

Child poverty and disparities in Ukraine



Child poverty and disparities in Ukraine

Authors and acknowledgements

This report was prepared by UNICEF Ukraine in collaboration with the Institute of Demographic Studies. We would like to acknowledge the generous support and advice of many individuals and organizations recognized below. We hope we have done credit to this excellent work and support, and stress that any errors that remain are our own. In case of any discrepancies between Ukrainian and English version, the Ukrainian version shall prevail.

Lead authors: Nataliya Borodchuk and Liudmyla Cherenko

Co-authors of the report: Oleksandr Vasyliev (ch. 2.1., 2.2., 3.1); Svitlana Poliakova (ch. 2.4., 4.2., 4.3.1.); Viacheslav Zaiats (ch. 4.3.2.); Yuliia Klymenko (2.3., 5.1., 5.2.); Yurii Kohatko; Anna Reut; Ian Orton (ch. 3.2); Vladyslav Shyshkin (3.3, Annex 3); Uliana Leshenok (4.1.)

Translation: Korbakov Serhii Oleksandrovykh

Copy-editing: Matthew Naumann

The team expresses gratitude to the Ministry of Social Policy of Ukraine, in particular to Vitalii Muzychenko, Deputy Minister and Nina Pidluzhna, Deputy Director General of the Directorate for Strategic Planning, Coordination and European Integration.

Special thanks also go to Yusuf Bafozoda, Chief of Social Policy, UNICEF Ukraine; Artur Ayvazov, Deputy Representative UNICEF Northern Macedonia; Laura Bill, Deputy Representative UNICEF Ukraine; Lotta Sylwander, Representative UNICEF Ukraine and Ella Libanova, Director of the Institute for Demography and Social Studies, National Academy of Sciences of Ukraine, who provided continuous support, guidance, and technical advice.

This report is the result of collaboration among many individuals and institutions. The report team thanks all who gave so willingly of their time, expertise and energy, in particular: Andrej Slavuckij, Bohdan Yarema, Ihor Katsytadze, Liliya Lyubomudrova, Naira Avetisyan, Oleksandra Churkina, Olena Kheylo, Olena Sakovych, Olha Pryshko, Viktoriia Lupan, Vitalii Starikov (all UNICEF), Marianna Onufryk (Social Synergy), Olha Balakireva (Institute for Economics and Forecasting), Oksana Khmelevska (Institute of Demography), Ihor Hnatusha (Head of Komyshe-Zoryanska village council), Oleksandr Lisovskiy (Deputy Head of Komyshe-Zoryanska village council).

© United Nations Children's Fund (UNICEF) in Ukraine and Ptoukha Institute for Demography and Social Studies of the National Academy of Sciences of Ukraine,

Kyiv, 2021

Extracts from this publication may be freely reproduced with due acknowledgement.

The findings, interpretations and conclusions expressed in this document are those of the author(s) and do not necessarily reflect the policies or views of UNICEF.

For any updates related to the publication, please visit unicef.org.ua

Cover Photo: © UNICEF/UN048894/Filippov
Design: Nadia Diachenko

Contents

Executive summary	7
Why this report and why now?	12
Section 1. The Sustainable Development Goals	14
Section 2. Child poverty	17
2.1. Monetary poverty	18
2.2. Poverty by deprivations	28
2.3. Subjective poverty	34
2.4. "Invisible children": children not considered in the household survey	35
Section 3. Child poverty trend analysis and determinants in Ukraine	39
3.1. Analysis of poverty over the last 10 years	40
3.2. Child poverty rate: international comparisons	43
3.3. Macro-determinants of child poverty	44
Section 4. An unequal start	47
4.1. Income inequality	48
4.2. Inequality of opportunity	51
4.3. Unequal access to services	54
Section 5. Negative coping strategies	62
5.1. Two faces of migration	64
5.2. Children as a source of income	66
Section 6. Child poverty reduction policy	68
6.1. Child poverty reduction policy: a conceptual framework	70
6.2. National Poverty Reduction Strategy: key results	72
6.3. Child poverty reduction: analysis and modelling of specific policy impacts	76
Section 7. Fighting COVID-19 in Ukraine: Initial estimates of the impact on poverty	82
7.1. Impact of COVID-19 on poverty, including child poverty, in Ukraine	84
7.2. The new poor and the most vulnerable	87
Section 8. Ten recommendations for poverty reduction and the promotion of equal opportunities for children in Ukraine	90
Annexes	98
Annex 1. General methodology	98
Annex 2. Detailed methodology of policy microsimulations	99
Annex 3. Current demographic situation and trends in Ukraine	100
References	102
List of tables and figures	103
List of acronyms	105



Child poverty is not primarily about the money, it is more about shattered dreams and lost opportunities. Children experience impoverishment differently to adults, and yet they are more likely to live in poverty. Boys and girls from low-income families suffer lifelong consequences, as poverty affects their physical, social and cognitive development.

It cannot be emphasized enough that child poverty should be prioritized in societal change. Growing up in poverty is a violation of children's rights, and a failure of nations to protect their future.

Today, child poverty must be understood against the backdrop of the COVID-19 pandemic. As many households lose their income, more children are likely to be deprived of their basic needs. In Ukraine alone, the socioeconomic crisis could potentially push as many as 1.8 million children into poverty.

However, our conviction is that child poverty is a problem that can be resolved.

With enough political will, strong commitment by policymakers, and support from civil society, child poverty can be eliminated. Over recent decades we have witnessed significant progress in reducing poverty globally. We have learned that this task requires cooperation at all levels. But unless child poverty is monitored and analyzed, policy-makers rarely understand the gravity of the problem, or recognize which mechanisms can help to solve it.

This report is our call to action. It aims to shed light on the specific challenges faced by Ukrainian children when experiencing poverty. The unique needs of young Ukrainians should be at the heart of the National Poverty Reduction Strategy. One hundred and ninety-three members of the United Nations have committed to reducing child poverty under the Sustainable Development Goals. We are glad to know that Ukraine is amongst those countries.

Reducing child poverty means securing a prosperous future for generations to come. It means building the different world we want our children to live in. And it can be done!

Lotta Sylwander,
UNICEF Representative in Ukraine

Executive summary

Children feel the consequences of poverty throughout their lives. A child living in poverty is more likely to be poor when he or she becomes an adult. The price of inaction is very high. Children make up about a fifth of Ukraine's population, therefore it is not possible to overcome or substantially reduce poverty in the country without the child poverty being addressed.

The purpose of this report is to analyse the state of child poverty and inequality, reveal trends, and formulate recommendations to support the Government of Ukraine to make decisions designed to overcome poverty.

The analytical insights will be useful in the development of new strategies and policies aimed at reducing the rate of poverty, particularly among the most vulnerable, first of all children. The study will also serve as a basis for further nationwide discourse to ensure equal opportunities for children in Ukraine.

Ukraine has committed to the values and goals set out in the 2030 Agenda for Sustainable Development, which is the first global commitment to reducing child poverty.

In 2016, the Government of Ukraine approved a National Poverty Reduction Strategy. The Strategy identified mechanisms for preventing poverty in Ukraine and the main tasks for addressing this problem in the period up to 2020. For the first time at the official level, children were declared to be the socio-demographic group most vulnerable to poverty. In addition, a number of objectives were formulated in the Strategy that if attained will contribute to reducing the risks of child poverty.

Child poverty is a multidimensional phenomenon. Poverty is not just lack of money: it refers to a shortage of resources to provide oneself with livelihoods such as food, clean water, clothes or access to services. While family income is important, poverty is something more than material deprivations. Poverty encompasses a wide range of deprivations and limited opportunities that are difficult to measure but essential for a child's life, development and participation in society. Relative poverty also matters. Even when children are not deprived of something in absolute terms, having a lower standard of living or less opportunities than their peers reduces their future life chances.

Ukraine's progress in reducing child poverty and inequality has been uneven.

Over the last 15 years, the country has experienced two revolutions and the global economic crisis, and faced a conflict in its eastern regions. Since 2015, absolute child poverty has been steadily declining. However, there is currently a risk that the COVID-19 pandemic will reverse these gains in child poverty reduction and lead to a major setback in this domain.

Poverty is not just lack of money. Poverty means a shortage of resources to provide oneself with livelihoods such as food, clean water, clothes or access to services.

Key findings



By any monetary criterion, the poverty rate among families with children is higher than in families without children.

Children are disproportionately affected by poverty. By any monetary criterion, the poverty rate among families with children is higher than in families without children. As of 2019, the absolute poverty rate of families with children in Ukraine was 47.3 per cent.¹ For comparison, the poverty rate in families without children was 34.3 per cent.

Poverty rates are highest in large families (with three or more children):

59.7 per cent of these is poor by the relative criterion, and 81.2 per cent is poor by the absolute criterion. Large families also have the lowest chances of “lifting themselves out of poverty”. The depth of poverty of such families is much higher than for other households: 27.0 per cent by the relative criterion, and 32.1 per cent by the absolute criterion (compared to 20.2 per cent and 23.3 per cent respectively for one-child households). In other words, these households must on average increase their current incomes by more than a quarter to overcome poverty.

Children in the youngest age groups — under 3 years of age — are the most affected by monetary poverty. In older child groups, the poverty rate is somewhat lower but still above the country’s average. The monthly payment of childbirth benefit does not compensate for the loss of earnings caused by the mother being on childcare leave.

Typical comparison of poverty rates in terms of urban and rural dimensions does not correspond to the current situation in the country:

the relative poverty rate is much lower only in large cities compared to small towns and villages (22.9 per cent versus 31.3 and 37.6 per cent, respectively).

The poverty rate is substantially higher if there is an unemployed person in the household.

The poverty rate is much higher in households with children with at least one unemployed person than in households with children and no unemployed persons: 44.3 per cent compared to 29.1 per cent by the relative criterion, and 61.0 per cent compared to 47.3 per cent by the absolute criterion. However, low labour remuneration standards in Ukraine mean the presence of a working individual in a family does not protect the household against poverty, particularly in the case of families with children.

A considerable number of families with children in Ukraine are slightly above the poverty line.

If the absolute poverty line value grows by only 10 per cent (according to 2018 data), the child poverty rate will increase from 49.9 per cent to 57.8 per cent. This means that even small shocks to incomes, let alone big ones like COVID-19, could mean substantial increases to the number of living beneath the poverty line.

The presence of persons with higher education in households with children is a powerful social lift and is almost the only factor that helps such households get out of poverty.

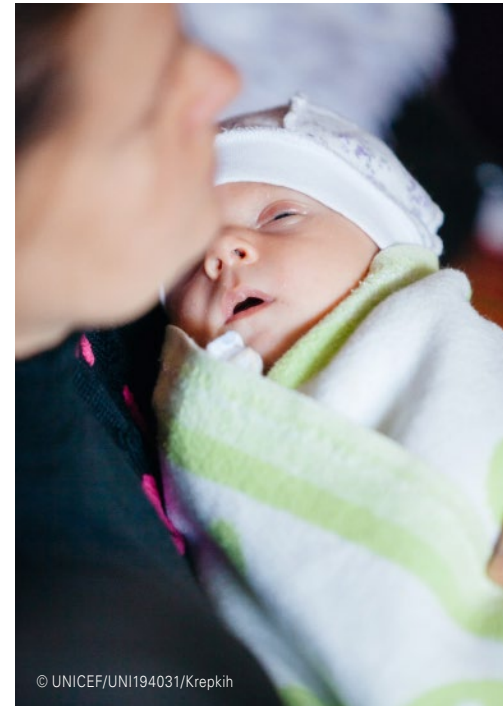
¹ Absolute poverty by national definition - total equivalent expenditure of a person below the actual per capita subsistence minimum

This factor has a considerable positive effect in all household types: the poverty rate declines from 39.2 per cent (no person with higher education) to 29.7 per cent (at least one such person is in the household).

Poverty is not static. It is a dynamic phenomenon as the incomes and living standards of families change. Some categories of families find themselves among the poor mainly due to a specific shock, particularly as a result of losing an income source, sickness or death of a family member, or exposure to externalities such as armed conflict, a natural calamity, and so on. In addition, the risk of sudden poverty is increased by childbirth in a young family, especially given the overall low rates of pay.

Every country, including Ukraine, has family categories in which poverty is passed on from one generation to the next, and so children inherit the “status” of their parents. In this way whole pockets of poverty emerge, often living solely or primarily on government assistance. Analysis of trends in poverty, particularly identification of categories falling into sudden or chronic poverty, is essential for the formulation of an effective poverty reduction policy. Chronic poverty is not assessed in Ukraine because no panel studies have been conducted.

Unlike monetary poverty, deprivation poverty directly reveals if children lack access to essential goods and services necessary to maintain minimum social standards of living. Almost one in six children suffers from their family having no funds to afford a meal with meat or fish every second day, or to buy new clothes and footwear as required. One in ten urban children suffers from a severe shortage of living space (less than 5 m² per person). Infrastructural problems mainly affect rural children. Lack of regular daily transport connections with other communities is of particular concern to rural children (21.9 per cent), while only 8.7 per cent of households nationwide mention such a deprivation. On the other hand, urban children suffer from environmental problems: pollution, coal dust, or other environmental issues are of concern to 16.6 per cent of urban children, thus making recreation and health improvement priority needs.



The risk of sudden poverty is increased by childbirth

Poverty is studied in Ukraine at national level using data from the Household Living Conditions Survey, which has been conducted regularly by the State Statistics Service of Ukraine since 1999. However, this survey does not cover certain child groups, including:

- (i) children not living in households and not included in the household survey due to methodological barriers, particularly children in institutions, and those living and working on the streets;
- (ii) children living in households but not included in the survey, particularly children in the non-government controlled areas, Roma children, and children in particularly difficult circumstances.

Based on a global conceptual framework for child poverty reduction, milestones and potential steps were suggested, that can reduce child poverty in Ukraine over the five years to come.

Inequality among children is a specific problem because children are a distinctive population group: they have no choice about which families they are born into in terms of well-being and social status. Expenditure analysis indicates that differentiation of Ukraine's population, particularly the gap between the richest, on the one hand, and the poorest and the median, on the other, has been increasing in the last decade. This trend can also be observed among households with children. The difference in expenditure between the richest and poorest families with children has also been increasing since 2016, and it reached a peak factor of 5.1 in 2019.

Limited life chances due to lack of money is not the only manifestation of child inequality. Significant factors include: (i) background, namely the social status of the parents, their education and fields of employment, as well as (ii) the locality where the family lives, and (iii) biological factors, such as disability. Some children have no access to existing services not only because their families have lower incomes, but also because of who they are (and who their parents are) and where they live.

Inequality at birth is exacerbated from the very first years of life by unequal access to vital services and goods, primarily health care, education, social protection and a safe living environment. In Ukraine, children from rural areas have limited access to quality education, beginning from preschool level. The PISA test results also confirms the existence of a considerable gap between the learning outcomes of children attending secondary educational institutions situated in different types of locality. The average score of children studying in rural areas is 420.6, which is much less than the average score of children living in large cities 499.4. This difference equates to more than 2.5 years of study. Lack of accessible (and sometimes any) health care facilities is most typical of rural households with children; on top of this, they more often have limited financial capacity. At the same time, there is considerable divergence in the capacities of the amalgamated territorial communities established in different regions of Ukraine as a result of the decentralization reform. For example, on average each community resident, net of inter-budget transfers, had a monthly income of UAH 3,978.4 in 2018. However, the difference between the poorest and richest regions was a factor of 3.8 over the same period.

Children from poor families enter the education system from disadvantaged starting positions, and the gap increases as the learning process continues. The gap could only be eliminated by implementation of a policy intended to equalize children's starting opportunities. This is because education generates the strongest social returns in human life, and is currently almost the only effective social lift in Ukraine.

Unfortunately, children living in poor families often fall victim to inappropriate behaviour by adults, particularly if the latter use negative strategies to recover from poverty. This concerns all forms of exploitation of children, the use of them to earn money (child labour, child trafficking, sexual exploitation, and so on) but also not providing proper care of children in order to increase income (placing children in institutions for care, labour migration without proper maintenance and care for the children, and so on).

Reducing (or even overcoming) child poverty is not a simple objective but it can be achieved, as the experience of many countries shows. Based on a global



Childbirth benefit has the greatest impact on poverty reduction among families with children in Ukraine.

conceptual framework for child poverty reduction, milestones and potential steps were suggested that can reduce child poverty in Ukraine over the five years to come.

To estimate possible impact on the incomes of poor households with children, the income structure was analysed, and potential impacts of individual policies were modelled. Modelling of minimum wage increase options for 2020 indicates a likely substantial impact on the poverty figures, especially among families with children. The childbirth benefit was taken as an example for analysing the effect of changes to the system of social transfers on poverty among families with children.

Social payments in cash and in kind have a proven positive impact on poverty reduction among families with children. Social payments include both payments targeted directly for children (for example, childbirth benefit) and those which indirectly affect child poverty (for example, pensions). The system of social payments must be aligned with the system of social services to ensure comprehensive social protection of families with children.

The analysis found that childbirth benefit has the strongest impact on poverty reduction among families with children in Ukraine. No programme alone will be able to ensure attainment of this objective; however the childbirth benefit programme, in combination with other payments, can provide a basis for supporting families with children in Ukraine due to its universal coverage of children aged 0-3 and the low administration costs.

The “Child Poverty and Disparities in Ukraine” report is based on the latest available data for 2018-2019. However, the lives of millions of Ukrainians, including families with children, changed dramatically in March 2020 with the introduction of national quarantine in response to the COVID-19 pandemic. Section 7 presents the projections of the COVID-19 impact on poverty in Ukraine. The section also analyses which population groups are “new” poor and the most vulnerable.

The report contains ten key recommendations for overcoming poverty and ensuring equal opportunities for children in Ukraine. Practical realization of these recommendations could help ensure the sustainability of the progress achieved in poverty reduction, mitigate the COVID-19 pandemic impact, and enable the country to move forward towards gradual implementation of equal opportunities for children.

Why this report and why now?

First and foremost, the aim of this report is to analyse the current state of child poverty and inequality, show trends and provide recommendations for poverty reduction.

The findings are expected to contribute to the development of new strategic documents on poverty reduction, in particular among the most vulnerable, including children. The second objective of the study is to inform a broader debate on equal opportunities for children in Ukraine.

Ukraine's progress in reducing child poverty and inequality has been uneven. Over the last 15 years, the country experienced two revolutions, the global economic crisis and conflict in its eastern regions.

Since 2016 absolute child poverty has been steadily declining. Now the impact of COVID-19 may reverse these recent gains in child poverty reduction.

In 2016 the Government of Ukraine approved a National Poverty Reduction Strategy until 2020. The Strategy identified mechanisms for preventing poverty in Ukraine and the main tasks. For the first time at official level, children were declared to be the socio-demographic group most vulnerable to poverty. A number of objectives were identified that would contribute to reducing the risks of child poverty.

7 Reasons why child poverty matters:

- 1 Because it matters to children and is a violation of their rights.
- 2 Because child poverty has devastating effects that last a lifetime.
- 3 Because almost everywhere, children are more likely to live in poverty than adults.
- 4 Because ending child poverty is crucial in breaking the inter-generational cycle of poverty and addressing poverty overall.
- 5 Because failure to end child poverty is one of the most costly mistakes that society can make.
- 6 Because despite the urgency child poverty has received too little attention.
- 7 Because child poverty is a problem with proven solutions.

Children constitute around a fifth of the population of Ukraine, so it is impossible to overcome or significantly reduce poverty in the country without addressing the problem of child poverty.

Section 1 provides information on the Sustainable Development Goals (with a focus on SDG 1 “Poverty reduction”). Sections 2 and 3 of the report, “Child Poverty and Disparities in Ukraine”, present the national child poverty profile. They unpack who the poor families with children are; how poor they are and where they live. The report looks at child poverty from all dimensions, including absolute poverty, relative poverty and multidimensional poverty. It also outlines the risks and factors leading to poverty, and focuses on the key forms of deprivation that particularly affect children. In addition, the key trends over the last 10 years are considered.

Section 4 analyse the income inequality that characterizes families with children. It also looks at inequality of opportunity, including in access to quality education, health care, social protection and a safe living environment. The report analyses two critical determinants of inequality of access to critical goods and services: place of residence and family welfare level.

Children living in families may fall victim to inappropriate behaviour by adults, particularly if their parents use negative strategies to recover from poverty. **Section 5 focuses on children left behind as a result of migration and children used as sources of income.**

Section 6 looks at the National Poverty Reduction Strategy 2016-2020 and presents a conceptual framework for poverty reduction policy. It also presents modelling of the results of specific policies, such as minimum wage increases and changes in the system of social transfers.

The “Child Poverty and Disparities in Ukraine” report is based on the latest available data for 2018-2019. However, the lives of millions of Ukrainians, including families with children, changed dramatically in March 2020 with the introduction of national quarantine in response to the COVID-19 pandemic. **Section 7 presents projections of the impact of COVID-19 on poverty in Ukraine. The section also analyses who the “new poor” and the most vulnerable are.**

The report concludes with ten recommendations for poverty reduction and the promotion of equal opportunities of children in Ukraine.

The report also includes technical annexes on (i) the methodology of the study; (ii) detailed methodology of policy microsimulations; (iii) the demographic situation and demographic trends in Ukraine.

SECTION 1

The Sustainable Development Goals¹

GOAL 1 — END POVERTY.

Ukraine is committed to the values and goals set out in the 2030 Agenda for Sustainable Development.

In September 2015, at the 70th session of the United Nations General Assembly in New York, the United Nations Summit on Sustainable Development was held and the Agenda for Development after 2015 was adopted, which approved new development guidelines. The final document of the Summit, “Transforming our world: the agenda for sustainable development until 2030”, approved 17 Sustainable Development Goals and 169 tasks. Ukraine, like other United Nations member states, has joined the global process for sustainable development. Since 2015, a series of reforms have been launched in Ukraine that are intended to bring about socio-economic transformation and strengthen the democratic system.

The Sustainable Development Goals (SDGs) are integrated into state policy around ‘leave no one behind’.

Particular attention is paid to achieving SDG Goal 1 “Poverty Reduction”, given its crucial role for social development.

In Ukraine, overcoming poverty is one of the key tasks of state policy and requires a search for new effective tools through the taxation system, income redistribution, improvement of labour market policy, social support and more.

Four of the five indicators measuring progress towards achievement of the ambitious national Goal 1 show positive trends; however much remains to be done.

