Socio-economic and market overview - 2018

Ukraine
Approach and content

• **Data** – governmental (State Statistics Service of Ukraine, National Bank, Ministry of Social Policy, Pension Fund)

• **Timeframe** – 2018 or most recent available, trend analysis

• **Geographical coverage** – Ukraine with special emphasis on Donbas oblasts

• **Content:**
  - Economic trends
  - Income analysis
  - Social overview
  - Food consumption
  - Donbas details
  - Inflation and Market analysis
Ukrainian economy continued its gradual growth for the third year in a row with 3.2 percent GDP increase in 2018.
The size of Ukrainian economy in 2018 is close to 2005 and 2009 level. However, in calculations of 2018, it does not include Crimea and Donbass NGCA.
GDP of Ukrainian oblasts in 2017 when compared to 2013, %

Economy of some oblasts has recovered from crisis already in 2017, while Ukrainian economy on average is 12% lower.
A remittance is a transfer of money by a foreign worker to an individual in their home country.

Remittances play an important role in economy of Ukraine and are estimated to 9% to GDP in 9m-2018.
Average real salary change to previous year, %

Real salary is a salary adjusted for inflation.

With current rate for 2018, real salary in 2018 could reach higher than pre-crisis level of 2013.
Social benefits and minimum salary dynamics in 2015-2018

*as the end of the year

<table>
<thead>
<tr>
<th></th>
<th>Average pension</th>
<th>Minimum pension</th>
<th>Min. unemployment payment</th>
<th>Minimum salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>+57%</td>
<td>+39%</td>
<td>+31%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td>+170%</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Social benefits for IDPs dynamics, UAH

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>for able-bodied person</td>
<td>442</td>
<td>442</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for person with pension, children, students</td>
<td>884</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for persons with disability, Group I</td>
<td>1000</td>
<td>949</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for persons with disability, Group II</td>
<td>1946.1</td>
<td>949</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for persons with disability, Group III</td>
<td>1721.55</td>
<td>949</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for persons with disability, Group IV</td>
<td>1497</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Despite increase of pensions during in 2017-2018, elderly and unemployed people could represent the socio-economic group at highest risk. In particular elderly people living alone and those living in couple are amongst the most vulnerable, as they cannot share expenditure with other members of HH.
# Income gap compared to social standards, Dec-2018

<table>
<thead>
<tr>
<th></th>
<th>Minimum unemploymen</th>
<th>Minimum pension</th>
<th>Average pension</th>
<th>Minimum salary (after tax)</th>
<th>Average salary (after tax)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td>1,440</td>
<td>1,497</td>
<td>2,646</td>
<td>2,997</td>
<td>8,511</td>
</tr>
<tr>
<td><strong>Subsistence line</strong></td>
<td>3,501</td>
<td>2,856</td>
<td>2,856</td>
<td>3,501</td>
<td>3,501</td>
</tr>
<tr>
<td><strong>Income/subsistence line ratio</strong></td>
<td><strong>0.41</strong></td>
<td><strong>0.52</strong></td>
<td><strong>0.93</strong></td>
<td><strong>0.86</strong></td>
<td><strong>2.4</strong></td>
</tr>
</tbody>
</table>
Pension amount distribution as of 01.01.2019, %

- <1,400: 0.7%
- 1,401-1,500: 18.3%
- 1,501-2,000: 33.0%
- 2,001-3,000: 24.3%
- >3,000: 23.7%

Up to 75% of elderly people could not cover 100 percent of minimum needs with pension payment. Most vulnerable are elderly people with minimum pension.
Donetsk and Luhansk
Industrial production continues to decrease in Luhansk oblast, while stabilized in the country.
Unemployment rates in Donbas are highest among the regions of Ukraine.
In 2018 retail trade turnover in Donbas oblasts jumped stronger than at national level.
Socio-demographic alerts in Donbas (2017 data)

Distribution of households by the number of their members

- Luhansk GCA: 21.3% one, 39% two, 32% three, 9.5% four and more
- Donetsk GCA: 22.2% one, 34.8% two, 32% three, 9.5% four and more
- Ukraine: 19.9% one, 32% two, 32% three, 9.5% four and more

Share of HH with children up to 18, %

- Ukraine: 38.2%
- Donetsk GCA: 35.1%
- Luhansk GCA: 29%

Share of households with children (%) who have

- Luhansk GCA: 90.4% one, 9.5% two, 0.1% three
- Donetsk GCA: 98.6% one, 1.3% two, 0.1% three
- Ukraine: 75.4% one, 21.9% two, 2.7% three

Distribution of HH with children with one adult

- Ukraine: 8.7%
- Donetsk GCA: 10.6%
- Luhansk GCA: 11.4%
Share of HH with no working person in HH in 2017, %

- Ukraine: 28.4%
- Donetsk GCA: 33.6%
- Luhansk GCA: 36.1%
Food consumption in 2017, KG

- **Meat products**
  - Ukraine: 4.7
  - Donetsk: 5.8
  - Luhansk: 4.3

- **Milk products**
  - Ukraine: 19.3
  - Donetsk: 19.7
  - Luhansk: 16.8

- **Fruits**
  - Ukraine: 3.7
  - Donetsk: 3.7
  - Luhansk: 2.9

- **Potato**
  - Ukraine: 6.4
  - Donetsk: 5.9
  - Luhansk: 5

- **Vegetables**
  - Ukraine: 8.5
  - Donetsk: 8.9
  - Luhansk: 7.9
Food consumption in Luhansk oblast in 2017 (per person, per month)

- Bread, kg
- Fruits, kg
- Vegetables, kg
- Potatoes, kg
- Oil, kg
- Sugar, kg
- Fish products, kg
- Eggs, pc
- Milk products, kg
- Meat products, kg

Comparison between 2013 and 2017.
Food consumption in Donetsk oblast (per person, per month)

- bread, kg: 2013 vs. 2017
- fruits, kg: 2013 vs. 2017
- vegetables, kg: 2013 vs. 2017
- potatoes, kg: 2013 vs. 2017
- oil, kg: 2013 vs. 2017
- sugar, kg: 2013 vs. 2017
- fish products, kg: 2013 vs. 2017
- eggs, pc: 2013 vs. 2017
- milk products, kg: 2013 vs. 2017
- meat products, kg: 2013 vs. 2017
Price analysis
Consumer and food inflation in Ukraine, year on year

CPI
Food CPI
Inflation rates in Ukraine compared to December previous year in 2018 (YTD)

Consumer price inflation weakened significantly, mainly due to the deceleration of food prices.
Food basket costs in Ukraine increased between Dec 2017 - Dec 2018 by 13%, reached the highest historical level of UAH 1,043.
People with average salary in 2018 could buy 9 WFP monitored food baskets, while person with average pension can buy only 2.5. Terms of Trade for average salary in 2018 surpassed 2014 level, while average pension is 25 percent less.
Conclusions and possible further actions

- Ukraine's economy is growing, but vulnerability and poverty rates remain high, especially in Donbas oblasts.
- The most vulnerable socio-demographic groups of people could be:
  - elderly people living alone or in couple, especially with minimum pension payment;
  - Unemployed people, especially without breadwinner in the HH.
- Internally displaced people (IDPs) could be among most vulnerable as they have special needs and face more challenges.
- Prices continued to stabilize, and often revision of assistance level not required.
- The State Statistics Committee of Ukraine has a large amount of data that can be used for analysis.