

National Council for the Recovery of Ukraine from the War

Ukraine Recovery Plan

**Working Group for
"Economic Recovery and Development"**

July 2022

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Working Group for Economic Recovery and Development

Task: Economic recovery and rapid economic growth

Vision: "We will rebuild Ukraine as a strong, rich, technologically advanced country and sign the European Union Membership Agreement in December 2024"
(President of Ukraine Volodymyr Zelenskyy, 2022)

1. Key issues to be addressed in the Recovery Plan regarding the Economic Recovery and Development direction

1.1. Current status of the Ukrainian economy

Key indicators of the prewar economy

Ukraine's economy in recent years, despite the shortcomings of the commodity-based consumer model of development, has proven that it is able to withstand and adapt to significant force majeure circumstances.

Since 2014, Ukraine's economy has been operating in the environment of Russia's hybrid war against Ukraine and, having showed relative stability, quickly moved from the phase of crisis to the phase of recovery and growth.

Ukraine's GDP increased by 12 percent over 2016-2019 (after a 15.8 percent declined over 2014-2015).

During 2021 and in early 2022, the economy overcame the effects of the ongoing COVID-19 pandemic, and although not yet fully recovered from the shock of the hybrid war unleashed by the Russian Federation in 2014, and being further weakened by the pandemic, thanks to the anti-crisis and encouraging programs of the Government, the economy adapted to the constraints caused by quarantine measures and developed the ability to absorb shocks caused by rise in global energy and food prices, preserving its macro-stability and positive development dynamics.

The most effective Government solutions include:

business support programs (*business received UAH 65 billion under the Affordable Loans 5-7-9% program and UAH 6.5 billion under quarantine programs*);

financial support of job creation (*400,000 new jobs were created*);

efficient management of state property and privatization, in particular *the reform of corporate governance was introduced at the public economy sector, including in TOP-15 state-owned companies, from which the state received tens of billions hryvnias in dividends, and more than UAH 5 billion were credited to the state budget due to intensification of privatization processes.*

Therefore, Ukraine ended the year of 2021 with a record-setting GDP of \$200 billion, \$6.7 billion of foreign direct investment and a 34.7% increase in exports of goods and services. All this allowed improving the welfare of the population; the real growth of the average nominal wage of full-time employees was 10.5%, and the overall real income of the population increased by 4.3%.

War impact on the economy

The full-scale war unleashed by Russia has changed Ukraine's economy.

Cumulatively (according to Advanter Group survey as of June 10, 2022), almost a half of the enterprises stopped (18.7%) or almost stopped (28.1%) their operations, total direct losses of SME are estimated at \$83 billion, business activity is reduced and exporters have scarce opportunities due to the blockade of ports, as the current logistics routes cover less than 20% of exports. More than 10 million Ukrainians (~25% of the population) have left their homes, including 7.5 million have gone abroad. Consequently, at least 3 million Ukrainians have already lost their jobs, and 53% of the population is at risk of losing their jobs (according to the UN). The unemployment rate is estimated to have risen above 30%. The level of wages according to expert estimates fell by 9 to 58% in various areas of economic activity, and the wage arrears exceeded UAH 3 billion.

The biggest losses are suffered:

- *due to the destruction of production facilities*: energy, housing and utilities, transport, metallurgy, oil refining, and defense industry enterprises;
- *due to the actual stoppage of investment projects* in view of the ultra-high investment risks – construction, machine-building industries;
- *due to the decrease in demand of the population*, which finds itself under occupation, in the area of active military operations or is forced to leave Ukraine (only because of the migration of more than 7.5 million citizens outside the country almost 20% of the demand is underdeveloped): economic activity in services and certain types of industrial activity (hotel and restaurant business, as well as economic areas related to creative industries, in particular the production and distribution of movies and video films, literature and publishing, art, architecture and design, advertising agencies, operation of theater and concert halls, museums, light industry);
- *due to the destroyed transport infrastructure, blocked ports, restrictions on cross-border currency payments* (except for payments for critical imports) more than 50% of exports were lost during the three months of war, which, given the significant share of agro-industrial products in Ukrainian exports, also largely threatens the global food security;
- *due to the narrowing of the range of domestic goods and the shortage of imported energy resources*, the pressure on inflation and the exchange rate is increasing.

The biggest shock of Russia's full-scale invasion of Ukraine occurred in March 2022. The Ministry of Economy, using the indirect calculation methods and simulation tools, estimated a 47-50% drop in GDP in March 2022 (vs March 2021), which entailed a 15.1% drop in the first quarter according to the State Statistics Committee.

However, as of mid-May 2022, we can already say that Ukraine's economy continued to function despite the large-scale hostilities in the country.

Certain sectors of the economy, such as public governance and defense, banking, information and communication technology, food industry, retail trade, healthcare and education continued to operate. Due to the deep penetration of digitalization processes, the temporary pause in the activity of these sectors was short or nonexistent.

Already in April, against the background of a change in the geography of combat actions, the gradual return of people to their homes and the formation of new logistics routes the list of industries, which began to restore their activity, started to expand to add at least agriculture, transport and construction.

Governmental support programs and actions to stabilize the socio-economic situation during martial law

The new wartime economic policy, the key elements of which were the following, also contributed to the business revival:

- a business relocation program;
- placement of a state order for products;
- implementation of a number of important deregulation decisions;
- a new tax policy aimed at reducing the fiscal burden on businesses;
- interest-free lending programs for all areas of business;
- the program of cash payments for internally displaced persons (IDPs) "e-Support".

To support the population, programs were introduced to compensate employers for the wages of internally displaced persons and assistance to internally displaced persons; compensation was provided to families sheltering the internally displaced persons; payment of all subsidies, benefits, and cash social allowances assigned to people was ensured; and the procedure for granting unemployment benefits and registering the unemployed with the State Employment Service under wartime conditions was simplified. The support programs introduced by the Government mitigated the shock effects of the full-scale war on the economy. According to the survey of the SME in Ukraine carried out by Advanter Group, while 73.8% of the enterprises have stopped working completely on March 11-13, 2022, there were only 21.6% of them on April 11-13, 2022 (vs 53.9% at the beginning of the third decade of March), and 20.6% on May 05-07, 2022. At the same time, 15% of enterprises have not changed or expanded their operations vs February 23, 2022.

Therefore, according to estimates of the Ministry of Economy, the drop in GDP in April-May 2022 was less than in March, although, definitely, it is still quite significant given the ongoing war, i.e., 41-44%.

As for the prices, since the early days of the war the Government:

- has taken control of the issue of stabilizing the food supply, implemented the concept of a centralized order from producers of food and medicines, arranged funding through a reserve fund, and established international cooperation for the humanitarian supply of products;
- introduced regulation of prices for public utilities and a number of basic necessities for people, in particular, for basic foodstuffs (flour, pasta, bread, meat, milk, etc.) and certain groups of medicines. Moreover, the steps were taken to reduce the cost of fuel for cars, in particular, a new procedure for calculating marginal fuel prices was introduced, the excise duty on fuel was canceled and VAT rates were reduced from 20% to 7%, while the prices for premium fuel were capped.
- cancelled a significant portion of duties and VAT, and expanded the list of critical imports.