PROGRESS TOWARDS SDG 1

- The poverty level has fallen (the trend of poverty growth has been reversed due to a doubling of the minimum wage from 1 January 2017, which was the key driver of the fall in monetary poverty).
- The proportion of the population whose average per capita equivalent total expenditure is lower than the actual (estimated) subsistence minimum has fallen from 58.3 per cent in 2015 to 41.3 per cent in 2019, as a result of state policy aimed to boost people’s incomes (the population’s total resources in 2018 exceeded the 2015 figure by 89.3 per cent whereas the actual subsistence minimum rose by 44.6 per cent over that period);
- The proportion of individuals whose daily consumption is below USD 5.50 PPP has decreased from 2.4 per cent in 2015 to 1.8 per cent in 2018 due to a positive pattern of real income growth among the population: a 20.4 per cent year-on-year drop of real incomes in 2015 has been followed since 2016 by an increase, up to 9.9 per cent in 2018 (compared to 2017);

¹ Section 1 is based SDG Voluntary National Review, Ukraine, 2020 <https://bit.ly/3jRFD8V>, and SDG, Monitoring Report, 2020, <https://bit.ly/3wvtv91Y>.

Table 1.
Status of progress.

Target	Indicator	2015	2016	2017	2018	2019	Benchmark 2020
1.1. Reduce poverty by 4 times, including by eliminating extreme poverty	1.1.1. Share of the population whose average per capita equivalent total expenditure is lower than the actual (estimated) subsistence minimum, %	58.3	58.6	47.3	43.2	41.3	30.0
	1.1.2. Share of individuals whose daily consumption is below USD 5.50 PPP, %	2.4	2.0	1.9	1.8	0.3	0.5
1.2. Increase the coverage of poor people with targeted social assistance programmes	1.2.1. Share of the poor population covered by state social support in the total number of poor people, %	63.0	70.3	73.6	70.9	57.4	65.0
1.3. Increase the resilience of socially vulnerable groups of the population	1.3.1. Ratio of poverty levels of households with children and households without children, <i>times</i>	1.5	1.4	1.6	1.5	1.2	1.6*
	1.3.2. Share of food expenditure in total household spending, %	54.6	51.4	49.6	49.4	48.5	50.0

Source: Voluntary National Review "Sustainable Development Goals — Ukraine" (2020). SDG Monitoring report (2020).

- The proportion of the population living in poverty who are covered by state social support has increased from 63.0 per cent in 2015 to 70.9 per cent in 2018, but decreased to 57.4 per cent in 2019.
- The proportion of total household spending spent on food has decreased from 54.6 per cent in 2015 to 49.4 per cent in 2018, thereby securing attainment of the target value of 50.0 per cent for 2020, due to growing income purchasing power, a greater share of housing and utility subsidy expenditure that changed the consumption structure, and a slower rate of food product price growth (the consumer price index for food products was 108.3 per cent in 2019 compared to 144.4 per cent in 2015).
- Of note is absence of any steady progress in achievement of a ratio of poverty levels between households with children and households without children: although the 2020 horizon target value was already achieved in 2018, the ratio has not changed compared to 2015 and remains at 1.5 times (based on updated reports, the indicator value for 2015 was revised from 1.77 to 1.5).



SECTION 2

Child poverty

Realizing who are poor and how poor they are is the first step towards overcoming poverty.

According to the United Nations definition, poverty is a denial of choice and opportunities, a violation of human dignity. It means lack of basic capacity to participate actively in society¹.

This section presents the findings of an analysis of incidence of poverty among children in Ukraine, in both absolute and relative terms; reveals the rate and depth of monetary poverty; outlines poverty risks and factors; and analyses poverty by deprivations focusing on key types of deprivations that particularly affect children.

1 UN, 1998. <https://www.un.org/press/en/1998/19980520.eco5759.html>.

2.1. Monetary poverty

In Ukraine, like in many other countries, children are disproportionately affected by poverty compared to adults. By any monetary criterion, the poverty rate among families with children is higher than in those without children.



Monetary poverty means lack of funds to maintain a lifestyle typical of a specific society in a specific period.

Monetary poverty rate is determined on the basis of absolute and relative approaches. A family is regarded as poor if its income (or expenditure) is lower than the absolute or relative poverty line.

Absolute poverty line is the rate in terms of the minimum requirements necessary to provide for minimum standards of food, cloths, healthcare, and shelter. On the other hand, the **relative poverty** line is set in relation to income of other society members.

So-called multidimensional poverty criteria, particularly by deprivations, have been increasingly used in parallel to monetary criteria in recent years, both in Ukraine and globally. Poverty, and child poverty in particular, is a multidimensional phenomenon. While family income is important, poverty is something more than lack of money. Poverty means a shortage of resources to provide oneself with essentials such as food, clean water, clothes, or access to services. A more detailed analysis of deprivation poverty is presented in subsection 2.2.

Ukraine uses three main criterion groups to assess the poverty rate²

1 Main monetary criteria of poverty, particularly:

Absolute criterion — total equivalent expenditure of a person is below the actual (estimated) per capita subsistence minimum (UAH 3,661 per month in 2019).

Relative criterion — total equivalent expenditure of a person is below 75% of median total per capita expenditure (UAH 3,017 per month in 2019).

2 Other monetary criteria of poverty used for international comparisons, particularly:

The United Nations criterion — equivalent expenditure of a person is below the poverty line defined by the United Nations for Central and Eastern Europe as the hryvnia equivalent of US\$5.05 on the purchasing power parity basis, calculated by the World Bank.

Relative criterion by the European Union equivalence scale — per capita equivalent income of a person is below 60% of the median equivalent per capita income using the European Union equivalence scale.

3 The non-monetary criterion of poverty used in this report:

Deprivation criterion — due to lack of funds, a household has four of the nine deprivation attributes defined according to the European Union methodology.

In addition to the poverty rate, the **poverty depth** notion is used — an indicator showing how far (how “deep”) the poor individuals are below the poverty line on average. This is calculated as the ratio of the difference between the poverty line and the average expenditure of the poor individuals.

In Ukraine, child poverty is assessed on the basis of the annual Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

Most estimates in this report are constructed from the 2019 data (earlier data were used if there was no information). Details of the research methodology are provided in Annex 1.

2 Comprehensive Poverty Assessment Methodologies. — 2017. <https://zakon.rada.gov.ua/laws/show/z0728-17#Text>

Figure 1. Absolute poverty rate by number of children in household, 2019, %.

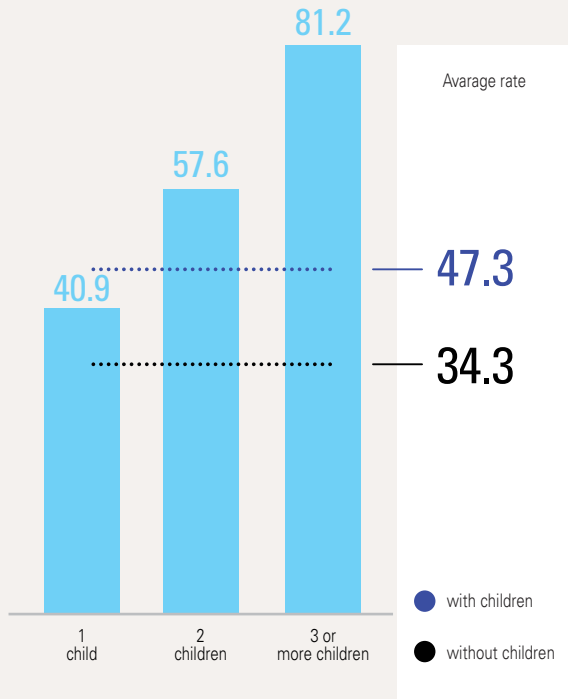


Figure 2. Relative poverty rate by number of children in household, 2019, %.

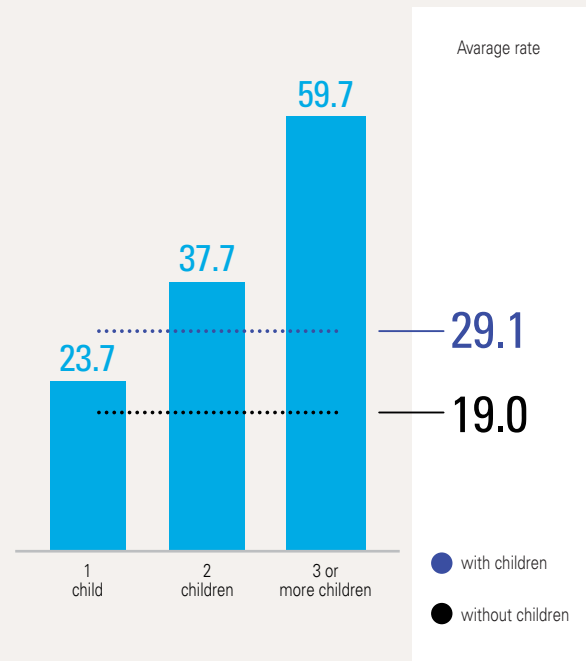


Figure 3. Absolute depth of poverty by number children in household, 2019, %.

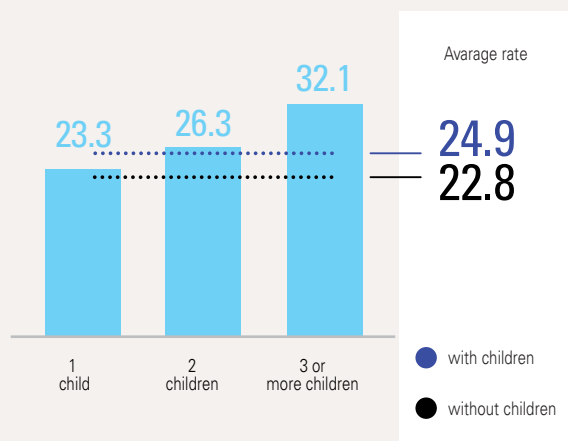
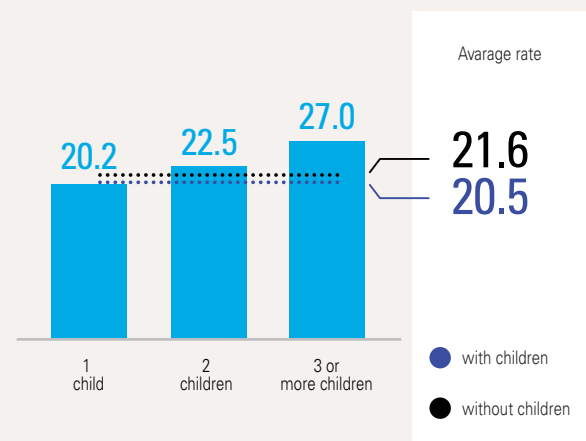


Figure 4. Relative depth of poverty by number children in household, 2019, %.



Source: Authors' calculations based on data from the 2019 Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

In 2019, the absolute poverty rate of families with children was 47.3 per cent, and the relative poverty rate was 29.1 per cent.

For comparison: the poverty rates in families without children were 34.3 per cent and 19.0 per cent respectively. In absolute terms, 3,470,222 Ukrainian children were below the national poverty line (UAH 3,661 or around US\$100 per person per month) in 2019. In total, 13.6 per cent of households with children were extremely poor while only 8.0 per cent of households without children were extremely poor.³

A clear correlation can be seen: the more children in a family, the higher the risk of it falling into poverty. In particular, families with one child experience an equivalent level of poverty to Ukraine's average level but the birth of the second child raises poverty by 50 per cent, to 38.1 per cent for relative poverty and 61.8 per cent for absolute poverty.

Poverty rates are highest in large families (with three or more children), 59.7 per cent of which live in relative poverty and 81.2 per cent in absolute poverty (Fig 1–4).

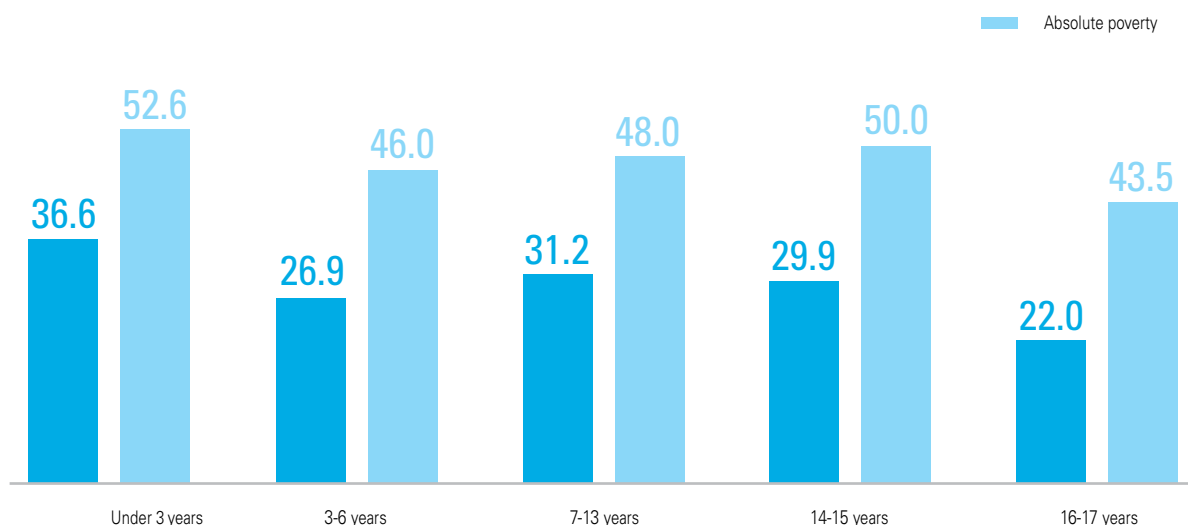
Children in the youngest age groups — under 3 years of age — are the most affected by monetary poverty.

Large families also have the lowest chances of “lifting themselves out of poverty”. The depth of poverty of such families is much higher than for other households: 27.0 per cent live in relative poverty, and 32.1 per cent in absolute poverty (compared to 20.2 per cent and 23.3 per cent respectively for one-child households). In other words, such households must increase their current incomes by more than a quarter to overcome poverty.

Children in the youngest age groups — under 3 years of age — are the most affected by monetary poverty.

In older child groups, the poverty rate is somewhat lower but still above the national average. The monthly payment of childbirth benefit does not compensate for the loss of earnings caused by the mother being on childcare leave.

Figure 5.
Poverty rate of children by age group, 2019, %.



Source: Authors' calculations based on data from the 2019 Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

³ Extreme poverty line measured as 60% of median expenditure (adult equivalence scale 1,0; 0,7; 0,7).

Poverty risks

In general, having two or more children in a household is a key factor shaping monetary poverty.

Other socio-economic and demographic factors can strengthen or weaken the risk of the household falling into poverty. The drivers strengthening this risk include: living in small communities, particularly in rural areas; low educational attainment of parents (in particular no persons with higher education in the household); and unemployed persons in the household. These drivers differ in the intensity of their impact (Fig 8–11).

Typical comparison of poverty rates in terms of urban and rural dimensions does not correspond to the current situation in the country: the relative poverty rate is much lower only in large cities compared to small towns and

villages (22.9 per cent versus 31.3 and 37.6 per cent, respectively). In total, 31.5 per cent of all poor children live in large cities whereas 30.0 per cent live in small towns and 38.4 per cent in rural areas (Fig 6–7).

The poverty rate is substantially higher if there is an unemployed person in the household.

The poverty rate is much higher in households with children with at least one unemployed person than in households with children and no unemployed persons: 44.3 per cent compared to 29.1 per cent live in relative poverty, and 61.0 per cent compared to 47.3 per cent in absolute poverty. Generally, among the most vulnerable in terms of depth of poverty are families with an unemployed member and children below 3 years old.

Among femaleheaded households with children (generally single-parent families), the poverty rate exceeds the figure for maleheaded households: 30.1 per cent compared to 28.6 per cent for relative poverty, and 51.7 per cent compared to 48.2 per cent for absolute poverty.

Poverty is rather high among multi-generational families,⁴ where persons of older age groups live alongside children and their parents:

34.9 per cent or 58.4 per cent, depending on the poverty criterion. First of all, the average pension is lower than the poverty line indicator, therefore the overwhelming majority of pensioners reduce the overall household income. Secondly, living in a large family is often necessary because of low income and lack of opportunities to move out. Hence, it can be assumed that in many cases not that the risk of poverty is driven by the household composition but rather that the household composition is affected by low living standards.

The presence of persons with higher education in households with children is almost the only factor that protects households from poverty.

Figure 6. Relative child poverty rate by place of residence, 2019, %.

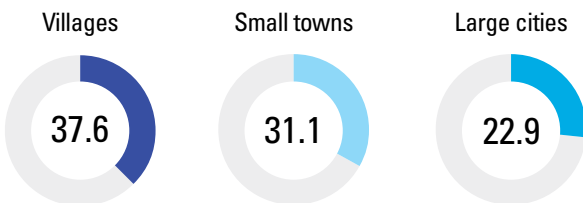
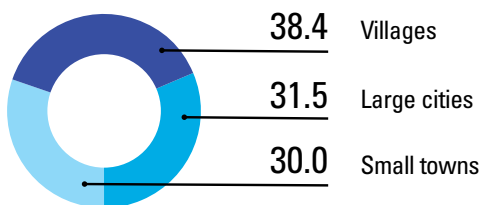


Figure 7. Breakdown of poor children by residence in different community types, 2019, %.



Source: Authors' calculations based on data from the 2019 Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

4 Households where persons of older age groups (usually grandfathers and grandmothers of the children) live alongside the children and their parents.

Figure 8. Absolute poverty rate by family composition, 2019, %.

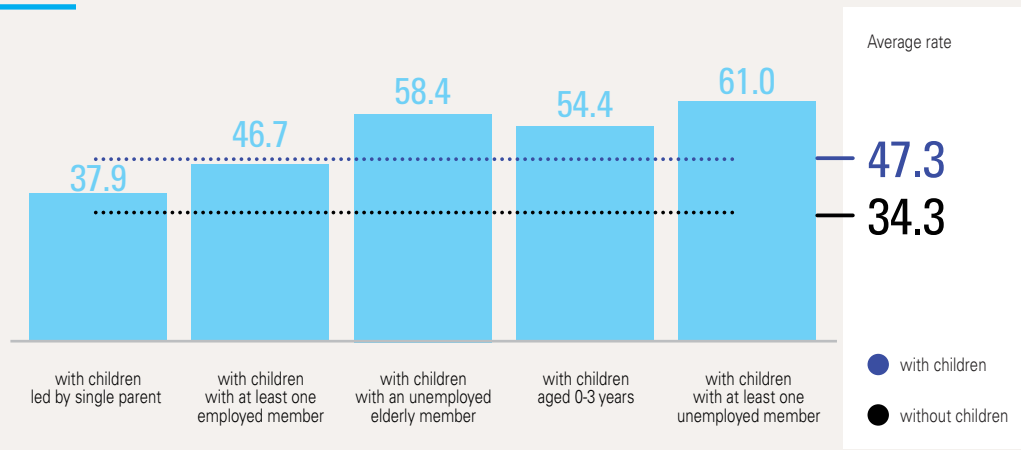


Figure 9. Relative poverty rate by family composition, 2019, %.

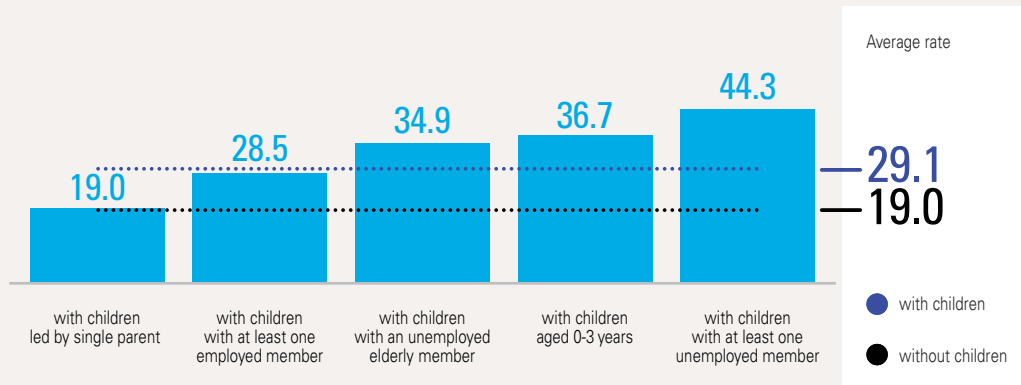


Figure 10. Depth of absolute poverty by household composition, 2019, %.

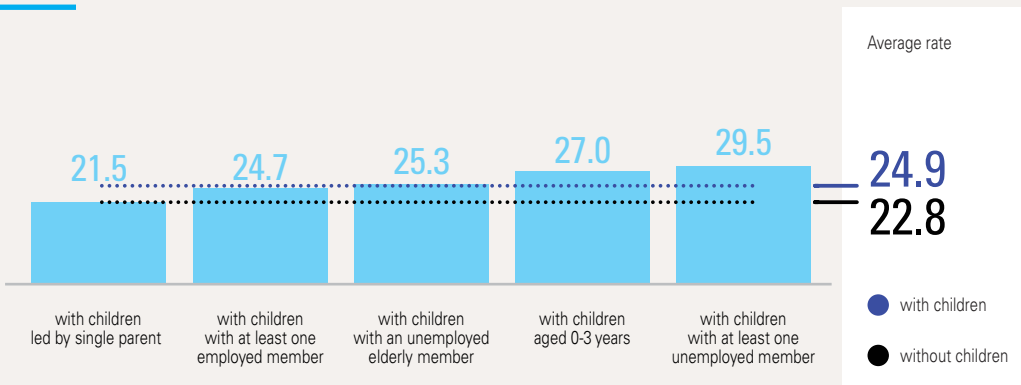
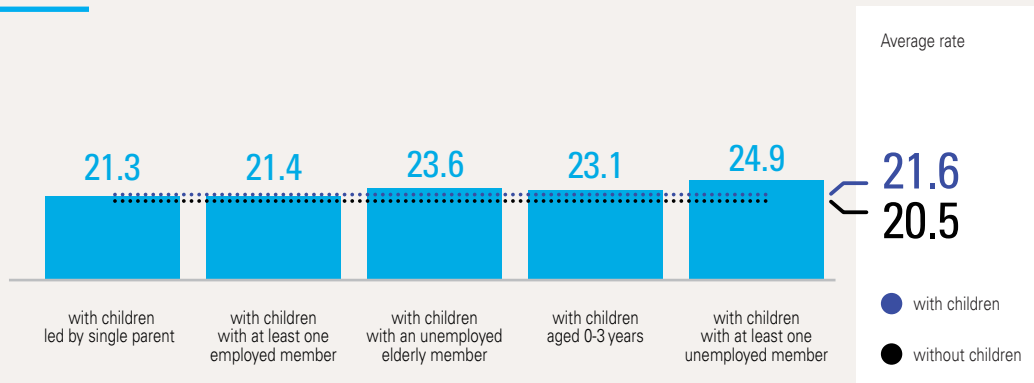


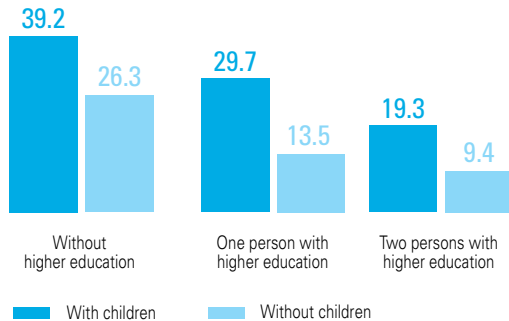
Figure 11. Depth of relative poverty by household composition, 2019, %.



