

### III. AREAS OF REHABILITATION OF UKRAINE IN THE POSTPANDEMIC PERIOD

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**Receipt.** World experience shows that any crisis is ending. The crisis connected with COVID-19 pandemic also will end, but now it is important to be prepared for negative consequences of crisis, for reduction of their scales and mitigation of their influence on business and the standard of living of the population and also for new calls that will rise during the post-crisis period. In order to minimize the negative socio-economic consequences of the pandemic, it is COVID-19 necessary to deploy events, forecast trends and perform calculated work to obtain data that will become the basis for informed management decisions in resource-limited settings. Overcoming the crisis requires quick decisions, which are usually tactical. However, a longer-term vision is needed. Ukraine faces challenges in the fight against the pandemic COVID-19 in the context of continuing reforms, ensuring macroeconomic stability, and stimulating economic growth.

**Literary review.** The bill adopted by the Verkhovna Rada of the state budget of Ukraine for 2021 raises questions about the realism of a number of sources of filling the state treasury, on which nominal budget revenues depend [1, 2]. Similar approaches are characteristic of Derbuzhetu-2021 and the consequences of the pandemic [3, 4]. A lively discussion of the problem of the spread of coronavirus disease takes place in the media, where ministers, representatives of power structures, leading economic experts, sociologists and political scientists, and other leading experts on this issue express their views. In

particular, these are V. Panok, A. Furman [5], A. Gurria, K. Lagarde, R. Hutt, I. Petrashko, A. Pustova, V. Medechuk, A. Amelin, A. Blinov, V. Katsenelson, Ya. Lavrik, D. Monin and others.

**Results.** In the context of coping with the consequences of the pandemic (COVID-19), the financial and economic crisis, the priority area of the state and business is the implementation of a coordinated policy that would take into account as much as possible the factors and risks exacerbating crisis phenomena in the financial sector. Given the scale, depth and duration of crisis events in this sector, as well as the degree of their negative impact on the processes taking place in the Ukrainian economy, it is necessary to establish the real state of the situation in the budgetary security of our state.

The special relevance of a research of this question is caused by a difficult economic situation of development of our country, when in the state budget of Ukraine steadily from year to year there are no about 100 billion UAH for a covering of expenses, in the environment of overcoming the negative consequences caused by restrictive measures on prevention of emergence and spread of a coronavirus disease (COVID-19), approximately the deficiency by the end of 2021 will be 246.6 billion UAH [2]. And now the government is managing what is not yet.

Dmitry Boyarchuk notes that UAH 246.6 billion, which will not be enough to cover all expenses in the budget of 2021, will need to be taken somewhere. The expert suggests that to cover such a budget deficit, the government expects to issue hryvnia in 2021. This is also indicated by the high inflation rate that the government has laid down in its draft budget [3]. The decision taken in April to increase the 2020 deficit (to 7.5%) is dictated by unpredictable circumstances - Covid. But for 2021, coronavirus is more or less a predicted thing. And the rest of the costs can also be predicted. In our conditions, this means that they will have to be occupied. If the public debt increases faster than GDP grows, the country will be in danger.

If a country embodies a balanced fiscal policy, it can attract loans at relatively low interest rates. When the deficit grows, and even in relations with the IMF, not all points over the "i" were placed, then the cost of money is much higher. Since the Ukrainian budget is extremely dependent on external financing, therefore, the 2021st and 2022nd years will not be an exception. As in 2020, it will be necessary to attract up to 700 billion hryvnias from international donors and buyers of Ukrainian securities. And the risks of missing funds to pay off the budget deficit, as last year, are quite high.

The scientific novelty of this study provides that based on the comprehensive predictive statistical analysis of the consequences of the pandemic, as one of the global problems of mankind, the author's team has proposed its conceptual vision as a system, which is the negative basis and basis for reducing the development of most sectors of the Ukrainian economy, provided a critical analysis of measures aimed at improving the budgetary security of Ukraine and the forecast indicators

of the development of Ukraine and its recovery from the post-pandemic state in 2021-2023, and proposed government policies to address the COVID-19 crisis.

As a result, further research horizons in this direction were outlined, providing for the search for answers to the following questions:

1. How can Ukraine's economy develop in the post-quarantine period, and what are the most likely scenarios for Ukraine to emerge from the economic crisis? (Most experts argue that there were no devastating critical consequences during the pandemic period, but we must understand that we have such a global factor as the global economic depression from which Ukrainians are very dependent. In addition to its own, so-called "coronaries" in the middle of the country, there will be a problem how to intensify activities in the light of the fact that demand for Ukrainian exports will clearly fall. Problems with the flow of capital to Ukraine to finance public debt, that is, borrowing will be more expensive) will clearly become more complicated.

