.1	–12.3	4.0	1.1	3.0	–0.5
Inflation, index (%)							
Consumer price index (annual average)	99.7	112.1	148.7	113.9	114.4	110.9	107.9
Dec. versus Dec. of the previous year	100.5	124.9	143.3	112.4	113.7	109.8	104.1
Industrial producer price index (annual average)	99.9	117.1	136.0	120.5	126.4	117.4	104.1
Dec. versus Dec. of the previous year	101.7	131.8	125.4	135.7	116.5	114.2	92.6
External sector, USD bln							
Current account	–18.3	–4.6	–0.2	–3.5	–2.4	–4.4	-4.2
Exports of goods and services	78.7	65.4	47.9	46.0	53.9	59.1	63.4
Imports of goods and services	–95.7	–70.0	–49.6	–52.5	–62.7	–70.5	-76.0
Financial account	–20.3	9.1	–0.6	–4.7	–5.0	–7.5	-10.2
Foreign direct investments (inflow)	4.1	0.3	-0.4	3.8	3.7	4.5	5.2
Gross NBU international reserve (end of period)	20.4	7.5	13.3	15.5	18.8	20.8	25.3
Rate of exchange, UAH/USD							
Average	7.99	11.89	21.84	25.55	26.60	27.20	25.85
End of period	7.99	15.77	24.00	27.19	28.07	27.70	23.69
Public finance, UAH bln							
Consolidated budget revenues	435.6[2]	456.1	652.0	782.9	1,017.0	1,184.3	1,289.8
Consolidated budget expenditures	493.9[2]	528.1	682.9	837.7	1,059.1	1,252.1	1,377.1
Consolidated budget balance	–58.3[2]	–72.0	–30.9	–54.8	–42.1	-67.8	-87.2
Government debt (direct and guaranteed)	584.8	1,100.8	1,572.2	1,929.8	2,141.8	2,168.4	1,998.3
Social indicators							
Unemployment rate (as per the ILO methodology), % of the labour force aged 15-70	7.3	9.3	9.1	9.3	9.5	8.8	8.2
Monthly average wage of workers, UAH	3,282	3,480	4,195	5,183	7,104	8,865	10,497

[1] Data for 2013 are provided without including the temporarily occupied territory of the Autonomous Republic of Crimea and Sevastopol city, and data since 2014 are provided also without some part of the temporarily occupied territories

[2] MDETA calculations



CONSENSUS FORECAST FOR 2020–2024

The pandemic of the COVID-19 acute respiratory infection caused by SARS-CoV-2 coronavirus became a factor that forced the whole world not only to revise its development forecasts and its short-term economic and social policies but also to approach in some other way the formulation of its priorities for a long-term period. The lessons learned by mankind from the pandemic are able to change not only management models in the future but also mankind's social behaviour.

It is hard to estimate the future changes from today's perspective, and it is yet more difficult to project and plan any short-term outlook. How much probable is occurrence of the second COVID-19 pandemic wave, how deep will the economic downfall be, how fast will economic systems manage to recover after the first COVID-19 pandemic wave, what economic activities will be affected by digitalization processes, how will people's behaviour change in the post-pandemic period – we tried to obtain answers to these and some other questions based on this consensus forecast and the questionnaire survey conducted among experts.

KEY CONSENSUS MESSAGES ARE PRESENTED BELOW:

Firstly, the second COVID-19 pandemic wave is highly likely to occur in the 2nd half of 2020.

Secondly, the coronavirus crisis will change the future development pattern of both the world economy and the economy of Ukraine.

Thirdly, experts forecast that Ukraine will demonstrate a deeper decline than the global economy, 6% in 2020 (it was 4.2% in the previous consensus forecast). The recovery pattern will depend on the quarantine measures already in force in Ukraine and on those strengthened in the "adaptive quarantine" context, which will have an adverse impact on the country's economy, and recovery will be slow as a result. In 2020, inflationary processes will be slightly more moderate – 5.8% versus 7% in the previous survey (in terms of December to December of the previous year), with the average annual rate of exchange being 27.00 UAH/USD (compared to 28.85 UAH/USD, respectively). All the demand components will have a negative pattern, however the investment downfall will be the deepest, down to 20.3% from 14.8% in the previous consensus forecast. The budget incentives introduced to maintain consumer demand and mitigate adverse implications of the implemented quarantine measures will grow, which, amid reduced incomes, will cause a major increase in the budget deficit to 5.6% GDP. The labour market situation will remain difficult until late 2020. Unemployment will be protracted due to considerable economic downfall and substantial structural changes. Unemployment rate will be 9.6% in annual terms (versus 9.4% in the previous survey).

FOR REFERENCE

The International Monetary Fund updated its global economy decline projection for 2020 down to 4.9% from 3%. The coronavirus pandemic has had a more negative impact on economic activity in the first half of 2020 than anticipated. This is emphasized in the IMF World Economic Outlook Update published in June.

The economic recovery is projected to be more gradual than previously forecast.

Compared to April projections, **the global economic growth in 2021 is projected at 5.4% (versus 5.8%).**

As with the April projections, there is a higher-than-usual degree of uncertainty around this forecast. Growth in the group of emerging market and developing economies is forecast at -3.0% in 2020 (versus previously forecast -1%), and in 2021 it will be 5.9% (versus previously forecast 6.6%), the outlook states.

In particular, the US GDP will decline by 8% in 2020 to recover to 4.5% in 2021 whereas Germany expects 7.8% drop in 2020 and 5.4% recovery in 2021.

The deepest downturn, as before, is expected for Italy and Spain, -12.8%, whereas growth in these countries next year is forecast at 6%. In France, projected decline is 12.5%, with growth in 2021 expected at 7.3%.

The United Kingdom's GDP will fall down by 10.2%, in the IMF's opinion, although the Fund's earlier expectation was -6.5%, and it will grow by 6.3% in 2021.

As the IMF projects, Ukraine's GDP downturn in 2020 will be deeper, -8.2% rather than from the previously forecast -7.7%. Besides, the forecast of the Ukrainian economic recovery was updated, from 3.6% to 1.1%, with subsequent rise to 3% in 2022.

Source: https://bit.ly/30Li46v

However, as soon as 2021 economic growth at the rate of 3.2% will occur, which will not offset the downturn occurring in 2020. Inflation will accelerate to 6.0% (in terms of December to December of the previous year). All the demand components will have a positive pattern. The highest growth will be observed in

investments, 8.5%. Unemployment rate will go down gradually to 9.2% but without dropping to its pre-pandemic level.

Experts believe that Ukraine's economic growth rates will become higher in 2022-2024. All the demand components will also have a positive pattern. Annual average investment growth will amount to 9.3% over the period. Unemployment will decline to its pre-pandemic level, 8.2%, only in 2024. Ukraine will need between one and two years to restore the capacity it lost during the first COVID-19 pandemic wave.

Most experts think that people's behaviour (both in the world and in Ukraine) – habits concerning food, communication, physical activities, vacation and free time, attitude to human values – will change but not substantially.

Meanwhile, most experts believe that the COVID-19 pandemic impact on the development of production automation and digital technology implementation processes in Ukraine will not be uniform. The economic digitalization growth rate over 2020-2021 compared to 2019 will demonstrate a minor increase (between 1% and 5%). That being said, positive digitalization trends will prevail in the following sectors: a) *in terms of economic activity:* finance, insurance, retail trade, health care; b) *in terms of business size:* small and medium-sized business.

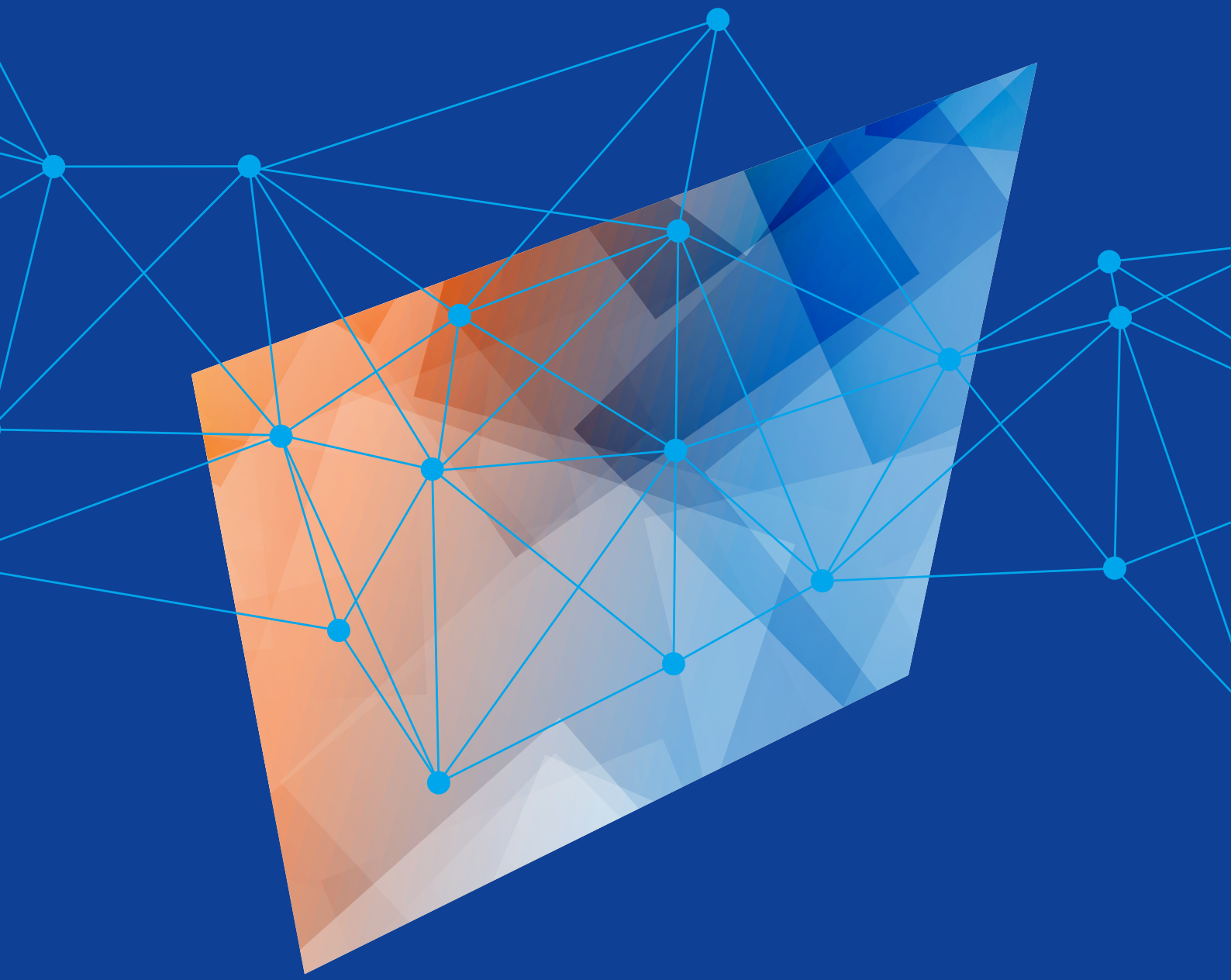
Comparing the averaged quantitative assumptions for 2020-2021, obtained in the course of preparation of this issue, with the assumptions provided by experts in April 2020, we can see unanimity of expert opinions as regards growing figures of average annual minimum wage, average annual price of Brent oil (for 2020) as well as changing (passenger) transportation tariff rates. At the same time, yield of grain crops in 2020-2021 is lower.

Meanwhile, the averaged forecast for 2020-2021 is better in its parameters than the IMF forecast that, in turn, is the most pessimistic to Ukraine among all the forecasts being compared, from the GDP behaviour perspective. At the same time, inflation parameters only for 2021 are as close as possible to the consensus forecast parameters.

FORECAST OF SOME INDICATORS BY VARIOUS ORGANIZATIONS FOR 2020–2021 FOR UKRAINE

Indicator	Consensus forecast*		IMF forecast**		World Bank**	
	2020	2021	2020	2021	2020	2021
GDP						
nominal, UAH bln	3,964	4,391.4	3,908	4,277	x	x
% real change	–6.0	3.2	–8.2	1.1	–3.5	3.0
Consumer price index, %						
annual average	103.1	106.8	104.5	107.2		
December to December of the previous year	105.8	106.0	107.7	105.9	x	x
Rate of exchange, UAH/USD						
average	27.00	28.60	30.00	28.90	x	x
Unemployment rate, % of the labour force aged 15-70	9.6	9.2	12.6	12.0		

* as of July 2020
** as of June 2020



QUESTIONNAIRE SURVEY RESULTS

The questionnaire survey was conducted in three main areas:

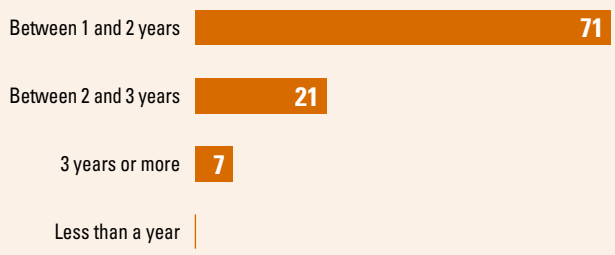
1. COVID-19 impact on the economy of Ukraine, and possibility of the second wave
2. Post-pandemic future development of the world economy and the economy of Ukraine
3. Processes of digitalization of the economy in the post-pandemic period

Comparing the results of the questionnaire survey conducted among youth and experts in the course of preparation of this issue, it is worth pointing out that differences in opinions of the experts and youth concerning the processes of post-pandemic development and digitalization of the economy are not substantial. More substantial differences are observed in estimates of the COVID-19 impact on the economy of Ukraine.

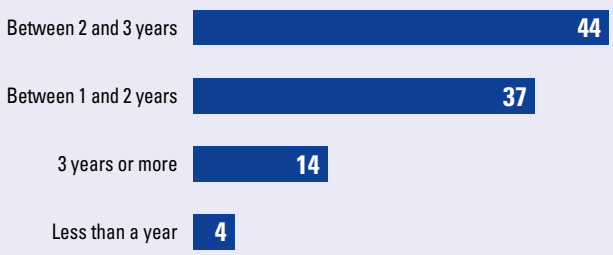
COVID-19 IMPACT ON THE ECONOMY OF UKRAINE AND POSSIBILITY OF THE SECOND WAVE

1 How much time does Ukraine need to restore the potential lost during the first COVID-19 pandemic wave?

EXPERTS

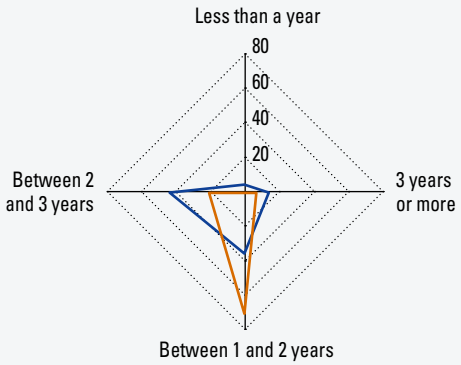


YOUTH



COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

In the young people's opinion, Ukraine will need between 2 and 3 years to restore the potential lost during the first COVID-19 pandemic wave. Experts in their turn believe that Ukraine will need between 1 and 2 years for that purpose.