The above actions allowed avoiding systemic product shortages and unfolding of powerful inflationary processes during March. Further to that, the Government is responding to the current challenges:

in order to revive economic activity, the state regulation of prices has been relaxed since March 19, 2022 (the capping of trade markup on some food products was removed), and the procedure for declaring prices was simplified given the stabilization of the situation in the consumer market;

given the growing demand in the fuel market, in order to avoid imbalance, on April 29, 2022, it was decided to update the state regulation of prices for petroleum products and the capping of trade markups was increased, which will solve the current issue of fuel shortages in the market.

Such actions have created more room for price increases, but this is a price for the increased availability of goods in the market, which entered a stage of adaptation to the

new conditions, without the rigid intervention of the state, and this stage is quite successful. In April-May, the consumer inflation slowed down to 3.1% and 2.7% respectively vs 4.5% in March.

So, despite all the difficulties, Ukraine managed to maintain relative macroeconomic stability under the conditions of war and to overcome a large-scale stoppage of production and the outflow of labor resources caused by the relocation of people to safe places, having actually reversed these processes.

1.2. Key challenges

However, the war is not over, so businesses and our citizens will continue to experience its adverse impact. If the war continues until the end of 2022, 30% of Ukrainians may fall below the poverty line. *According to forecasts, the fall of GDP by the end of the year may reach 30-35%*. The budget deficit by the end of the year could exceed \$35 billion. The total direct and indirect damage to the Ukrainian economy has already reached \$600 billion and will continue to grow.

Military challenges Ukraine needs to respond to in the near future:

- *complete or partial shutdown or bankruptcy of commercial companies* due to destroyed facilities, loss and narrowing of the sales market in Ukraine, as well as abroad, and non-performed external contracts, including due to currency restrictions;
- *high unemployment rate, massive outflow of workforce abroad* and the risk of non-return of a significant part of Ukrainian citizens who went abroad in search of a temporary shelter from armed aggression;
- *changes in the workforce balance by region*;
- *blocked ports and narrow logistics*, which will continue to hinder the development of exports;
- *the destruction of supply chains* for raw materials and finished products;
- *decrease in the activity of banks* and freezing of investment projects

Challenges inherited from the flaws of the Ukrainian peacetime economy, which will also need to be responded to rebuilding and developing a new Ukrainian economy, which will have high characteristics of sustainability, European integration and economic independence:

- *commodity-based model of development*, which forms a non-parity foreign economic exchange and restrains economic growth;
- *outdated (underinvested) economy*, which reduces the competitiveness of industries due to the persistence of significant material and energy intensity of production;
- *low diversification of energy supplies* by country of origin;
- *excessive and outdated regulations* and burdensome procedures for businesses to obtain government services;
- *excessive fiscal burden on business and the population* (exceeding 45% of GDP);
- *limited access to credit and budgetary resources*, especially for SMEs;
- *low ability of small and medium-sized enterprises to export* products;
- *significant resistance of certain social institutions to economic reforms*;
- *archaic labor legislation*, formed based on the "Soviet" principles of the industrial economy, extremely ineffective in the realities of economic transformation and martial law;
- *a significant imbalance between supply and demand in the labor market*;
- *weak ability of state institutions* to enforce competitive conditions.

Challenges Ukraine must respond to on its way towards the EU integration,

internal:

- *compliance with the Copenhagen Accession Criterion: "Effective Market Economy"*, i.e., a reliably functioning market economy that is fully compliant with the economic governance system of the European Union;
- *creating conditions for deeper economic integration* with the European Union and accessing the EU Single Market;

external:

- *lack of the unanimous political support for Ukraine's European perspective among EU member states*. Skepticism requires additional political and diplomatic efforts on the bilateral track of relations;
- *the need to complete the pre-accession negotiations and to sign the Membership Agreement within the framework of the European Commission's current term of office* (until December 2024);
- *the length of the membership acquisition process*, about 10 years, which is unacceptable for Ukraine.

1.3. Key opportunities:

Ukraine has the potential to respond with dignity to all these challenges, both new and inherited, on the way towards EU integration. The whole period of our struggle for independence with the losses we have suffered: human, industrial, loss of markets and traditional partners, has not destroyed the economy of Ukraine. While losing some of our traditional advantages, we gained new ones.

Ukraine today has strong and still preserved traditional opportunities for development:

- *available own raw materials*, in particular ore and crop products (rich fertile black earth and a favorable climate), the increased processing of which will help change the commodity-based nature of the economy;
- *diversified production*, allowing to channel the growth energy of some industries towards the development and creation of others, and the upgrading of which in many sectors does not require the creation of production cycles from scratch; the re-equipment and expansion of certain production lines only will be needed;
- *geographical location*, contributing the arrangement of fast logistics and, respectively, realizing the potential of export to European countries;
- *rich intellectual capital of the country*, which in tight correlation with the creation can ensure the implementation of modern technical and technological innovation;
- *affordable electricity* at a lower price than in Europe, with a significant share of "green" energy.

In the process of post-war reconstruction, transformation and development, Ukraine has much to gain through the support of partner countries, namely:

- *accession to the EU*, which can guide post-war reconstruction efforts in Ukraine;
- *the extension of four freedoms (criteria of the European Economic Area) to Ukraine, i.e.*, free movement of goods; free movement of services; free movement of capital; free movement of labor;
- *full integration of Ukraine into the EU*, which could contribute to the EU's strategic dominance: security resilience (defense capabilities, cybersecurity, soft power are the political factors affecting the economy); a stronger economy (potential for Asian business to move to Ukraine, diversification of supply chains, reduced supply shoulder); collective know-how (innovation hub, human capital, European unity);
- *potential investment of significant resources by partner countries in the recovery of the economy of Ukraine*, which will contribute to addressing the issues of upgrading the

production facilities and reducing the material and energy intensity of production, as well as extension of value-added chains across Ukraine;

- *high level of IT development in a wide range of economic spheres and fast growth of creative industries* with a high value-added multiplier;
- *taking of certain niches in foreign markets formerly occupied by Russia and Belarus*;
- *development of logistic routes across the western border*, the development of alternative maritime transport logistics for exports of Ukrainian products;
- *elimination of technical barriers for Ukrainian products* through the implementation of the EU acquis and the conclusion of the Agreement on Conformity Assessment and Acceptability of Industrial Products (ACAA) with the EU;
- *intense industrial development in the territory of Western Ukraine*, including through the processes of relocation;
- *electricity exports to the EU* (via ENTSO-E);
- *achievement of energy independence* in terms of gas and light oil products;
- *expansion of Governmental and international programs to support business* (including the creation of microcredit and grant lines);
- *dissemination of modern and environmentally friendly technologies of production* and business practices, including among SMEs;
- *creation of conditions for the emergence of new business*, including through the realization of creative and entrepreneurial potential;
- *increased workforce mobility*;
- *development of entrepreneurial activity* and introduction of new active programs in the labor market;
- *increased access to labor markets* through the development of international cooperation in the field of employment;
- *development of the smart economy*, an inclusive labor market and the creation of ergonomic workplaces for people with disabilities

1.4 Key constraints on economic development:

The war has limited the potential of some conventional and novel capabilities.

First. *High risks will persist* in Ukraine for a long time, *both because of the uncertain nature of the war* – no one knows when and how the war will end – and *because of the possibility of renewed military conflicts* in the territory of Ukraine until a qualitatively new and reliable collective security system is in place. This will restrain the free inflow of capital into the Ukrainian economy.