2. How quickly it will be possible to return to the usual regime of work of workers and how to adapt in the new post-pandemic conditions (pandemic COVID-19 has led to significant social and organizational changes. In order for companies to resume operations as soon as possible, managers must embody the Future of Work concept, based on the methods and approaches that are applied during the crisis and following precautions after leaving it. After all, many companies found themselves in a difficult situation and were forced to reduce staff, send on unpaid leave and temporarily stop their activities.).

3. Research and detailed study of the nature of the pandemic in the context of its impact on various spheres and sectors of activity, as well as practices in the application of anti-crisis marketing approaches during the pandemic period.

Studies show that economic development in the forecast post pandemic period 2021-2023 will be influenced by both the system of measures taken to overcome negative consequences and the active implementation of reforms in accordance with the priorities defined in the strategic documents of the Government and aimed at reviving the Ukrainian economy.

The implementation of the budget policy for 2022-2023 will be aimed at supporting the main sectors of the economy, intensifying the processes of modernization of national production, continuing to implement a set of measures aimed at improving the investment climate in Ukraine, and stimulating exports.

The government plans to continue to work to stimulate the economy to overcome the negative consequences caused by restrictive measures to prevent the occurrence and spread of coronavirus disease (COVID-19) and will direct its primary efforts to the tasks of providing credit support to small and medium-sized businesses that have suffered losses due to quarantine measures, supporting the domestic producer, in particular through the use of the public procurement mechanism, as well as the use of fiscal and other tools to reduce the burden on the business in force majeure. When conducting responsible fiscal policy, the connection of budget appointments with the priorities of the state will be strengthened to increase the effectiveness of the use of budget funds. Conducting

regular inspections of budget expenditures will ensure more effective implementation of the state policy in the relevant sectors (areas) of activity (Table 1).

Table 1

**Projected indicators of the state budget of Ukraine for 2022-2023**

<b>Indicator name</b>	<b>2022 pik (plan)</b>	<b>2023 pik (plan)</b>
<b>Income (with inter-budget transfers)</b>	<b>1 165 570,4</b>	<b>1 289 142,9</b>
<b>I. Total income indicators</b>		
<i>General Fund</i>	1 036 631,2	1 155 897,6
<i>Special Fund</i>	128 939,2	133 245,3
<b>Credit refunds</b>	<b>8 719,2</b>	<b>8 412,9</b>
<i>General Fund</i>	8 398,7	8 123,4
<i>Special Fund</i>	320,5	289,5
Deficit "+ "/surplus" - "	<b>229 023,0</b>	<b>199 139,5</b>
<i>General Fund</i>	203 108,4	172 224,9
<i>Special Fund</i>	25 914,6	26 914,6
<b>Together under section I</b>	<b>1 403 312,6</b>	<b>1 496 695,3</b>
<b>II. Total expenditure and lending</b>		
<b>Expenses</b>	<b>1 380 038,6</b>	<b>1 472 936,0</b>
<i>General Fund</i>	1 241 641,6	1 330 066,3
<i>Special Fund</i>	138 397,0	142 869,7
<b>Lending</b>	<b>23 274,0</b>	<b>23 759,3</b>
<i>General Fund</i>	6 496,6	6 179,6
<i>Special Fund</i>	16 777,4	17 579,7
<b>Together under section II</b>	<b>1 403 312,6</b>	<b>1 496 695,3</b>

In addition, in order to update the forecast in the conditions of economic development after the COVID-19 pandemic, as well as to take into account updated statistics in the forecast, changes in certain internal and external assumptions, the Government adopted the Forecast of Economic and Social Development of Ukraine for 2021- 2023 years. The baseline scenario for the forecast for 2021-2023 is based on the restoration of a positive trend in the development of the economy after significant losses expected in 2021 due to the pandemic COVID-19.

The forecast takes into account recent changes in the legislative sphere, in particular, the introduction of agricultural land turnover, the unchanged course of reform and the European development vector, which provides for the deepening of foreign economic relations with the countries of the European Union. This takes into account the realities that have now developed in the foreign economic space, caused by the consequences of the pandemic, and their impact on the foreign economic activity of Ukraine. So, in general, a return to the trajectory of

accelerating economic growth is expected in 2021-2023. As a result, according to the baseline scenario presented in the Forecast for 2021-2023, GDP growth is projected at 4.6 percent in 2021, by 4.3 percent in 2022 and by 4.7 percent in 2023.