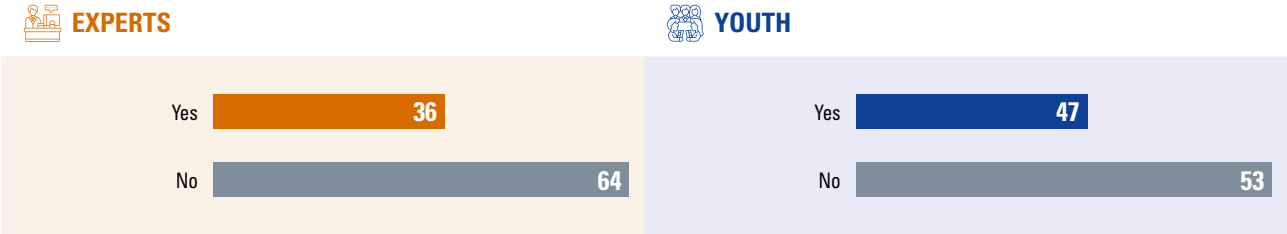
SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

- Ukraine should not so much try to restore its pre-pandemic indicators as move forward, making necessary adjustments in reference targets, introducing necessary restrictions in the everyday life, and using them to its own advantage.
- Ukraine was at the stage of active reform of its legislative framework, and had at least some financial resources for that as well as a certain, more or less stable image in the international arena. During the pandemic, the resources have been nearly depleted whereas people's failure to maintain quarantine rules and no governmental control of compliance with the rules caused the EU's distrust in Ukraine as a potential Community member.
- Ukraine will not manage to recover its potential within less than 3 years because fiscalization of small and medium-sized business is going on, and the country's GDP had started falling down even before the pandemic, which indicates inefficiency of this fiscal policy.

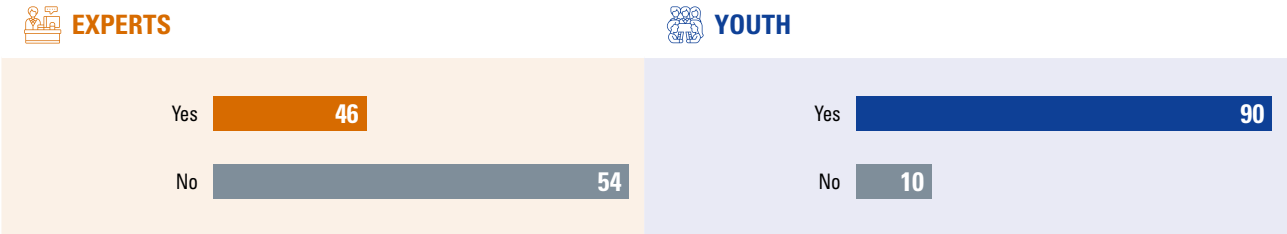
- It's too early to talk about that because the specifics of Ukraine and particularly of the Ukrainian statistics as regards the course of this phenomenon (pandemic) does not allow estimating its scale and, hence, probable consequences. Ukraine has not reached the first wave peak yet. Only when statistical data indicate that the number of those infected goes down and the number of those who recovered is higher than those still sick we can speak of qualitatively optimistic prospects in this matter. So far, everything is quite the contrary after 3 and a half months of quarantine. Besides, the decision by the Ukrainian authorities (CMU and MOH) to relax the quarantine restrictions amid deterioration of statistical indicators versus the previous period is paradoxical. It is therefore hard to assert something strongly, but it is definitely for long (no less than for a year…).
- The pandemic has caused a "snowball effect"; closure of enterprises for quarantine has entailed termination of small and medium-sized businesses, hence effective demand has contracted, thereby leading to further bankruptcy of small undertakings. Promptly remedying this situation amid the current economic strategy is practically impossible.
- Based on the IMF survey, GDP decline amounts to 7.70%, or USD 50-54 bln. To recover to the "pre-quarantine" level of economic development, Ukraine needs between 1 and 2 years subject to elimination of the second infection wave risk, according to independent analytical Ukrainian companies' forecasts. These data are somewhat optimistic because they take no account of the lost economic development potential and the factor of the restrictions still not lifted from services and other sectors. Considering the country's development level, its economic policy, and the development potential lost during the quarantine, we can conclude that the country will need between 2 and 3 years to restore its economy and reach a promising level, provided that an effective economic policy is pursued, its implementation mechanisms are in place, and control of achievement of the objectives set is ensured.

2 Do you think that the use in Ukraine of the following steps to restore production in industry, agriculture, transport, trade and construction in the post-pandemic period is efficient?

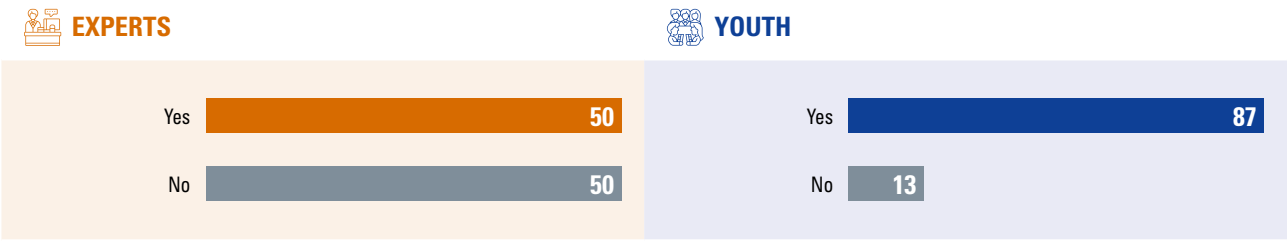
2.1. Introducing "reasonable" protectionism (a criterion of production localization in public procurement or other support measures for national producers)



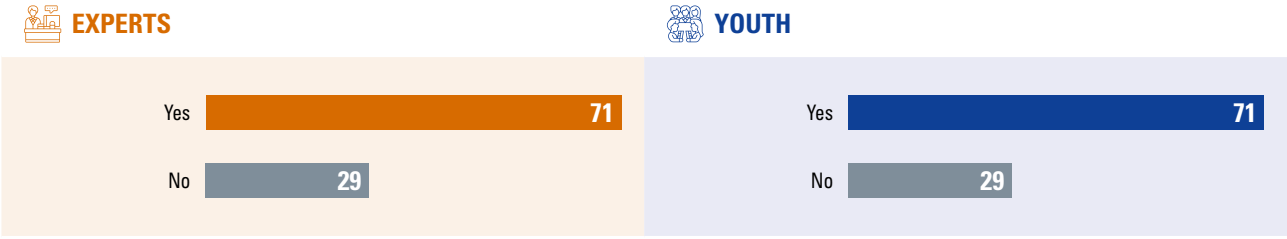
2.2. Introducing tax benefits for production facilities which were stopped for the quarantine period



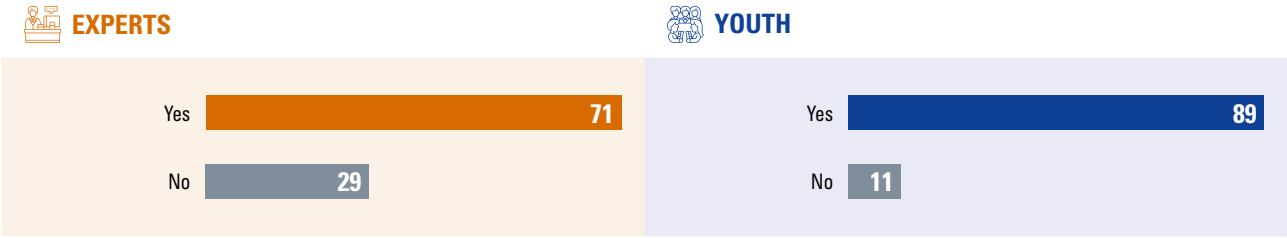
2.3. Renewing government orders for products made by domestic enterprises



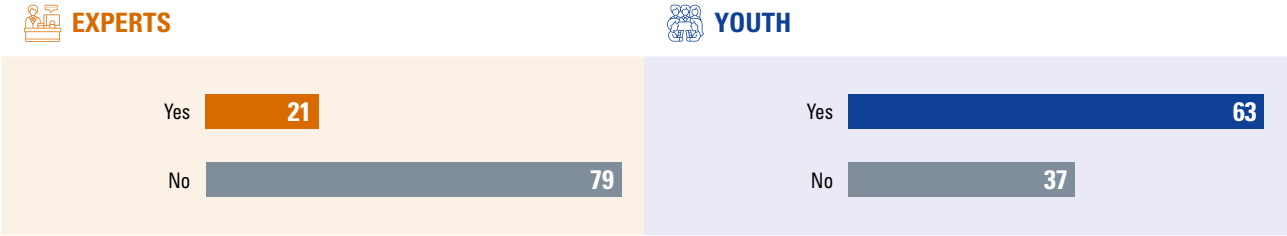
2.4. Expanding programmes of "preferential lending" for SMEs and mortgages by reimbursing loan interest rates from the budget



2.5. Financing, with government participation, for the creation of a complete production cycle of essential goods necessary in the conditions that endanger human life and health



2.6. Increasing the amount of "helicopter money" given out to the population



COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

In the young people's opinion, the following steps will be the most efficient to restore production in the post-pandemic period in Ukraine:

- introducing tax benefits for production facilities which were stopped for the quarantine period (averaged value);
- financing, with government participation, for the creation of a complete production cycle of essential goods necessary in the conditions that endanger human life and health;
- renewing government orders for products made by domestic enterprises.

The following will not be efficient:

- introducing "reasonable" protectionism as a criterion of production localization in public procurement or other support measures for national producers.

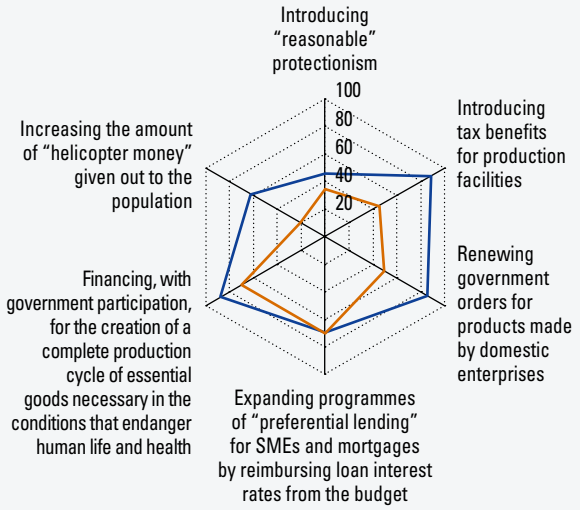
This view differs from expert estimates considerably. The experts deem the following steps as the most efficient:

- financing, with government participation, for the creation of a complete production cycle of essential goods necessary in the conditions that endanger human life and health;
- expanding programmes of "preferential lending" for SMEs and mortgages by reimbursing loan interest rates from the budget.

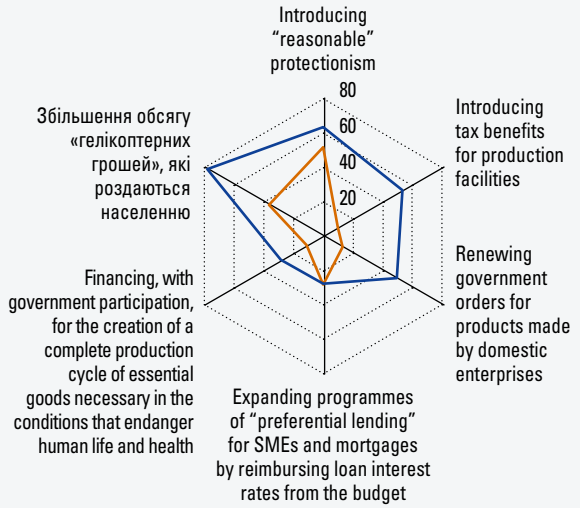
The following steps are regarded as not efficient by the experts:

- Increasing the amount of "helicopter money" given out to the population;
- introducing "reasonable" protectionism as a criterion of production localization in public procurement or other support measures for national producers;
- introducing tax benefits for production facilities which were stopped for the quarantine period.

'YES' answer



'NO' answer



SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

Introducing "reasonable" protectionism (a criterion of production localization in public procurement or other support measures for national producers), namely:

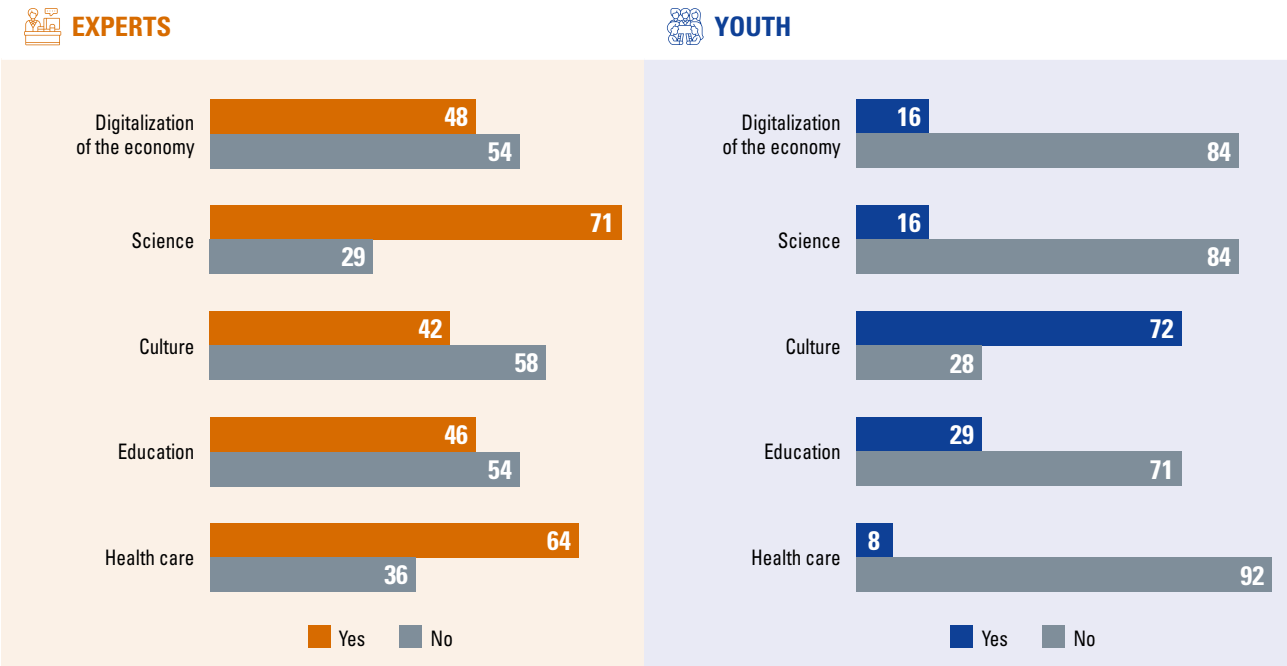
- anti-dumping and compensatory measures;
- support for national producers by means of restricting or completely preventing importation of foreign-made goods into the national economy;
- reducing taxation for local producers, thereby providing more favourable conditions for development;
- decreasing the fiscalization level as much as possible and stimulating production actively;
- setting higher customs duty rates and importation quotas for foreign goods (this way the Ukrainian manufacturers' products will be protected from the so-called "foreign alternative");
- supporting the light industry through targeted government orders, granting preferential loans to small and medium-sized businesses, re-orienting production facilities to domestic market needs;
- measures of support: (1) raising customs duties (for up to one year for the goods manufactured in the Ukrainian territory and having prospects in the market; it provides competitive advantages to domestic producers in the product price policy); (2) reducing taxes for small and medium-sized enterprises (1-2 years, motivating the economically active population and enabling national producers to develop production at a higher pace to speed up the country's recovery from the crisis situation; (3) subsidies for producers;

- reasonable limitation of imports (regulation of customs tariffs, quotas for importation of foreign-made goods, licensing, technical standards); protection of national producers (implementation of anti-monopoly policy, subsidies, partial tax exemption, introduction of an investment tax credit); implementation of the state programme "Protecting Ukrainian goods and services against their imported alternatives" that provides for ways of stimulating the industrial production through protection of national producers;
- import phase-out policy, restrained fiscal policy, import and export licensing, anti-dumping, tough monetary policy.