Second. *The inadequate rule of law and the associated excessively high country-specific risk* significantly increase the required minimum expected rate of return on investment and, therefore, reduce the investment attractiveness.

Third. *The excessive Governmental apparatus (the share of government spending as a percentage of GDP)* inherited from the Soviet times *limits economic growth*. Still, the possibilities for significant fiscal maneuvers are limited by the historically unprecedented level of state expenditures caused by an unprovoked war of the Russian Federation against Ukraine.

Fourth. *The immense financial expenditures incurred by the state of Ukraine, each citizen, and each entrepreneur further reduced the limited domestic financial capacity* of both the banking system, the stock market, and the state budget that existed before the war. The impact of this factor will persist until the full economic renewal.

The following institutional constraints will also be significant:

low loyalty of workers *to the reforms* with an active position of resistance taken by trade unions, a lack of understanding of changes and needs of the modern labor market by

trade unions, limited employment opportunities for persons with disabilities, especially given an increased number of young persons with disabilities due to the war;
the need for strict compliance with the EU laws (EU acquis), comprehensive implementation of the EU acquis into national law during the pre-accession period, a complete constitutional embargo (constitutional prohibition) on decisions at the level of laws and regulations contradicting the EU legislation.

There is also a *need for an "adapted" solution for Ukraine's EU accession process to address the specific challenges of post-war reconstruction*, i.e., financial support and institutional innovation.

2. Tasks, objectives, and stages of the Recovery Plan for Economic Recovery and Development

The too high price that Ukraine pays for the right to be an independent state now forces everyone – both Ukrainians and the world – to change. By changing together, we will also change the Ukrainian economy.

Our task: **Economic recovery and rapid economic growth.**

Objectives:

1. **RECOVERY:** to restore a safe environment for people to live and do business comfortably in Ukraine within 12 months after the end of the war
2. **GROWTH:** to ensure that Ukraine's GDP grows from \$200 billion in 2021 to \$500 billion in 2032 and that the economy continues to be able to generate high rates of economic growth
3. **EUROPE:** to reach full compliance with the economic criterion of membership in the European Union and to become a full EU member. To maximize economic relations with the G7 states outside the EU.

Key reforms:

1. **Structural transformation of the economy through accelerated development of the processing industry** (attracting investment, increasing exports, import substitution)
2. **Revivification of SMEs due to deregulation**, reduced tax burden, increased access to knowledge, markets, capital, and the creation of a comfortable environment for doing business
3. **Reform of the labor market** through the introduction of market-based relations between employees and employers
4. **Implementation of the economic part of the Association Agreement between Ukraine and the EU**
5. **Reform of state-owned property management:** privatization and corporate governance
6. **Market reform**, reduced influence of monopolies and de-oligarchization of the economy
7. **Law enforcement system reform** in the field of economic crimes

2.1. Short-term tasks and activities of the stage "Wartime Economy: All for Victory!", June–December 2022.

Task 1.1. To resume the activities of enterprises as quickly as possible, ensuring the build-up of supply in the market.

Task 1.2. To simplify the regulatory environment and to expand business support programs with a focus on SMEs

Task 1.3. To support business in maintaining and expanding the employment, to encourage the return of citizens from abroad

Task 1.4. To launch the ESB as a key body to combat economic crime

Task 1.5. To start the negotiation process for Ukraine's membership in the EU and to pursue Ukraine's integration into the EU economic space

Task/Objectives/Activities
Strategic task: RECOVERY
Task 1.1 To resume the activities of enterprises as quickly as possible, ensuring the build-up of supply in the market
<p>Activity 1.1.1 Provision of a state portfolio guarantee for 100% reimbursement of the loan for the restoration of fixed assets, including at the expense of international donors.</p> <ul style="list-style-type: none"> • The company restoring its assets shall be entitled to obtain an unsecured loan for the restoration of destroyed fixed assets • The bank shall secure its own risks under the loan issued by the state portfolio guarantee for 100% of the amount issued
<p>Activity 1.1.2 Leasing program for production equipment:</p> <ul style="list-style-type: none"> • Program of financing the production equipment leasing at 5% for 7 years (with 6 months of the grace period).
<p>Activity 1.1.3 Relocation of enterprises to safe areas of Ukraine: compensation of transportation costs, priority settlement of employees, preferential lending at the expense of the state, local and regional budgets, grant assistance.</p>
<p>Activity 1.1.4 Abolition of critical import restrictions: abolition of currency restrictions on critical imports with simultaneous return of customs taxes to pre-war status</p>
<p>Activity 1.1.5 Implementation of the policy for the procurement of goods, works and services for recovery through Prozorro:</p> <ul style="list-style-type: none"> • All procurements for the recovery, including at the expense of donor funds, shall be made through the Prozorro system; • In procurements at the expense of donors, it is recommended to apply a preferential correction of 15% to the bid price of Ukrainian bidders
<p>Activity 1.1.6 Creation of the Prozorro.Aid platform for direct assistance to businesses from companies/entrepreneurs to restart business (similar to the peer2peer lending system).</p>
<p>Activity 1.1.7 State production order and preferential crediting for procurement of critical engineering products (construction equipment, agricultural, transport engineering, school buses, etc.), state order for production of light industry goods to meet the needs of the AFU.</p>
<p>Activity 1.1.8 Cancellation of import duties on raw materials and inventories that are not produced in Ukraine or are produced in quantities significantly smaller than needed by industries, according to the list defined by the CMU.</p>
<p>Activity 1.1.9 Provision of tax and customs privileges for the recovery of destroyed/damaged industrial enterprises, similar to the privileges for industrial park members: channeling the income tax to rehabilitation projects (for 10 years), cancellation of VAT and import duty on new foreign equipment and components,</p>

reducing the cost of external financing through the provision of state guarantees; covering of a part of the interest paid on loans.

Activity 1.1.10 Extending the moratorium on the application of trade protection measures to the trade in Ukrainian products (including metal products) by reaching agreements with trading partners.

Activity 1.1.11 Organization of transparent work on the timber market: finalization (in view of the proposals made by specialized associations) and adoption of the draft Law of Ukraine on Timber Market in order to prioritize the provision of raw materials to domestic wood processors.

Activity 1.1.12 Confirmation of compliance of the logging in Ukraine with the EUTR regulations:

- negotiations with the European Commission (to guarantee that logging complies with the approved forest management plans, all logging processes are supervised, logging tickets are issued, etc.);
- development of a mechanism under which the State Forestry Agency will provide access to classified data for third parties (auditing organizations/company auditors) at the official request without the possibility of further dissemination of such data.

Activity 1.1.13 State guarantee and/or war risk insurance.

- The enterprise restoring the destroyed production facilities shall receive a state guarantee to cover expenses in the case of repeated destruction as a result of military operations. It is detailed in the section of the "Financial system operation, reform and development" group in paragraph 2.1.1.

Activity 1.1.14 Increased supply on the road freight transportation market. Increase Ukrposhta's own fleet by 700 trucks to overcome the shortage of supply in the intercity freight transportation market.

Activity 1.1.15 Introducing a rule on the sale of certain types of raw materials by extraction companies exclusively on organized commodity markets (exchanges) in Ukraine.