Source: Authors' calculations based on data from the 2019 Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

Figure 12.

Relative poverty rate of households with and without children, by whether there are persons with higher education in the household, %.



Source: Authors' calculations based on data from the 2018 Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

This factor has a considerable positive effect in all household types: the poverty rate declines from 39.2 per cent (no person with higher education) to 29.7 per cent (if at least one such person is in the household) (Fig 12).

Having a person with higher education in the family has a positive impact on all types of households with children. However, multi-generational households (with three or more adults) experience reduced poverty risk least of all. The impact of the educational factor is more notable in large households, but their poverty rate remains rather high even if there are persons with higher education in the households (Fig 13).

Building a combined picture of poverty risks⁵ means that the aggregate impact of several factors on the poverty rate can be assessed (Table 2).

Large rural families that include an unemployed person are at the highest risk of falling into poverty lies with (2.2 times higher than Ukraine's average).

Urban and, especially, rural households with two children and an unemployed person face higher risks, as do all large households regardless of their place of residence. Households with one child living in cities and with no unemployed member tend to experience the best situation. However, even their risk of falling into poverty is higher than for households without children.

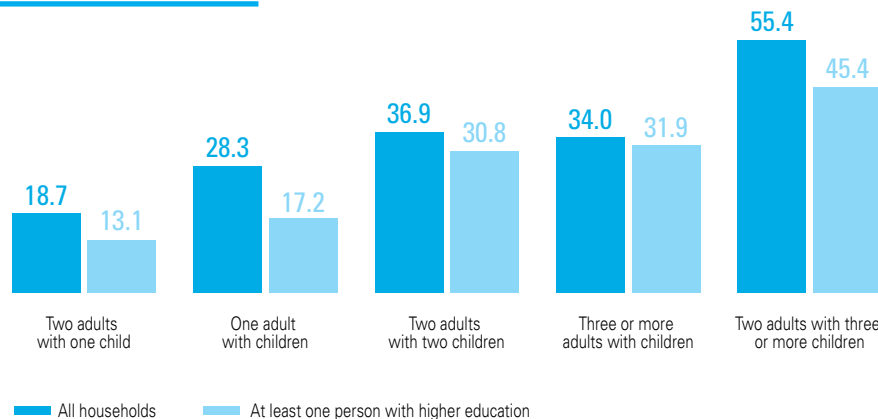
Monetary poverty in Ukraine has no pronounced gender disparity.

The one point to note is the higher monetary poverty figure among women than among men older than 75 years of age. No major gender differences in poverty figures were found among children aged 0-17: the relative poverty rate in 2019 was 30.7 per cent among boys and 28.7 per cent among girls. Given the existing statistical methodology, this difference is rather technical and difficult to disaggregate, as the household poverty rate equally applies to children of either sex.

The child poverty rate shows strongly pronounced regional differences: from 24.8 per cent in Chernihiv oblast to 75.3 per cent in Kherson oblast. Relatively higher levels of poverty are prevalent in Rivne, Odesa and Kyiv oblasts. A vulnerability pocket was found in the country's northwestern region, where four oblasts have high and very high child poverty values. Moreover, high figures are also characteristic of Donetsk and Kherson oblasts. The regions at the highest risk of poverty traditionally include those where: (1) children's share in the population is highest; (2) the population is largely rural; (3) modern economic sectors with highly paid jobs are not prevalent.

Figure 13.

Impact of higher education on relative poverty rate of households with children, %.



Source: Authors' calculations based on data from the 2018 Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

⁵ Poverty risk is calculated as the ratio between the certain population group's poverty rate and the country's average poverty rate. An indicator value higher than 1 means that the risk of falling into poverty for the respective population group is higher than the country's average. The simple poverty risk accounts for impact of one poverty factor, e.g. number of children or locality type. The combined poverty risk is the aggregate impact of one or more poverty factors. This paper studies the simultaneous impact of place of residence, number of children in a household, and presence of unemployed persons in the household.

Table 2.

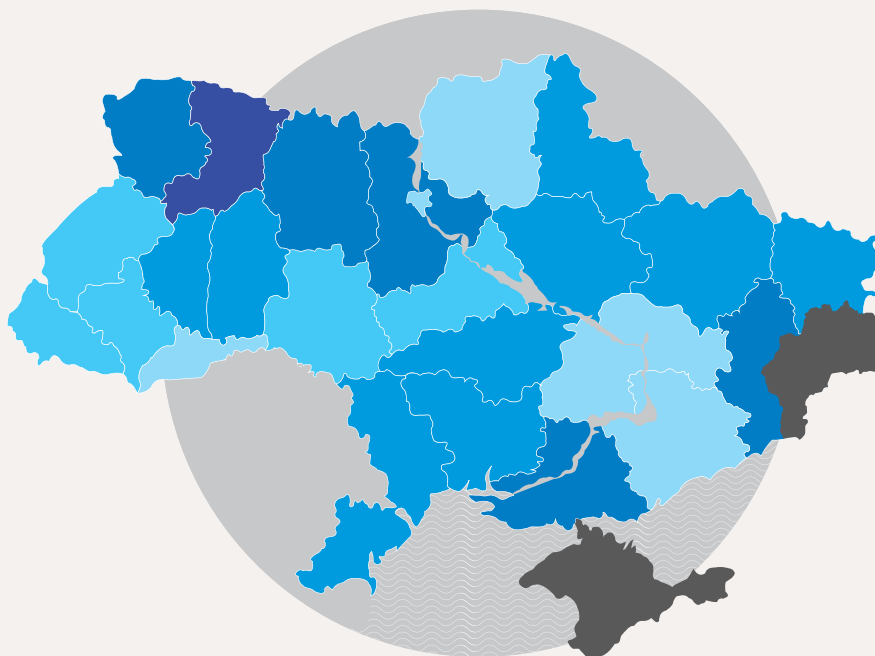
Combined risk of poverty (total equivalent expenditure below actual subsistence minimum, compared to national average), multiple.

	1 child	2 children	3 and more children	Households without children
URBAN	0.878	1.278	1.621	0.750
With an unemployed member	1.065	1.519	1.945	0.901
No unemployed member	0.862	1.252	1.572	0.741
RURAL	1.246	1.647	2.244	0.983
With an unemployed member	1.453	1.903	2.270	1.348
No unemployed member	1.201	1.552	2.236	0.908

Source: Authors' calculations based on data from the 2019 Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

Figure 14.

Child absolute poverty rate in regions of Ukraine, %.



76.3	Rivne oblast
67.8	Kherson oblast
65.7	Donetsk oblast
65.2	Zhytomyr oblast
63.5	Volyn oblast
63.4	Kyiv oblast
58.8	Poltava oblast
58.1	Odesa oblast
57.7	Luhansk oblast
55.7	Kharkiv oblast
55.6	Ternopil oblast
55.6	Khmelnytskyi oblast
53.6	Mykolaiv oblast
52.6	Kirovohrad oblast
50.6	Sumy oblast
48.9	Cherkasy oblast
43.4	Lviv oblast
41.2	Zakarpattia oblast
40.8	Ivano-Frankivsk oblast
40.0	Vinnitsia oblast
39.4	Dnipropetrovsk oblast
36.0	Zaporizhzhia oblast
34.3	Chernivtsi oblast
31.2	Kyiv city
22.8	Chernihiv oblast

Note: not including the non-government-controlled areas of the Autonomous Republic of Crimea, Sevastopol city, and certain rayons of Donetsk and Luhansk oblasts.

Source: Authors' calculations based on data from the 2019 Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

Sudden poverty and chronic poverty

Poverty is not static. It is a dynamic phenomenon as the income and living standards of families change. Some categories of family find themselves among the poor mainly due to a certain shock, particularly as a result of losing an income source, the sickness or death of a family member, or exposure to externalities such as armed conflict or a natural calamity. In such cases, it is about sudden poverty. Some families may overcome poverty. The rest remain poor and experience deprivations for many years. At the same time every country, including Ukraine, has families in which poverty is passed on from one generation to the next, and hence children inherit the “status” of their parents. In this way whole pockets of poverty emerge, often living solely or primarily on government assistance.

Chronic poverty is not assessed in Ukraine because no panel studies have been conducted.

The information sources used in Ukraine only allow poverty to be examined at a certain moment in time (quarterly or yearly) due to the 100 per cent annual rotation of households participating in the Household Living Conditions Survey.

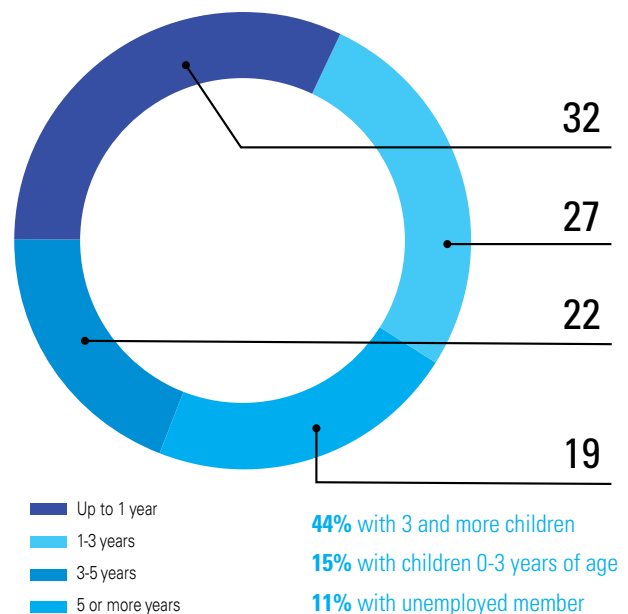
Given the insufficient information on chronic poverty, it is reasonable to use indirect methods to estimate chronic poverty.

One such method could be study of the population of beneficiaries of assistance for low-income families who have continuously participated in the programme for a long period of time. The low-income category most often includes large families, households with children that also include unemployed persons.

Analysis of the length of time in which households with children remain enrolled on the low-income family assistance programme indicates that in practice around 20 per cent of families continuously participates in the programme for more than five years.

Figure 15.

Chronic poverty among households with children participating in the low-income family assistance programme, %.



Source: Database of low-income family assistance beneficiaries (Main Data Processing Centre), 2018.

Almost 50 per cent of this chronically poor population are large families, around 15 per cent have children under 3, and every ninth has an unemployed member (Fig 15).



© UNICEF/UN0243073/Morris VII Photo

Sudden (or transient poverty) — poverty experienced as the result of a temporary loss of a source of income, sickness, death of a family member or other shocks.

In 2014, Ukraine found itself in an armed conflict that led to the quick onset and widespread poverty of families, due to loss of housing, property and livelihoods.

Population groups at high risk of poverty, primarily children, were particularly vulnerable to the adverse impact of the conflict. Families with chronically low incomes that also lost their houses and property due to the war struggled to survive. Meanwhile, other families that had small savings and steady jobs with moderate pay lost everything

due to the hostilities and suddenly became poor too.

Calculations based on the data from the Household Living Conditions survey and expert estimates indicate that only 5-10 per cent of the population of Donetsk and Luhansk oblasts could then be classified as a safe group (in a stable situation with no risk of becoming poor).

Under certain circumstances, the risk of sudden poverty is increased by childbirth in a young family, especially for those with a lower level of pay. The poverty rate among couples aged 18-35 without children is 5.7 per cent (relative) and 12.1 per cent (absolute). If a child is born, this risk immediately grows to 23.4 per cent or 34.8 per cent respectively.

2.2. Poverty by deprivations

Unlike monetary poverty, deprivation poverty directly indicates that children have less access to the goods and services than necessary to maintain minimum social standards of living.

Ukraine measures material deprivation using the European Union methodology. This is defined as percentage of the population with enforced presence of at least three (or for deep deprivation four) of the following material deprivation attributes in the “economic strain and durables” dimension:

1. lack of funds for timely and full rent/mortgage payments or payment for housing and utilities;
2. lack of funds to keep their home sufficiently warm;
3. inability to meet unexpected but necessary expenses from their own resources;
4. lack of funds to afford a meal with meat, chicken, fish or the vegetarian equivalent every second day;
5. lack of funds for at least one week of family holiday away from home (and also not with relatives in their homes) per year;
6. lack of a car;
7. lack of a washing machine;
8. lack of a colour television;
9. lack of a telephone, including mobile phone⁶.

33% of the Ukrainian households with children were in a situation of material deprivation

19% of all households with children were in a situation of deep deprivation

⁶ Based on European Union Statistics on Income and Living Conditions (EU-SILC). For a detailed methodology, visit the Eurostat website: <https://bit.ly/3aA42ey>, and <https://bit.ly/37K7scV>



© UNICEF/UN0148008/Gilbertson VII Photo

Large families are traditionally in the worst situation.

With the arrival of the third child a striking leap in the deprivation level occurs, up to 49.4 per cent (compared to 38.9 per cent in households with two children).

Unlike for monetary poverty, the arrival of the second child also has a significant impact on the deprivation poverty rate (Fig 16–17).

Single-parent families also live in extremely vulnerable situations in terms of deprivation poverty.

The poverty rate of single-parent families is considerably higher than that of families with two children (52.2 per cent versus 38.9 per cent), which even exceeds the deprivation poverty of families with many children (49.4 per cent). Deep deprivation (4 of 9 deprivations) among single-parent families is 31.8 per cent, which is lower than in large families (34.7 per cent).

Figure 16.

Deprivation level (3 of 9 deprivations), EU methodology, 2019, %.

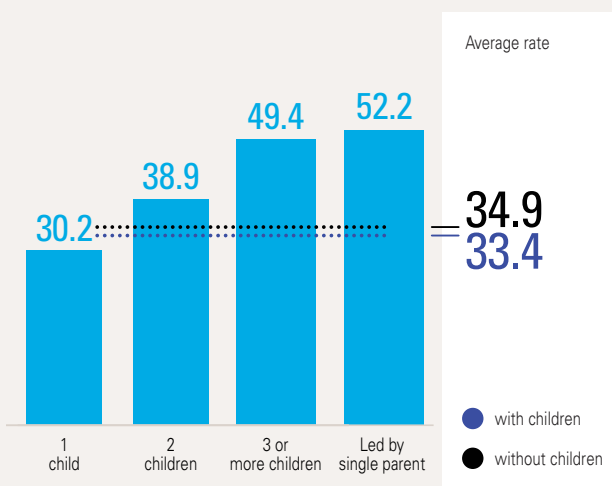
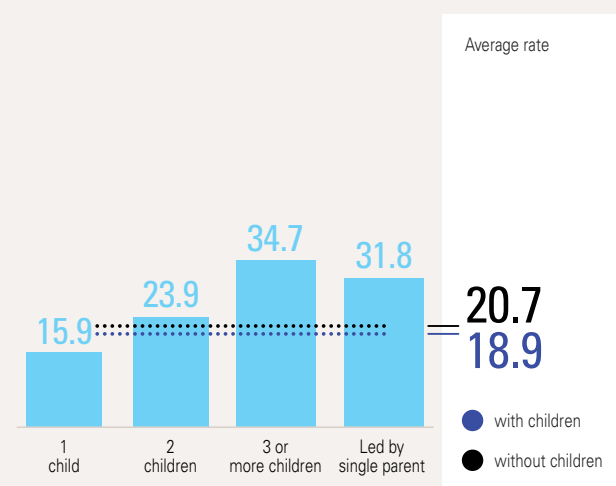


Figure 17.

Deep deprivation level (4 of 9 deprivations), EU methodology, 2019, %.



Source: Data from the State Statistics Service of Ukraine for 2019.

While the deprivation poverty rate in households with children slightly differs from the national average, a number of deprivation attributes solely or primarily affect children in the household.

In addition to research of deprivation poverty using the EU methodology, other deprivation indicators are determined in Ukraine, which enable a deeper assessment of non-monetary poverty problems both from the material deprivation perspective and from the standpoint of access to infrastructural facilities.

THESE DEPRIVATIONS CAN BE CONVENTIONALLY DIVIDED INTO THE FOLLOWING FOUR GROUPS OF AREAS IN WHICH THE DEPRIVATION IS MANIFESTED:

1. Lack of funds to meet basic needs.
2. Living conditions.
3. Remoteness from infrastructure facilities and limited access to services.
4. Environment, recreation and leisure.

Almost one in six children suffers from their family not being able to afford a meal with meat or chicken every second day, or to buy new clothes and footwear as required (Table 3). For adolescents studying in senior school classes, lack of funds to acquire vocational education is a significant deprivation: 22.1 per cent of urban adolescents (16-17 years) and 18.4 per cent of rural ones are affected by this deprivation. In addition, every fourth rural child (and almost every third rural adolescent) suffers from the inability to buy a computer, albeit this figure is only 11.5 per cent for an average household.

One in ten urban children suffers from a severe shortage of living space (less than 5 m² per person).

On the other hand, deprivations related to provision of amenities in the dwelling such as running water (25.6 per cent), bath or shower (29.7 per cent), or flushing toilet (36.4 per cent) are common among rural children. These indicators are half as much among all households in the country. One in four children in the country and one in three children in rural areas suffers from the household's inability to keep their home adequately warm.

Infrastructural problems are mainly of concern to rural children. In particular, 21.1 per cent of rural children under 6 suffer from an absence of pre-school facilities near their home. Almost half of rural children (51.2 per cent) also suffer from an absence of any establishment providing consumer services in their community though this figure is perceptibly lower among all households in the country, at 19.6 per cent. Lack of regular daily transport connections with other communities is of particular concern to rural children (21.9 per cent), while only 8.7 per cent of households nationwide mention such a deprivation.

More than half of households with children report not having money for a one-week family holiday away from home at least once a year. This percentage is much higher among rural households (64.7 per cent). Meanwhile, urban children suffer from environmental problems: pollution, coal dust, or other environmental issues are of concern to 16.6 per cent of urban children, thus making recreation and health improvement priority needs.

One in ten urban children suffers from a severe shortage of living space (less than 5 m² per person).



Table 3.

Deprivations most significant to children.

Deprivation attribute	Deprivation level, % of children	Vulnerable child category	All households with children, %
NO FUNDS TO MEET BASIC NEEDS			
Insufficient funds to afford the most essential inexpensive foods	4.3	Urban children under 6	5.4
	12.8	Rural children under 6	
Insufficient funds to afford a meal with meat, chicken, fish or vegetarian equivalent every second day	15.5	All children	16.9
Insufficient funds to buy new clothes and footwear for children as required	18.4	All children	9.3
Insufficient funds to acquire any vocational education	22.1	Urban adolescents aged 16–17	5.7
	18.4	Rural adolescents aged 16–17	
No computer because of lack of funds	20.3	Rural children	11.5
	24.8	Especially rural children below 6	
LIVING CONDITIONS			
Living space at most 5m ² per person	6.4	Urban children	4.3
	10.2	Especially urban children 16-17	
No running water in the dwelling because of lack of funds	25.6	Rural children	12.4
No indoor bath or shower because of lack of funds	29.7	Rural children	15.3
No indoor flushing toilet because of lack of funds	36.4	Rural children	18.4
Insufficient funds to keep the home adequately warm (to buy fuel, a heater, etc.) during the heating season	20.3	All children	21.8
	30.3	Especially rural children	
REMOTENESS FROM INFRASTRUCTURE FACILITIES AND LIMITED ACCESS TO SERVICES			
Lack of regular daily transport connection to another community with more developed infrastructure (shops, cultural facilities, educational institutions, etc.)	21.9	Rural children	8.7
Absence of pre-school facilities (kindergartens, nurseries) near home	21.1	Rural children under 6	3.1
Absence of any establishment providing consumer services in the community	51.2	Rural children	19.6
	57.8	Especially rural adolescents aged 16–17	
ENVIRONMENT, RECREATION AND LEISURE			
Insufficient funds for a one-week family holiday away from home at least once a year	54.1	All children	41.8
	64.7	Especially rural children	
Noise from neighbours or street (traffic, enterprise, factory, etc.)	11.4	Urban children	8.7
Pollution, coal dust, or other environmental issues (smog, bad smells, contaminated water, etc.)	16.6	Urban children	15.3

Source: Authors' calculations, using data from the State Statistics Service of Ukraine for 2019.

Deprivations and monetary poverty

In Ukraine, the risk of material deprivation correlates with monetary poverty: more than a half of the poor in monetary terms (between 54 per cent and 79 per cent depending on a criterion) have at least 3 deprivation attributes out of 9. The percentage of the monetary poor who have attributes of deep deprivation is slightly less – between 38 per cent and 64 per cent (Table 4).

Table 4.

Material deprivation level of individuals living in poor households, 2019, %.

Monetary poverty criteria	At least 3 of 9 attributes (material deprivation)	4 or more attributes of 9 (deep material deprivation)
Total income below the official subsistence minimum (UAH 1,880.67)	79.0	63.6
Total income below the actual subsistence minimum (UAH 3,636,31)	54.2	38.0

Source: compiled from data of the State Statistics Service of Ukraine.

The lower the monetary poverty line and, accordingly, the lower the poverty rate in monetary terms, the larger the percentage of the poor with 3 of 9 deprivations.