Increasing the amount of "helicopter money" given out to the population

- I think people should "tighten their belts" rather than wait for various kinds of social benefits for supporting the population. The policy should be tough and aimed at overcoming the crisis. Measures such as, for example, increasing the amount of "helicopter money" will lead to an even bigger budget deficit.
- The policy should aim at developing the national economy, not at "eating it through'.
- I think it is much better to stimulate the economy and open the economic sectors closed for quarantine rather than simply giving out money.
- During the pandemic, financial support for people should be the government's responsible step, i.e. to save people's lives at the expense of the economy, even if it would cause damage to economic growth.
- It is necessary to provide decent earning conditions to people, not to make injections with money that will not encourage the national economy's development.
- Though the "helicopter money" will lead to inflation, it will help the government pay pensions and unemployment benefits as well as increase wages.
- One must not print money and give it out to all who wants it but one may try to announce such a decision. Often people are prudent, and as soon as they realize that devaluation of hryvnia is possible, they will start spending money right away – and it will start the economy up faster. Fiscal and monetary policies should be well-reasoned.
- One-off payments to citizens of the country are an effective way to encourage economic activity. If the population has extra funds it will result in freer use of money and, hence, in growing demand and accordingly in soaring prices in the market.

3 Do you think that increase of the state support in various forms for the following areas is efficient in the post-pandemic period?

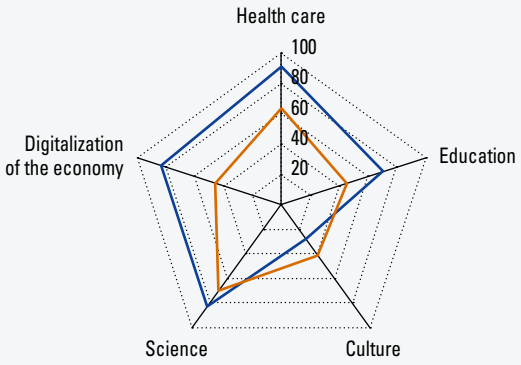


COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

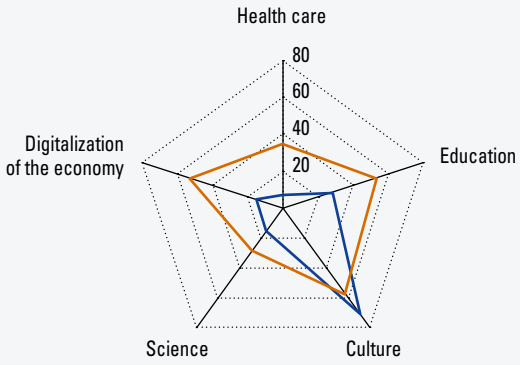
In the young people's opinion, increasing the state support in various forms in the post-pandemic period will be efficient for almost every activity area suggested for consideration, except culture.

The experts, however, deem it reasonable to increase state support only for science and health care.

'YES' answer



'NO' answer

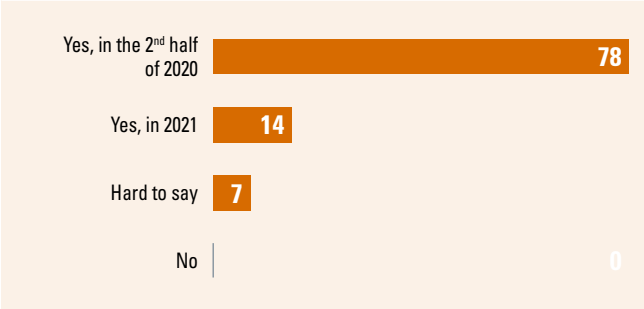


SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

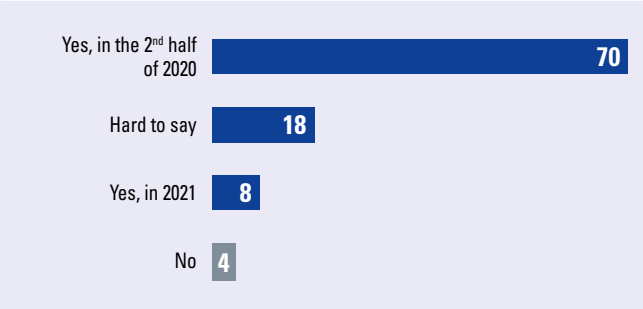
- At present, digitalization of the economy is only aggravating the economic situation in Ukraine because small and medium-sized businesses have to switch to non-cash settlements, that meaning extra costs for installation of cash registers, whereas "distorted" implementation of these measures only hinders business activities.
- In the post-pandemic period, it will be important to the Government to prioritize correctly, because otherwise implementation of state support and financing of all sectors will be impossible. Therefore, governmental assistance will be needed first of all by the health care sector that has revealed, during the COVID-19 spread period, the depth and severity of the problems existing in that sector for decades. Development of science and digital economy are closely connected with addressing the problems that have become and will yet become apparent during the pandemic. However, the point is not to forget other sectors: a comprehensive vision of Ukraine's recovery from the crisis, considering strategic development goals, is important.
- Certainly, education and culture also require continuous state support, however in the current situation, when prioritization if necessary, encouragement of health care and science and adaptability of economy should become the main development vectors.
- Ukraine is already rich in its cultural heritage, which will help people in psychological recovery and cultural enrichment, therefore I believe that this sphere is not among priorities amidst the pandemic.
- As to science, it's 50 to 50. This sector stands out for its individuality and autonomy. The coronavirus pandemic situation is likely to become a new break-through. One thing should be remembered: any outflow of specialists from this sector is critical also to the nation's economic potential.

4 Is the second COVID-19 pandemic wave possible?

EXPERTS

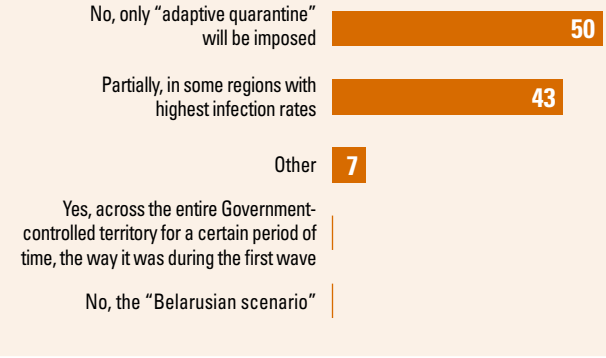


YOUTH

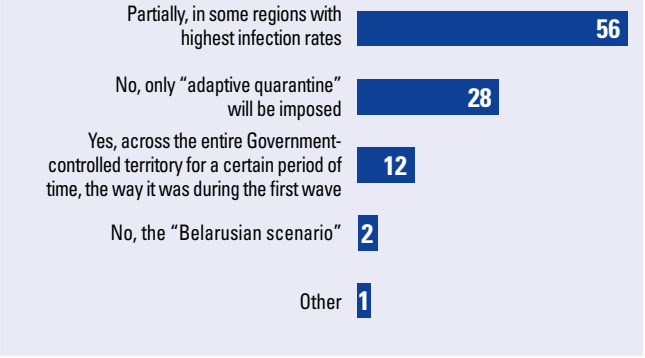


4.1. If you answered 'YES', in your opinion, will Ukraine impose severe quarantine restrictions to curb COVID-19?

EXPERTS



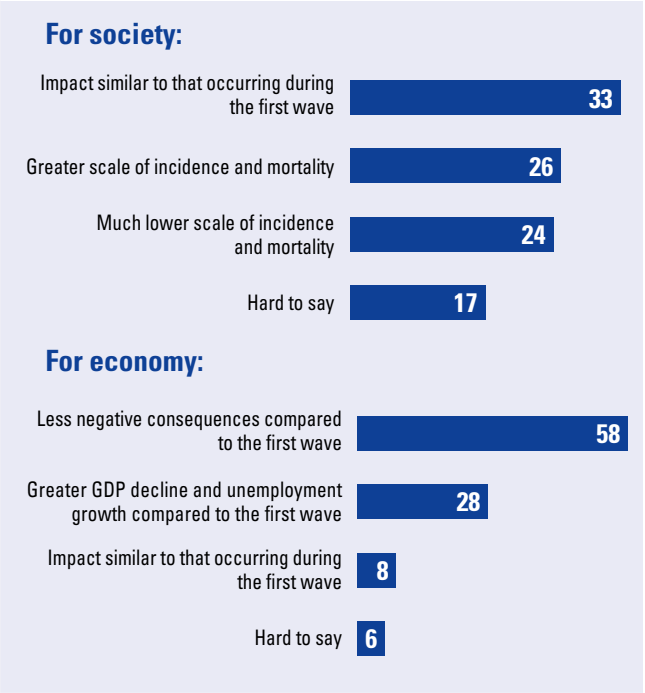
YOUTH



4.2. If you answered 'YES', in your opinion, what consequences for society and economy will the second COVID-19 pandemic wave have?

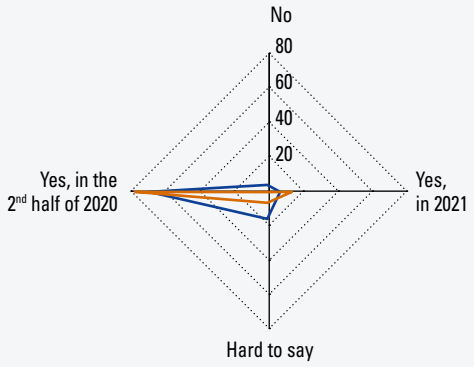
EXPERTS

YOUTH



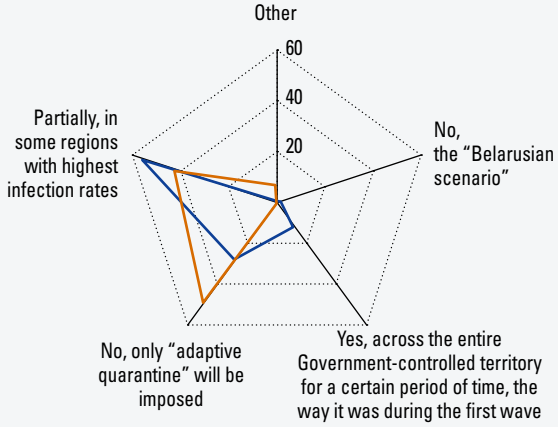
COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

In the opinion of both the young people and the experts, the possibility of emergence of the second COVID-19 pandemic wave looks the most realistic for the 2nd half of 2020.



If the second pandemic wave begins in Ukraine, then, in the young people's opinion, quarantine restrictions will be imposed partially, only in some regions with the highest infection rates.

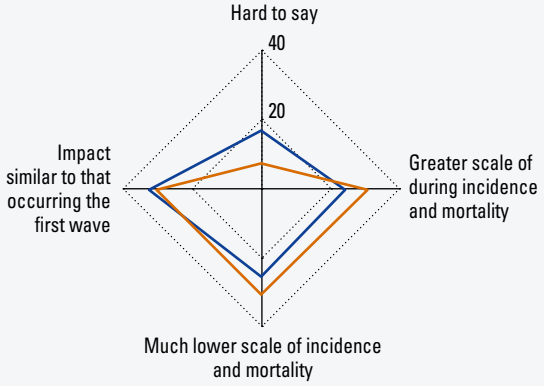
The experts tend to think to a greater extent that only "adaptive quarantine" will be introduced in the country.



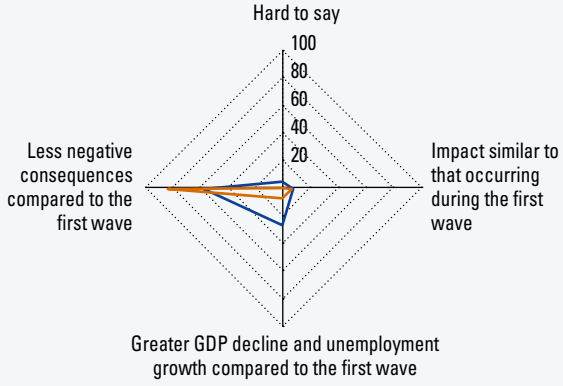
Most young respondents tend to think that in case of the second COVID-19 pandemic wave impact on the *society* will be similar to that occurring during the first wave. Consequences for the *economy* will be less negative because business and community will have adapted themselves to such kind of shocks.

Among the experts, views on possible consequences *for the society* equally divided between main alternatives. Consequences for *the economy*, however, are estimated by experts, the same as the young people, as less negative.

For society:



For economy:



SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

Will Ukraine impose severe quarantine restrictions to curb COVID-19?

- It's very hard to say because severe quarantine restrictions in the second wave can become yet more critical to the economy than in the first wave. Various combinations should be considered right now, with the main goal of preserving people's lives even if the society does not realize that. Resilience of the economy is certainly another point.
- The economy is currently in very shaky conditions; if stringent quarantine is imposed during the second wave, recovery will require much more time than now. Besides, people have already begun to adapt themselves to "living in masks", permanent disinfection and caution, therefore we are able to cope with the second wave as well but only provided that every Ukrainian is socially responsible.
- Introducing quarantine restrictions everywhere is not reasonable because it hits the economy and only delays the people's infection moment until relaxation of the quarantine.
- It would be logical to strengthen the quarantine locally, where there is the acutest need for that, because Ukraine can fail to endure another total freezing of economic activities.
- In my opinion, Ukraine will not impose a stringent quarantine completely again on its entire territory because it affects its economy quite destructively, as we could see from the first-wave situation, however stricter quarantine measures will be – and are already being – implemented in certain regions that suffer most of all.

What consequences for society and economy will the second COVID-19 pandemic wave have?