- Amending the Resolution of the Cabinet of Ministers of Ukraine on approval of the list of goods to be sold exclusively on organized commodity markets as appropriate

Activity 1.1.16 Setting quotas and banning the export of scarce raw materials from Ukraine, in particular:

- Introduction of a complete moratorium on the export of scrap metal from Ukraine (in all directions without exception for the duration of martial law in Ukraine) and for six months after its official termination
- Amending the Law of Ukraine on Peculiarities of State Regulation of Activities of Entrepreneurial Entities Related to the Sale and Export of Timber to prohibit the export of untreated timber (industrial timber (IT) and non-industrial timber (NIT) in the form of logs, cord woods) outside the customs territory of Ukraine in the customs export regime during martial law and for one year after its end or cancellation.

Activity 1.1.17 Reducing the market power of retail operators through the state regulation of retail sales by adopting a relevant law (in order to reduce the market

power of retail chains in relation to suppliers). Regulation of the deadlines of payment for delivered products and basic delivery terms and conditions.

Activity 1.1.18 Preparation for privatization of state non-strategic assets. Approval of the list of state strategic assets. Simplification and acceleration of the procedure for transferring enterprise assets from the management bodies to the SPFU, based on clear criteria excluding ambiguous interpretations. Adoption of a quick procedure for selling all other assets with an obligation to resume the company's operations (with a 3-5 year commitment regarding the commodity output).

Activity 1.1.19 Centralized function of the owner of state strategic assets and consolidation of such assets to improve the efficiency of their management. Establishment of a business asset management company, which will be created in line with OECD requirements and will centralize the management of assets in accordance with individual industries/divisions. Depriving ministries and agencies of business management functions inappropriate to them by the end of 2022. Termination of the legal form of state-owned enterprise.

Activity 1.1.21 Introduction of the management of public sector entities in accordance with the OECD guidelines for corporate governance at enterprises where the state is a shareholder (founder, member). Adoption of amendments to the laws on management of state-owned property and improved corporate governance of legal entities where the state is a shareholder (founder, member).

Task 1.2 To simplify regulatory environment, expand business support programs focused on small and medium-sized businesses

Activity 1.2.1 Introduction of efficient regulation through deregulation based on the principles of a risk-oriented approach:

- Promotion of declaratory principle of business startup
- Introduction of a moratorium upon inspections, replacement of inspection activities with insurance and audit
- Transition to inspections based on risk-oriented approach only, with the usage of risk analysis program methods
- Launching a large-scale deregulation
- Establishing the foundation for business self-regulation development

Activity 1.2.2 Additional content for Diia.Business portal regarding support for businesses, increase of specialized consultation on activity licensing, supervision/control, disclosure of relevant information on the existing support from the government and international partners.

Activity 1.2.3 Introduction of the declaratory principle regarding permits for all types of construction works at production sites within their territory, as well as for construction of agricultural processing companies on agricultural lands.

Activity 1.2.4 Development of financial instruments upon demand:

- Affordable mortgage 7-10-20 (7% per annum with the 10% first deposit for 20 years), including mortgages aimed to stimulate hired workforce to return.

<ul style="list-style-type: none"> • Affordable financing to purchase commercial real estate (financial leasing)
<p>Activity 1.2.5 Development of cross-interaction (twinning) between clusters, communities, and regions (inside Ukraine and with allied countries) via a cross-platform.</p>
<p>Activity 1.2.6 Provision of banking guarantees to Ukrainian manufacturers to participate in international procurements. Details in section of "Financial System Operation, Its Reformation and Development" group, clause 2.1.6.</p>
<p>Activity 1.2.7 Introduction of a micro grant program for small and medium-sized-businesses (non repayable) in two tranches:</p> <ul style="list-style-type: none"> • <i>first</i> – to cover urgent needs for business operation; • <i>second</i> – in case of creating new jobs.
<p>Activity 1.2.8 Expansion of the 5-7-9% program for small and medium-sized businesses:</p> <ul style="list-style-type: none"> • program to access cheap debt capital; • long-term lending; • simplified access for small and medium-sized businesses to governmental support through expansion of the list of business entities not restricted in governmental support provision; • improvement of mechanisms to provide state guarantees to small and medium-sized businesses.
<p>Activity 1.2.9 Introduction of a declaratory principle to register individual entrepreneurs through a special mode where an entrepreneur is registered under a declaratory principle and pays a fixed amount per month for patent only (taxi drivers, refurbishment services, caregivers etc.).</p>
<p>Task 1.3 To support businesses in preservation and increase of employment, stimulate citizens to return from abroad</p>
<p>Activity 1.3.1 e-Booking project</p> <ul style="list-style-type: none"> • Online application for booking • Ministry of Defense approval within 24 hours • Tacit consent principle • Uniform database of booked employees • Marginal conscription percentage per company • Booking deficit military professions for managing positions (no more than 10% of the company staff) • Booking option for individual entrepreneurs who paid taxes and single social tax in the last 6 months • Expansion of the list of booking options to book legal entity employees regardless of form of ownership, not limited by mobilization task only (Article 25 of the Law of Ukraine "On Mobilizational Preparation and Mobilization")
<p>Activity 1.3.2 e-Business Trip project</p> <ul style="list-style-type: none"> • Uniform database of individuals liable for military service who go on business trips abroad + online upload of business trip orders and other documents • Fixed duration of business trips

- Cash collateral for an employee on a business trip (30 minimal salaries)
- Disqualification of company directors from executing business trip orders abroad in case of non-return
- Business trip duration no more than 14 days
- Number of employees on business trips – no more than 10% of the average-level company staff in the last 3 months (no more than 20 persons)

Activity 1.3.3 e-Job Vacancy Marketplace project

- Joint project of the State Employment Service and private employment agencies
- Fast staff selection by the State Employment Service
- Automated CV creation
- Mandatory publication of CVs for IDPs and other social beneficiaries

Activity 1.3.4 Liberalization of labor legislation through transition to contractual regulation of relations between employers and employees:

- For enterprises with up to 250 workers – on permanent basis;
- For enterprises with over 250 workers – for the period of post-war renovation.

Activity 1.3.5 Compensation for employer's labor costs in employing IDPs as a result of combat operations during martial law in Ukraine (*payment of compensation to employer in the amount of UAH 6,500 per month for 2 months of IDP employment*).

Activity 1.3.6 Introduction of short-term reskilling programs for IDPs, matching IDP work profile with vacancies available on the market.

Activity 1.3.7 Update of the state education process principles starting from 2023, considering the challenges of martial law economy. Approval of the Procedure of qualification certification and awarding qualification to persons acquiring professional (technical) education.

Activity 1.3.8 Introduction of grants for temporary accommodation rent for citizens with children who temporarily moved abroad due to military aggression, and who list housing in Ukraine, or whose housing requires major overhaul.

Activity 1.3.9 Introduction of paid public and community service works for unemployed, including those who returned from abroad.

Activity 1.3.10 Development of fast reskilling programs for employees to change occupation and forward talent to sectors with larger demand as a part of solution to ease unemployment caused by war.

Activity 1.3.11 Application of superficies to rebuild property of housing and non-housing fund, social infrastructure etc. with imperative conditions of land use, fast transfer of ownership rights to the whole work results of unscrupulous real estate developers.