Table 2

**Main forecast of macroeconomic indicators of economic and social development of Ukraine and certain assumptions for 2020-2023 years**

Indicator	2020	2021	2022	2023
	Expected Mineconomi 24.07.2020	CMU Resolution dated 29.07.2020 № 671	CMU Resolution dated 29.07.2020 № 671	CMU Resolution dated 29.07.2020 № 671
1	2	3	4	5
Nominal GDP, billion hryvnia	3 975,2	4 505,9	5 089,4	5 689,7
Real GDP, growth rate,%	95,2	104,6	104,3	104,7
Consumer price index,%				
December to December of the previous year	105,9	107,3	106,2	105,3
Producer Price Index,%				
December to December of the previous year	104,6	108,7	108,0	106,1
Profit of profitable enterprises, billion hryvnia	862,8	911,0	1 034,6	1 171,9
Employee Remuneration Fund and cash support of military personnel, UAH billion	1 136,0	1 417,0	1 612,0	1 816,1
Average monthly salary employees, gross				
nominal, hryvnia	11 254	13 632	15 414	17 169
nominal, adjusted for consumer price index, in% to the previous years	104,3	112,1	106,0	105,1
Number of economic employees activity at the age of 15-70 years (average per year), million people	16,33	16,36	16,66	16,84
Unemployment rate of the population aged 15- 70 years (according to ILO methodology),% of the economically active population appropriate age	9,4	9,2	8,5	8,0
Balance of goods and services (payment balance sheet), million dollars. USA	-5 375	-10 416	-13 643	-16 996
Export of goods and services, million dollars USA	58 468	60 175	64 018	69 284

in% to previous year	92,1	102,9	106,4	108,2
Import of goods and services, million dollars USA	63 843	70 591	77 661	86 280
in% to previous year	84,0	110,6	110,0	111,1
Exchange rate, hryvnia to US dollar (average)	27,0	29,1	29,3	29,5
Exchange rate, hryvnia to US dollar (year-end)	28,3 [±1]	28,8 [±1]	29,5 [±1]	29,7 [±1]
Minimum weighted average wage, UAH	4815	6250	6700	7176

*Source: GSSU, NBU, forecast of the Ministry of Economy*

However, the bill adopted by the Verkhovna Rada of the state budget of Ukraine for 2021 to date has already raised questions about the realism of a number of sources of filling the state treasury, on which nominal budget revenues depend. The decline in the economy, on the contrary, turned out to be more than the government predicted. And the exchange rate is lower than expected. Similar approaches are characteristic of the State Budget - 2021. Accordingly, the implementation of the revenue plan is at risk up to the probability of budget sequestration - according to some forecasts, according to the results of the first half of the year or the first quarter [1]. As for tax revenues, there may not be additional opportunities for their increase in 2021.

Therefore, there will be virtually no opportunity for additional growth. The same applies to the too optimistic forecast regarding the profits of state-owned enterprises, the lion's share of which should be transferred to the budget. Yes, and indicators for the collection of income tax in general. Given the extreme year 2020, when many enterprises were increasing losses, Ukraine simply will not receive expected budget revenues in 2021. This applies to both income tax administration plans and value added tax. According to experts, there were signs of delays in the return of VAT this year.

As for expenses, here we are talking about the actual freezing at the same level of funding for defense programs amid an increase in spending on law enforcement agencies. Appropriations for the maintenance of the Office of the Prosecutor General will grow by 46%, the State Bureau of Investigations - by 67%. Another 1.32 billion hryvnias (42% more than in 2020) were planned for the State Fiscal Service, where the liquidation procedure continues in connection with the expected creation of the Economic Security Bureau. Formally, legislative requirements for security and defense spending in at least 5% of GDP seem to have been met. Total spending even increased to 5.93% of GDP (almost 268 billion hryvnias). At the same time, the funding of the Ministry of Defense was reduced [1].

A separate topic is medicine. Experts note that reserves that could be used depending on how the coronavirus will spread are not even theoretically formed. In general, the Pension Fund deficit in 2021 will reach UAH 195 billion [1]. It will be necessary to compensate it from the State budget. So, really, we are

talking about a lot of additional risk. Due to a sharp deterioration in macroeconomic prospects, experts significantly reduced GDP forecasts per year. In their opinion, the largest contribution to growth will continue to be the consumer demand of households due to their largest share in GDP. While strong social policies will generally support consumption in 2021, a deterrent will be the fact that full recovery will take time and resources and consumer sentiment will remain somewhat uncertain in the first post-crisis period. Also, the base of comparison will be less negative, compared to other components.