For society:

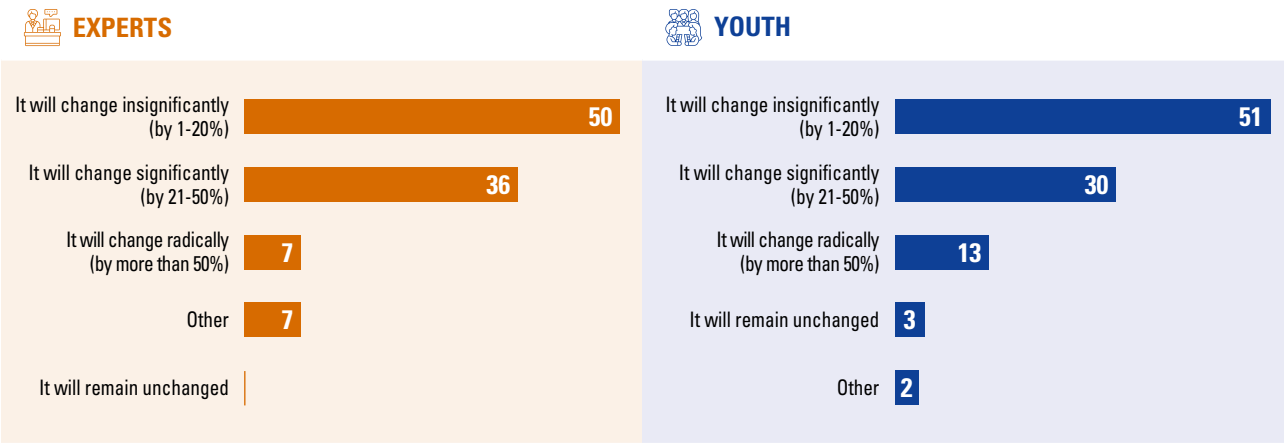
- In my opinion, the second wave will have a larger scale but mortality will be low in some places. It will be explained by the fact that people will be sick for the second time and their bodies will react more easily since they will have immunity; however, it is not possible to give a certain answer because of the virus mutation, perhaps the second wave will be more deadly to those who neglect the rules.
- The government will not introduce such stringent quarantine measures during the second wave as it was during the first one. Therefore, morbidity and mortality will be higher during the second wave.
- Introduction of more stringent measures hinders incidence growth only among the socially responsible people. The other part of the population will not follow the rules at all, thereby causing even a greater incidence scale.
- Since our society has partially adapted itself to threats and needs during the pandemic and has shaped certain knowledge about the means of self-protection, we can approach the second wave of the pandemic in a more conscious way.
- Judging from the WHO studies, the second wave of the coronavirus spread, if it occurs, will cause higher incidence and mortality rates. It will be a consequence of the fact that many people lost their jobs during the first wave and lost their financial "safety bag", therefore they will not be able to comply with the quarantine restrictions to the full extent.
- Unemployment, growing poverty.
- Our society has already been living with observance of anti-epidemic measures, the medical system has become stronger and continues to do that, there are protocols, working guidelines, and doctors are morally hardened.

For economy:

- I can surely say that Ukrainian business is always in turbulent conditions and goes through relatively hard times, many enterprises adapt to crisis developments, and the crisis during and after the pandemic came as no surprise to SMEs.
- A cumulative effect of the second pandemic wave is possible.
- In general, a larger part of business will be working, creating jobs, and paying taxes. Business has learned to work under such conditions, therefore there should be no such steep fall.
- In my opinion, the second pandemic wave will have a weaker impact on the economy of Ukraine because now, during the first pandemic wave, the country has been gaining experience of how to restore the functioning of the economy, provide social support to the population, and organize economic activities amid the quarantine restrictions.

POST-PANDEMIC FUTURE DEVELOPMENT OF THE WORLD ECONOMY AND THE ECONOMY OF UKRAINE

5 How much will people's behaviour – habits concerning food, communication, physical activities, vacation and free time, attitude to human values – change in the post-pandemic world community?

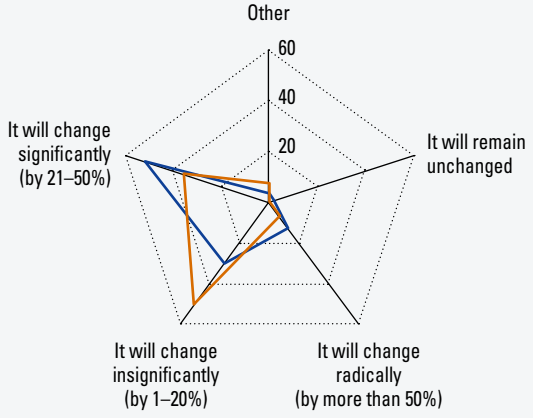


COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

Estimating how much people's behaviour (habits concerning food, communication, physical activities, vacation and free time, attitude to human values) will change in the post-pandemic world community, the young people tend to think that the changes will be significant: between 21% and 50%.

Most experts in turn believe that no significant changes will occur, estimating their scale at between 1% and 20%.

This difference is rather interesting in view of the fact that it is young ones who will determine the future changes.

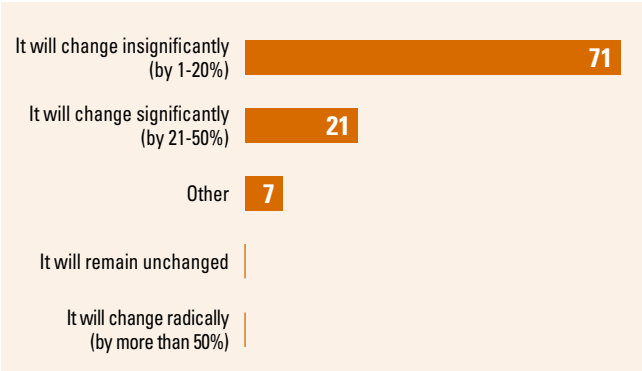


SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

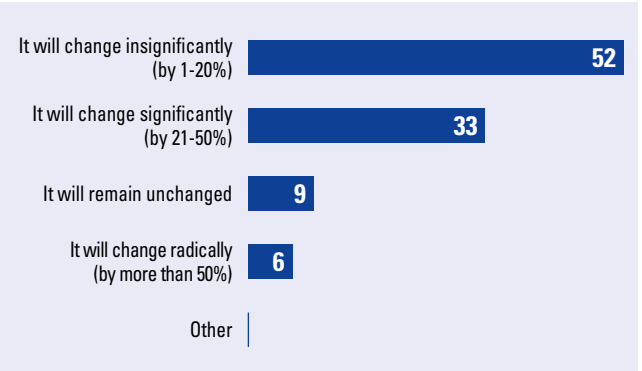
- Fear of communication with people is the main impact caused by the pandemic. In the post-pandemic world community, it will be slowly abating, however psychological traumas and reservedness are main consequences of the pandemic for the entire world.
- Changes in human behaviour can already be observed: sporting activities at home, less entertainment in crowded places, healthy lifestyles, or dressing minimalism.
- Although the pandemic has affected all aspects of human life, people's habits have remained unchanged.
- Duration of the pandemic and of the post-pandemic period will be a key driver of changes in human behaviour and habits. Even now, it is hard to imagine our life without sanitizers, correct handwashing, or social distancing. Clearly, social life will recommence in full after some time when there is no danger but people's habits will change and come to stay.
- Level of confidence will decline as people will be striving to keep social distance further on.
- In general, people are not yet ready to change something in their lives; someone will become more environment-friendly and diligent; family values will grow; there will be less but more vivid travels, less but higher-quality food, more sports, and more communication.

6 How much will Ukrainian people's behaviour – habits concerning food, communication, physical activities, vacation and free time, attitude to human values – change after the pandemic?

EXPERTS

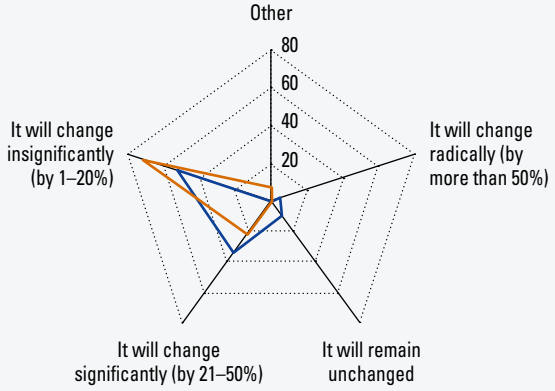


YOUTH



COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

Concurrence of opinions of the young people and the experts is even more interesting as regards Ukrainian people's behaviour: most of them believe that changes will not be significant (between 1% and 20%). Perhaps, this is exactly what reflects the high rate of the Ukrainian population ageing.

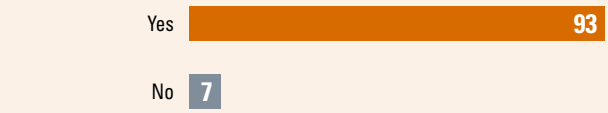


SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

- Although the pandemic has affected all aspects of human life, people's habits have remained unchanged.
- Ukraine can encounter less substantial changes than in the rest of the world because the scale of loss in Ukraine is lower than in many other countries, therefore we have not enough motivation yet to change our life because of the pandemic.
- Unfortunately, even during the pandemic a large share of the population fails to comply with the prescribed rules and does not deem it necessary. Against this background, we currently see a deplorable dynamics of COVID-19 incidence growth. When the pandemic is over, most Ukrainians will not feel compelled to adhere to their acquired habits and will easily return to their usual life that existed prior to the coronavirus. In my opinion, the Ukrainian people's behaviour will change by about 15%.
- The indicator showing the change in people's behaviour in terms of their habits will remain on the pre-quarantine level or change by few percent in Ukraine. The society of Ukrainians is dominated by the priority of the greatest possible use and consumption of resources, which attests to people's unreasonableness and thoughtlessness. We should not expect any major changes in the Ukrainian people's behaviour.
- The Ukrainian people have mentally got used to family meetings, noisy crews, and luxurious celebrations. People will spend their holidays predominantly inside the country, they will have free time for their families, friends, and relatives. As to physical exercises, everything is and will be good.

7 In your opinion, will the coronavirus crisis change the future development pattern of the world economy?

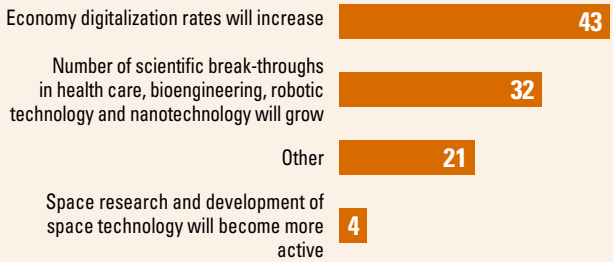
EXPERTS



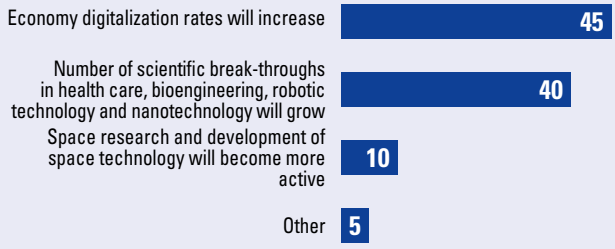
YOUTH

7.1. If you answered 'YES', in your opinion, what changes will occur?

EXPERTS



YOUTH

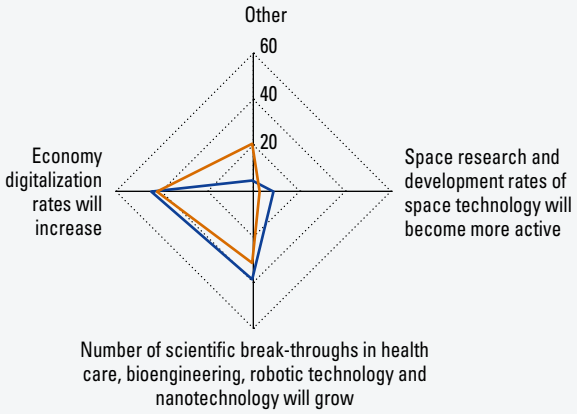


Opinions expressed by some experts to the 'Other' answer:

- supply chains will change, and many production facilities will be moved closer to sales markets, the globalization idea will suffer heavily;
- new directions of preventing probable future threats will emerge;
- real estate market will change, demand for office buildings will decline whereas demand for suburban housing will grow instead;
- speed of building the "This crisis" new technological tenor will increase (This crisis is a stage in the process of the renewing destruction of the old economy).

COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

At the same time, the young people and the experts take a common view that the coronavirus crisis will significantly impact the future development pattern of the world economy.



The changes will first of all consist of higher rates of economy digitalization and of increase in the number of scientific break-throughs in health care, bioengineering, robotic technology, and nanotechnology.

In the **'Other'** answer, both youth and experts pointed out that:

- the globalization idea will suffer heavily. Value-added and supply chains will change, and many production facilities will be moved closer to sales markets.

The experts mentioned also that:

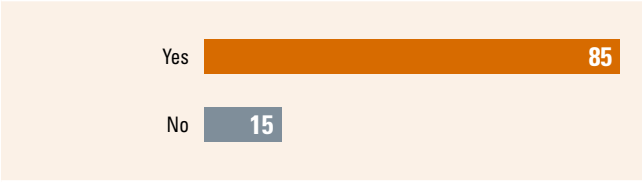
- new directions of preventing probable future threats will emerge;
- real estate market will change, demand for office buildings will decline whereas demand for suburban housing will grow instead;
- speed of building a new technological tenor will increase.

SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

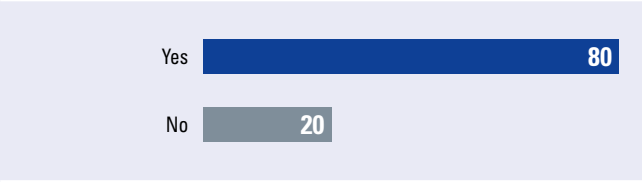
- Central attention will be paid to medico-engineering clusterization of the world economy, enhancement of medical and biological studies, and research and development.
- A break-through will occur in medicine and medical equipment technology.
- The modern society has encountered, perhaps for the first time ever, a problem that concerns the entire world, therefore elimination of the coronavirus crisis is also possible given a global approach to that. The coronavirus has shown extreme significance of digital economy development. To overcome the crisis, it is important to move most public services to the digital domain. Besides, the pandemic will provide an impulse to development of science because research in bioengineering, nanotechnology, etc., is extremely topical. All that can help the world be more adapted to possible epidemics and crises caused thereby in the future.
- I believe and hope that attention will be growing to the health care sector because it is COVID-19 that allowed people to realize how much it is important to mankind and dangerous even to the global economy.