Activity 1.3.12 Improvement of interaction between the State and IDPs through the Diia portal, including those remaining in the occupied territories and active combat zones.

- Improved registration procedure for unemployed and improved procedure of unemployment benefit payments.

- Change of approaches towards selection of suitable job for unemployed by considering commuting, accessibility, and salary depending on the unemployment duration.
- Introduction of the Career Guidance Institute, including career consulting, specialized career consulting, and employer advisers at the State Employment Service.
- Change of approaches in the work with employers, filling available vacancy data base based on the new modern form of information submission convenient for employers.
- Introduction of a uniform vacancy portal on the State Employment Service resources through expansion of permanent cooperation and vacancy exchange with private employment agencies.

Activity 1.3.13 Improvement of the system of collective contractual regulation of social and labor relations. Introduction of the system of promotion of branch (interbranch) contracts and its individual provisions to cover all employers regardless of their form of ownership, who operate in the respective branch(es) (type(s) of economic activity).

Activity 1.3.14 Reduction of load upon employers, including investors, through establishment of equal requirements to wages and simplified procedure to obtain permits to use foreign workforce.

Strategic task: EUROPE

Task 1.4 To initiate the negotiation process regarding Ukraine's EU membership and continue integration of Ukraine in the EU economic space.

Activity 1.4.1 Special consultations with the European Commission (a special session of the Ukraine-EU Parliamentary Association Committee for trade) to define the amount of coverage within the frameworks of the future negotiation process in the following focus areas:

- Public procurement
- Free movement of goods
- Right of establishment and freedom to provide services
- Corporate rights
- Intellectual property rights
- Competition policy

Activity 1.4.2 Special consultations with the European Commission and EU Member States (or the Presidency of the Czech Republic in the Council of the EU) regarding the future negotiation process in the following focus areas:

- Free movement of labor
- Economic and monetary policy
- Social policy and employment (in terms of employment)
- Entrepreneurship and industrial policy

Activity 1.4.3 Implementation of the economic part of the EU-Ukraine Association Agreement:

- Organization of Special Meeting of Ukraine-EU High Level Dialogue on horizontal matters and individual industrial sectors (Industrial Dialogue) to coordinate focus areas of EU support in re-launching relocated companies within a relocation program, remaining in the territory controlled by Ukraine.
 - Commencement of negotiations on ACAA Agreement.
- Work with the European Commission to obtain positive opinion on implementation of Public Procurement Roadmap Phases I and II (recommendation of the Ukraine-EU Association Committee for trade).

2.2. Medium-term tasks and activities of the stage "Recovery, Restart of Economy and Institutions", 2023–2025.

Task 2.1. To reduce regulatory and administrative load upon businesses and introduce new instruments of support for small and medium-sized businesses.

Task 2.2. To rebuild destroyed and damaged production facilities, build new production facilities, particularly for local raw materials processing, thus expanding added value chains in Ukraine.

Task 2.3. To facilitate full effective employment and maximizing personal potential in labor activities.

Task 2.4. To expand access to markets for high added value products, particularly to ensure full access to G7 and EU markets.

Task 2.5. To host pre-membership negotiations, deepen economic integration in the EU and sign a membership agreement in December 2024.

Task 2.6 To review the level of market concentration in key economic branches with consideration of actual control structure.

Task/Objectives/Activities
Strategic task: RECOVERY
Task 2.1. To reduce regulatory and administrative load upon businesses and introduce new instruments of support for small and medium-sized businesses
<p>Activity 2.1.1 Effective regulation of access to markets:</p> <ul style="list-style-type: none"> ● Ensuring practical implementation of business self-regulation processes, delegation of state functions to self-regulating organizations. ● Introduction of an exclusive list of regulation tools for market access based on risk-oriented approach, unification and digitalization of tools. ● Complete digitalization of permit and license issuance procedures. ● Uniform mechanisms of regulatory activities, including by means of experimental AI application to create regulatory effect acts.
<p>Activity 2.1.2 Transformation of state supervision:</p> <ul style="list-style-type: none"> ● Refocusing the state supervision (control) system from punishment to service approach (consulting, prevention, voluntary insurance). ● Improvement of the uniform electronic interaction system – introduction of a new functionality of the Informational Automated System for State Supervision and Control.

Activity 2.1.3 Improvement of mechanism to protect businesses from the state:

- Institutionalization of the Business Ombudsperson Council
- Renewal of Annual Business Cost Assessment, polling by Regional State Administrations (Regional Military Administrations) and territorial communities on business development, needs and support programs, preparation of research of entrepreneurship and export development
- Ensuring equal tender conditions for VAT payers and non-payers

Activity 2.1.4 Expansion of business support programs:

- Extending the practice of supply chain financing (factoring, reverse factoring, loans against stock etc.).
- Development and adoption of legislative framework to create conditions for operation of alternative business financing sources (peer-to-peer, crowdfunding).
- Launching a program for banking institutions to finance exporters including through the mechanism of export credit agency.

Details in section "Financial System Operation, Its Reformation and Development", clauses 2.1.6, 2.1.7

Activity 2.1.5 Reduction of tax load upon businesses:

- Replacement of vast fiscalization (payment operations register and electronic payment operations register) with fiscalization by the criterion of limit excess risk-taking.

Strategic task: GROWTH

Task 2.2. To rebuild destroyed and damaged production facilities, build new production facilities, particularly for local raw materials processing, thus expanding added value chains in Ukraine.

Activity 2.2.1 Rapid development of new private industrial production facilities on the basis of investment menu offered by the State, within the frameworks of economic indicative planning. Planning demands, available production capacities and raw materials, calculation of the necessary new capacities and raw materials, shaping a set of incentives and guarantees for investors¹ to transform the energy of growth of some branches into the development and emergence of new ones.

Activity 2.2.2 Development of industrial park networks, including:

- Design of production facilities in the territory of industrial parks.
- Extension of the list of features of entities where industrial parks could be established, including facilities of existing industrial sites (brownfield).
- Introduction of an option to register industrial parks by not only newly-founded legal entities but also those already in operation, on condition of establishing new production facilities to obtain a legal status of an industrial park.

Activity 2.2.3 Creating conditions for inflow of tech companies to Ukraine and cooperation of foreign customers with domestic entities:

- Proactive engagement of investments from international companies to establish R&D departments and offshoring of IT departments in Ukraine.

¹ Tasks and measures of state policy aimed to stimulate and create favorable conditions for structural transformations and development of agricultural and industrial complex, construction, power engineering, mining industry, creative industries, as defined in the respective sections of this document.

- Establishment of R&D tech parks that will provide a space for cooperation/collaboration and a supporting infrastructure for entrepreneurs.

Activity 2.2.4 Creating a national economy structural transformation fund (Reconstruction and Development Bank) to provide financial and credit support for new highly productive manufacturing facilities/modernization of existing facilities in processing industry.

Activity 2.2.5 Launching a program to support machine-building companies (railcar building, ship building, instrument engineering, car building etc.) to establish production of critical assembly branch of the machine-building (railcar building, ship building, instrument engineering, car building) industry, inter alia, to replace imported components produced in the Russian Federation.