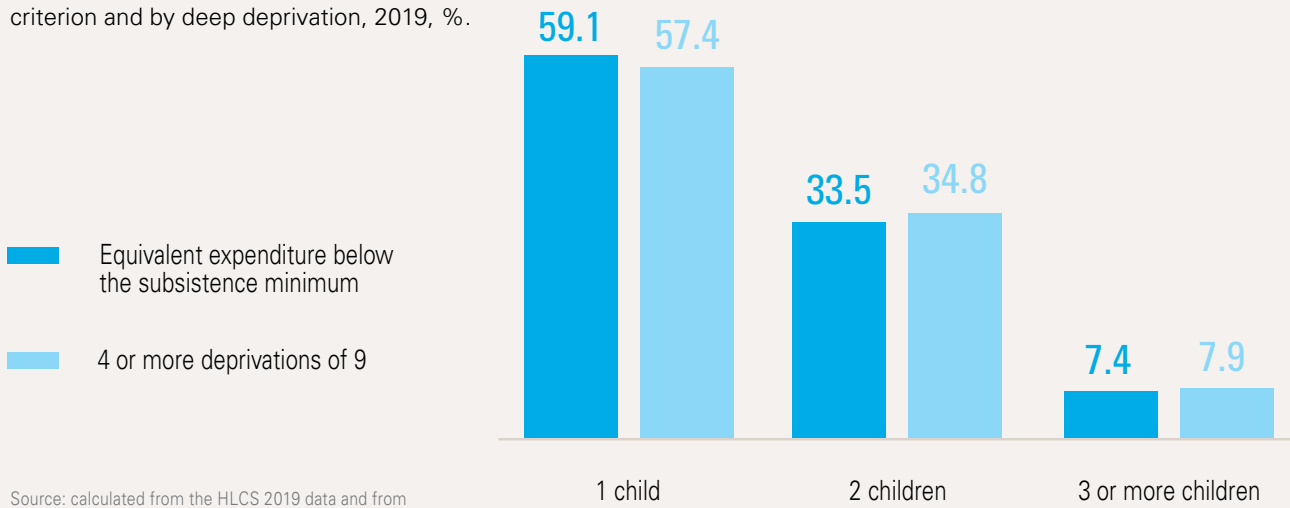
For example, almost 80 per cent among the poor by the officially established subsistence minimum (UAH 1,880 per person per month) have 3 of 9 deprivations.

Available statistical data preclude the identification of families who are simultaneously poor in monetary terms and suffer from deprivations. However, monetary poverty profiles and deprivations can be compared among households with children. The profiles in terms of the number of children in a household virtually coincide: the breakdown of the families with children whose expenditure is below the actual subsistence minimum is nearly identical to that of families with children that have 4 of 9 deprivations. Thus, risks of monetary and deprivation poverty for families with children equally depend on the number of children in them (Fig 18).

A different situation can be observed in terms of child age groups. The percentage of children under 3 among those in monetary poverty is almost the same as among those deeply deprived. However, the distribution differs in other groups. Thus, households with children under 3 have the highest risk of finding themselves in the group of monetary and deprivation poverty at the same time (Fig 19).

Figure 18.

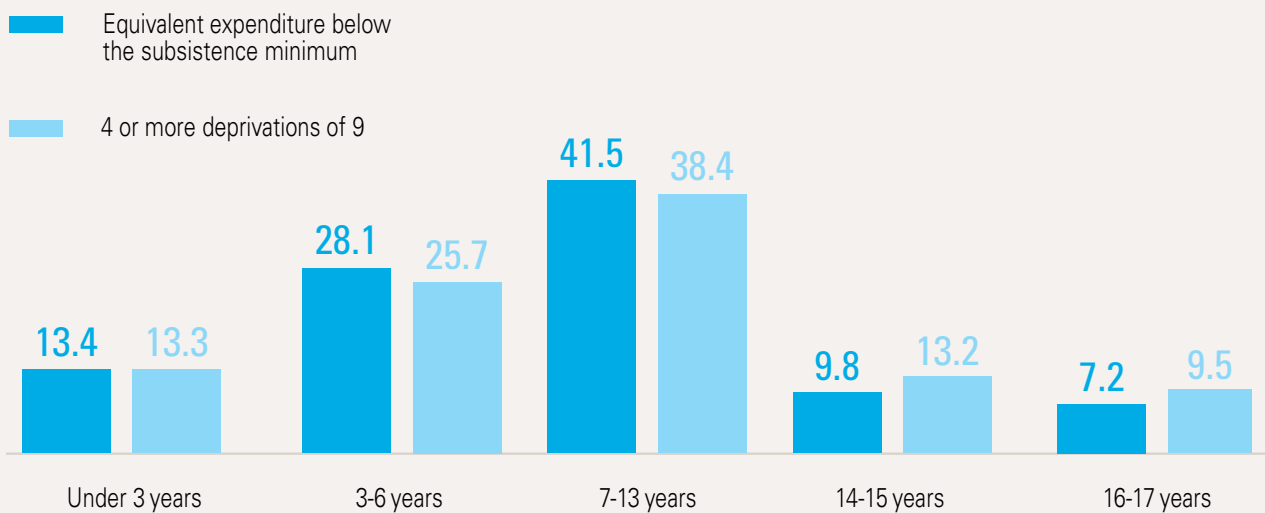
Breakdown of households by the number of children among the poor by the monetary criterion and by deep deprivation, 2019, %.



Source: calculated from the HLCS 2019 data and from data of the State Statistics Service of Ukraine.

Figure 19.

Breakdown of children by age group among the poor by the monetary criterion and by deep deprivation, 2019, %.



Source: calculations by authors according to data from Ukraine's households living conditions survey of the State Statistics Service of Ukraine for 2019.

2.3. Subjective poverty

Subjective poverty is defined by an individual's evaluation of his/her own material situation and indicates the individual's well-being in society. Deprivations and high risks of monetary poverty among families with children affect their self-evaluation.

According to 2019 data, one-third of households (30.1 per cent) with children only had funds to buy food, and therefore they denied themselves the most essential needs but food. In total, 88.4 per cent of households with children were unable to save at all.

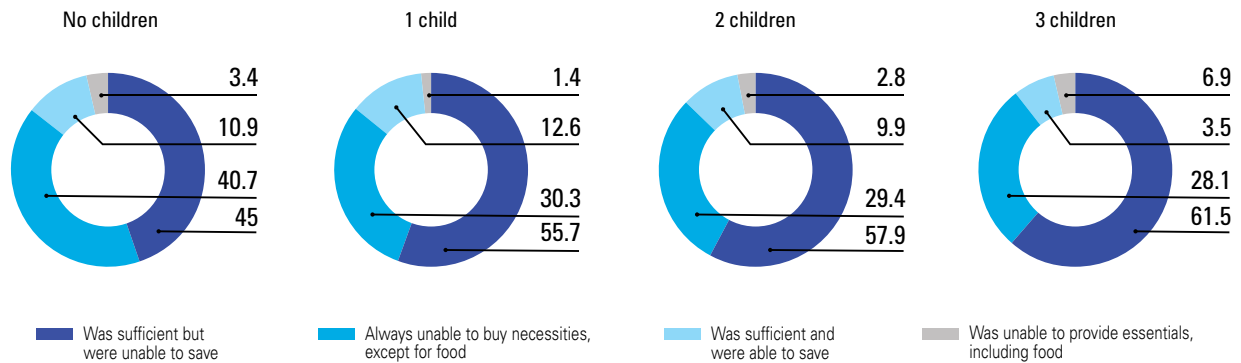
While there is no major difference between the self-assessments of households with one child and those with two children, households with three children evaluate their income level in other ways.

In particular, 6.9 per cent of households with three children were unable even to provide enough food (Fig 20).

Answers to the question on how the households with children would prioritize use of additional funds in case of a substantial increase in income indirectly reflect the poverty of such households. In total, 4.2 per cent of households with three children and 10.5 per cent of households with four children would use additional funds first of all to buy food (Fig 21).

Figure 20.

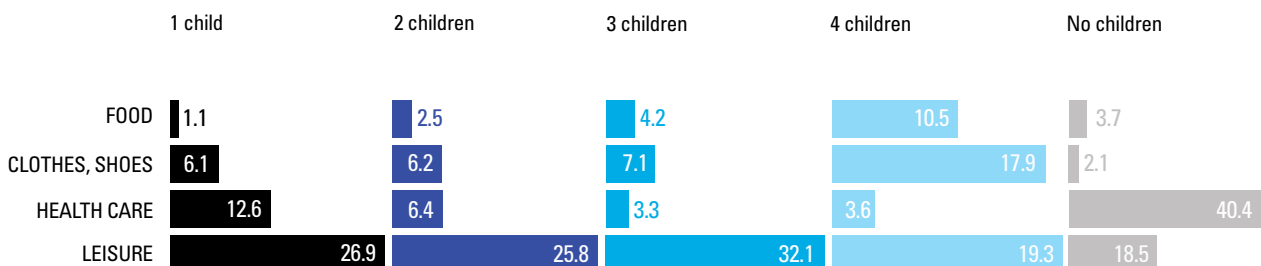
Breakdown of households by self-evaluation of their income, %.



Source: Data from the 2019 Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

Figure 21.

Purposes the households would use additional funds for in case of a substantial income increase, by household type, percentages, %.



Source: Data from the State Statistics Service of Ukraine for 2019.

2.4. “Invisible children”: children not considered in the household survey

Poverty is traditionally analysed at the level of families or households based on data from the family budget surveys. However, numerous child groups of children are not covered by such surveys for a variety of reasons. It is important to evaluate how many such children are there in the country and to what extent they fall under the definition of poverty.

National household surveys are the most often used and most reliable data sources for poverty estimation. Poverty is studied in Ukraine at state level based on data from the Household Living Conditions Survey conducted by the State Statistics Service of Ukraine regularly since 1999. The survey goal is, inter alia, to provide a comprehensive estimate of poverty at household level, including monetary and non-monetary attributes by socio-demographic population groups, including children under 18 and various types of households with and without children.

THE HOUSEHOLD LIVING CONDITIONS SURVEY, WHICH PROVIDES THE BASIS FOR POVERTY STUDIES IN UKRAINE, DOES NOT COVER CERTAIN CHILD GROUPS, INCLUDING:

- 1. Children not living in households and, therefore, not included in the household survey:** according to the sampling procedure, the institutionalized population — persons permanently residing in care homes, regular military service personnel and imprisoned person — is excluded from the resident population base. Furthermore, the sampled population does not represent marginalized population groups (e.g. homeless persons);
- 2. Children living in households that were not (or were only occasionally) included in the household survey because households refuse to take part or it is difficult to access:** children from Roma families, children from families living in the non-government-controlled areas in the “grey” zone.



In 2019, the survey involved 8,107 households, including 2,167 households with children (a total of 3,391 children). The findings of the sample survey are extrapolated to all Ukrainian households (14.9 million, not including the non-government-controlled areas).



Children not living in households and not included in the household survey due to methodological barriers include children living/staying in institutions and so-called street children.



Children in institutions

Some children reside in institutional establishments — facilities designed for permanent collective residence, such as children’s homes, boarding schools for orphaned children and children deprived of parental care, care homes for persons with disabilities, monasteries, barracks, penitentiary facilities, and so on. According to official data, 96,577 children were in residential care in early 2020.⁷ The number of children in residential care and their funding ratios, established by law, can be used to assess these children’s material situation. At the same time, estimating the non-monetary poverty rate is only possible based on expert assumptions and proxy indicators.

Street children

Unlike children in residential care, the number of children of no fixed abode or periodically living on the street is difficult to determine even based on the data from relevant services, as by no means all children come into their view. For example, according to official statistics, 10,000-12,000 children live on the street, while a study undertaken by UNICEF in cooperation with the O. Yaremko Ukrainian Institute for Social Research reports 76,000 children.⁸ The specialized institutions where such children are placed from time to time do not accumulate data about their material situation, needs, whether they have housing, etc., because recording such data does not fall within their competence.

Sometimes surveys of such children are conducted, and they are asked, inter alia, direct or indirect questions about their material situation and the deprivations they suffer from. However, these data may not be fully applicable to the entire street children population because even the representativeness of the sample can only be determined by expertise and with major reservations.

Children living in households but not included in the survey include children living in the non-government-controlled areas, children from Roma families, and children from families in particularly difficult circumstances.

Children in non-government-controlled territories

As a result of the armed conflict, some children of Crimea and certain areas in the east of Ukraine, some children found themselves in territory not controlled by the Government. Therefore, there are no reliable data either about their numbers or the conditions they are living in. Information about these children is shared by persons who occasionally come to government-controlled areas. This mainly concerns the problems faced by these children: involvement in the military conflict, difficulty obtaining Ukrainian documents and organizing study in Ukrainian schools and higher educational institutions, medical treatment, and so on.

7 Reform of the institutional care and upbringing system for children. Available at: <https://bit.ly/2QYyabQ>.

8 At-risk group adolescents: updated estimates — 2018. Available at: <https://uni.cf/369xgye>.

Roma children

Estimating the poverty of Roma children is a problem. The Roma strategy in Ukraine refers to official data of the All-Ukrainian Census 2001.⁹ At that time, there were 47,600 Roma individuals in Ukraine. Zola Kondur, a representative of Chiricli Roma Women Fund, emphasizes that these statistics are far from reality.¹⁰ Estimates of the number of Roma people living in Ukraine vary between 200,000 and 400,000.¹¹ Therefore, the actual Roma population may be several times larger than the official number. According to the census data, in 2001 there were about 20,000 children¹² in Roma families, whereas Roma NGOs estimate their number to be at least 80,000.¹³ Studies occasionally undertaken in Ukraine mainly deal with provision of legal aid, proper investigation of hate crimes, and so on.¹⁴

Children in particularly difficult life circumstances

Estimation of poverty and deprivations of children from families in particularly difficult life circumstances,

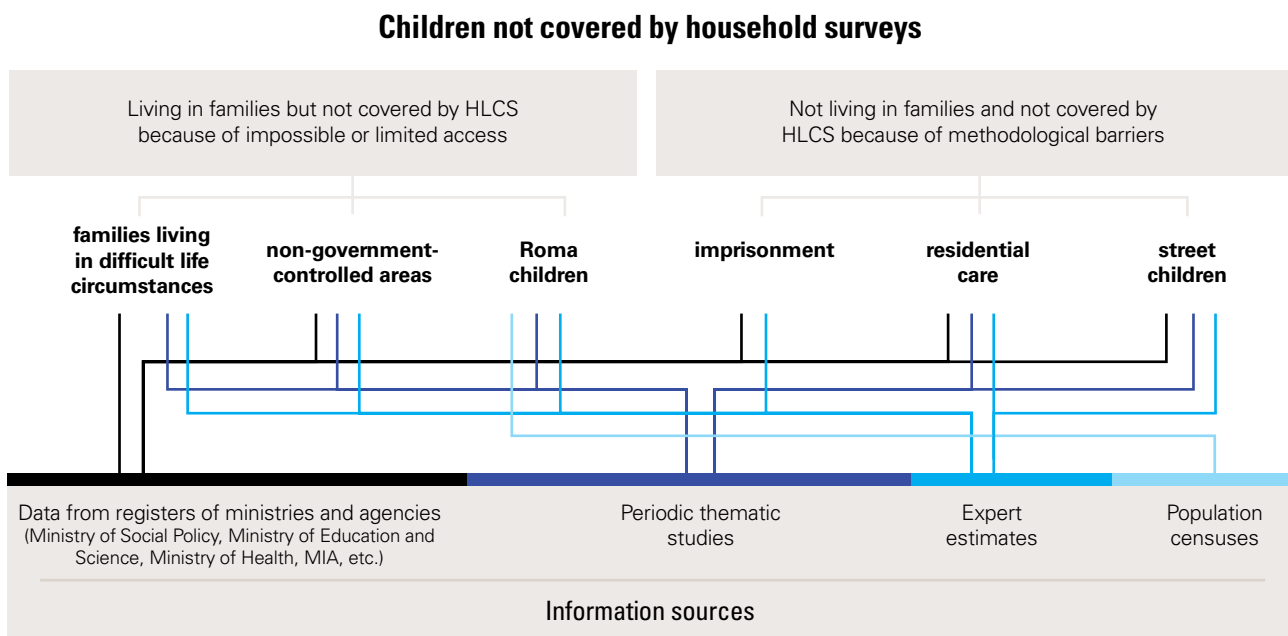
particularly those living in non-registered accommodation or in families whose members have no documents, can rely on NGO data. These families are not included in the sample for the Household Living Conditions Survey in terms of methodological criteria. However, it can be assumed that the rate of child poverty and deprivations in such families is extremely high.

Another problem in the surveys is posed by households' refusal to take part, which leads to higher errors and lower reliability of indicators. A typical problem is refusal to take part in the survey by a high proportion of the richest and poorest households.

There are also children which are covered by the survey, but because of the small sample of this particular group, it is difficult to draw any conclusions (for example, children with disabilities).

Figure 22.

Sources of information about the number and situation of children not included in the Household Living Conditions Survey.



9 Roma strategy and action plan. <https://bit.ly/2Sra2iG/>.

10 <https://bit.ly/3mlf7we>

11 Minority Rights Group (2019). International Roma Women Charitable Fund Chiricli. Analytical report. <https://bit.ly/2OxAFkg>.

12 Official publications of the 2001 census results do not give full information about the age composition of the Roma population. Data are provided selectively, for Zakarpattia oblast, Odesa oblast and Kyiv city. In Zakarpattia oblast, there is the largest share of children under 15: 39.7 per cent. Assuming that the percentage of children is about the same in other Roma settlement regions, then the total number of Roma children is about 20,000.

13 According to the age composition of the Roma population based on the 2001 census data.

14 Study report by Strategy 2020 Coalition of Roma NGOs. <https://bit.ly/3axDESI>.



SECTION 3

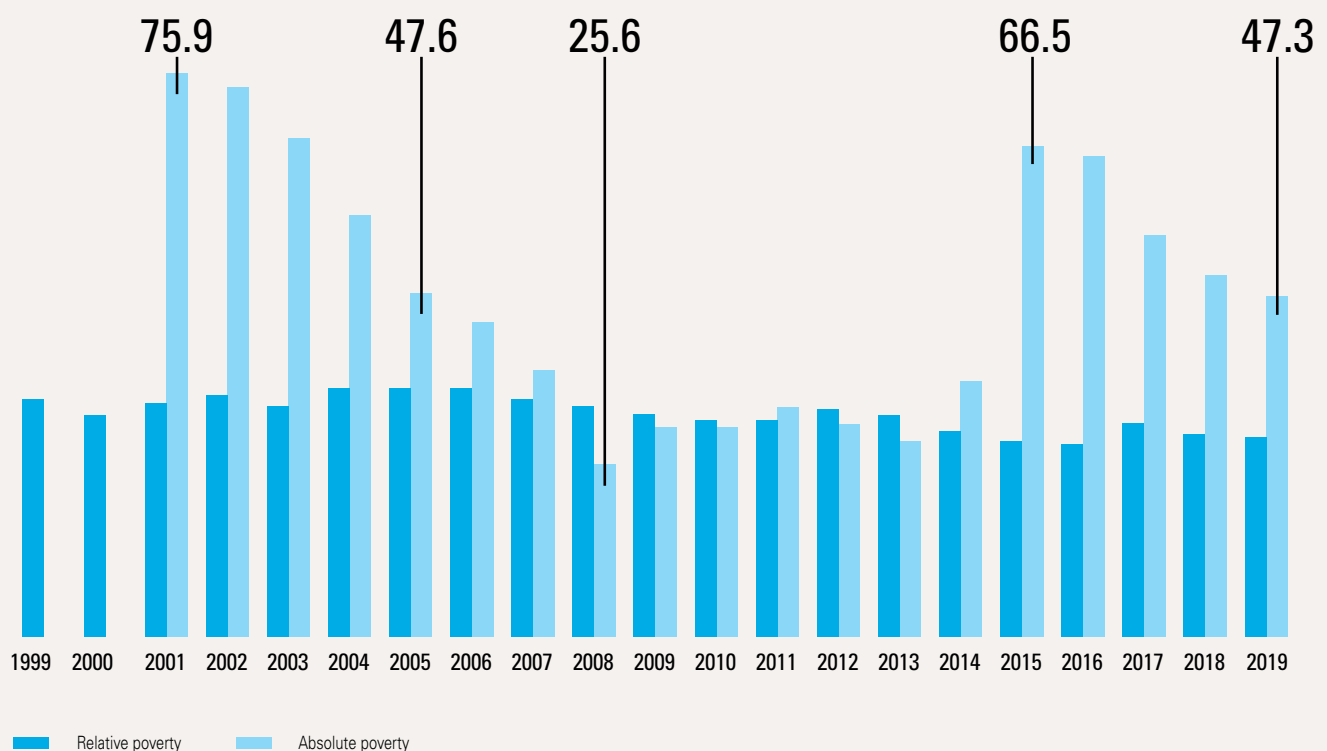
Child poverty trend analysis and determinants in Ukraine

This section considers poverty among children in Ukraine over the last 10 years, outlines the macro-determinants of child poverty, and compares poverty rates in Ukraine and other countries.

Between 1999 and 2018 significant fluctuations have been observed in child monetary poverty indicators (Fig 23). Absolute poverty reached two peak values: 75.9 per cent in 2001 and 66.5 per cent in 2016. Its lowest value — 25.6 per cent — was recorded in 2008. Data over the past few years indicate that absolute child poverty fell substantially after its peak in 2015 but did not reach the lowest value: the indicator was 47.3 per cent in 2019, equal to the 2005 level. The relative poverty rate changed only slightly (within 28-36 per cent).

Figure 23.

Poverty rate trends in households with children by relative and absolute criteria, 1999–2019, %.