8 In your opinion, will the coronavirus crisis change the future development pattern of the economy of Ukraine?

EXPERTS

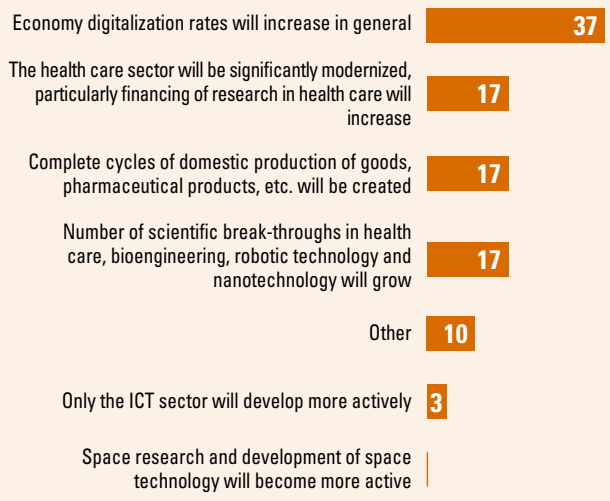


YOUTH

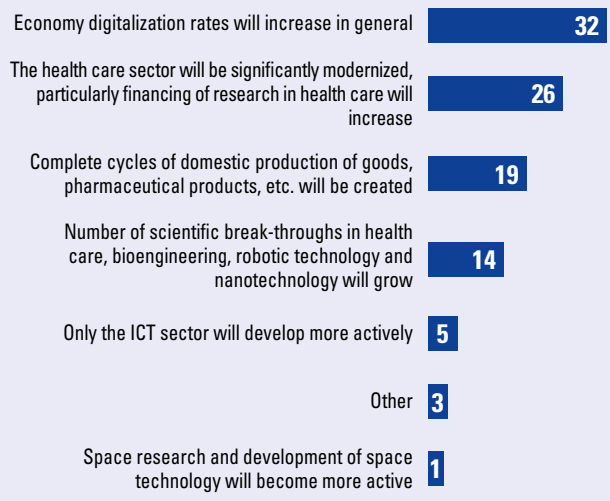


8.1. If you answered 'YES', in your opinion, what changes will occur?

EXPERTS



YOUTH



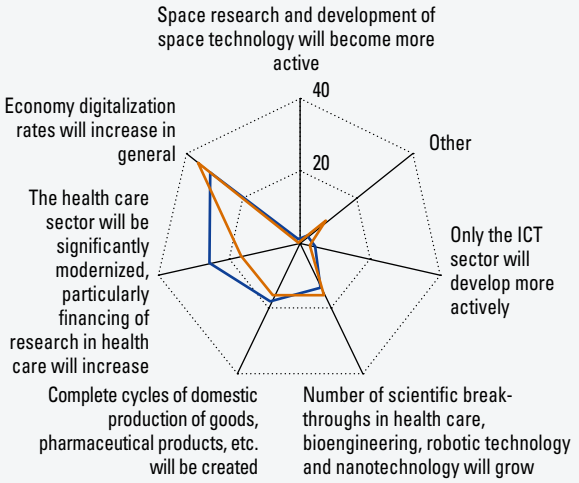
Opinions expressed by some experts to the 'Other' answer:

- there will be a greater number of protectionist ideas that will lead to nothing but persistence of unequal conditions for business (though under different slogans);
- development of domestic tourism, delivery services, and mail services;
- resource-based and agrarian economy will get into a permanent crisis, which will force to undertake structural reforms but not on a short-term horizon.

COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

Like in the previous question, the young people and the experts share the opinion that the coronavirus crisis will have an impact on the future development pattern of the Ukrainian economy.

In particular, the changes both for the Ukrainian economy and the world economic system will consist first and foremost of higher digitalization rates. Besides, the health care sector will undergo modernization, including greater funding of research in this field. Complete domestic production cycles will be created for goods, pharmaceutical products, equipment etc.; the number of scientific break-throughs in health care, bioengineering, robotic technology, and nanotechnology will increase.



In the **'Other'** answer, both youth and experts pointed out the following:

- The economy will be developing at a considerably slower pace. The agrarian and resource-based economy will get into a permanent crisis, which will force to undertake structural reforms but not on a short-term horizon. There will be more protectionist ideas that will lead to nothing but persistence of unequal conditions for business.

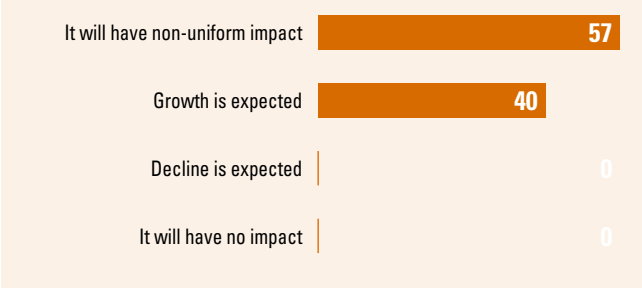
SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

- The coronavirus will first and foremost cause in Ukraine a crisis that the country will be overcoming during several years (given efficient public management). Therefore, in my opinion, monetary flows and the government's attention will be primarily focused on eliminating the crisis aspects that will be present after the epidemic, in particular inflation, unemployment, hryvnia devaluation, industrial production decline, investment outflow, etc. Digitalization had become in Ukraine well before the coronavirus crisis, and will keep developing when the crisis is over.
- Quarantine has revealed some weaknesses that the state should reform and make effective, health care being one of them. We can see even today that considerable financial resources are being injected in the health care sector, which will help modernize the health care institution and make it suitable and resilient to challenges.
- Ukraine, like all the world, will undergo economy digitalization processes, which will substantially simplify the country's finance management.
- We can talk confidently only about digitalization of economy, and even then as a necessary policy. The coronavirus crisis can set a trend of reinterpreting the values of people as one of the most precious national resources. However, this reinterpretation is already taking place continuously.

PROCESSES OF DIGITALIZATION OF THE ECONOMY IN THE POST-PANDEMIC PERIOD

9 In your opinion, how will the COVID-19 pandemic impact the development of production automation and digital technology implementation processes in Ukraine?

EXPERTS

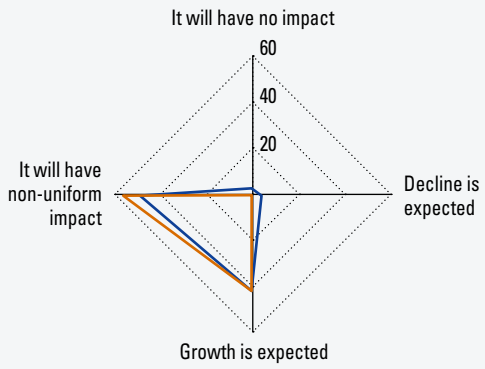


YOUTH

COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

What surprises is actually full coincidence of the estimates given by the young people and the experts to the COVID-19 pandemic impact on the development of production automation and digital technology implementation processes in Ukraine.

Two views are significant, one of which says that such impact will be non-uniform and another – with a slightly less number of answers – states that the impact will stimulate growth in automation and digitalization processes.



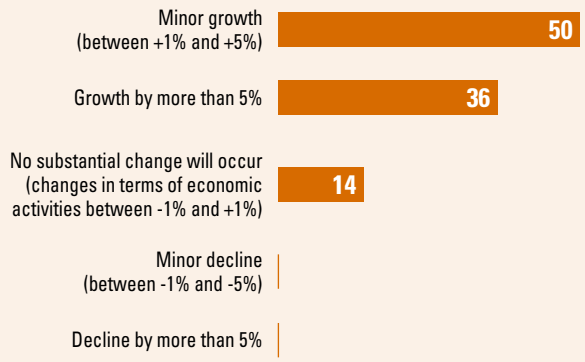
SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

- Digitalization is a slow and cost-intensive process. Therefore, in my opinion, production automation will grow, however it will be slow and not uniform across the sectors.
- During the pandemic, most companies and institutions faced the need for digitalization of certain processes. Some companies have already been automating their processes, implementing digital solutions, and examining the experience of foreign companies in order to work and obtain profits regardless of circumstances.

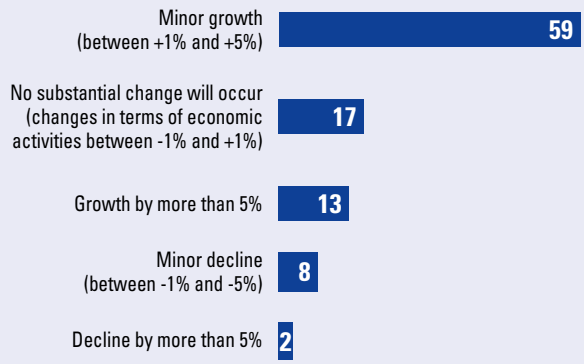
- The future is with production automation and digital technology. It enables using labour resources of robots and humans with the highest possible return and ensuring the highest possible labour efficiency, which is a profitable investment to companies.
- Statistics says that some production facilities were boosting their capacity during the quarantine, which enables them to digitize their processes and be ready to challenges, whereas other ones will have to restore their capacity and only then to digitize themselves. Overall, everyone will be moving towards digital technology but at a different pace.
- The pandemic gave a push to faster automation of production and to development of the Internet technologies which ensure communication between personnel and machines (the Fourth Industrial Revolution can lead to design of stand-alone robots that will be mobile, highly intelligent devices able to work alongside people).
- The coronavirus pandemic gives a momentum to broader use of digital technologies. Such modernization and an updated nature of economic activities will certainly promote higher cost effectiveness, revitalized economic processes, and better verification of information; besides, it will help combat corruption schemes in the first instance, etc. Digital economy and the so-called Industry 4.0 are inevitable.

10 According to the answer provided above, indicate how the economy digitalization growth rate will change over 2020-2021 compared to 2019:

EXPERTS

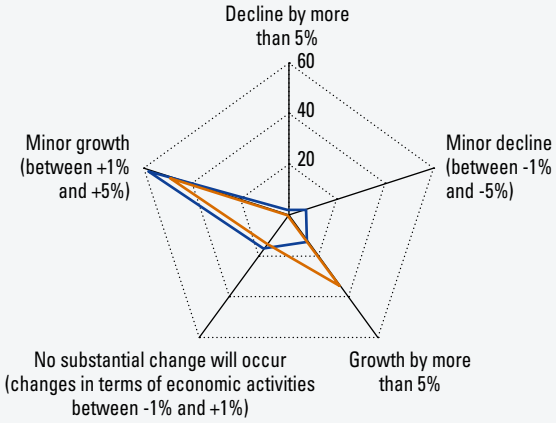


YOUTH



COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

Meanwhile, the young people believe that the economy digitalization growth rate over 2020-2021 compared to 2019 will be between 1% and 5%. The experts expressed the opinion that the digitalization growth rates can exceed 5%.



SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

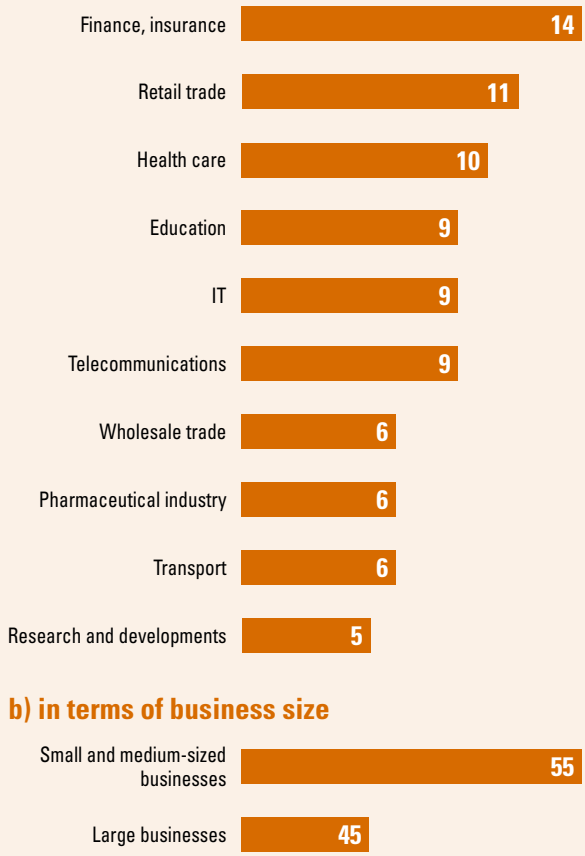
- Digitalization rates will vary and not necessarily depend on development rates in some or other sector; rather, they will depend on the sector's ability of adapting to changes and of implementing technologies.

- One cannot expect during 2020 and 2021 that most companies will digitize their processes. Clearly, it will be easier to some of them and more difficult to others because it depends on an economic activity area and a company's ability of changing its usual way of doing business within a rather short timeframe in full or in part. Therefore, one should not expect a more than 5% growth compared to 2019, particularly amid the total economic crisis in Ukraine.
- Not all are ready, not all are capable, and not all want to get digital. However, a trend towards digital technologies will itself force companies to introduce such technologies because it will be one of the competitive advantages.

11 If you answer to the previous question was 'minor growth' or 'growth by more than…', indicate sectors where positive digitalization trends will prevail

EXPERTS

a) in terms of economic activity



b) in terms of business size

YOUTH

a) in terms of economic activity

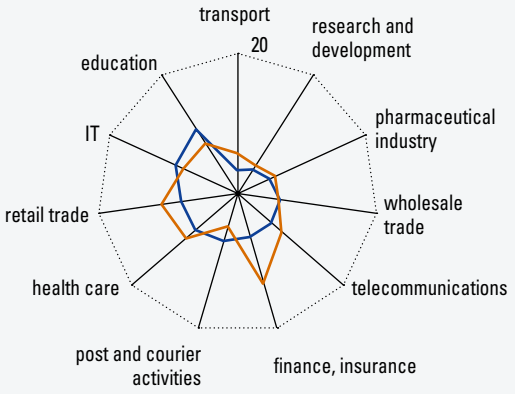
b) in terms of business size

COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

In the young people's opinion, digitalization growth will be supported by positive trends in almost all key economic activities except metallurgy and mining. The greatest number of the respondents believe that the digitalization processes will prevail in education and IT.

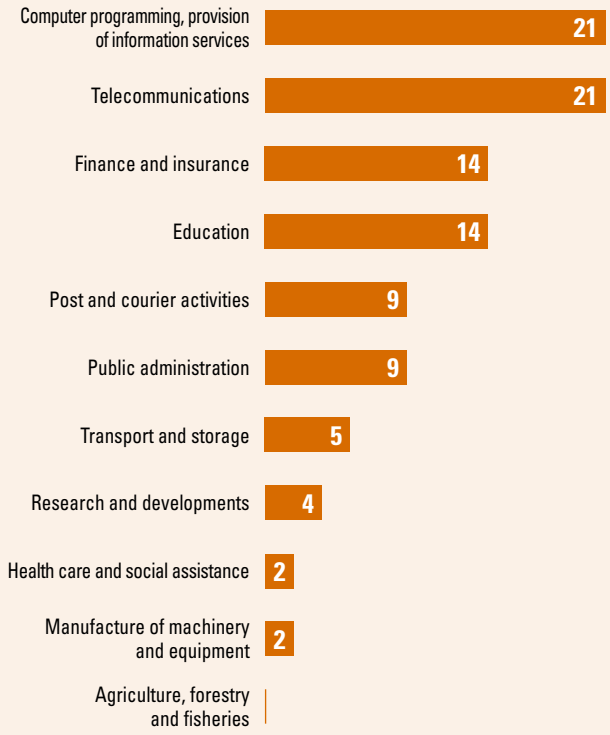
Experts for their part are more restrained in their sectoral estimates of digitalization scale. In their opinion, the digitalization processes will not substantially cover agriculture, construction, tourism, real-estate operations, and almost all industrial activities except pharmaceutical production. Digitalization processes will prevail in finance and insurance services, retail trade, and health care.

In terms of business size, both youth and experts believe that digitalization will go on faster at small and medium-sized undertakings.