The Government's policy aimed at creating new jobs in 2021, as well as stimulating the development of the economy in the post-pandemic period, will contribute to a gradual decrease in unemployment, an increase in production volumes and, accordingly, income from work. Although slowly, remittances from outside Ukraine will grow as migrant workers return to their places of work outside Ukraine. Consumer sentiment and population consumption in general will be positively affected by the recovery of dynamics to increase employment and, accordingly, incomes in the small and medium-sized business sector due to the continuation of the Government's active policy to reduce barriers to doing business and create conditions for development, including financial ones. Increased bank lending will further support consumer demand in the household sector.

At the same time, recovery of lost savings during the crisis and quarantine measures will restrain consumption growth. It is expected that the beginning of the recovery of savings will be in 2022. Thus, according to the forecast for 2021-2023, the growth of final consumer spending of households during 2021-2023 will be 4 percent on average annually, taking into account the highest growth rate in 2021 (5.4 percent).

In the medium term, starting from 2022, there will be a gradual decrease in the role of consumer demand, both private and public, in the formation of economic growth, which is generally characteristic of Ukraine in the post-crisis periods. Thus, the share of private consumption in GDP is projected to decrease by 2 percentage points in 2022, and by 0.9 percentage points in 2023. A reduction in the share of public consumption is expected in 2022-2023 by an average of 0.8 percentage points annually, while in 2021 there will be almost no reduction due to the need to maintain fiscal stimulus at the beginning of the post-pandemic period to restore economic growth in the post-crisis period.

In 2021-2023, the trend that was inherent in the Ukrainian economy in the pre-crisis period regarding the gradual shift of emphasis in favor of the investment component will resume in the structure of GDP. The impact of the pandemic on the economy turned out to be "longer and more intense than anticipated," and the service sector is losing much more than production. Also, the pandemic will COVID-19 affect small businesses more than large ones.

After the pandemic, experts believe, minor changes in the behavior of economic actors are expected. Thus, the behavior of people and the structure of demand after the end of the pandemic (changing the type of economic activity,

healthy lifestyle, hygiene and sanitation, globalization and active movement, attitudes towards vaccination, etc.) will not change significantly.

The spread of the pandemic was COVID-19 a challenge for all countries. In response to rapid changes in the situation, forecasting organizations in both the world and Ukraine have revised their forecasts and scenarios several times in a short time.

The situation with the spread of COVID-19 in the world is rapidly changing, and it became clear to everyone that the pandemic will last much longer and the consequences of the deployment of crisis events in the world according to the estimates of a group of independent experts (given the dynamic changes in the situation) will be critical.

The Ukrainian economy also felt the significant negative impact of tough quarantine measures. It will be tangible to limit the functioning of certain types of economic activities against the background of the formation of negative sentiments among the population and the deterioration of the world market conditions for certain goods.

The exacerbation of the situation can be caused by such negative phenomena as the acceleration of the spread of the disease and a sharp increase in the number of patients in need of medical care. This will lead to losses and deterioration of social infrastructure and life support systems. The general crisis may complicate the provision of essential services, health care, social and educational services, etc.

Despite the uncertainty about the timing of the COVID-19 pandemic and its consequences for the economy, Ukraine must shape its own anti-crisis policy. From today's perspective, it is difficult to assess future changes and even more difficult to predict trends and plan appropriate actions for the short term. Therefore, today there are questions:

- How long the pandemic will be;
- How deep the economic downturn is;
- How quickly the economic systems can recover;
- Which Central Committee will suffer the most.

In 45 countries, social protection programs have been introduced, adapted or expanded in response to COVID-19. Response measures are being implemented in all regions except Africa. The most common measures are cash payments (30 programs), salary grants (11), sick leave grants (10), various forms of subsidies for contributions to social security and unemployment insurance funds, tax holidays, support to small and medium-sized businesses, etc. [4].

According to experts, the greatest threats to economic recovery in Ukraine are the following:

Long-term continuation and strengthening of internal quarantine activities;

The lack of a clear crisis plan to support the economy and protect the population of the country during the pandemic;



A deep drop in economic activity in the countries - the main trading partners of Ukraine, respectively, a significant deterioration in the global commodity markets.

