

# ICPS newsletter

## Consumer confidence fluctuations persist

**Next week, a new issue of Consumer Confidence will be published, featuring results of the latest survey of Ukrainian household expectations conducted jointly by the GfK-USM and the International Centre for Policy Studies. The December 2002 survey reported a recovery of consumer confidence among Ukrainians. Compared to September 2002, the Consumer Confidence Index (CCI) gained 4.7 points and reached 93.4 (possible range 0 to 200). This value is 1.9 points below the record-high value observed in June 2002, and 1.5 points below the value tracked in December 2001**

The CCI dynamic has been bumpy since the start of 2002. The index value has been constantly fluctuating, with political perturbations affecting national confidence in the country. The improved consumer confidence in December can evidently be attributed to relative political stabilisation during this period.

In December, the Index of the Current Situation (ICS) reached a record-high value—83.2 points, improved by 7.6 points compared to September and by 5.7 points since the start of the year. Such a dynamic of the index reflected a steep increase in personal incomes, which over the past year grew by more than 20%. Furthermore, during the year Ukrainians were more prone to make large purchases, with the corresponding index climbing 7 points during 2002—and particularly in Q4'02, when it jumped by 7.6 points to 74.7.

Economic expectations were not so quick to improve in December, with the Index of Economic Expectations (IEE) increasing by only 2.7 points to 100.3 compared to September; year-on-year, the IEE actually fell by 6.3 points, testifying that in 2002 the share of people expecting the national economic situation to improve had dropped dramatically. In December 2002, inflationary expectations were less optimistic, with the Index of Inflationary Expectations (IIE) climbing up by 4.5 points during Q4'02, to 178.7—the highest value during the past eighteen months. Such a result reflects the reaction of population to the accelerated inflation at year-end.

In December, consumer confidence looked up mostly in Eastern Ukraine, where over Q4 the CCI advanced by 6.9 points to 95.8. In this region, people's assessment of their personal material situation jumped up dramatically—the Index of the Current Situation during the quarter picked up by 11.7 points to 88.4 points and was higher than in other regions (including Kyiv). The more optimistic outlook in the east apparently occurred thanks to the accelerated industrial growth at the end of 2002. Specifically, by the H1'02 results, industrial growth amounted to 5.8%, while by the yearly results it reached 7%.

The survey also revealed worsened consumer confidence in Ukraine's mature population (46–59 years old) and in people with below-average incomes; during Q4'02, the corresponding CCI calculated for the mature age group shrank by 4.7 points down to 72.2, while the CCI calculated for persons with below-average incomes fell by 2.5 points, to 72.5. Along with that, only these two groups of people pointed out that over the past quarter their material situation had become worse; this was due to the fact that in 2002, unlike 2001, fewer effective governmental measures were aimed at boosting the welfare of the poorest Ukrainians. Specifically, in 2001 average pensions increased by 64%, while in 2002 they rose only by 5%. ■

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## New ICPS development strategy being considered by Supervisory Board

**The regular meeting of the ICPS Supervisory Board on 15 February 2003 focused on discussing a new strategic plan. Given that ICPS fulfilled its mission as it was stated five years ago, and also given the current political situation, the Supervisory Board decided to design a new ICPS development strategy**

Since its inception, the International Centre for Policy Studies has striven to promote the concept and procedures of public policy in Ukraine, in order to promote awareness in the government and the public-at-large of the need to analyse policy options and research the implications of adopting or rejecting each policy alternative. We believe that this mission has been fulfilled, since today the need to reckon the interests of different groups when making political decisions is acknowledged at the highest levels of government, while the policy analysis tools propagated by ICPS are increasingly being employed by state authorities in their work.

The development of a new strategy for the International Centre for Policy Studies is necessitated by external factors, as well ICPS activity has been strongly affected by the current situation in Ukraine in the wake of the country's political isolation from the West—particularly with regard to the US government's decision to terminate technical assistance support to Ukraine. These events directly affect possible ICPS resources, which impinges on its activities.

The new ICPS mission seeks to strengthen its impact on transformations in society, and hence there should be a new strategy developed as a tool for executing this mission, in order to embark on a new development phase for the organisation and its client relationships. ■

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