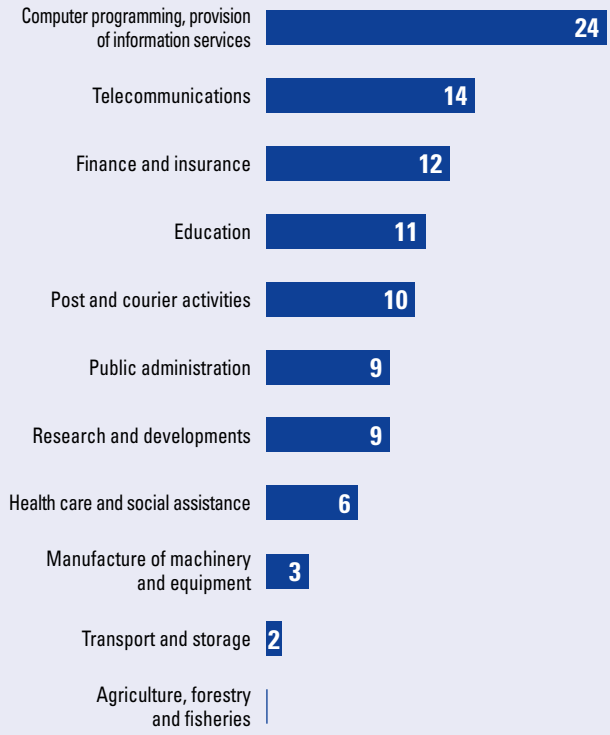


12 Which economic sector will benefit the most from the impact of digitalization?

EXPERTS

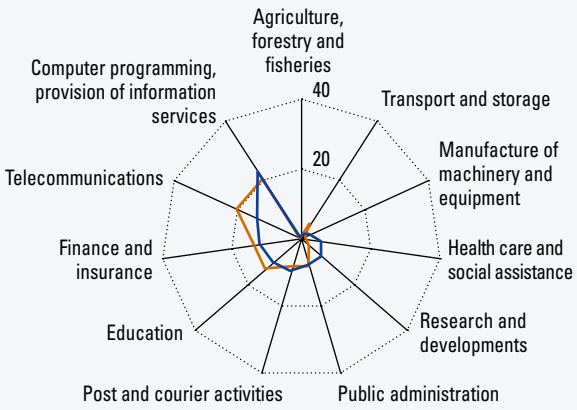


YOUTH



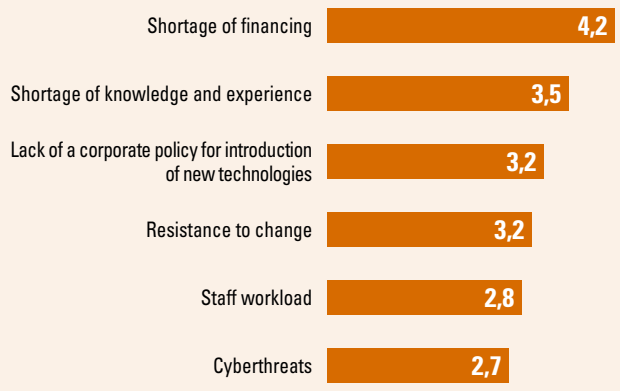
COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

In the young people's opinion, the greatest benefit from the impact of digitalization will be achieved by the activities related to computer programming and provision of information services. The experts add telecommunications to the above-mentioned activities.

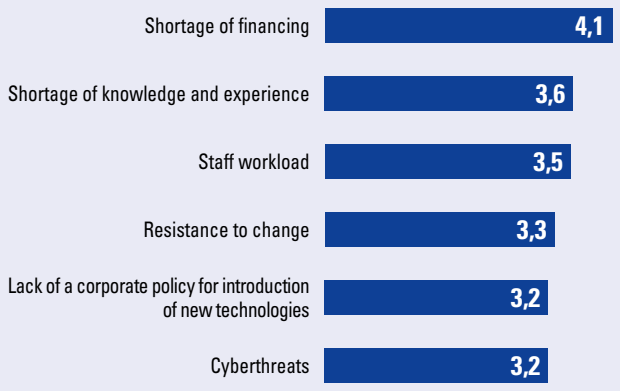


13 How do you assess internal barriers faced by companies when introducing new technologies?

EXPERTS

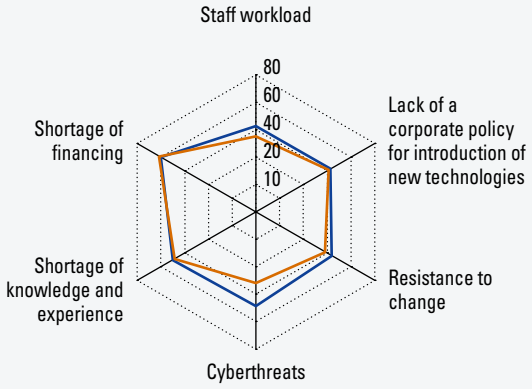


YOUTH



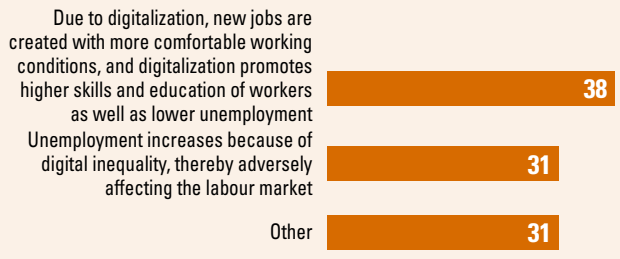
COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

Shortage of financing, knowledge and experience is regarded by the young people and the experts as the greatest internal barriers faced by companies when introducing new technologies. Besides, the young respondents assign a significant role to cyberthreats whereas the experts consider the lack of corporate policy for introduction of new technologies more important.



14 How do you assess impact of digitalization on the labour market?

EXPERTS



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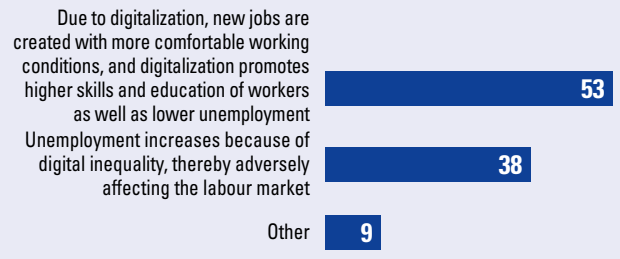
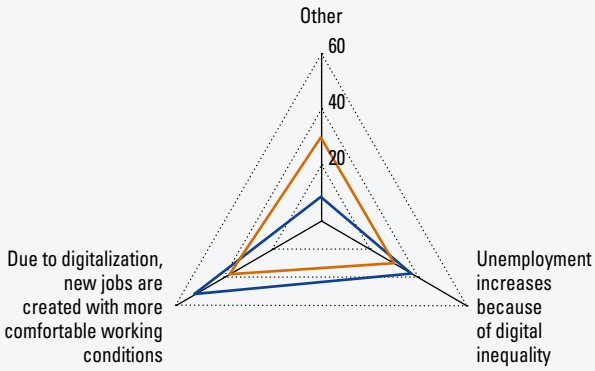


Opinions expressed by some experts to the 'Other' answer:

- the labour market is changing, some professions disappear and other ones emerge; overall impact upon the number of jobs is rather neutral, however productivity of new jobs must be higher;
- the labour market will undergo transformation, and new operating conditions will cause higher demand for some professions and lower demand for other ones;
- trends are oppositely directed.

COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

The young people for the most part positively appraise the impact of digitalization on the labour market. In their opinion, new jobs are created with more comfortable working conditions due to digitalization, digitalization promotes skills improvement and education attainment of workers as well as reduction of unemployment. This viewpoint is shared by most experts, however almost one-third of them have an opposite view believing that unemployment increases during digitalization because of digital inequality.



In the **'Other'** answer provided by the young people, the following stands were presented:

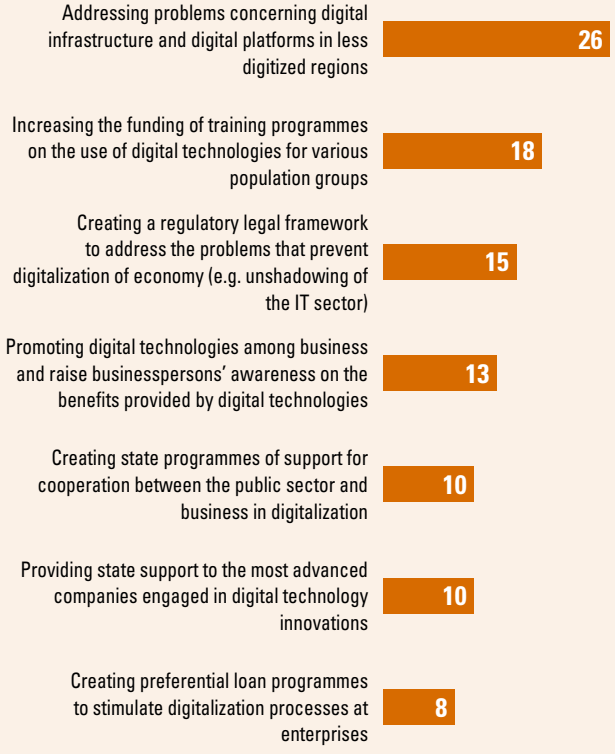
- Digitalization will have almost no impact on the labour market in Ukraine because, unlike economies such as the US, the UK and Japan, our economy has no relevant social standards and social stabilizers. Our population is poor and too much dependent on land and foreign labour markets. Amid poverty, income flows play a greater role in the labour market structure change. However, it does not prevent the country from eliminating distortions in terms of unequal income distribution and from changing the situation for better;
- The first option prevails in some areas and the second one in other areas.

SUMMARY OF ANSWERS TO THE SUGGESTED QUESTIONS, AND OPINIONS EXPRESSED BY YOUTH

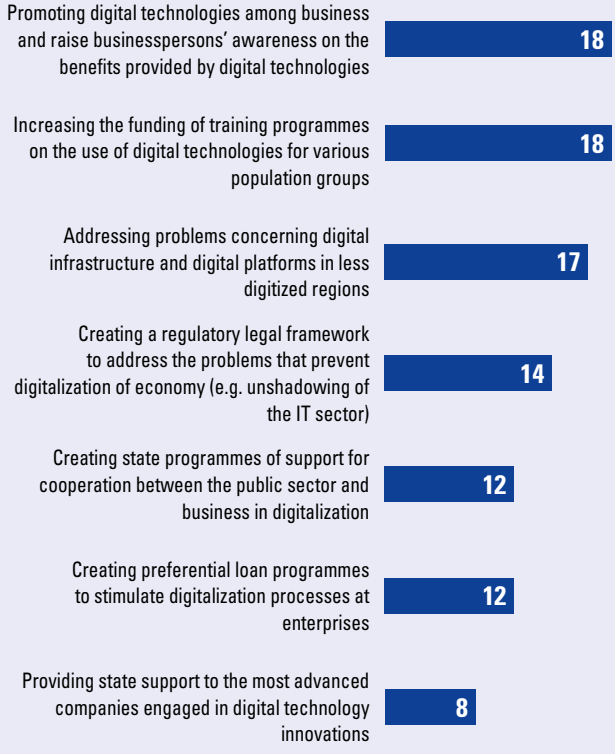
- Not all the population segments are "ready" for digitalization. Some of them just don't want to learn and adapt to new conditions.
- Impact of digitalization on the labour market will cause, on the one hand, better working conditions and new jobs but, on the other hand, it will entail unemployment because a large part of the working-age people are not able to acquire necessary knowledge for work, to accept changes within a short term, and to perform their work effectively under such conditions.
- Digitalization is an inevitable model; as a market economy, it redistributes human resources and optimizes work. Subsequently, it will excellently cooperate with automation, which will replace manual labour and implement opportunities for mankind's further development. Yes, the concept of digital inequality will exist but it will only replace the inequality that exists now. The concept of a workplace will become even more blurred because an individual will already not be linked to a certain workplace. Targeting will flourish.

15 Acceleration of the digitalization processes requires:

EXPERTS



YOUTH

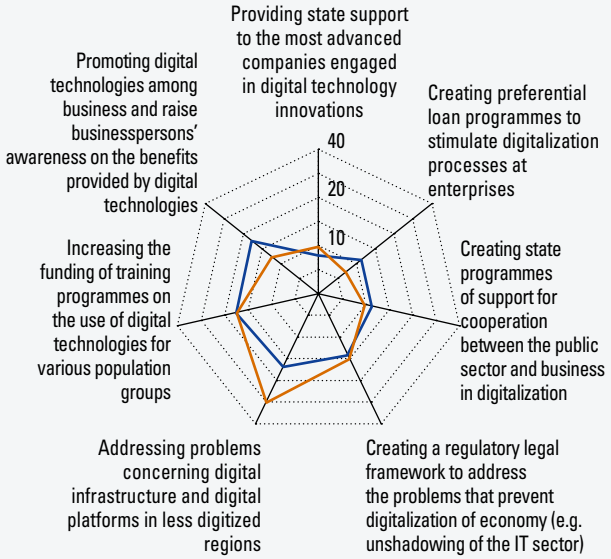


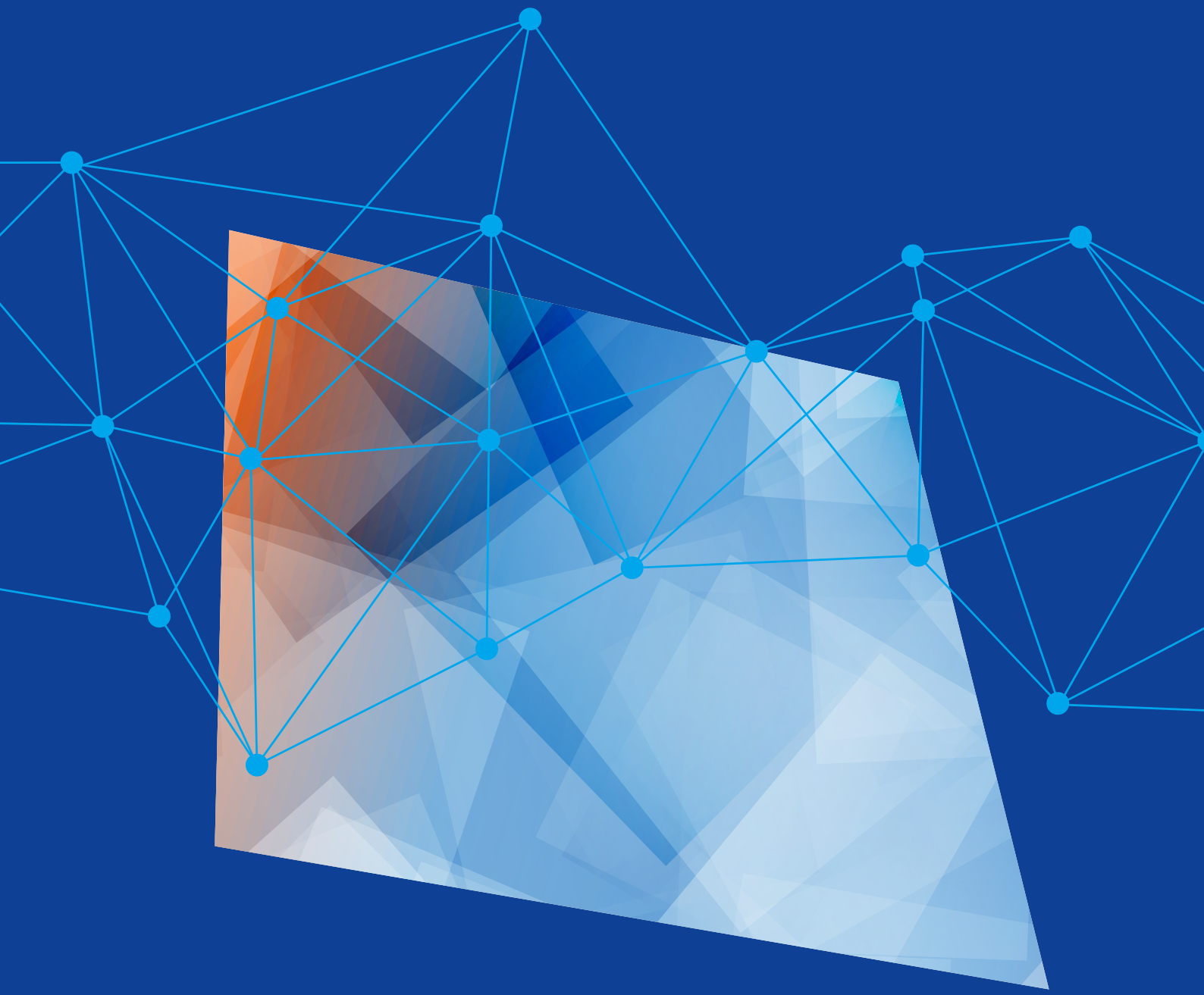
COMPARISON OF YOUNG PEOPLE'S VIEWS WITH OPINIONS OF EXPERTS

Young people consider the following steps as the most important in acceleration of the digitalization processes:

- Promoting digital technologies among business and raise businesspersons' awareness on the benefits provided by digital technologies;
- Increasing the funding of training programmes on the use of digital technologies for various population groups.