It is expected that about 6 months after the complete completion of all quarantine restrictions in the world, there will be a restoration of demand from Ukrainians for international transportation and tourism services. Changes in the investment activities of economic actors following the end of the pandemic will be insignificant, but in some sectors of the economy they may be significant due to changes in the structure of demand (as well as the possible introduction of incentives for investment in certain sectors). Changes in the Ukrainian economy in the direction of transition to a new quality will accelerate the processes of digitalization (digitalization), robotization and the use of the modality of the "remote workplace" will be activated. EU countries will continue to pursue a policy of attracting labor from abroad, although more restrained. The situation in the domestic labor market will not change significantly compared to the pre-Endemic period. As a result, a significant proportion of labor migrants can return to work outside Ukraine after the pandemic ends.

So, the study showed that in 2021 the greatest risks and threats to the budget security of Ukraine are traced to the sphere of external debt and dependence on external financing, imbalances between tax revenues and expenses, the deficit of the Pension Fund of Ukraine and the lack of financing of medicine, which as a result will appear in macroeconomic indicators.

**Conclusion.** Thus, in the absence of adequate stabilization measures, the situation can change rapidly, and the crisis heats up. Each country implements its own anti-crisis policy in response to COVID-19, including by introducing social protection programs.

Government policy measures to overcome the crisis, in the author's vision, should be as follows:

- Build pandemic action protocols (in the field of health, transport, education, state and local authorities, organizations of meetings of the Verkhovna Rada of Ukraine);

- Develop clear protocols for the treatment of citizens who return from territories with high levels of pandemic threat;

- Increase funding for health care, including for the rehabilitation of the sanitary and epidemiological service, in particular through the implementation of a State-wide programmer for the establishment (construction) of infectious departments throughout the country (for the number of beds per cent of the population of the city or village) with a full amount of modern equipment and necessary materials), etc.;

- to create (support) closed cycles of domestic production of goods, pharmaceuticals, equipment, as well as raw materials necessary to effectively counter the challenges and threats of pandemics and other serious diseases (cancer, HIV, tuberculosis, etc.);

- Develop and approve clear anti-crisis packages that are being introduced to provide social support to the population; Business Support social support and further social inclusion of the most vulnerable groups;
- Improve the efficiency of public administration;
- Increase funding for innovation-oriented research;
- Actively promote and promote the use of digital technologies in order to provide work opportunities and training in remote access;
- Provide targeted financial assistance to employees who are forced to go on vacation at their own expense or for childcare during quarantine, at the expense of the stabilization fund;
- introduce a set of financial measures to support small businesses and FPL.

The specific features of this pandemic, which complicate the fight against it, are:

- High mortality rate (10 times higher than H1N1);
- large number of asymptomatic virus carriers;
- Lack of clinically confirmed drugs;
- long incubation period;
- High propagation rate;
- possibility of reinfection after recovery;
- the problem with understanding Covid-19 first of all, is that all research takes place literally in front of everyone;
- The time constraints of the pandemic make it impossible to reach agreement and smooth out differences, and this causes many problems.

So, the approximate conclusions of non-licensed studies attracted more attention from people than usual. Conflicting voices of individual scientists are heard. What seemed to us to know a year ago changed, a few - evolved, and something remained incomprehensible.

According to experts, at least 2 to 3 years are needed to restore the lost potential during the first to third waves of the pandemic COVID-19 Ukraine. Ukraine needs not so much to try to restore pre-endemic indicators, but to move on, making the necessary adjustments to the targets and including the necessary restrictions in daily life and using them in its own favor. Previously, the country was at the stage of active reform of the legislative framework and had at least some material resources for this and certain, more or less stable image in the international arena. During the pandemic, resources almost dried up, and not the maintenance of quarantine norms by citizens and the lack of control over compliance by the state led the EU to distrust Ukraine as a potential member of the community.

All this led to the fact that the country will not be able to regain its potential in less than 3 years, as the fiscal process of small and medium-sized businesses is actively taking place, and the country's GDP began to fall even before the pandemic, which indicates the inefficiency of this fiscal policy. The pandemic caused the effect of the "snowball," the closure of enterprises for quarantine entailed the closure of small and medium-sized businesses, and therefore a

reduction in solvent demand, which causes further bankruptcy of small enterprises. It is almost impossible to correct this with the existing economic strategy in the near and shortest possible time. Only a psychologically balanced reflexive attitude to global events and its own actions should become the basis for the effective functioning and social development of society after the pandemic.

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