Activity 2.2.6 Creating conditions for post-war renovation of steel industry:

- Increasing the share of "green production" of steel industry (focus on production of high-quality steel and metal to be exported to foreign markets).
- Extension of liberalization of metal and metal products trading with the G7 and EU countries for 10 years (specifically in the part of moratorium to apply anti-dumping duty and other trade protection measures).

Activity 2.2.7 Active integration of domestic software products in economic sectors and public administration:

- Implementation of smart technologies to restore and upgrade infrastructure branches.
- Grants and loans to stimulate introduction of digital technologies in public administration at community level.
- Creation of state sponsorship to develop innovative IT products (focused on military-tech and agrotech)).

Activity 2.2.8 Reduction of fiscal load upon businesses and population to the level that stimulates economic growth, namely no more than 30% of GDP

Activity 2.2.9 Ensuring individual companies from TOP 15 of state enterprises go public (non-controlling stock, no more than 49% of authorized capital)

Activity 2.2.10 Privatization of all state non-strategic assets

Activity 2.2.11 Completion of centralization of ownership role and consolidation of state strategic assets by increasing efficiency of management for such assets

Task 2.3. To facilitate full effective employment and maximizing personal potential in labor activities.

Activity 2.3.1 Introduction of new active employment programs and monitoring of their effective implementation as a tool to prevent job cutting and unemployment in case of production decline.

Activity 2.3.2 Introduction of a mobility program by providing support in moving to a job in another region. Extension of contractual frameworks with the EU Member States

on mutual recognition of qualification and social security for mutual recognition of periods of insurance.

Activity 2.3.3 Opening of a national labor market for highly qualified foreign specialists.

Activity 2.3.4 Introduction of new instruments in the operation of the State Employment Service to stimulate (expand) cooperation with employers through the application of individual approaches and IT:

- Provision of employment online for the unemployed.
- Tracking the employment of unemployed for 2 years after hiring.
- Change of approaches in the operation and structure of the State Employment Service aimed at providing high-quality customer-oriented services (maximal digitalization of services provided by the State Employment Service).

Activity 2.3.5 Introduction of an economic reintegration program for citizens of Ukraine who worked abroad for a long time. Establishing an interactive informational resource to inform Ukrainian labor migrants on employment conditions, activities of private employment agencies, opportunities to return and find jobs, providing links to official foreign web resources in the respective subjects.

Activity 2.3.6 Establishment of a modern informational and analytical system of the State Labor Service of Ukraine. Automation of processes based on data of hosted control measures and review of applications from citizens and employers, preparation and automation of electronic document processing between departments of the State Labor Service of Ukraine and its territorial agencies, as well as digitalization of administrative service provision.

Activity 2.3.7 Settlement of operation of private employment agencies, introduction of international standards (transition from licensing to certification of all private employment agencies) by adoption of a respective draft law. Establishing a register of employment agencies (providing employment in Ukraine and abroad, and also providing out staffing services).

Activity 2.3.8 Development of a system of education and training for adults, provision for further development of informal education and professional qualification confirmation:

- Introduction of training in partial occupational qualifications.
- Development and introduction of occupational standards.
- Development of National Classifier DK 003 "Classifier of Occupations" according to the International Standard Classification of Occupations (ISCO-08).
- Revision of the list of occupations and specializations where a training voucher may be issued to maintain competitiveness on the labor market in conditions of post-war economy recovery.
- Introduction of remote and dual forms of occupational training for the unemployed.
- Introduction and implementation of an experimental project for using an informational labor market system in Ukraine to monitor the labor market development indicators.

Task 2.3.9 Regulation of household economic activities through development and approval of respective draft law.

Task 2.4 To increase access to the task markets for products with high added value, in particular, to provide for full access to the G7 and EU markets.

Activity 2.4.1 Enhancement of the innovative activity of the producers. Financial stimulation of cooperation with research institutions and higher education establishments, introduction of the research tax credit, support of participation in the EU programs, export crediting and insurance programs expansion. Detailed in the group section "Financing of the financial system, its reforming and development", items 2.1.6, 2.1.7

Activity 2.4.2 Carrying out of the "Trade with Ukraine" communication campaign, organization and financing of joint stands at the priority international exhibitions with branding of the "Trade with Ukraine".

Activity 2.4.3 Providing for transition to innovative economy with the use of digital technologies:

- development of innovation priorities for providing for transition to innovative economy;
- creation of conditions for development of export of products and innovative economy technologies;
- development of an innovative economy recovery stimulation system (realization of the relevant incentives in the budget and tax as well as monetary and credit policy, tasked (concessional) crediting of the innovative lines of development according to the innovation priorities, fiscal stimulation of the startups, innovative and pilot enterprises;
- improvement of the intellectual property protection system.

Activity 2.4.4 Improvement of export promotion services for Ukrainian producers through the SE (state enterprise) "Entrepreneurship and Export Development Office", in particular, in respect of carrying out export readiness assessment, foreign markets analysis, consulting for development of the export potential, looking for partners on the foreign markets, consultations in respect of participation in international public procurement etc.

Activity 2.4.5 Provision of exporters with financial resources:

- In the sphere of provision of services: partial state financing of the IT startups oriented towards foreign markets, through the Innovations Development Fund;
- In the sphere of production of goods: through the Export-Credit Agency which shall provide for financing through the mechanism of a quasi-state guarantee for realization of short-term and long-term projects.

Detailed in the group section " Financing of the financial system, its reforming and development", item 2.1.6

Activity 2.4.6 Providing for access to the product markets, in particular, full access to the G7 and EU markets:

- complete opening of the G7 and EU markets for Ukrainian goods;
- state support in goods certification abroad;
- filling with Ukrainian products of the G7 and EU market niches which were held by the products from RF (Russian Federation) and RB (Republic of Belarus);
- structured dialogue with the EU in respect of using an individual approach to the Ukrainian producers within the framework of implementation in the future of the Carbon Border Adjustment Mechanism (CBAM);
- removal of any technical barriers to integration of Ukrainian producers into the Single European Green Market, in particular, by expansion of the relevant certification and conformity confirmation procedures, improvement of the level of awareness of the producers in this sphere, support of the producers of more environmentally friendly products, improvement of the ability of the Ukrainian producers to take part in the green (power-efficient, sustainable) public procurement.

Activity 2.4.7 Improvement of the investment environment. Ratification of the Convention on Recognition and Enforcement of Foreign Court Judgments in Ukraine.

Activity 2.4.8 Stimulation of transition to biotechnological industrial methods and products. Carrying out monitoring and stimulation of enterprises using the biotechnologies and biochemical production.

Activity 2.4.9 Development of the Ukrainian forestry, reduction of the raw materials cost price:

- renewal of the State forests management strategy for up to 2035;
- implementation of the mechanism of transfer of forests title from communal property to public domain and approval of the unified rules of forestry management for all users of forests;
- development and implementation of the program of upgrading and reforming of the sector of forestry (with involvement of international financial aid) which will be aimed at: planting of new forests and their maintenance, reforming of the sphere of wood procurement, 100% wood certification, purchase of new equipment and machinery for planting, maintenance of forests and procurement of wood;
- change of approaches in the sphere of state regulation of the activity of the forestry enterprises for directing more of their own resources to sustainable forestry management and reduction of the wood cost price by: revision of the forestry activity taxation systems, cancellation of some tax and rent types, direction of 50% of the profit of the forestry enterprises to upgrading of the equipment, forests multiplication (planting).