At the same time experts give the preference to addressing problems concerning digital infrastructure and digital platforms in less digitized regions. Training programmes are also considered the second most important.





2020–2024: ASSESSMENT OF RISKS / PHENOMENA

Risks were assessed by two criteria: realization probability of a specific risk, and impact of the risk on the economy of Ukraine.

Based on the materials provided, an integral estimate of risks was calculated as a product of the estimates of phenomenon occurrence probability and the phenomenon's impact on the economy of Ukraine, weighed by the number of respondents.

Risks for 2020 were assessed for the eighth time, and for 2021 for the fifth time. The highest possible consensus estimate of both foreign and domestic risks is 16.

The risks and their impact on the economy of Ukraine were assessed according to the following scale:

Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine
Considerable probability (50% or higher) of the phenomenon occurrence – 4	Significant impact – 4
Medium probability (30-49%) of the phenomenon occurrence – 3	Moderate impact – 3
Moderate probability (10-29%) of the phenomenon occurrence – 2	Low impact – 2
Low probability (less than 10%) of the phenomenon occurrence – 1	Insignificant impact – 1
Phenomenon is not probable – 0	No impact – 0

FOREIGN RISKS (PHENOMENA)

EXPERTS

Among the **foreign risks (phenomena)** for 2020 and 2021, estimated by the experts, high integral estimates remain for risks that are assessed not for the first time though some of them have slightly lower integral estimates than in the previous survey:

- new global crisis (due to disruption of well-established production ties and to bankruptcy of some industrial producers in the EU countries/world) – integral estimate 11 in 2020, 7 in 2021 (in the previous survey, its integral estimate was 11 for 2020 and 9 for 2021). This risk / phenomenon is the leading one for the second time;
- deficit of external funding and shrinkage of possibilities of access to the international capital markets – integral estimate 10 in 2020 (13 in the previous survey), 9 in 2021 (7 in the previous survey);
- withdrawal of non-residents from IGLBs – 9 (10) in 2020, 9 (8) in 2021;
- escalation of hybrid threats to national security of Ukraine, including active military stand-off in the east of the country – 9 (8) in 2020, 8 (9) in 2021.

A high integral estimate was given to a new foreign risk:

- emergence of new COVID-19 pandemic waves in the world – 10 in 2020, 8 in 2021.

The experts estimated the following foreign risks / phenomena as the least significant: *commissioning of the Nord Stream 2 and the Turkish Stream pipelines* (integral estimate 3 in 2020 and 6 in 2021) and Substantial increase of prices at the world energy markets (3 in 2020 and 4 in 2021). According to the previous estimates, impact of these risks was higher: 8 and 6 in 2020, 9 and 5 in 2021, respectively.

Foreign risks (phenomena)	2020			2021			2022			2023			2024		
	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine
New global crisis (due to disruption of well-established production ties and to bankruptcy of some industrial producers in the EU countries/world	**11**	3	3	**7**	2	3	**4**	1	2	**3**	1	2	**3**	1	2
Emergence of new COVID-19 pandemic waves in the world	**10**	3	3	**8**	3	3	**4**	2	2	**3**	1	2	**3**	1	2
Deficit of external funding and shrinkage of possibilities of access to the international capital markets	**10**	3	3	**9**	3	3	**5**	2	2	**5**	2	2	**4**	2	2
Withdrawal of non-residents from IGLBs	**9**	3	3	**9**	3	3	**5**	2	2	**5**	2	2	**5**	2	2
Escalation of hybrid threats to national security of Ukraine, including active military stand-off in the east of the country	**9**	3	3	**8**	3	3	**8**	3	3	**7**	2	3	**5**	2	2
Failure to obtain planned financing from the IMF	**6**	2	3	**7**	3	3	**5**	2	2	**4**	2	2	**4**	2	2
Imposition of new trade barriers to domestic exports by other countries	**5**	2	2	**5**	2	2	**3**	2	2	**3**	2	2	**3**	2	1
Commissioning of the Nord Stream 2 and the Turkish Stream pipelines	**3**	1	2	**6**	2	2	**6**	2	2	**5**	2	2	**4**	2	2
Substantial increase of prices at the world energy markets	**3**	1	2	**4**	2	2	**4**	2	2	**4**	2	2	**4**	2	2

YOUTH

Among the foreign risks (phenomena), high integral estimates (8) for 2020 were given to five out of nine risks. The extent of their impact on the economy until 2024, according to young people's estimates, is rather non-uniform:

- escalation of hybrid threats to national security of Ukraine, including active military stand-off in the east of the country: a high estimate persists during 4 years: 8 in 2020 / 7 in 2021 / 8 in 2022 / 7 in 2023;
- imposition of new trade barriers to domestic exports by other countries: 8 in 2020 and 7 in 2021;
- withdrawal of non-residents from IGLBs: 8 in 2020 / 7 in 2021;
- new global crisis (due to disruption of well-established production ties and to bankruptcy of some industrial producers in the EU countries/world: 8 in 2020;
- emergence of new COVID-19 pandemic waves in the world: 8 in 2020;
- deficit of external funding and shrinkage of possibilities of access to the international capital markets: 7 in 2020 / 8 in 2021.

Foreign risks (phenomena)	2020			2021			2022			2023			2024		
	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine
Imposition of new trade barriers to domestic exports by other countries	**8**	3	3	**7**	2	3	**5**	2	2	**4**	2	2	**4**	0	1
New global crisis (due to disruption of well-established production ties and to bankruptcy of some industrial producers in the EU countries/world	**8**	3	3	**6**	2	2	**4**	2	2	**3**	1	1	**2**	1	1
Emergence of new COVID-19 pandemic waves in the world	**8**	3	3	**4**	2	2	**1**	1	1	**0**	1	1	**0**	1	1
Withdrawal of non-residents from IGLBs	**8**	3	3	**7**	2	3	**3**	2	2	**2**	1	2	**2**	2	2
Escalation of hybrid threats to national security of Ukraine, including active military stand-off in the east of the country	**8**	2	3	**7**	2	3	**8**	2	3	**7**	2	2	**6**	2	2

Foreign risks (phenomena)	2020			2021			2022			2023			2024		
	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine
Deficit of external funding and shrinkage of possibilities of access to the international capital markets	**7**	2	3	**8**	3	3	**6**	2	2	**5**	2	2	**4**	2	2
Failure to obtain planned financing from the IMF	**6**	2	3	**6**	2	2	**5**	2	2	**5**	2	2	**4**	1	1
Substantial increase of prices at the world energy markets	**6**	2	3	**5**	2	2	**4**	2	2	**5**	2	2	**3**	2	2
Commissioning of the Nord Stream 2 and the Turkish Stream pipelines	**4**	2	2	**6**	2	3	**6**	2	3	**5**	2	2	**4**	2	2

COMPARISON OF THE VIEWS OF YOUNG PEOPLE WITH THE OPINION OF EXPERTS

Views of young people and the opinion of experts about foreign risks almost coincide. The most significant risks during 2020 and 2021 are indicated: *new world crisis, emergence of new COVID-19 pandemic waves in the world, deficit of external funding and withdrawal of non-residents from IGLBs.* The youth and the experts share the same stance as regards negative impact and prolonged existence of the risk *escalation of hybrid threats to national security of Ukraine*

As regards the risk imposition of new trade barriers to domestic exports by other countries, which the young people consider to be one of the most significant to the economy, the experts give it a low estimate, 5, for 2020-2021.

Foreign risks (phenomena)	Integral estimate									
	YOUTH					EXPERTS				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Imposition of new trade barriers to domestic exports by other countries	**8**	**7**	**5**	**4**	**4**	**5**	**5**	**3**	**3**	**3**
New global crisis (due to disruption of well-established production ties and to bankruptcy of some industrial producers in the EU countries/world	**8**	**6**	**4**	**3**	**2**	**11**	**7**	**4**	**3**	**3**

Foreign risks (phenomena)	Integral estimate									
	YOUTH					EXPERTS				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Emergence of new COVID-19 pandemic waves in the world	8	4	1	0	0	10	8	4	3	3
Withdrawal of non-residents from IGLBs	8	7	3	2	2	9	9	5	5	5
Escalation of hybrid threats to national security of Ukraine, including active military stand-off in the east of the country	8	7	8	7	6	9	8	8	7	5
Deficit of external funding and shrinkage of possibilities of access to the international capital markets	7	8	6	5	4	10	9	5	5	4
Failure to obtain planned financing from the IMF	6	6	5	5	4	6	7	5	4	4
Substantial increase of prices at the world energy markets	6	5	4	5	3	3	4	4	4	4
Commissioning of the Nord Stream 2 and the Turkish Stream pipelines	4	6	6	5	4	3	6	6	5	4

DOMESTIC RISKS (PHENOMENA)

EXPERTS

Among the **domestic risks (phenomena)** significant growth in the state budget deficit and cash gaps in the PFU and other state social insurance funds turned out to be the most significant one (integral estimate 12 in 2020 and 10 in 2021). This risk was estimated by experts as rather significant in the previous years (average integral estimate 9 in 2017–2019), and occupied the top position for the second time in the COVID-19 pandemic context.

High estimates for 2020 were given to four domestic risks related to the COVID-19 pandemic:

- considerable unemployment due to return of migrant workers, mass dismissal of workers (10 / 9);
- mass medium and small business bankruptcies (10 / 7);
- acceleration of inflationary processes (9 / 9);
- exponential COVID-19 spread, the health care system's inability to stop the pandemic in Ukraine (8 / 7).

Estimates of some permanent risks / phenomena decreased slightly compared to the previous survey but remained high for 2020–2021:

- increase of economic agents' negative expectations – 11 in 2020 (12 in the previous survey), and 9 (9) in 2021;
- expansion of the real economy's insolvency – 11 (12) in 2020, 10 (10) in 2021;
- substantial decline of people's effective demand (integral estimate 11 (13) in 2020, 9 (11) in 2021);
- persistently high level of corruption – 10 (11) in 2020, 10 (10) in 2021 – in the experts' opinion (according to integral estimates), this risk will remain significant in the next years (9 in 2022, 8 in 2023);

- remaining low credit activity of commercial banks in the real economy – 10 (11) in 2020, 8 (10) in 2021.

The only domestic risk estimates of which were higher as compared to the previous survey was manifestation of substantial devaluation tendencies in the currency market: 11 (9) in 2020, 9 (7) in 2021.

Default on foreign debts was estimated by experts as the domestic risk / phenomenon least significant to the economy – 5 in 2020, 6 in 2021.

Domestic risks (phenomena)	2020			2021			2022			2023			2024		
	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine
Significant growth in the state budget deficit and cash gaps in the PFU and other state social insurance funds	**12**	4	3	**10**	3	3	**6**	2	3	**6**	2	3	**6**	2	2
Increase of economic agents' negative expectations	**11**	4	3	**9**	3	3	**6**	3	2	**4**	2	2	**3**	2	2
Expansion of the real economy's insolvency	**11**	3	3	**10**	3	3	**6**	2	2	**5**	2	2	**4**	2	2
Manifestation of substantial devaluation tendencies in the currency market	**11**	3	3	**9**	3	3	**6**	2	2	**5**	2	2	**5**	2	2
Substantial decline of people's effective demand	**11**	3	3	**9**	3	3	**6**	2	3	**5**	2	2	**4**	1	2
Remaining low credit activity of commercial banks in the real economy	**10**	3	3	**8**	3	2	**7**	3	2	**5**	2	2	**4**	2	2
Considerable unemployment due to return of migrant workers, mass dismissal of workers	**10**	3	3	**9**	3	3	**5**	2	2	**4**	2	2	**3**	1	2
Mass medium and small business bankruptcies	**10**	3	3	**7**	2	3	**4**	2	2	**3**	1	2	**3**	1	2
Persistently high level of corruption	**10**	3	3	**10**	3	3	**9**	3	3	**8**	3	3	**6**	2	2
Insufficiently fast implementation of reforms	**9**	3	3	**8**	3	3	**7**	3	2	**6**	3	2	**5**	2	2
Acceleration of inflationary processes	**9**	3	3	**9**	3	3	**5**	2	2	**4**	2	2	**3**	1	2

Domestic risks (phenomena)	2020			2021			2022			2023			2024		
	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine
Exponential COVID-19 spread, the health care system's inability to stop the pandemic in Ukraine	**8**	2	3	**7**	2	3	**4**	1	2	**3**	1	2	**2**	1	1
Considerable upward revision of social standards	**6**	2	2	**6**	2	2	**4**	2	2	**5**	2	2	**5**	2	2
Default on foreign debts	**5**	2	3	**6**	2	3	**4**	2	3	**4**	1	3	**4**	1	2
Introduction of a tax on withdrawn capital	**5**	2	2	**6**	2	3	**5**	2	2	**4**	2	2	**3**	2	2

YOUTH

Six of fifteen **domestic risks (phenomena)** suggested to young people for consideration were the most significant to the national economy, with integral estimates more than 10 in 2020 and more than 8 in 2021. Three of these risks retain a high integral estimate until 2022, and the risk persistently high level of corruption retains a high estimate until 2024:

- substantial decline of people's effective demand (integral estimate 11 in 2020 / 10 in 2021 / 8 in 2022 / 7 in 2023);
- persistently high level of corruption (11 / 10 / 10 / 9 / 8);
- expansion of the real economy's insolvency (10 in 2020 / 9 in 2021);
- mass medium and small business bankruptcies (10 in 2020 / 9 in 2021);
- remaining low credit activity of commercial banks in the real economy (10 / 8 / 7);
- insufficiently fast implementation of reforms (10 in 2020 / 10 in 2021);
- significant growth in the state budget deficit and cash gaps in the PFU and other state social insurance funds (8 in 2020 / 10 in 2021 / 9 in 2022 / 8 in 2023).