3.1. Analysis of poverty over the last 10 years

Trends in child poverty observed during the last decade in terms of key monetary and non-monetary criteria¹ can tentatively be divided into four periods (Fig 24):

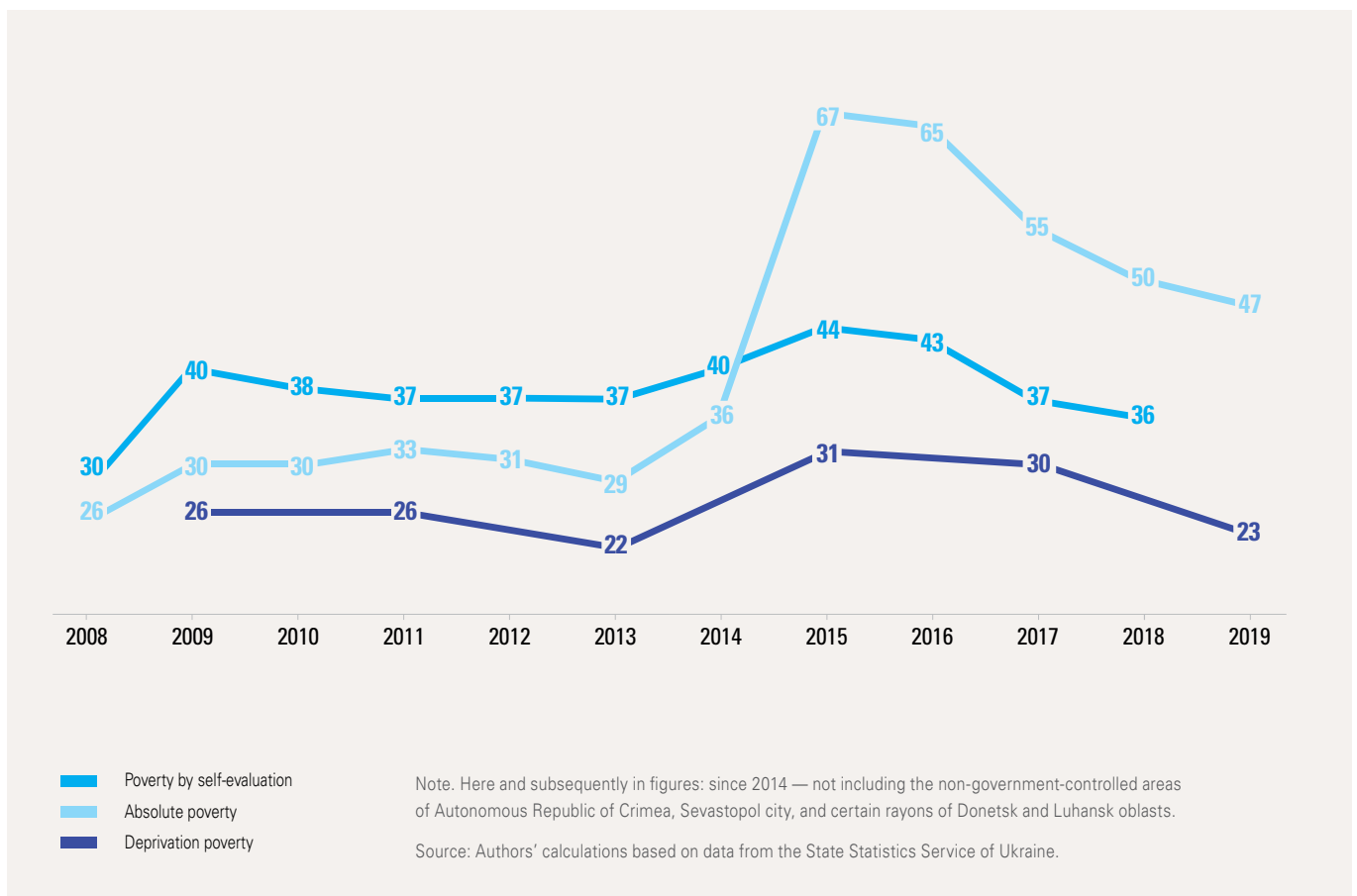
- increasing child poverty due to the 2008-2009 crisis;
- stabilization during 2010-2013 at the 2009 level;
- rapid growth in child poverty in 2014-2015;
- poverty reduction in 2016-2019.

All the three poverty dimensions — monetary (by actual subsistence minimum), deprivation (at least 4 of 18 deprivations²), and subjective (based on self-evaluation of income) — demonstrate similar trends, particularly in the latter two periods (crisis and commencement of economic growth waves (2014-2018)).

Despite substantial improvements in the poverty situation in recent years, the values of 10 years ago have still not been achieved for monetary poverty: the absolute child poverty rate was 47.3 per cent in 2019 compared to 30.0 per cent in 2008.

Figure 24.

Trends in poverty in households with children by key criteria (absolute monetary, deprivation, and subjective), %.

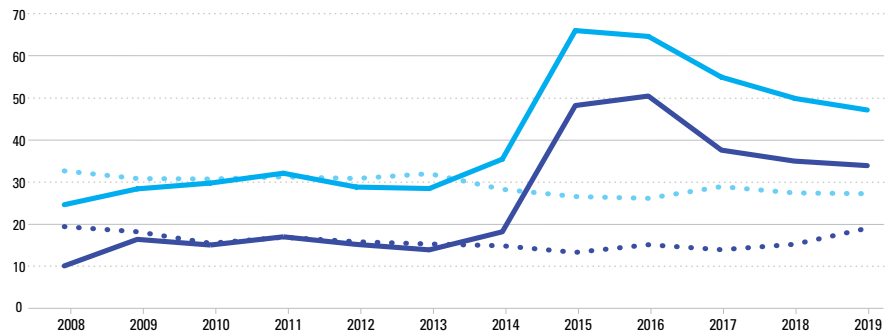


¹ Absolute monetary criterion, deprivation criterion, and subjective criterion.

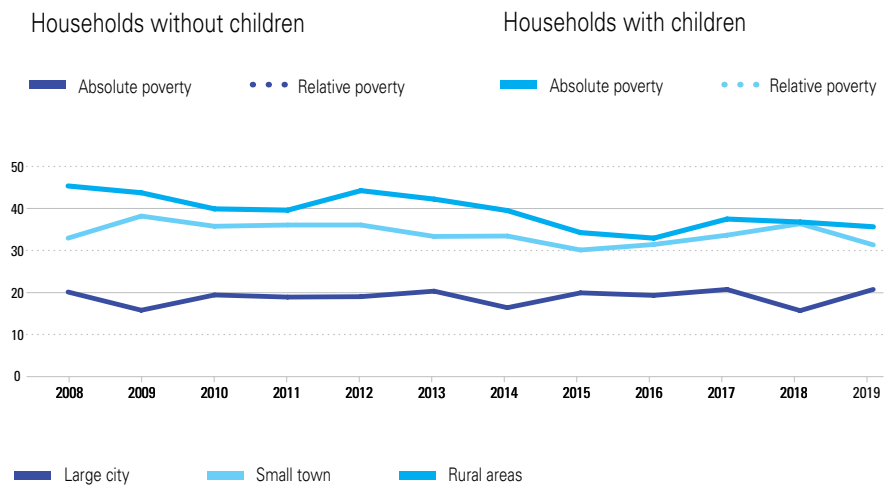
² According to the national methodology, it has been studied since 2007 biennially.

Figure 25.

Trends in monetary poverty for households with children and households without children, %.

**Figure 26.**

Trends in relative poverty rate in households with children, by settlement type, %.



Source: Authors' calculations based on data from the Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

The relative poverty rate remained rather stable throughout the period, at between 23 per cent and 27 per cent. However, unlike absolute poverty, relative poverty falls in crisis periods but rises during economic growth, and is an indicator of growing inequality.³

The ratio of poverty rates between households with children and those without children remained rather stable throughout the period, irrespective of the criterion chosen (absolute or relative). There was minor convergence in the values for households with and without children in some periods, for example in 2016 and 2018. However, this does not alter the general picture: poverty rates in households with children substantially exceed those in households without children. The ratio of relative poverty rates (in households with children and households without children) in the period being analysed varied between 1.6 and 2, whereas the ratio of absolute poverty rates ranged between 1.4 and 2 (Fig 25).

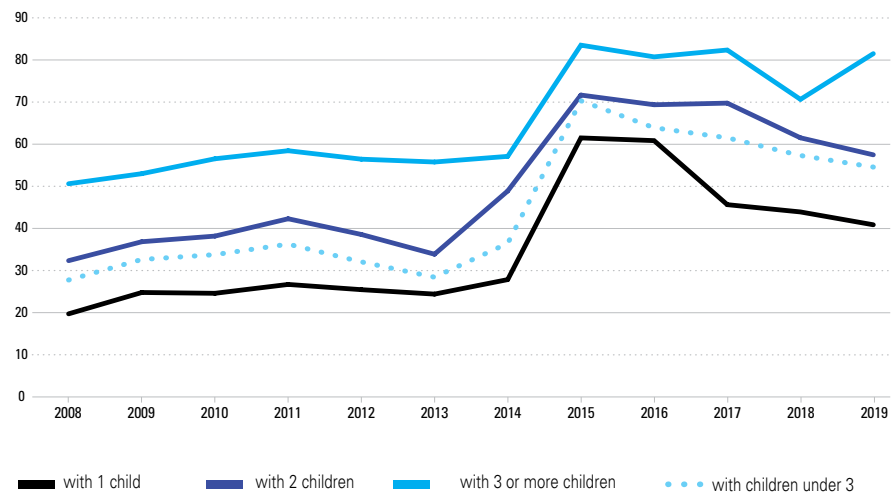
Convergence occurred between the poverty rate in small towns and that in rural areas between 2008 and 2019, and only large cities⁴ demonstrate a positive breakaway. In the beginning of this period, small towns' poverty indicators were between those of large cities and rural settlements. However, poverty rates in small towns were approaching those in rural areas during the periods of crisis, mainly due to growing poverty in small towns. A shift in the settlement-based poverty vector was observed for the first time in 2018, despite the situation stabilizing: the figure for small towns became higher than those for rural settlements. And though the situation changed in 2019, the traditional "urban – rural" contrast was completely replaced by the contrasts between large cities and other settlements (Fig 26).

³ A rise in relative poverty traditionally accompanies stages of economic growth, unless substantial changes in the income distribution system occurred in the preceding period. This does not indicate a deterioration of the absolute situation of the poorest populations.

⁴ The Household Living Conditions Survey distinguishes between large cities (with a population of 100,000 or more) and small towns (with a population of less than 100,000).

Figure 27.

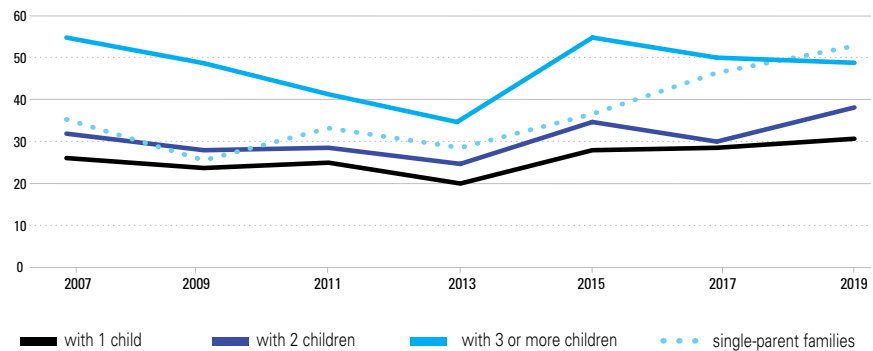
Trends in absolute poverty rate dynamics by type of households with children, 2008-2019, %.



Source: Authors' calculations based on data from the Household Living Conditions Survey conducted by the State Statistics Service of Ukraine.

Figure 28.

Deprivation poverty rate trends by type of households with children, %.



Note: deprivation poverty rate is defined as the percentage of households suffering from 4 or more of 18 deprivation attributes.

Source: Data from the State Statistics Service of Ukraine.

Before 2014, the poverty rate for large families (with three or more children) was considerably higher than that for families with one child and those with two children. In 2014-2015, the poverty rate for large families approached those for other household types. However, the gap re-emerged soon after 2016. After 2013, families with two children, as well as families with children under 3, began to exhibit similar poverty indicators to large families. **In recent years, a positive breakaway from other households with children has only been demonstrated by one-child households** (Fig 27).

The poverty rate by attributes of deprivation was gradually declining between 2007 and 2013, however it has risen substantially since 2015 (from 21.6 to 30.8 per cent in households with children); this was mainly caused by crisis phenomena. Nevertheless, some decline of the rate can be observed later on (Fig 28).

A negative upward trend in deprivation poverty can be seen in single-parent families: whereas their situation in the previous years was somewhat worse than that of families with two children, by 2019 their deprivation poverty rate exceeded the rate in large families.

Thus, dynamics of poverty by all criteria indicates a persistently worse situation in households with children, especially large households, compared with those without children against the overall Ukrainian background. The economic crisis and the war that began in 2014 had a dramatically adverse impact on the poverty situation, which only began to improve in 2018 and 2019.

3.2. Child poverty rate: international comparisons

Measuring poverty at national level is a challenging task because the methodology, particularly the choice of poverty indicators and poverty line, should meet national priorities. Moreover, high-quality data collection and analysis should be ensured at household level. Comparison of poverty rates across countries is even a more challenging task because it requires price-level variations to be taken into account as well as differences in the calculation methods for aggregating income (consumption) in primary data.

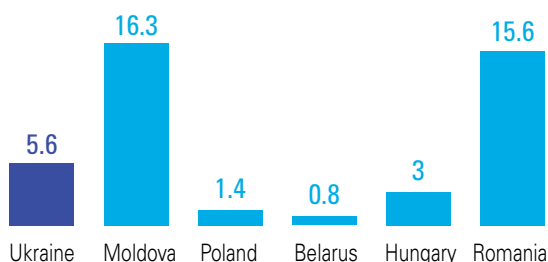
The extreme poverty line of US\$1.90 per day (purchasing power parity: PPP), as used by the World Bank, provides no understanding of the incidence of poverty in Ukraine, as less than 0.1 per cent of the Ukrainian population lives below that line (according to the most recent indicator for 2017⁵). **A better understanding can be achieved by considering the World Bank's poverty line of US\$5.50 (PPP)** that is used for middle-income countries, and by contextualizing Ukraine's figures relative to its neighboring countries. As shown in Fig 29, the poverty rate in Ukraine is 5.6 per cent. This puts it between those of neighbouring countries, higher than the 0.8 per cent in Belarus, 3 per cent in Hungary and 1.4 per cent in Poland, but lower than the 16.3 per cent in Moldova and 15.6 per cent in Romania.

No age disaggregation of data is provided, and therefore comparing child poverty is not possible.

The methodology for measuring poverty by deprivations, approved in the European Union, enables child poverty indicators (3 of 9 deprivations) in Ukraine to be compared with those of some of its neighbours (Fig 30).

Figure 29.

Poverty rate across countries, World Bank's poverty line of US\$5.50 (PPP).



Source: World Bank. Data from Database: World Development Indicators.

Eurostat data for 2018 demonstrate that the corresponding indicator in the European Union (EU-28) was 13.6 per cent (22.6 per cent in Hungary and 7.3 per cent in Poland, compared to Ukraine's 42 per cent). In terms of deep deprivation (at least 4 of 9 deprivations), Ukraine is also much higher than the European Union countries (Fig 31): 6.2 per cent in the EU-28, 12.2 per cent in Hungary, 3.3 per cent in Poland, and 26.6 per cent in Ukraine.

The poverty rate by deprivations (3 of 9 deprivations) for single-parent families with children in Ukraine is higher than the average poverty rate among families with children in all the EU countries as well as in Ukraine (Fig 32). However, in Ukraine, unlike the EU, poverty among large families is even higher than that for single-parent families.

Figure 30.

Child deprivation poverty rate (at least 3 of 9 deprivations), 2018, %.

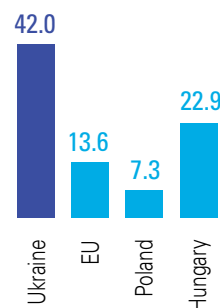


Figure 31.

Child deep deprivation poverty rate (at least 4 of 9 deprivations), 2018, %.

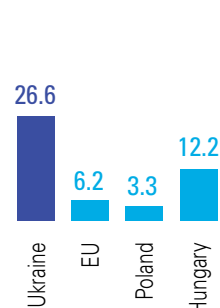
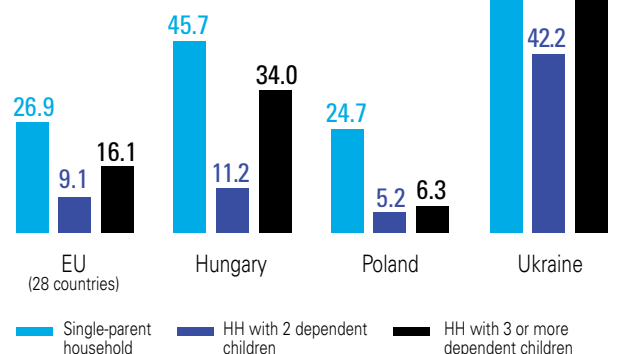


Figure 32.

Deprivation poverty rate among single-parent families and families with two and three or more children, 2018, %.



3.3. Macro-determinants of child poverty

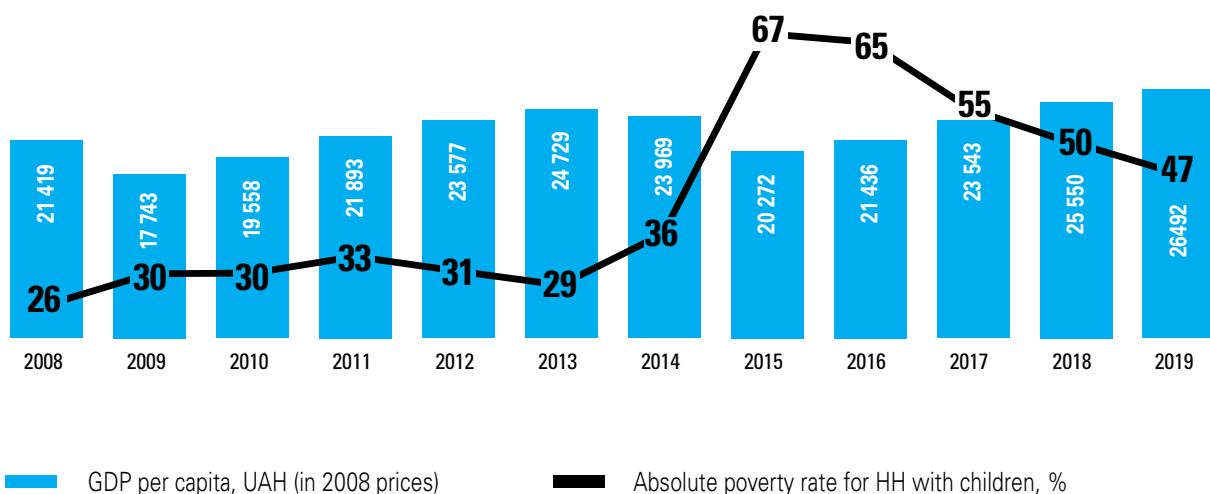
Poverty reduction should be comprehensive, including the economic tools utilized to combat it. There is much evidence that economic growth is one of the key mechanisms to overcome poverty.⁶

Gross domestic product (GDP) reflects changes in a country's economy, therefore it should influence child poverty, at least the absolute rate, if all population groups, not only richer ones, benefit from economic growth. Indeed, graphic analysis reveals a close inverse relationship between trends in GDP and the absolute poverty rate in Ukraine, with no time lag. The relationship density, however, is actually not very high: the correlation coefficient (in absolute value) is 0.102 between the absolute poverty rate of families with children and per capita GDP (in comparable prices), and 0.121 between that and disposable household income.

Macroeconomic stability is an important precondition for both economic growth and poverty reduction. There is evidence that poor families are particularly affected by economic shocks like, for example, rapid inflation.⁷ This is explained in the first instance by the fact that poor families keep most their savings in cash rather than in assets. In addition, poor families are less capable of protecting their savings against inflation. There was a close relationship between the consumer price index (CPI) and the absolute poverty of households with children in Ukraine between 2008 and 2019, with CPI as expected showing greater volatility.

Figure 33.

Trends in per capita GDP (in comparable prices) and the absolute poverty rate of households with children, 2008-2019, UAH per person.



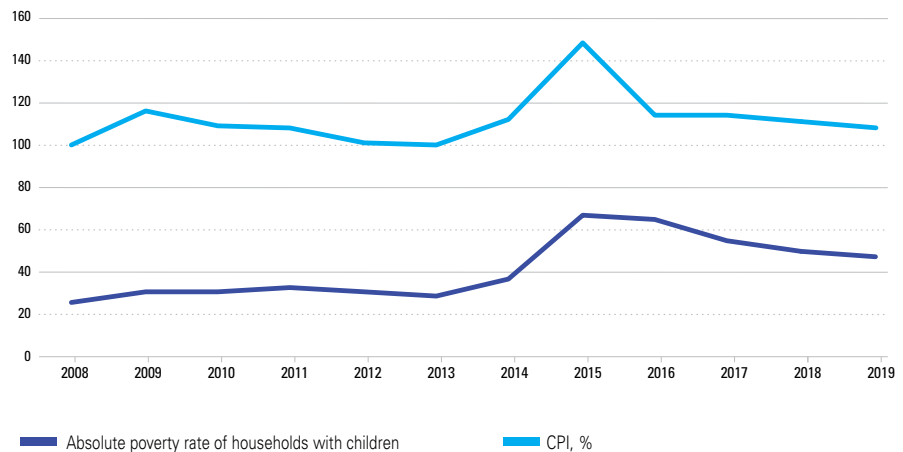
Source: Authors' calculations using data from the State Statistics Service of Ukraine.

6 Ravallion, M. (2016). *The Economics of Poverty: History, Measurement and Policy*. New York: Oxford University Press.

7 IMF, The World Bank (2001). *Macroeconomic Policy and Poverty Reduction*. Retrieved from www.imf.org/external/pubs/ft/exrp/macropol/eng

Figure 34.

Trends in CPI and absolute poverty rate of households with children, 2008–2019.



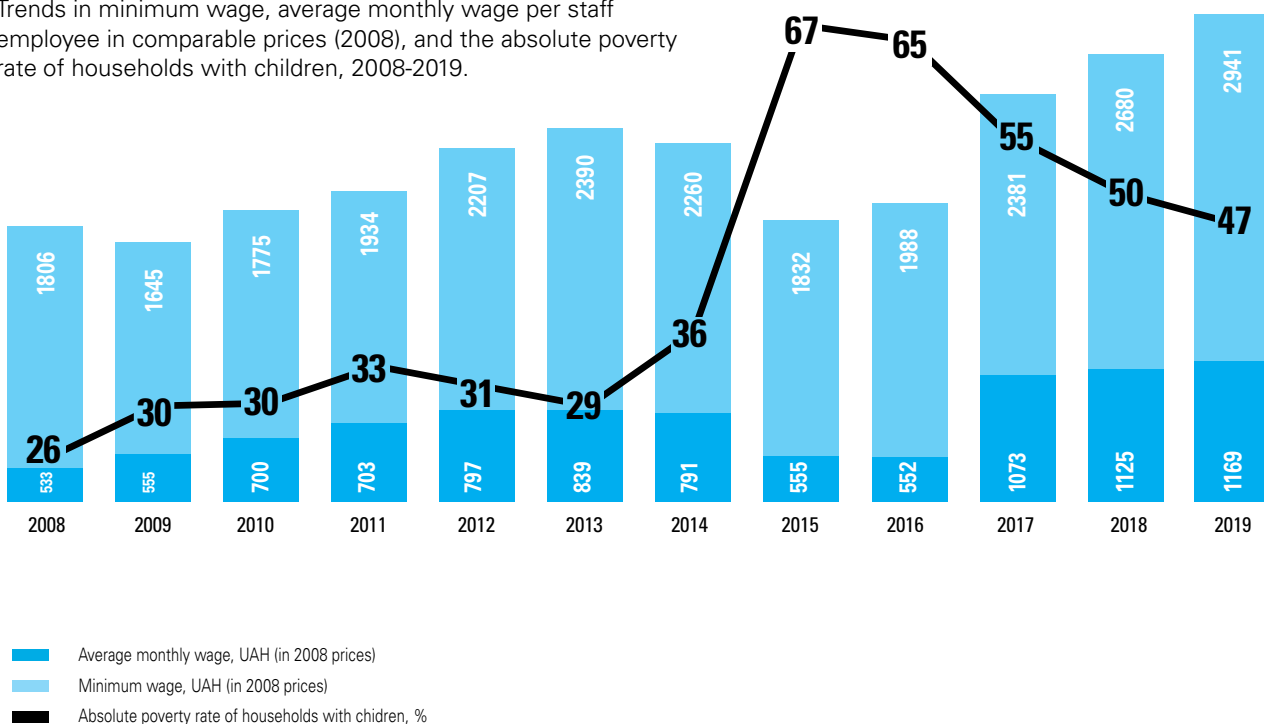
Source: Authors' calculations using data from the State Statistics Service of Ukraine.