Activity 2.4.11 Organization of transparent work of the wood market and providing for the cascade principle of wood sales:

- development of the Law of Ukraine "On wood market" in respect of support of the Ukrainian wood processors and furniture manufacturers;
- providing for finalization of the electronic wood stocktaking and its recognition by the EU monitoring companies in Ukraine (as the basis for confirmation of the "due bona fide system" EUTR);
- introduction of the Wood Sales Regulations in respect of implementation of open and transparent procedures of sales on the basis of Prozorro.Sales.

Activity 2.4.12 Development of the Ukrainian production of critical components required for woodworking and furniture manufacturing industries (chemical raw materials for the plates manufacturing industry, production of decorative paper, furniture fittings, packing materials, mirrors, furniture glues and other components not produced in Ukraine), also by development and approval of the bill "On support of woodworking and furniture manufacturing industries in Ukraine" as well as tasked financial support programs.

Activity 2.4.13 Creation of conditions for development of talents and export in the sphere of creative industries: implementation of creative industries support activities that will provide for enhancement of the export and production capacity of the creative industries, creation of favorable law and tax regime for the sphere of creative industries (under the Diia.City model), support of infrastructure projects in the sphere of creative industries.

Strategic task: EUROPE

Task 2.5 To conduct pre-joining negotiations, extend economic integration with the EU and sign the membership agreement in December of 2024

2.5.1 Initiation and conducting of the negotiation process in respect of the EU membership of Ukraine. Work within the framework of the structured negotiation process and conducting of the pre-joining negotiations along the following lines:

"Basic provisions" cluster

Chapter 5 – Public purchases

"Domestic market" cluster

Chapter 1 – Free movement of goods;

Chapter 2 – Freedom of workforce movement;

Chapter 3 – Right of establishment and freedom of provision of services;

Chapter 6 – Corporation law;

Chapter 7 – Intellectual property rights;

Chapter 8 – Competition policy;

"Competitiveness and inclusive growth" cluster

Chapter 17 – Economic and monetary policy;

Chapter 19 – Social policy and employment (in respect of employment);

Chapter 20 – Entrepreneurship and industrial policy.

2.5.2 Implementation of the economic part of the Association Agreement between Ukraine and EU:

- harmonization of the technical regulation system, mutual recognition of the conformity certificates (visa-free regime for the industry);
- creation of a mutually open public purchases market for Ukraine and EU.

2.5.3 Creation of a multi-cluster mechanism of economic Ukraine – EU partnership:

- conducting of the updated High level Ukraine – EU dialogue in respect of horizontal issues and separate sectors of industry;
- implementation of strategic partnership in the sphere of raw materials;
- Ukraine's joining the Accumulator and Hydrogen alliances of the EU.

Task 2.6 To carry out review of concentration of the markets in the key sectors of economy taking into account the actual control structure

2.6.1 Development of the National strategy of development and protection of economic competitiveness in Ukraine

2.6.2 Improvement of the legislation on protection of economic competitiveness taking into account the standards and best European practices

2.6.3 Introduction of the system of dynamic indices and monitoring of the preconditions and the state of competitiveness of the environment in the national economy.

2.3. Strategic tasks and activities of the stage "Structural Upgrading and Comprehensive Integration into the EU" 2026–2032.

Task 3.1. To increase significantly export of processing industry products with a higher added value part

Task 3.2. To provide for transition of the economy to new innovative development trends

Task 3.3. To provide for functioning of a flexible and business-oriented regulatory system

Task 3.4. To provide for adaptation of the economy of Ukraine to the criteria required for integration with the EU, to gain full-fledged membership in the EU

Task/Objectives/Activities
Strategic task: GROWTH
Task 3.1 To increase significantly the export of processing industry products with higher added value part
<p>Activity 3.1.1 Giving additional impetus for accelerated development of the processing industry:</p> <ul style="list-style-type: none"> • introduction of export duties for the critical raw materials gradually within 3 years for enhancement of processing capacity; • cancellation of the VAT reimbursement for raw stock goods; • introduction of an export promotion regime for the processing industry products depending on the stage of processing.
<p>Activity 3.1.2 Building of a full cycle of furniture manufacturing. Upgrading and creation of enterprises engaged in production of components for woodworking and furniture manufacturing industries with deep raw materials processing and building of production chains for all components required for the industry. Simplification of the export of the Ukrainian woodworking industry products and furniture and systemic cooperation of the Government and the businesses with the key players on the furniture retail market (IKEA, JYSK etc.) for sustainable furniture manufacturing contacting growth in Ukraine.</p>
Task 3.2 To provide for functioning of a flexible and business-oriented regulatory system

Activity 3.2.1 Introduction of efficient regulation on the basis of the risk-oriented approach and the principles of the Small Business Act for Europe in respect of regulation and support of the SMB (small and medium businesses):

- introduction of systemic monitoring of the efficiency of regulatory acts;
- review on the basis of the results of monitoring of the normative and legal acts, market access instruments on an on-going basis.

Task 3.3 To provide for transition of the economy to new innovative development trends

Activity 3.3.1 Increasing the level of innovativeness of domestic products. Definition of the sectoral SMART-specialization in each region according to the EC methodology. Introduction of the mechanisms of realization of innovative industry and inter-industry priorities in the regions, also through a promotion system, in particular, on the 3S platform, and creation of the corresponding incentives

Activity 3.3.2 Building of the 4.0 industry ecosystem and clusterization. State support of the 4.0 industry sector development, acceleration of introduction of the 4.0 industry concept, support of development of cluster production chains and internationalization

Activity 3.3.3 Prioritization of the environmentally neutral production enterprises and closed cycle production enterprises. Development of mechanisms of stimulation of producers belonging to the "green" sector of export to the EU, stimulation of reconstruction of ruined industrial enterprises/infrastructure using environmentally neutral technical solutions

Activity 3.3.4 Full harmonization of the rules on the labor market with the EU standards

- introduction of analysis and forecasting of the need for workforce in the medium-term perspective;
- introduction of a system of analysis and forecasting of qualifications on the labor market on the basis of the BIG DATA program product;
- introduction of the National DK 003 "Classifier of professions" classifier according to the International standard classification of occupations (ISCO-08);
- harmonization of the occupational and education standards of Ukraine with the EU standards.

Activity 3.3.5 Creation of capabilities and building of cooperation of the SES (State Employment Service) with the employment services of the EU countries (exchange of information on labor migrants, access to vacancies, selection of workers for foreign employers on the basis of bilateral agreements between employment services).

Activity 3.3.6 Reduction of the number of permits, issue of a single document entitling foreigners and stateless persons to working and temporary residence in Ukraine.

Activity 3.3.7 Lessening of the state participation in the social dialogue

- non-interference of the state in the dialogue between the trade unions and the employers, departure from overregulation in the matter of regulation of collective labor contracts, lessening of involvement of the state;

- the state performs consulting on the issues of labor remuneration and labor relations exclusively in the budgetary sector.

Activity 3.3.8 Conclusion of agreements on mutual recognition of qualifications with all EU member-states as well as on social security for mutual acceptance of the insurance period.