Domestic risks (phenomena)	2020 рік			2021 рік			2022 рік			2023 рік			2024 рік		
	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine	Integral estimate	Estimate of phenomenon occurrence probability	Estimate of impact of the phenomenon on the economy of Ukraine
Substantial decline of people's effective demand	**11**	3	3	**10**	3	3	**7**	2	3	**4**	2	2	**3**	1	1
Persistently high level of corruption	**11**	3	3	**10**	3	3	**10**	3	3	**9**	3	3	**8**	2	2
Expansion of the real economy's insolvency	**10**	3	3	**9**	3	3	**6**	2	2	**5**	2	2	**4**	1	1
Mass medium and small business bankruptcies	**10**	3	3	**9**	3	3	**5**	2	2	**4**	2	2	**2**	1	2
Remaining low credit activity of commercial banks in the real economy	**10**	3	3	**8**	3	3	**7**	2	3	**6**	2	3	**5**	1	1
Insufficiently fast implementation of reforms	**10**	3	3	**10**	3	3	**7**	3	2	**7**	2	2	**7**	2	2
Acceleration of inflationary processes	**8**	3	3	**8**	3	3	**7**	2	3	**6**	2	2	**4**	2	3
Increase of economic agents' negative expectations	**8**	3	3	**6**	3	2	**5**	2	2	**2**	2	1	**4**	2	2
Manifestation of substantial devaluation tendencies in the currency market	**8**	3	3	**7**	2	3	**6**	2	3	**5**	2	2	**3**	3	3
Considerable unemployment due to return of migrant workers, mass dismissal of workers	**8**	2	3	**5**	2	2	**4**	2	2	**3**	1	2	**3**	2	2
Significant growth in the state budget deficit and cash gaps in the PFU and other state social insurance funds	**8**	3	3	**10**	3	3	**9**	3	3	**8**	3	3	**6**	2	2
Default on foreign debts	**7**	2	3	**9**	3	3	**7**	2	3	**5**	2	3	**4**	2	2
Exponential COVID-19 spread, the health care system's inability to stop the pandemic in Ukraine	**7**	2	3	**5**	2	2	**3**	2	2	**2**	1	1	**1**	1	2
Considerable upward revision of social standards	**5**	2	2	**5**	2	2	**6**	2	2	**4**	2	2	**4**	2	2
Introduction of a tax on withdrawn capital	**4**	2	2	**4**	2	2	**5**	2	2	**4**	2	2	**4**	2	2

COMPARISON OF THE VIEWS OF YOUNG PEOPLE WITH THE OPINION OF EXPERTS

Views of young people and the opinion of experts about domestic risks also almost coincide. High estimates (over 10) for 2020 were given by the experts to the same risks that received high estimates from the young people, except risk *insufficiently fast implementation of reforms* (youth gave 10, experts gave 10). The following risk is considered to be the most significant in 2020 by the experts: *significant growth in the state budget deficit and cash gaps in the PFU and other state social insurance funds*. According to the views of youth the above risk is not the most significant, though it has high integral estimate and negative prolonged existence. High integral estimates for all these risks remained for 2021.

Foreign risks (phenomena)	Integral estimate									
	YOUTH					EXPERTS				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Substantial decline of people's effective demand	11	10	7	4	3	11	9	6	5	4
Persistently high level of corruption	11	10	10	9	8	10	10	9	8	6
Expansion of the real economy's insolvency	10	9	6	5	4	11	10	6	5	4
Mass medium and small business bankruptcies	10	9	5	4	2	10	7	4	3	3
Remaining low credit activity of commercial banks in the real economy	10	8	7	6	5	10	8	7	5	4
Insufficiently fast implementation of reforms	10	10	7	7	7	9	8	7	6	5
Acceleration of inflationary processes	8	8	7	6	4	9	9	5	4	3
Increase of economic agents' negative expectations	8	6	5	2	4	11	9	6	4	3
Manifestation of substantial devaluation tendencies in the currency market	8	7	6	5	3	11	9	6	5	5
Considerable unemployment due to return of migrant workers, mass dismissal of workers	8	5	4	3	3	10	9	5	4	3
Significant growth in the state budget deficit and cash gaps in the PFU and other state social insurance funds	8	10	9	8	6	12	10	6	6	6
Default on foreign debts	7	9	7	5	4	5	6	4	4	4
Exponential COVID-19 spread, the health care system's inability to stop the pandemic in Ukraine	7	5	3	2	1	8	7	4	3	2
Considerable upward revision of social standards	5	5	6	4	4	6	6	4	5	5
Introduction of a tax on withdrawn capital	4	4	5	4	4	5	6	5	4	3

ANNEXES

CONSENSUS FORECAST FOR 2020–2021

(as of July 2020)

Indicator	2020	2021	2020		2021	
	Median		MIN	MAX	MIN	MAX
National accounts	**UAH bln**					
Nominal GDP	3,964.0	4,391.4	3,706.8	4,117.0	4,136.9	4,632.6
National accounts	**index (%, year-on-year)**					
Real GDP	-6.0	3.2	-4.2	-8.0	-2.0	5.7
Consumption	-4.0	2.4	-1.4	-8.8	-1.7	6.9
private	-3.5	3.8	91.0	-10.0	1.5	7.7
government	-4.7	1.5	-2.2	-12.3	-3.2	9.0
Gross accumulation of the fixed capital	-20.3	8.5	-11.2	-42.0	-7.0	15.0
Exports of goods and services	-8.2	4.2	-0.1	-35.0	1.1	19.0
Imports of goods and services	-13.3	8.1	-5.0	-41.0	1.2	17.0
Output of certain economic sectors	**%, year-on-year**					
Agriculture	-2.3	2.3	-1.0	-5.0	-1.0	3.7
Industrial production	-7.9	2.2	-6.5	-12.0	-5.0	4.7
Inflation	**index (%)**					
GDP deflator (annual average)	105.5	107.0	100.5	108.0	102.4	109.8
Consumer price index (annual average)	103.1	106.8	102.5	106.4	104.2	109.4
Dec. versus Dec. of the previous year	105.8	106.0	104.2	111.7	102.3	110.0
Industrial producer price index (annual average)	98.1	107.3	95.9	107.1	102.6	111.6
Dec. versus Dec. of the previous year	108.0	107.1	104.6	114.5	104.1	109.6
External sector	**USD bln**					
Current account	-2.1	-3.8	6.1	-5.6	-0.9	-6.0
Exports of goods and services	55.1	59.6	50.5	61.8	55.6	68.0
Imports of goods and services	-62.9	-69.1	-58.6	-65.0	-65.0	-76.0
Financial account	-0.6	-4.5	6.0	-4.0	-3.0	-6.5
Foreign direct investments	1.0	-2.4	2.1	-1.5	-1.0	-3.5
Gross NBU international reserve, USD mln	26.7	27.3	20.6	30.5	21.3	31.7

Indicator	2020	2021	2020		2021	
	Median		MIN	MAX	MIN	MAX
External sector			**% GDP**			
Current account	-1.4	-2.4	4.1	-2.2	-0.6	-3.8
Exports of goods and services	37.5	38.8	35.0	56.1	36.0	43.8
Imports of goods and services	-42.9	-45.0	-40.3	-61.2	-41.6	-48.9
Financial account	-0.4	-3.1	4.0	-2.8	-1.9	-4.2
Foreign direct investments	0.7	-1.6	1.4	-1.1	-0.6	-2.4
Gross NBU international reserve, USD mln	18.2	17.7	14.0	20.4	11.0	20.3
External sector			**%, year-on-year (nominal)**			
Exports of goods and services	-13.2	6.0	-2.6	-20.4	1.5	19.3
Imports of goods and services	-17.2	10.3	-14.5	-22.9	1.7	16.9
Rate of exchange, UAH/USD						
Average	27.00	28.60	26.40	28.50	27.00	30.00
End of period	28.25	29.20	26.89	29.50	27.00	31.00
Public finance			**UAH bln**			
Consolidated budget revenues	1,227.3	1,299.6	1,021.0	1,252.2	1,168.0	1,377.2
Consolidated budget expenditures	1,445.0	1,449.0	1,331.0	1,550.6	1,283.0	1,648.3
Consolidated budget balance	-217.7	-149.5	-200.9	-310.0	-115.0	-271.1
Government debt (direct and guaranteed)	2 212.9	2 425.0	61.5	2 492.0	61.3	2 734.7
Public finance			**% GDP**			
Consolidated budget revenues	31.0	29.6	20.1	31.6	21.8	31.4
Consolidated budget expenditures	36.5	33.0	28.7	39.2	26.6	37.0
Consolidated budget balance	-5.5	-3.4	-5.0	-8.6	-2.7	-6.0
Government debt (direct and guaranteed)	55.8	55.2	7.0	67.2	1.5	66.1
Social indicators						
Unemployment rate (as per the ILO methodology), % of the labour force aged 15-70	9.6	9.2	9.2	11.7	8.2	11.0
Monthly average wage of workers, UAH	11,004	12,350	9,951	11,500	10,508	13,632
Real monthly average wage of workers (nominal, adjusted to the consumer price index), % year-on-year	1.6	3.8	-7.5	4.3	-2.1	12.1

CONSENSUS FORECAST FOR 2022–2024

(as of July 2020)

Indicator	2022	2023	2024	2022		2023		2024	
	Median			MIN	MAX	MIN	MAX	MIN	MAX
National accounts				**UAH bln**					
Nominal GDP	4,983.0	5,539.5	6,222.3	4,605.0	5,130.3	5,080.0	5,885.3	5,550.0	6,414.3
National accounts				**index (%, year-on-year)**					
Real GDP	3.5	4.1	4.5	2.0	4.4	3.5	4.9	3.0	5.0
Consumption	3.0	3.5	3.5	2.2	4.9	2.7	4.4	2.7	4.0
private	3.5	3.9	3.8	2.9	5.8	3.5	4.4	3.0	4.2
government	1.1	0.8	0.9	-2.4	3.4	-1.0	2.5	0.2	2.2
Gross accumulation of the fixed capital	9.4	9.3	9.3	-3.0	14.3	6.3	15.4	5.0	20.0
Exports of goods and services	4.4	5.0	5.3	1.1	10.0	1.1	8.0	4.7	9.0
Imports of goods and services	7.0	6.8	7.4	1.1	10.7	1.0	10.5	4.9	9.5
Output of certain economic sectors				**%, year-on-year**					
Agriculture	3.0	3.7	3.0	2.0	4.0	1.1	4.2	1.0	4.0
Industrial production	3.3	3.8	4.4	-1.0	6.0	2.7	8.0	2.6	5.0
Inflation				**index (%)**					
GDP deflator (annual average)	106.8	106.0	105.7	105.2	109.0	105.1	108.2	105.0	107.7
Consumer price index (annual average)	106.6	106.0	105.1	105.0	108.6	104.8	108.0	104.7	107.5
Dec. versus Dec. of the previous year	106.0	105.4	105.0	105.0	109.0	105.0	107.0	104.8	107.0
Industrial producer price index (annual average)	106.3	106.8	106.0	105.0	110.4	105.3	109.2	105.0	108.5
Dec. versus Dec. of the previous year	106.3	106.1	105.7	104.6	108.0	105.5	110.0	105.3	107.0
External sector				**USD bln**					
Current account	-4.7	-4.1	-2.0	-1.0	-7.2	-0.8	-8.0	-1.2	-8.7
Exports of goods and services	64.6	69.9	74.5	62.1	75.0	67.7	74.7	73.8	81.4
Imports of goods and services	-77.1	-82.0	-87.5	-68.9	-82.0	-75.8	-86.1	-82.0	-94.4
Financial account	-6.3	-6.3	-4.5	-2.5	-10.3	-1.2	-14.2	-1.0	-17.6
Foreign direct investments	-3.0	-3.6	-4.2	-2.0	-4.5	-2.0	-5.5	-1.0	-6.5
Gross NBU international reserve, USD mln	27.8	28.2	28.6	24.0	32.5	23.0	37.4	18.0	45.4

Indicator	2022	2023	2024	2022		2023		2024	
	Median			MIN	MAX	MIN	MAX	MIN	MAX
External sector				**% GDP**					
Current account	-2.7	-2.1	-1.0	-0.6	-4.5	-0.4	-4.3	-0.6	-4.2
Exports of goods and services	37.3	36.6	35.8	34.7	44.5	32.6	43.6	33.0	44.2
Imports of goods and services	-44.5	-42.9	-42.0	-41.2	-50.7	-40.7	-48.6	-41.7	-48.8
Financial account	-4.2	-3.7	-2.7	-1.4	-6.0	-0.6	-7.5	-0.4	-8.4
Foreign direct investments	-1.7	-1.9	-2.0	-1.2	-2.6	-1.1	-2.9	-0.5	-3.1
Gross NBU international reserve, USD mln	16.0	14.8	13.7	14.8	18.9	13.6	19.7	9.6	21.7
External sector				**%, year-on-year (nominal)**					
Exports of goods and services	6.7	8.2	8.4	4.0	10.3	-1.3	11.0	6.0	9.0
Imports of goods and services	9.0	8.2	8.2	6.0	12.2	-4.9	11.7	5.9	9.7
Rate of exchange, UAH/USD									
Average	28.77	29.01	29.85	28.00	31.05	27.00	32.65	28.10	34.30
End of period	30.10	30.40	32.25	29.00	32.50	26.00	35.00	28.70	35.10
Public finance				**UAH bln**					
Consolidated budget revenues	1,424.5	1,571.5	1,723.0	1,313.0	1,544.0	1,396.4	1,712.5	1,455.3	1,929.8
Consolidated budget expenditures	1,539.5	1,680.5	1,840.0	1,407.6	1,771.7	1,520.4	1,917.0	1,580.1	2,170.2
Consolidated budget balance	-139.9	-127.0	-124.8	-90.0	-227.7	-88.0	-230.5	-86.0	-240.4
Government debt (direct and guaranteed)	2,400.0	2,200.0	2,412.5	2,050.0	2,809.6	1,980.0	2,937.4	1,950.0	3,071.1
Public finance				**% GDP**					
Consolidated budget revenues	28.6	28.4	31.1	26.3	31.1	23.7	31.0	23.2	31.0
Consolidated budget expenditures	30.9	30.3	33.2	29.1	35.2	25.8	34.1	25.2	34.3
Consolidated budget balance	-2.8	-2.3	-2.3	-1.9	-4.5	-1.7	-4.1	-1.5	-3.8
Government debt (direct and guaranteed)	48.2	39.7	43.6	40.1	55.8	33.6	53.1	31.0	50.0
Social indicators									
Unemployment rate (as per the ILO methodology), % of the labour force aged 15-70	8.5	8.9	8.2	8.0	12.4	7.5	9.5	7.2	9.9
Monthly average wage of workers, UAH	13,990	15,778	17,660	11,500	15,414	12,000	17,169	11,500	18,923
Real monthly average wage of workers (nominal, adjusted to the consumer price index), % year-on-year	3.2	5.1	3.9	-2.0	7.1	-1.7	8.1	-8.7	9.2

METHODOLOGICAL EXPLANATIONS TO TABLES

The aggregated nominal values and indices were calculated as a median of the relevant indicators provided by all the forecasting organizations (experts) participating in the survey, to reduce the impact of the indicators lying outside the largest set of forecast estimates, considering that due to quickly changing events in the national economy, uncertainty of and threats to its further development considerable variations / ranges of the forecast estimates provided by all the forecasting organizations arise during the expert survey.

The generalized values of the indicators being forecasted as percentage of GDP (particularly indicators of the external sector and budget) were calculated as a ratio of the median of the indicator's nominal value to the respective GDP value also calculated as median. The indicators forecasted in US dollars were calculated as a percentage of GDP using the exchange rate median.

Consensus values of the budget deficit/surplus were calculated as a difference between the median of revenue and expenditure indicators.

When drafting this issue, the organizations (experts) participating in the survey provided the following materials:

- forecast assumptions regarding the economic policy to be pursued in 2020-2024, and some quantitative exogenous parameters of development;
- forecast of the main macroeconomic indicators for 2020-2024;
- expert assessment of risks for 2020;
- answers to survey questions on key trends of societal and economic development in the post-pandemic period.

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