Labour remuneration standards in the country also affect the absolute poverty rate. Analysis reveals an inverse relationship, with no time lag, between the minimum and average wages and the absolute poverty rate of families with children in Ukraine. As soon as the minimum wage rises and average wage levels across the economy grow, poverty among families with children declines.

Trends in average wages and the absolute poverty rate of families with children are closely correlated, with a correlation coefficient (in absolute value) of 0.576.

Figure 35.

Trends in minimum wage, average monthly wage per staff employee in comparable prices (2008), and the absolute poverty rate of households with children, 2008–2019.



Source: Authors' calculations using data from the State Statistics Service of Ukraine.



SECTION 4

An unequal start

Inequality among children is a particular problem because children are a distinctive population group. They have no choice about which families they are born into and about their conditions in terms of well-being and social status.

Inequality is determined by family circumstances at birth. As children grow up, their environments influence their development opportunities and educational attainment, and define their access to material goods and services. Together, these greatly impact their quality of life and shape their opportunities in adult life.

4.1. Income inequality

Data indicate that income inequality in Ukraine has been increasing continuously: the gap between the richest group has been widening compared to the poorest group and to the median. Since the period of growth began in 2016, the gap between the richest and poorest has started picking up at a faster pace. As a result, in 2019 the expenditure of the richest 10 per cent of the population was 5.3 times higher than that of the poorest 10 per cent (Fig 36).

This trend can also be observed among households with children. The difference in expenditure between the richest and poorest families with children has been increasing since 2016, and reached a peak factor of 5.1 in 2019. Since 2016, monetary inequality among households with children has been growing, mainly due to the richest group's income increasing significantly and becoming substantially larger than the poorest group. However, there has also been a substantial decline in the income of the poorest group compared that of the median group (Fig 37).

Figure 36.

Trends in total equivalent expenditures by various income groups of Ukrainian households, UAH, taking 2008 as the reference year for the currency.

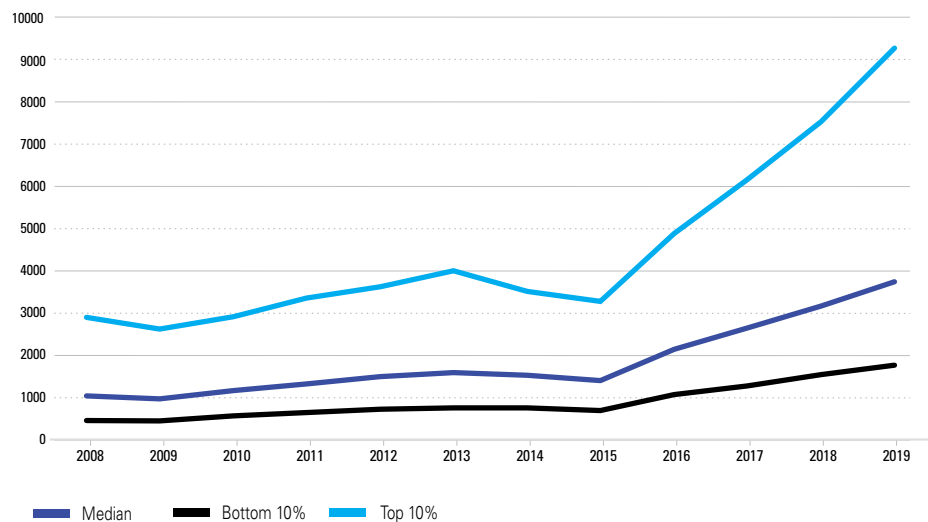
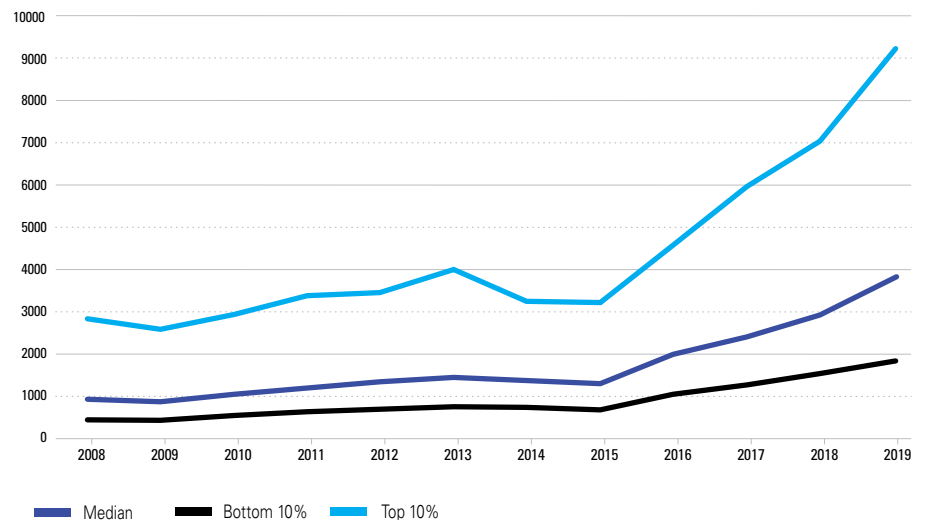


Figure 37.

Trends in total equivalent expenditures in various income groups of Ukrainian households with children, UAH, taking 2008 as the reference year for the currency.



In 2019, two-thirds of the wealthiest decile was made up of households without children. In contrast, a large majority of the lowest four deciles consisted of households with children (Fig 38).

The first and fifth quintile groups of households with children differ in significant characteristics.

All the vulnerable household types are disproportionately represented in the first, poorest, quintile. Meanwhile, the wealthiest quintile has just a fifth of the number of large families, three times less families with children under 3 years of age, and five times less families with an unemployed member (Fig 39).

Figure 38.

Composition of decile groups (by expenditure), by presence of children in household, %.

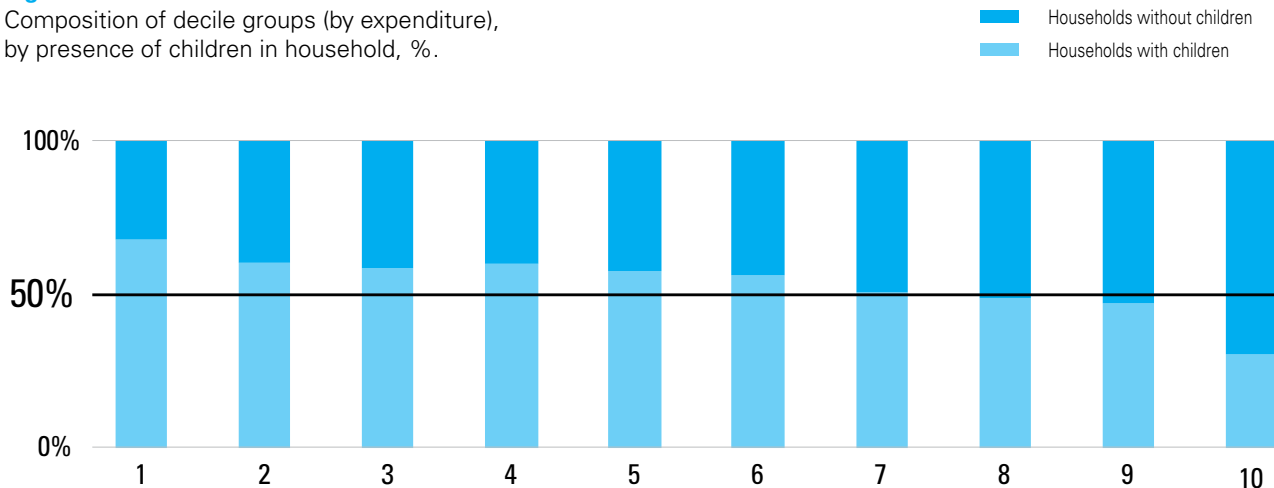


Figure 39.

Proportions of various types of households with children in the first (poorest) and fifth (richest) quintile groups, %.

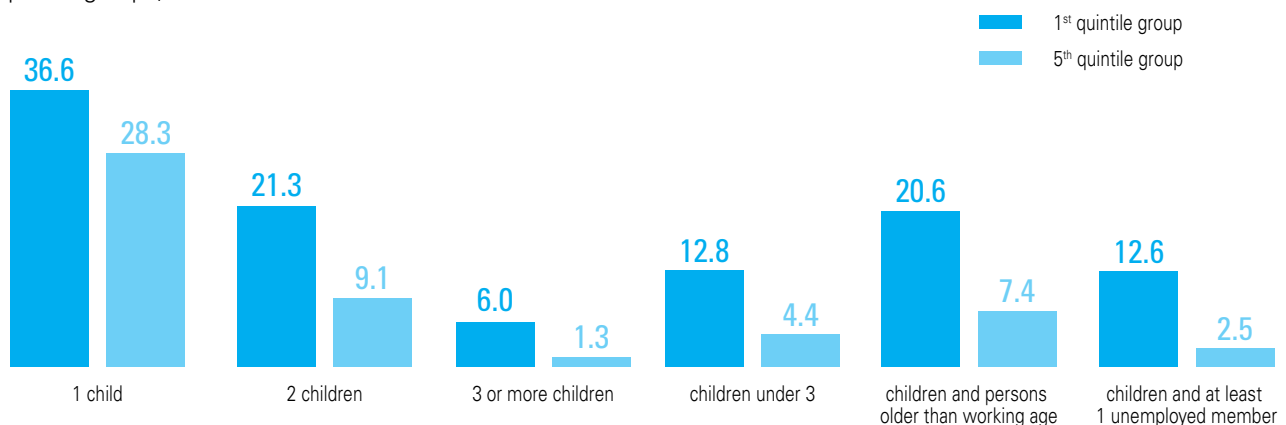
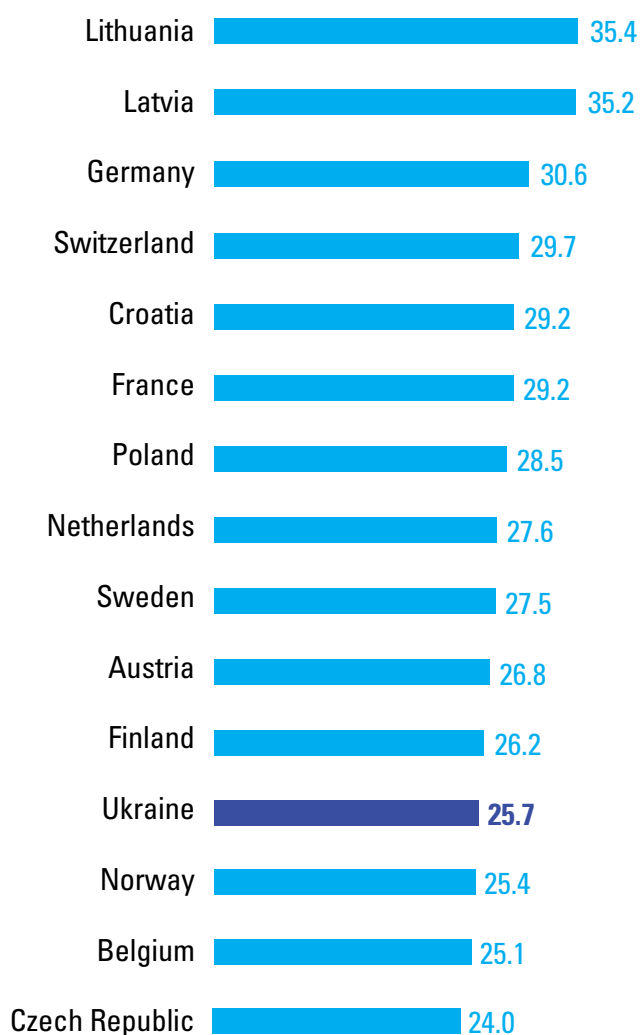


Figure 40.

Gini index in Ukraine and European countries, %, 2019.

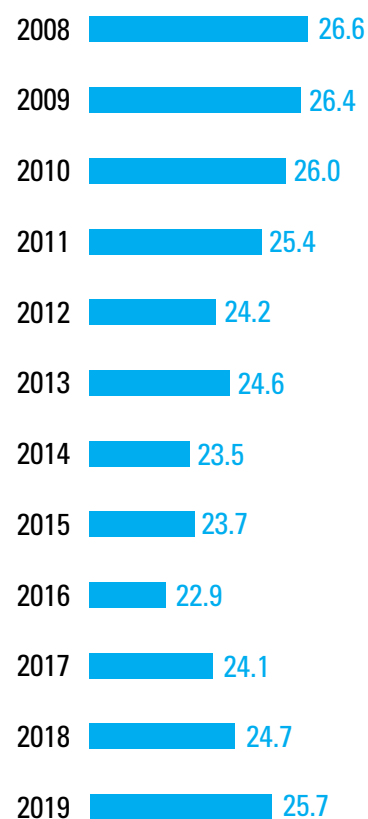


Source: Gini coefficient of equivalized disposable income — EU-SILC survey. <https://bit.ly/3uN9WQo>.

The Gini index, traditionally used to measure inequality, depicts Ukraine as a country with moderate stratification of its population in monetary terms. In this group, Ukraine has a lower index value than most EU countries, meaning it is theoretically more equal. The Gini index has tended to decline from 2008, but there was a slight increase in 2017 and 2019 and today it is 25.7 per cent (Fig 40-41).

Figure 41.

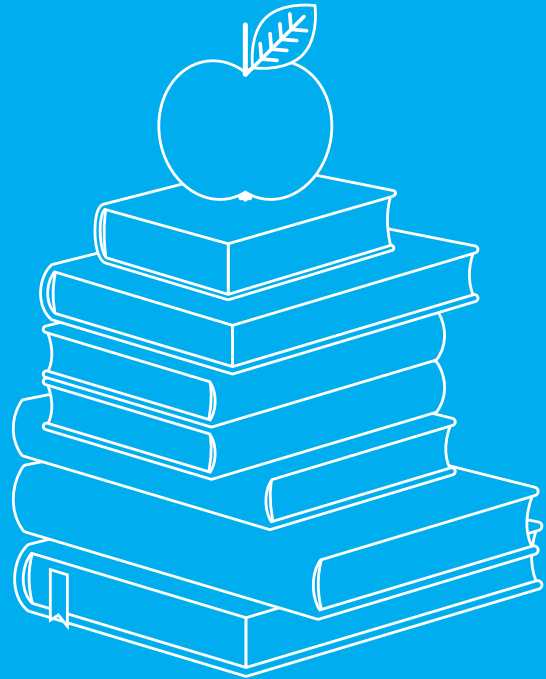
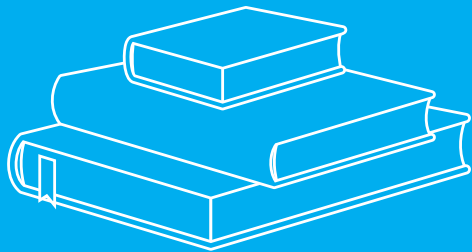
Trends in the Gini index in Ukraine (by income), %.



Source: Authors' calculations, based on data from the Household Living Conditions Survey conducted by the State Statistics Service of Ukraine

However, when informal income is a significant factor, the Gini index has major limitations. On the one hand, income does not reveal the real picture of inequality because the proportion of income that is informal grows with every decile group. Therefore, the index factors out the informal income segment that shapes inequality. On the other hand, attempts to measure the Gini index by expenditure based on data from household surveys also appear to be ineffective. This is due to a significant error because the sample is biased towards low-income groups whereas the richest group in the population (about 5 per cent according to expert estimates) are not covered by the surveys.

4.2. Inequality of opportunity



Children born with similar physical qualities and intellectual abilities, but in families with different status profiles, have different life chances and future prospects.

Inequality limits child development opportunities.

This manifests itself in a lack of the disposable income needed to ensure adequate nutrition, healthy lifestyles and quality medical services. This also relates to unequal opportunities to acquire quality education, which will impact on later competitiveness in the labour market and thus reduce chances of achieving success in adult life.

However, limitations to life chances due to lack of money are not the only manifestation of child inequality.

Significant factors include (i) background: the social status of the parents, their educational attainment and fields of employment, as well as (ii) the locality where the family lives, and (iii) biological factors, such as disability. Some children have no access to existing services not only because their families have lower incomes, but also because of who they are (and who their parents are) and where they live.

Figure 42.

EIT scores depending on educational attainment of parents, points.

	2016	2017
Parents only have secondary education	133,5	136,5
One of the parents has special secondary, vocational or incomplete higher education	141,7	144,5
Both parents have special secondary, vocational or incomplete higher education	145,3	147,7
One of the parents has higher education or an academic degree	151,1	152,2
Both parents have higher education or an academic degree	158,9	159,1

Source: Ministry of Education. Institute of Educational Analytics. Impact of socio-economic factors on educational attainments of students of secondary educational institutions Ukraine Centre for Educational Quality Assessment. Analytical Centre CEDOS. — 2017.

The higher the parental educational attainment, the higher the external independent testing (EIT) scores of their graduating children.

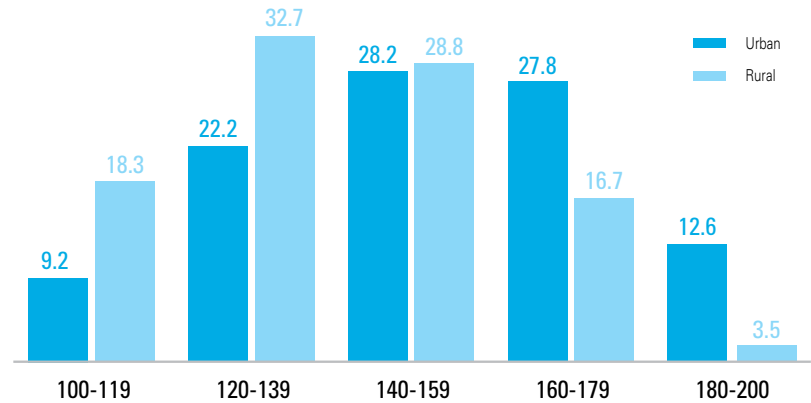
Parents' social status affects learning outcomes considerably: the higher the parental educational attainment, the higher the external independent testing (EIT) scores of their graduating children (Fig 40). The average EIT score of children of parents with higher education, or a degree is 22.6 points higher (out of a possible 200) than of those whose parents have only secondary education. Thus children whose parents have higher educational attainment have greater chances of entering more prestigious higher educational institutions.

The survey also revealed that children whose parents are employed in areas requiring high skills received the highest EIT scores. The best EIT results are achieved by children whose parents work in fields such as IT, education or journalism. On the other hand, the lowest EIT scores are achieved by children whose parents are employed in agriculture, construction or transport.

We can also highlight inequality of opportunity for children related to their families' places of residence. The results in EIT 2016 of pupils at urban educational institutions are much higher than those achieved by rural children. An average score for all subjects of between 180 and 200 (the top bracket) was received by 12.6 per cent of graduates at urban educational institutions, compared to only 3.5 per cent in rural areas (Fig 43).

Figure 43.

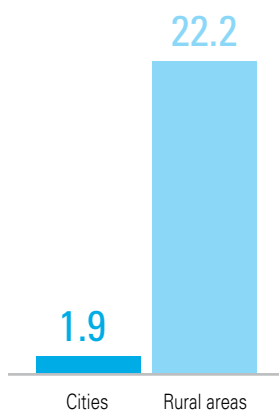
Breakdown of respondents by type of locality where they studied and by average score for all subjects in EIT 2016, %.



Source: Impact of socio-economic factors on educational attainments of students of secondary educational institutions.

Figure 44.

Proportion of children living in a community with no regular daily transport connections with another community with more developed infrastructure, %, 2017.



Source: Statistical report: Household self-assessment of access to certain goods and services in 2017 (based on household budget survey, 2017)

Inequality depending on place of residence is not only

manifested in unequal access to education. 22.2 per cent of rural children live in a setting where there are limited regular daily transport connections with other communities. Moreover, rural children have limited internet access: only 58.7 per cent of children under 18 in rural areas used the internet in the past 12 months, compared to 62.4 per cent of children living in large cities.

These factors are interrelated because there is a close relationship between the educational attainment of parents, their field of work and their family income, which in turn influences the family's choice of address, and the children's out-of-school education and development, and thus exacerbates inequality.

In addition to parents' low social status, poor health or disability can also impede the possibility of a fair start in life for such children. Unfortunately, not enough is being done in Ukraine to equalize life chances. Therefore, the problems of children with disabilities largely fall on the shoulders of their relatives.

4.3. Unequal access to services

Inequality at birth is exacerbated from the very first years of life by unequal access to vital services and goods, primarily health care, education, social protection and a safe living environment.

The best access is most often determined by a family's (i) welfare level and (ii) place of residence.

The determinant drivers of Ukrainian inequality lie in these two factors.



4.3.1. Access to quality education

Access to quality education is the greatest factor driving the social inequality trap.

Children from poor families enter the education system from disadvantaged starting positions, and the gap only increases as the learning process continues. The gap can only be eliminated by a policy intended to equalize children's starting opportunities. This is because education generates strong social returns, and currently is almost the only effective mechanism for social mobility in Ukraine.

INEQUALITY IN ACCESS TO QUALITY EDUCATION IN UKRAINE IS CAUSED BY SEVERAL FACTORS, OF WHICH THREE KEY ONES CAN BE HIGHLIGHTED:

1. Community type;
2. Educational institution type;
3. Household welfare level.

Clearly, other factors also play a role, such as the child's abilities, whether the child has special educational needs, the educational attainment of the parents and their willingness to help their child acquire knowledge, the child's own motivation to learn, and so on.

Community type

In Ukraine, children from rural areas have limited access to quality education, beginning from pre-school level. Whereas children's pre-school education enrolment is 68 per cent in cities, it is only 40 per cent in rural areas.¹

The PISA international education quality assessment conducted by the Organization for Economic Co-operation and Development (OECD) in Ukraine confirms the existence of a considerable gap between the learning outcomes of children attending secondary educational institutions situated in different types of locality. The average score of children studying in rural areas is 420.6, which is much less than the average score of children living in large cities (499.4) (Fig 45). This difference equates to more than 2.5 years of study.