Activity 3.3.9 Launching of a requalification (reskilling) program. Creation of a public-private marketplace platform for the labor market which will help to solve the main problems of the unemployed:

- finding a vacancy/profession corresponding to the skills or experience;
- understanding of the demand and supply trends and forecasts on the labor market;
- getting personalized vacancies;
- requalification for some other profession and, potentially, getting state financial aid for requalification training.

Strategic task: EUROPE

Task 3.4 To provide for adaptation of the economy of Ukraine to the criteria required for integration with the EU, to gain full-fledged EU membership

Activity 3.4.1 Realization of the pre-joining economic program taking into account the provisions of the Stability and Growth Pact as well as the EU economic management system which will be in effect during the period of preparation of the program of development/execution of the macroeconomic matrix. Preparation of the report on the progress in realization of the program.

3. Main expected results and key indicators of their measurement

3.1. Short-term expected results

"Wartime economy: Anything for victory!" stage, June – December of 2022.

- stopping the drop in goods production and provision of services
- urgent reconstruction of the partially or fully ruined industrial/infrastructure facilities
- restoration of the disrupted product supply chains
- maintenance of the control over inflationary processes
- transparency and openness of the process of purchases for the account of the donors in case of restoration projects
- prompt simplification of the existing regulatory environment
- better access of the persons remaining in the occupied territory and persons staying in the territory of military action to the services of the SESIDP (state employment service for internally displaced persons)
- preserving jobs

3.2. Medium-term expected results

"Recovery, restarting of the economy and institutions" stage, 2023-2025.

- increasing of the volumes of goods production (in the processing industry in the first place) and services, construction of new innovative enterprises
- development of the raw material base
- enhancement of the logistics capacity
- export development
- carrying out upgrading of the production facilities
- increasing of the science intensiveness of production
- employment growth
- foreign investments growth
- improvement of access to the "cheap and long" money for the SMB
- legalization of labor relations
- implementation of the norms of the European legislation in the sphere of economy
- fulfillment of all economic prerequisites for opening of the four freedoms for Ukraine in respect of free movement of goods, free movement of services, free movement of capitals, free movement of workforce and signing of the agreement on Ukraine's joining the EU (December of 2024).

3.3 Strategic expected results

"Structural Upgrading and Comprehensive Integration into the EU" 2026–2032

- jump from transition economy to developing economy
- full-fledged EU membership of Ukraine and completion of the European economic integration of Ukraine
- entry to the top-10 world metal, agricultural products and IT services exporters
- reduction of the resource intensity of the economy
- innovations development
- import substitution in the sphere of equipment and defense technology
- maximum digitalization of the interaction between the state and the economic entities
- completion of the Green Transition by Ukraine
- creation of a developed small and medium business ecosystem
- achievement of full employment of population
- improvement of the population welfare level
- reduction of the shadow economy down to an economically safe level

3.4. Key strategic target tasks accomplishment efficiency indices (by the task accomplishment periods)

Strategic targets/task	Task accomplishment periods			Key efficiency indices
	07.2022-12.2022	2023-2025	2026-2032	
Strategic task 1. RESTORATION				
To restore as promptly as possible the activities of enterprises providing for increase of proposition on the market				<ul style="list-style-type: none"> • Number of enterprises that were transferred and resumed activity in the safe regions • Industrial production index • Rate of change in the GDP volume • Business activity index • CPI
To simplify the regulatory environment, extend the existing business support programs with the focus on the SMB				<ul style="list-style-type: none"> • Additional volume of financial resources accessible for the SMB, billion UAH
To support the businesses in the issues of jobs preservation and employment growth, stimulate the return of citizens from abroad				<ul style="list-style-type: none"> • Number of persons employed through the SES • Number of IDPs (internally displaced persons) employed with the use of the program of compensation to the employer of a part of labor remuneration costs • Level of satisfaction with the SES services • Positive requalification (reskilling) program conversion factor
To lessen the regulatory and administrative load on the business and to implement new support instruments for small and medium businesses				<ul style="list-style-type: none"> • Average level of competitiveness in the purchases relating to restoration • Total estimated economy calculated according to the costs monetization method (economy for the business)
Strategic task 2. GROWTH				

<p>To reconstruct the ruined and damaged facilities, construct new production enterprises, in particular, for processing of local raw materials, expansion of the added value creation chains in Ukraine</p>				<ul style="list-style-type: none"> ● Processing industry production index, including: production indices in the mechanical engineering industry; metallurgical production, finished metallic articles production apart from machinery and equipment; foodstuffs, drinks and tobacco products; wood processing and production of articles from wood and cork apart from furniture; production of articles from straw and vegetable materials for weaving, manufacturing of furniture ● GAV ICT index (gross added value in the information and communication technologies) ● Share of the GAV ICT in the GDP ● Share of the processing industry in the GDP ● Share of the GFAA (gross fixed assets accumulation) in the GDP ● Fixed assets depreciation ● Complexity Index
<p>To provide for full employment in production, realization of the individual abilities in the labor activity</p>				<ul style="list-style-type: none"> ● Informally employed population by the end of the period ● Level of unemployment ● Number of employed aged 15-70 ● Level of participation in the workforce of population aged 15-70
<p>To improve the access to the markets of products with high added value, in particular, to provide for full access to the G7 and EU markets</p>				<ul style="list-style-type: none"> ● Rate of change in the goods export volumes ● Share of the foodstuffs, drinks and tobacco products in the export. Share of the mechanical engineering industry products in the goods export ● Share of the metallurgy products in the goods export ● Share of the furniture manufacturing industry products in the goods export ● Share of the ICT services in the export ● Volume of direct foreign investments ● Share of the scientific research and development costs in the GDP ● Share of the number of industrial enterprises that implemented innovations (products and/or technological processes) in the total number of industrial enterprises
<p>To increase significantly the export of processing industry products with higher added value part</p>				<ul style="list-style-type: none"> ● Place in the world producers rating (agro/metallurgy/furniture industry, ICT, DIS (defense-industrial sector))

<p>To provide for transition of the economy to new innovative development trends</p>				<ul style="list-style-type: none"> • GDP per capita (in fixed prices), US dollar • Share of the import in interim consumption • Level of the DGP digitalization • Place of Ukraine in the rating according to the Global innovation index • Work productivity in the industry • Human development index
<p>To provide for functioning of a flexible and business-oriented regulatory system</p>				<ul style="list-style-type: none"> • Share of the SME in the export • Percentage of the surviving enterprises established 5 years ago
<p>Strategic task 3. EUROPE</p>				
<p>To initiate the negotiation process in respect of EU membership of Ukraine and continue the integration of Ukraine with the economic space of the EU (or to provide for the most efficient implementation of the Association Agreement between Ukraine and the EU)</p>				
<p>To conduct pre-joining negotiations, extend economic integration with the EU and sign the membership agreement in December of 2024</p>				<ul style="list-style-type: none"> • Official notification of the EU party about the progress in negotiations [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on EU Enlargement Policy regarding Ukraine]
<p>To provide for adaptation of the economy of Ukraine to the criteria required for integration with the EU, to gain full-fledged EU membership</p>				<ul style="list-style-type: none"> • Decision of the European Commission, recommendations of the EP and the EU Council in respect of conclusion of the European Agreement with Ukraine (decision that will cover compliance with all Copenhagen criteria is beyond the limits of this subgroup) • Share of the EU countries in the goods and services export