The results of the State Final Assessment (SFA) also confirm that rural children are lagging behind urban

children in academic achievement: satisfactory and high scores in Ukrainian language were achieved by 42.5 per cent of urban graduates, 34.8 per cent of small-town children, and only 21.5 per cent of rural school graduates; for mathematics, the figures are 47.3 per cent, 39.5 per cent and 32.2 per cent, respectively; while for English language they are 73.2 per cent, 60.8 per cent and 53.5 per cent, respectively (Fig 46).

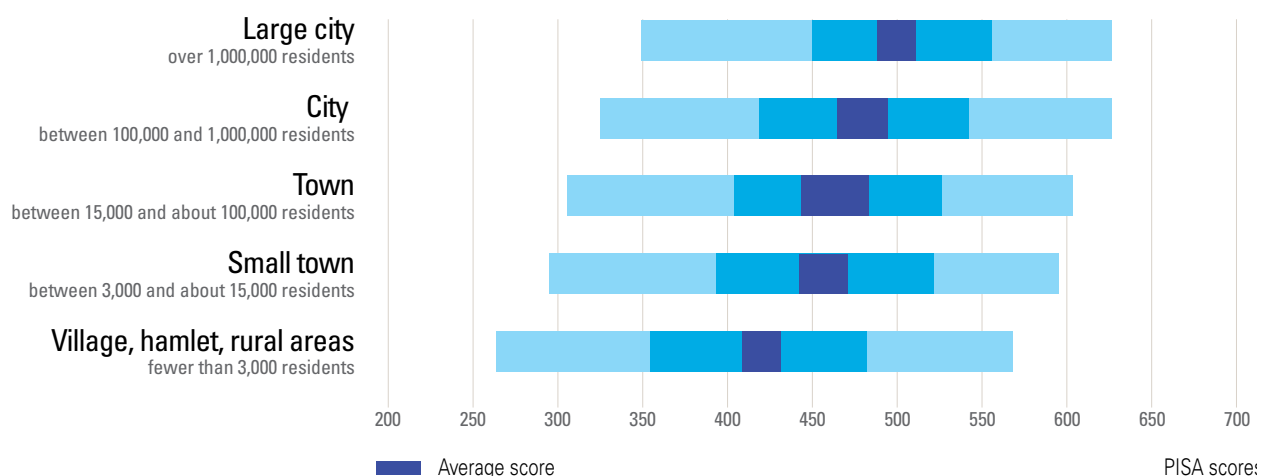
The place of residence not only has a bearing on the quality of secondary education but it also determines access to quality out-of-school education. According to data from the Ministry of Education and Science of Ukraine, there were 1,379 out-of-school education facilities in the education system as of early 2018, including 17 state-owned, 1,348 communal, and 14 private ones. However, only 97 out-of-school education facilities (7 per cent of the total) were situated in rural areas.²

40% pre-school education enrolment in rural areas

7% of education facilities situated in rural areas

Figure 45.

Difference between average reading scores of children attending educational institutions situated in different types of locality, 2018, score.



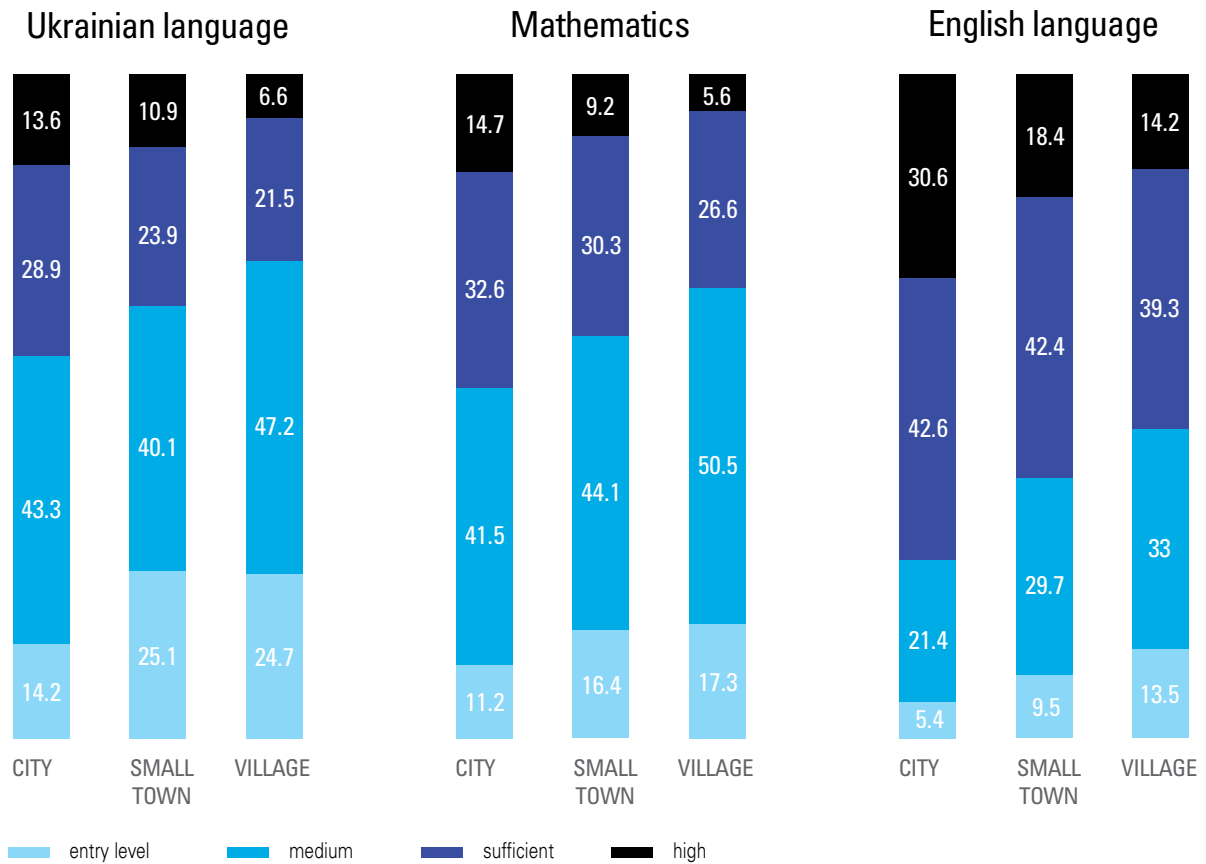
Source: National report on results of the PISA 2018 international education quality assessment.

¹ State Statistics Service of Ukraine. Pre-school education in Ukraine 2019: Statistical report, — 2020, pp. 7–8. <https://bit.ly/2OMIMe8>.

² Osvitnia Polityka. Analytical report on the round-table “Availability of after-school education as a prerequisite for development of children's abilities”, — 2018. <https://bit.ly/3rkNkFR>

Figure 46.

Breakdown of results of the State Final Assessment in individual subjects, by type of locality of educational institution, 2019, score.



Source: Official report on external independent testing of the learning outcomes based on complete general secondary education in 2019.

Type of educational institution

The outcomes of PISA, SFA and EIT indicate a considerable gap in Ukraine between the average achievements of pupils across the country and the achievements of pupils at elite specialized educational institutions. A high level of knowledge in Ukrainian language was shown at the SFA by a third of graduates of schools and colleges, but only 13.5 per cent of general secondary school pupils. In mathematics, satisfactory results were achieved by 32.3 per cent and 11.5 per cent of children, respectively; in English, the figures were 38.3 per cent and 20.2 per cent respectively.³

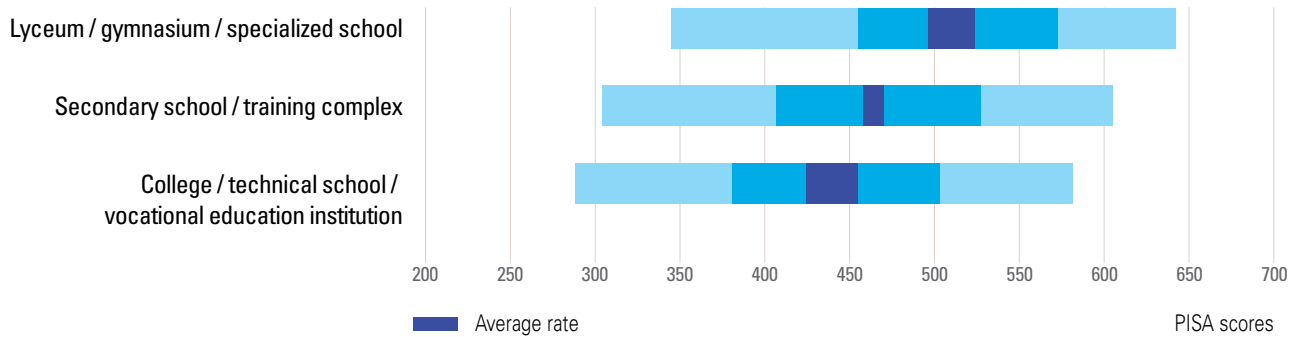
A similar situation in terms of different types of educational institutions was also revealed in the average reading scores achieved by pupils attending different types of educational institutions in the PISA test. For example, pupils from vocational education institutions lag about 1.5-2 study years behind those attending lyceums, gymnasiums, and specialized schools (Fig 47).

The greatest inequality in learning outcomes can be seen when two factors combine: the type of community and the type of educational institution.

³ Ukrainian Centre for Education Quality Assessment. Official report on external independent testing of the learning outcomes based on complete general secondary education in 2018. Vol. 1, — 2018.

Figure 47.

Differences in average reading scores between pupils/students at different types of educational institution, 2018, score.



Source: National report on results of the PISA 2018 international education quality assessment.

A survey of EIT participants in 2016⁴ showed that, all other factors being equal, learning at an urban school increases an EIT participant's average score by 11 points in Ukrainian language (162 and 151 points respectively) and by 14 points in mathematics (152 and 138 points). Learning at an elite school adds 13 points to the average score in Ukrainian language (169 and 156 points)

and 14 points in mathematics (158 and 144 points). The combination of the two factors causes still wider gaps: an urban elite school graduate receives 18 points more in the Ukrainian language and 21 points more in mathematics than an ordinary rural school graduate. The PISA results confirm this conclusion.

Household wealth

A household's wealth influences the family's choice of place of residence and type of educational institution. However, other effects are also at play: poorer families are unable to pay for additional schooling or tutoring for their children, which affects, inter alia, their EIT scores. According to a survey of general educational institution graduates from the 2015/2016 academic year, the most popular ways of preparing for the EIT included individual work, coaching sessions, and preparation during lessons as initiated by a teacher.⁵ Most often, tutoring was used to improve knowledge of English language (73.5 per cent), chemistry (71.7 per cent), mathematics (61.7 per cent), Ukrainian language (57.1 per cent) and physics (55.9 per cent). The highest scores were achieved

by graduates who had used tutors or attended preparatory courses at higher or vocational education institutions, which are fee-based and unaffordable for low-income families.

According to the PISA study findings, unfavourable socio-economic conditions are an important predictor of poor educational outcomes. However, despite pupils with low socio-economic status having lower chances of obtaining high results, some of them do find opportunities to achieve high educational outcomes, i.e. they are resilient.⁶

⁴ Ukrainian Centre for Education Quality Assessment. Impact of the socio-economic environment on learning outcomes of general educational institution pupils, — 2016.

⁵ Ukrainian Centre for Education Quality Assessment / CEDOS Analytical Centre. Impact of the socio-economic environment on learning outcomes of pupils (students) of general educational institutions // Ministry of Education and Science of Ukraine / Institute of Educational Analytics, — 2017.

⁶ Ukrainian Centre for Education Quality Assessment. National report on results of the PISA-2018 international student assessment, — 2019.

4.3.2. Access to quality health care

KEY REASONS OF INEQUALITY EMERGING IN ACCESS TO QUALITY HEALTH CARE SERVICES IN UKRAINE INCLUDE:

1. High costs of medical services and medicinal products relative to people's incomes;
2. Remoteness and/or limited accessibility by transport of a health care facility or a skilled health care worker (especially in rural areas); and
3. Lack of modern material and technical facilities in most health care facilities, particularly in small and/or remote communities.

Currently every fifth household with children is unable to access medical services or buy medical products,⁷ though the share of health care expenditure as a proportion of total expenditure of households with children increased from 2.7 per cent in 2009 to 3.4 per cent in 2019. The share of households with children who have insufficient money to pay for doctors' services was 18.0 per cent in 2019 (19.9 per cent suffered from shortage of funds for drugs and medical equipment while 19.6 per cent had no money for inpatient treatment with no surgery). This figure was higher than in 2009 (Fig 48).

Shortages of funds to pay for medical services are most typical for poor households with children, large and single-parent families. Among single-parent families, 34.2 per cent were unable to buy essential drugs and medical equipment. One in six large and one in three single-parent families could not pay for essential doctor services. Every third single-parent family had no money to pay for essential inpatient treatment (excluding surgery).

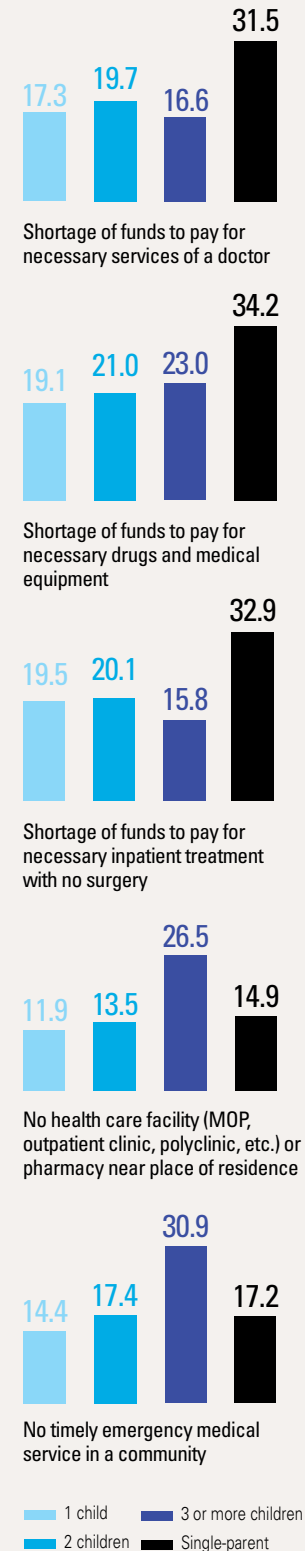
Lack of accessible (and sometimes any) health care facilities is most typical of rural households with children; on top of this, they more often have limited financial capacity.

In rural communities in 2019, 4.9 times as many households had no health care facilities near their places of residence compared to cities (29.6 per cent and 6.0 per cent respectively); rural households were 8.9 times more often affected by lack of emergency medical services (39.2 per cent compared to 4.4 per cent in cities). Overall, across the country, the accessibility of health care facilities for households with children is slightly better than for households.

34% Single-parent households suffering from shortage of funds to pay for necessary drugs and medical equipment.

Figure 48.

Share of households with children suffering from having not enough funds to pay for services and from lack of health care facilities, 2019, %.

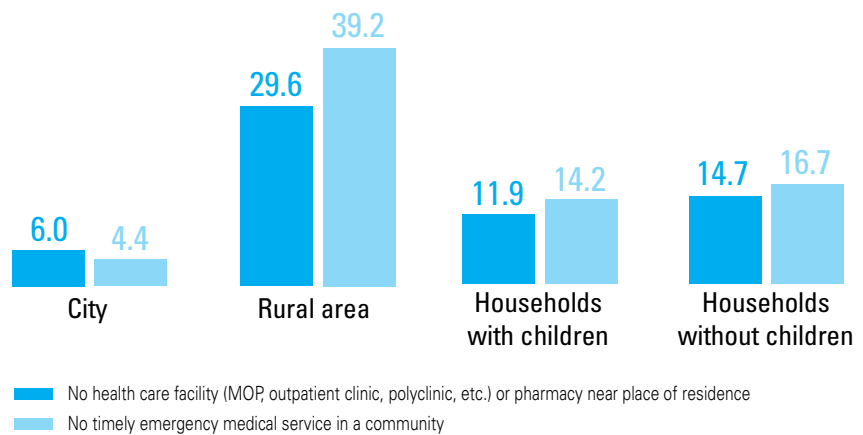


Source: Household self-assessment of affordability of certain goods and services in 2019.

⁷ Household self-assessment of affordability of certain goods and services in 2019.

Figure 49.

Proportion of households lacking health care facilities near place of residence and lacking emergency medical services in community, 2019, %.



Source: Household self-assessment of affordability of certain goods and services in 2019.

Primary medical aid provides a basis for development of the health care system.

As of 18 February 2020, 29.44 million agreements with family doctors had been signed, i.e. 69.8 per cent of the population were receiving medical services. However, the proportion of agreements signed differ greatly between oblasts: for example, 83.98 per cent of the population in Kyiv oblast have family doctors compared to only 21.71 per cent and 32.50 per cent in Luhansk and Donetsk oblasts, respectively.⁸

It is important for people in vulnerable categories to be able to participate in the Affordable Medicines Programme implemented through the network of pharmacies and pharmacy branches. According to the National Health Service of Ukraine (NHSU), as of December 2019, 81.8 per cent of pharmacy outlets are situated in cities, 12.5 per cent in towns, and only 5.7 per cent in villages. The average distance from a primary medical aid facility to the nearest contracted pharmacy is 7.7 km (by region this indicator varies between 0.6 km in Kyiv and 11.8 km in Kherson oblast).⁹

4.3.3. Unequal access to social services due to different capacities of territorial communities

According to the policy on reform of the social service delivery system in the context of decentralization of power in Ukraine, 80 per cent of services should be delivered at community level and only 20 per cent should be provided at oblast level (including rehabilitation of children with disabilities, palliative care, and other specialized services for children and families).

At the same time, there is considerable divergence in the capacities of the amalgamated territorial communities (ATCs) established in different regions of Ukraine. For example, on average each ATC resident,

net of inter-budget transfers, had a monthly income of UAH 3,978.4 in 2018. However, the difference between the poorest and richest regions was a factor of 3.8 over the same period (Fig 50).

In addition, there are significant differences between the ATCs in their social protection. These expenditures amounted to between UAH 31.7 and UAH 223.6 per resident in 2018, a seven-fold difference¹⁰ (Fig 51).

UNICEF¹¹ estimates that the maximum ATC capacity¹² for expenditure on social protection per resident

⁸ National Health Service of Ukraine. <https://bit.ly/2Q670PR>.

⁹ Analytical Panel of the National Health Service of Ukraine. <https://bit.ly/3tmCgby>.

¹⁰ In the calculation, the expenditures of Donetsk oblast ATCs were reduced by the volume of the social transfers received from the state budget.

¹¹ UNICEF, Results of analysis of the ACT capacity to finance social protection and social security services (according to official data from the State Treasury Service of Ukraine for 2016-2018).

¹² The calculation was performed on the assumption that ATCs will spend all the revenues of the budget's general fund on local governments, education, health care, intellectual and physical development and social protection.

amounted to between UAH 373.1 and UAH 3,120.8 in 2016, between UAH 505.0 and UAH 2,391.5 in 2017, and between UAH 272.8 and UAH 3,005.8 in 2018 (Fig 51).

The data presented above illustrate that ATCs in different regions vary considerably in their capacity to finance social protection expenditure (the difference per resident was a factor of 8.4 in 2016, 4.7 in 2017, and 11 in 2018).

Figure 50.

ATC income per resident, net of inter-budget transfers, 2018 data, UAH.



This is why ensuring that the population, including children, has equal access to the social protection system requires the implementation of a state mechanism to equalize the ATCs' financial capacity and provide differentiated support to those ATCs that are not able, for clear reasons, to finance the social sphere sufficiently.

Figure 51.

ATC expenditures on social protection and social security per resident, 2018 data, UAH.



4.3.4. Inequality in access to a safe environment and decent living conditions

The availability of a safe environment and decent living conditions are determined, first and foremost, by place of residence and income level.

Rural families with children are least likely to have decent access to amenities. For example, in 2019 29.3 per cent of rural households with children had no access to running water, and 30 per cent had no sewerage systems.¹³

In urban settings, children face greater environment-related disadvantages, due to the growing number of motor vehicles and industrial emissions. Pollution, coal dust or other environmental issues (smog, foul smells, contaminated water, etc.) were mentioned by 17.9 per cent of urban children (2019). This is 2.4 times higher than in rural areas.

At the same time, noise pollution is typical in large cities. In all, 10.0 per cent of urban children complained of noise from neighbours or from the street in 2019: this figure is 2.8 percentage points higher than in rural areas.

Figure 52.

Maximum ATC capacity to spend on social protection and social security per resident, 2016-2018 data.

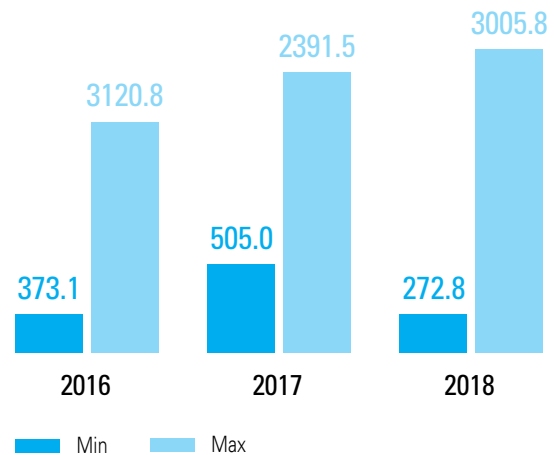


Figure 53.

Proportion of households with children with no running water and sewerage, by place of residence, 2019, %.

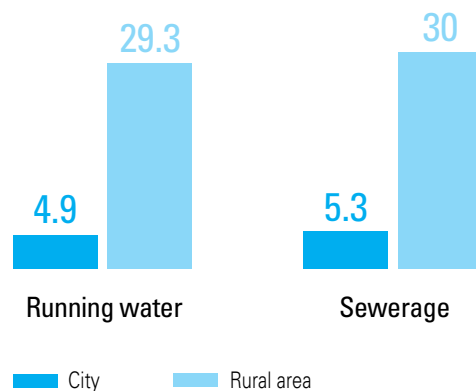
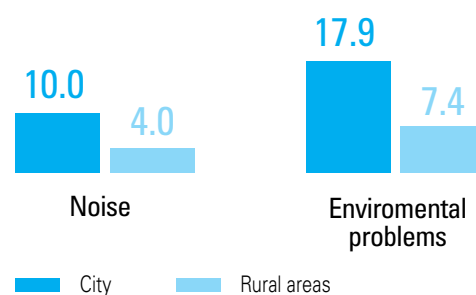


Figure 54.

Proportion of children facing problems such as: noise from neighbours or the street (traffic, enterprise, factory, etc.) pollution, coal dust, or other environmental issues (smog, foul smells, contaminated water, etc.), 2019, %.



Source: Authors' calculation, based on data from the Household Living Conditions Survey conducted by the State Statistics Service of Ukraine

13 Household Living Conditions Survey in Ukraine, 2019. <https://bit.ly/3g2PHcF>.



SECTION 5

Negative coping strategies

Children living in families may fall victim to inappropriate behaviour from adults, particularly if their parents use negative strategies to recover from poverty.

This can happen by way of:

- **cutting costs** at the expense of items important to child development such as food, education or health care; or
- **generating income** from exploitation of children, using children to earn money, or inadequate care of children when generating income.

5.1. Two faces of migration

Migration is often explained by a desire to improve the well-being of one's family and secure better opportunities for children over the longer term. Families can migrate both internationally and within the country. In total about three million Ukrainian migrant workers were employed abroad in 2018.¹ Low labour remuneration rates in Ukraine were mentioned as the main reason for finding employment abroad by more than 80 per cent of migrant workers.²

54.6%

of migrant workers have children

The impact of migration on children varies depending on whether the migrant parents' children stay in Ukraine or migrate together with their parents.

The remittances sent by parents can promote greater economic activity, finance children's education, and provide children with proper health care and better housing.³ The National Bank of Ukraine has estimated that in 2019 the volume of private remittances to Ukraine from abroad through official and unofficial channels amounted to about US\$12 billion, which is almost 8 per cent of the country's GDP.⁴ Thus the children of migrant workers staying at home predominantly do not suffer from monetary poverty. Most of the respondents to a 2016 survey of school graduates who reported that one of their parents was employed abroad believe that their family is well-off.⁵

Apart from the better financial standing, positive changes for the children whose parents left the country for employment can also include fostering the children's independence and helping them learn to take responsibility.

1 E.M. Libanova, External labour migrations of Ukrainians: scale, reasons, consequences. Demography and social economics, 2018. No. 2 (33). Pp. 1-26, <https://bit.ly/2JmqegL>

2 State Statistics Service of Ukraine, External labour migration of the Ukrainian population, Statistical bulletin, 2019, <https://bit.ly/37RyVsS>.

3 UNICEF Innocenti Research Centre, Innocenti social monitor, Economic growth and child poverty In the CEE/CIS and the Baltic states, 2004, <https://bit.ly/3mTiBfN>.

4 Central Bank of Ukraine, Money remittances, 2019. <https://bit.ly/3mTiBfN>.

5 Institute of Educational Analytics, Impact of the socio-economic environment on learning outcomes of pupils (students) of general educational institutions", 2016 , p. 27, http://testportal.gov.ua/wp-content/uploads/2016/12/zvit_oputyv_2016.pdf.

Although migration can help to achieve family financial stability, research indicates that when there are no parents around this is likely to cause considerable damage to a child's social and psychological development.⁶ Information about migrant workers' children, their living conditions, and problems faced by such children is limited in Ukraine. By various estimates, between 200,000⁷ and several million Ukrainian children⁸ have one or both parents working abroad. According to findings of the "External labour migration of the Ukrainian population" study conducted by the State Statistics Service of Ukraine and the Ukrainian Centre of Social Reforms in 2008, 54.55 per cent of the surveyed migrant workers reported having children.⁹

Parents' departure for employment leads to worsened academic performance among many pupils. The 2016 survey of school graduates¹⁰ found that the average external independent testing (EIT) score achieved by pupils whose parents work abroad was about 10 points lower than that of their peers whose parents are employed in Ukraine.

Negative consequences for a child also follow from a trend towards feminization of labour migration in Ukraine. Significantly, when the mother works abroad, the graduates' EIT scores are lower (regardless of the father's status) than when the father alone works outside the country.

The lowest score (136.1 on average) was achieved by the pupils whose parents work abroad and for whom the mother was not at all mentioned among caregivers.

Lack of parental care and guidance by adults often has adverse social and mental implications. According to findings from a qualitative survey among children aged between 12 and 17 whose parents work abroad,¹¹ most of them complain of emotional problems while some of them resort to risky behaviour because of insufficient care and lack of support from temporary caregivers, educational institutions and/or social services.

The long-term experience of being without parents is likely to have significant negative consequences for children's future.

6 National Institute for Strategic Studies, On strengthening the social protection of children of labour migrants. <https://bit.ly/3moj3my>.

7 Children Left Behind: The Impact of Labour Migration in Moldova and Ukraine, 2015, <https://bit.ly/3lIU0zs>

8 H. Shcherba. Impact of migration processes on child upbringing in a transnational family in H. Shcherba, R. Yaremkevych, Transnational families as a consequence of the Ukrainian work migration: problems and ways of addressing them. — 2012. <https://bit.ly/2Jd1Pul>

9 Ibid.

10 Institute of Educational Analytics, Impact of the socio-economic environment on learning outcomes of pupils (students) of general educational institutions. — p. 27, <https://bit.ly/3rzWrm3>

11 La Strada Ukraine, Problems of migrant workers' children: a situation analysis, 2007, O. Yaremenko Ukrainian Institute for Social Research, Kyiv.

5.2. Children as a source of income

Using children as a source of income could be an extremely negative life strategy. Children can be involved in illicit activities both by criminal elements and by their parents in attempts to overcome poverty. Negative poverty reduction strategies can include child labour, sexual exploitation of children, and trafficking.

UNICEF is not against work that children are able to do at home helping their parents, at a family farm, or as part of family business — unless the work threatens their health and well-being or it prevents them from attending school and enjoying childhood.

Parents' attempts to escape from monetary poverty at their children's expense only aggravate the children's non-monetary poverty. Such actions take a toll on children, who sustain medical, psychological, economic and social injuries and result in a need for long-term rehabilitation. Use of children as a source of income can also lead to socialization problems, breakdown of social bonds, school drop-out, high likelihood of future criminalization, involvement in criminal activities and human capital deterioration.

Child labour

In the short run, child labour can increase a family's income and survival prospects. Over a longer timeframe, however, child labour only perpetuates family hardships. According to the results of the National survey of child labor in Ukraine, 2014-2015,¹² the number of children involved into child labor is 264.1 thousand persons. The study found that 76,400 children were involved in hazardous work (20,100 girls and 56,300 boys).

In recent years, involvement of children in amber extraction has become a massive phenomenon in some areas. According to media reports, some schools do not open on 1 September because most of their residents aged 10-17 are engaged in extraction of this gemstone.¹³ As a result of child labour in amber mines, there have been EIT failures in some amber-producing areas. For example, 42 per cent of graduates of Ovruch Vocational Lyceum (Zhytomyr oblast) failed to pass the EIT in 2019,¹⁴ and 56 per cent of graduates of Manevychi Vocational Lyceum (Volyn oblast) also failed.

Child labour in Donbas private mines and pits is another way in which children are exploited. "Employers" could exploit children from risk groups (incl. orphans or children deprived of parental care) because they are vulnerable and have no adult protection. Data on child labor is limited and often reliability is an issue, since child labor is most often used in illegal or unofficial economy. According to some data,¹⁵ child labour (mainly of boys aged 13-15) is used in pits in Antratsyt, Rovenky, Makiivka and Snizhne. Children sort and load coal on the surface as well as descending into the pits.

12 More than 260,000 children were illicitly involved in labour over two years in Ukraine. Interfactual Parliamentary Association, For the Protection of Violated Rights of Citizens and Against Political Repression "Forbidden to Forbid".

13 UNIAN news agency, Kniazev told about children involved in amber extraction: "The facts that schools are not opened on 1 September becoming common", 12 August 2019, <https://bit.ly/2JoXLqF>.

14 Ranking of Ukrainian schools, <http://osvita.ua/school/rating>.

15 D. Kazanskyi, A. Nekrasova, O. Savytskyi, Yu. Pavlov, P. Smirnov, S. Tarabanova and H. Yanova, Real coal price amid war in Donbas: a view from the human rights perspective. In A. Nekrasova and V. Shcherbachenko (eds.), East Ukrainian Centre of Community Initiatives NGO, Kyiv, ART KNYHA publishing house, p. 101, <https://bit.ly/3hLYGg>



© UNICEF/UNI19299/Piozzi

Forced child begging is a form of child labour.

The National Police of Ukraine detected seven criminal offences during 2018 involving the use of small children for begging.¹⁶ In November 2018, U-Report Ukraine, UNICEF's international youth project, published a survey on begging among children in Ukraine.¹⁷ The survey found that about 80 per cent of respondents encountered child beggars, mainly in mass gathering places (on the streets, at railway stations, in pedestrian underpasses or markets). When encountering child beggars, 36 per cent of the respondents simply ignore them whereas 39 per cent sometimes give them money or food.

Trafficking in children

According to the International Organization of Migration in Ukraine (IOM Ukraine), 324 children became victims of human trafficking between 2001 and 2019.¹⁸ The Global United Nations Report states that every third victim of human trafficking in the world is a child.¹⁹ There is a significant risk of falling victim to child

trafficking for the following child groups: street children, orphaned children, and children from poor, low-income and large families. One of the forms of trafficking in children is human organ trafficking. Five criminal proceedings concerning sale of minors for the purpose of organ extraction were sent to courts in Ukraine in 2018.²⁰

Sexual exploitation of children

The most widespread form of sexual exploitation of minors in Ukraine is child sex workers. However, statistics concerning child prostitution are incomplete because of the hidden nature of this problem. **According to some estimates,²¹ 70,000 women and girls provide commercial sex in Ukraine, including 15,000 aged 14-19.**

Street children and children from families in difficult living circumstances face the highest risk of being involved in sex work.

¹⁶ Reply to the request sent to the National Police of Ukraine.

¹⁷ U-Report Ukraine, Child begging. A survey. — 2018. <https://ukraine.ureport.in/poll/3075>.

¹⁸ Reply to the request sent to the IOM Mission in Ukraine.

¹⁹ United Nations Global Report on Trafficking in Persons, New York. — 2020, p. 29. <https://bit.ly/3hERCFG>.

²⁰ Ibid.

²¹ La Strada Ukraine, Global study on sexual exploitation of children in travel and tourism country-specific report Ukraine. — 2015. — p. 11. <https://bit.ly/2WRShYw>.



SECTION 6

Child poverty reduction policy

Failure to protect children from poverty is one of the most costly mistakes a society can make. Specific solutions exist to overcome child poverty, and these have already proven their effectiveness.

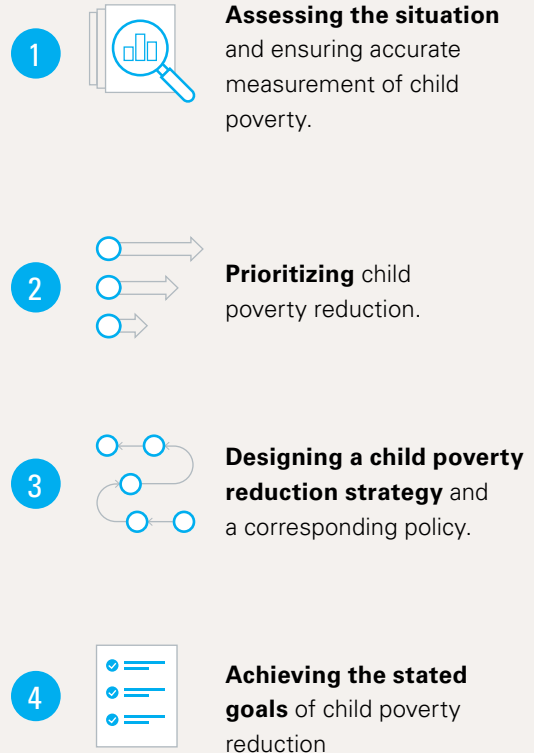
6.1. Child poverty reduction policy: a conceptual framework

Undoubtedly, the heaviest cost of poverty is borne by the children themselves. However, the price for the society is also extremely high — in reduced skills and productivity, in shorter life expectancy and educational achievement, in increased risks of unemployment and welfare dependence, in the higher costs of social protection systems, and in the loss of social cohesion.

Poverty reduction measures can succeed through the Government working effectively in cooperation with international partners, the private sector and non-governmental organizations. A necessary condition for the Government to succeed is active involvement of families and children themselves.

The solutions may vary depending on the situation in a specific country, on the chosen goals, and on political opportunities. Progress in poverty reduction is not linear because countries are at different starting positions. The milestones below, set out by the Global Coalition to End Child Poverty in 2017, are framework ones, based on international best practices, and are intended to offer a structure for discussion and adaptability depending on a specific country situation.

Milestones on the pathway to addressing child poverty¹



¹ Adapted from UNICEF "A World Free from Child Poverty". UNICEF, 2017, United Nations Children's Fund (UNICEF). End Child Poverty Global Coalition. <https://uni.cf/3oSpyyQ>

1 The first essential step is to assess the situation and ensure accurate measurement of child poverty. Without understanding how many families with children suffer from monetary and multidimensional poverty, and which deprivations are the most common or critical, it is impossible to determine high-quality pathways to reduce poverty.

2 Prioritizing child poverty reduction is the second important step on the pathway towards overcoming child poverty. Including child poverty reduction in the nation's key strategic goals can (and must) provide the basis for action in every country.

3 The third step is to design a child poverty reduction strategy and a corresponding policy. It is important at this stage to take into account the child poverty situation assessment (the first step), and to begin with defining goals and targets, and ways to achieve and meet them.

The central question is whether a basic set of child poverty reduction policies and programmes is in place. While there are many nuances, a sectoral (and intersectoral) approach can be applied universally. At their core, child poverty reduction policies and programmes can be categorized into two groups: those aimed at ensuring a favourable enabling environment, and sectoral (or intersectoral) policies. The first group includes, for example, a policy to ensure macroeconomic stability and effective governance at national and local levels as well as an environmental policy, while the second group includes policies and programmes intended to:

- i) deliver quality and accessible services, particularly to the most vulnerable children, including in areas such as education and health, nutrition, and safety which represent multidimensional poverty; or
- ii) provide a minimum income to families and households, and minimize the financial barriers that prevent children from reaching their potential.

Child poverty reduction policy: a conceptual framework

- > Macroeconomic policy to ensure sustainable development
- > Effective management at national and local levels
- > Environmental policy and natural resource use policy
- > Sectoral (intersectoral) policy

1. Minimum income support policy

1.1 Employment policy

1.2 Tax policy

1.3 Social transfers

2. Policy to provide access to services (educational, health care and social)

4 Achieving the stated goals of child poverty reduction is the fourth step.

Even the best strategies and policies will only be effective if they are implemented well. The step from the policy to the programmes and plans is essential, therefore it should be backed up by appropriate funding. Any plans should be results-oriented and evaluable.

6.2. National Poverty Reduction Strategy: key results

The National Poverty Reduction Strategy was approved in 2016 for the period until 2020 (Cabinet of Ministers of Ukraine Order 161-p of 16 March 2016). The goal of the Strategy is to reduce, on a step-by-step basis, the scale of poverty and social exclusion in Ukraine and to introduce new poverty prevention mechanisms.

The document includes four main areas:

- expanding access to productive employment, promoting growth of employment-related income and payments to the state social insurance system to provide conditions for decent work;
- ensuring public access to social services regardless of place of residence, and minimizing risks of social exclusion for the rural population;
- minimizing risks of poverty and social exclusion for the most vulnerable population categories;
- preventing poverty and social exclusion among internally displaced persons.

Analyzing the Poverty Reduction Strategy as a strategic planning document

The Poverty Reduction Strategy 2020 has several improvements from earlier similar documents.

In particular:

1. For the first time ever at the official level, children are declared to be a vulnerable population category (the socio-demographic group most vulnerable to poverty), and a special sub-section is provided in the Strategy, with a number of objectives, to reduce risks of child poverty.
2. When developing the Strategy, its drafters attempted to structure the document using the “problem — ways to address it — expected outcome” format, which is a clear break from conventional approaches (“problem — list of actions”).
3. The Strategy was developed with the involvement of a wide range of national and international experts.
4. For the first time ever, short and extended lists of indicators for monitoring Strategy implementation are provided, and target values are set out for the shortlist.
5. An action plan is being drafted for meeting the Strategy’s objectives, setting out implementation indicators for each item.

The Strategy includes implementation deadlines. However it does not set out clear stages of implementation of interrelated objectives and activities. With regard to coordination between ministries and agencies, the Strategy as a document would have been strengthened by a precise definition of a mechanism to coordinate certain specific activities that require intersectoral interaction. As the division of powers is not clearly defined for some areas between central, regional and local levels in the country, or could change during the Strategy implementation period, it is not always possible to designate implementing entities.

The setting of a deadline for implementing the Strategy — after five years — may be regarded as a positive step aimed at ensuring medium-term planning. However, implementation requires the approval of action plans for each year, which does not necessarily ensure consistency in the achievement of objectives, and could jeopardize (or even make impossible) the implementation of medium-term activities that require more than one year.

The focus on child poverty reduction, though present in the Strategy, is fragmented. The problem of overcoming poverty specifically among families with children is not addressed comprehensively, and only partially adheres to the framework set out by the Global Coalition to End Child Poverty (see Section 6.1).

The Strategy provides for oversight of the achievement of outcomes based on defined indicators. However, the performance indicators of the Strategy and action plans do not always measure progress against objectives and activities (or only partially measure it). One of the possible explanations could be the use of indicators approved by the statistics system, for which data is already being collected that not always meets the stated objectives.

The Strategy is weakened by the lack of even a preliminary calculation of the costs of implementing activities and of potential funding sources. It also does not contain a mechanism for transition from the Strategy to the action plans, while the latter often reflect the routine work of implementing entities and programmes in force.

Analysing the Poverty Reduction Strategy implementation outcomes

Analysis of the Poverty Reduction Strategy implementation outcomes indicates that successes have been achieved in several areas since 2016.

Given the difficult socio-economic situation in this period, decreased unemployment and substantially increased minimum wage can be regarded as successful steps towards a better employment policy that has a stronger impact on poverty.

Unemployment rate of population 15-70 years old (by ILO methodology) has decreased from 9.1% in 2015 to 8.2% in 2019. In 2019, the minimum wage more than trebled and the real average wage was 60.4 per cent higher than 2015.² During that period the working population's poverty rate decreased from 52.5 per cent to 33.4 per cent (in terms of expenditure), and from 42.6 per cent to 13.3 per cent (in terms of income).

However, no tangible results have been achieved in terms of formalizing, employment and personal income. The considerable scale of shadow income, estimated by various experts at between 40 and 60 per cent³ makes employment policy less efficient and reduces the effectiveness of social support system targeting.

Decentralization has improved living conditions and people's access to services. As of November 2019, 996 territorial communities had been established. Eight hundred and eighty-five communities are regarded as competent (according to the State Treasury Service of Ukraine).⁴ Still unaddressed, however, are key issues concerning financing and resource provision to community-level social services, coordination of work, and full coverage of vulnerable populations by local social services. The situation completely depends on the local management's capacity and on objective conditions such as location, transport accessibility, and so on.

² Calculated from state statistical data (based on data on nominal wages and average annual consumer price index).

³ Poverty Reduction Strategy 2016-2020.

⁴ Data from the State Treasury Service of Ukraine, <https://bit.ly/34QRSKn>

The reform of the social support system was moving slowly and mostly focused on saving resources of all social programmes for the sake of expanding the housing subsidies programme amid growing tariffs.

Targeting of social assistance funds has somewhat improved between 2015 and 2019: the proportion of the funds (net of housing subsidy) reaching the 30 per cent poorest households has grown from 41.3 per cent to 43.5 per cent. Overall, coverage of the poor population by social programmes has increased (mainly due to housing subsidies): in 2015, 65.6 per cent of households living in poverty with children were covered by the social support system, while by 2018, this figure had risen to 76.2 per cent.

However, the situation began to change in 2019 due to a reduction in the housing subsidy programme: only 63.6 per cent of poor families with children were covered by social programmes.

There has also been a reduction in social support funds for the child population, as more funds have been given other vulnerable strata. Whereas 26.5 per cent of the consolidated state budget expenditures for social protection and social security was spent on family, children and youth in 2014, by 2018 this had fallen to 14.0 per cent.

In the sub-section “expand opportunities of children vulnerable to poverty and social exclusion through delivery of quality services to them by means of...”, certain successes have been achieved in the following areas:

- State assistance for the development of the private pre-school sector;
- Development of inclusive learning and gradual optimization of the network of special and specialized facilities and institutions;
- The adding to the list of mandatory standards of requirements for equipping educational facilities with special means of access for children with disabilities.

Success was more modest in the achievement of other objectives, while the objective “creating daycare units for persons with disabilities (first of all children) at existing social institutions” has not been achieved.

Positive outcomes have been met in terms of state assistance for the development of the network of private pre-school facilities. A number of restrictions hindering the development of these facilities have been lifted by legislative means. However, the expansion of the network of these facilities is developing slowly: while there were 12,721 places in 177 facilities in 2015, there were 13,569 places in 204 facilities at the end of 2019.⁵ The slow rate of development is a result of the high costs of private services for most families, and the gradual increase in places in state-owned pre-school facilities.

For most Strategy items, no firm conclusion can be drawn concerning the attainment of objectives because the successes achieved in many areas have not fundamentally changed the situation. For example, in terms of the “ensuring accessibility and timely delivery of rehabilitation services for children” objective, children’s coverage by rehabilitation services has been increased from 14,200 in 2015 to 18,500 in 2019 but the coverage rate remains extremely low: only 11.3 per cent of the children in the target group received rehabilitation services.

With regard to the objective: “improving the effectiveness of preventive medical examinations of children”, no estimate can be given at all because nobody measures this. The coverage of such examinations is monitored, but not their effectiveness.

⁵ http://www.ukrstat.gov.ua/operativ/operativ2005/osv_rik/osv_u/dosh_osvit/dosh_osvita_2019.xls.

Table 5. Expected results of Strategy implementation.**IMPLEMENTATION OF THE STRATEGY INVOLVES ACHIEVEMENT OF THE FOLLOWING INDICATORS**

Indicators	Years	
	2018	2020
Absolute poverty rate by the absolute criterion for comparison with international indicators (as per World Bank methodology), %	0.8	0.5
Relative poverty rate by the relative criterion (60% of the median equivalent income per capita (using the European Union equivalence scale: 1.0; 0.5; 0.3), %	6.6	6.5
Absolute poverty rate by the absolute criterion (expenditures below actual subsistence minimum), %	23	15
including of employed persons, %	17	11
Unemployment rate of the population aged 15-70, according to the International Labour Organization methodology, % of economically active population in this age group	9.2	9
Proportion of social assistance funds (net of housing subsidy) reaching 30% poorest population, %	43	47
Proportion of the population living in poverty (expenditure below actual subsistence minimum) covered by social assistance programmes (social benefits, housing subsidies, child benefits, low-income family allowances, and other social assistance), %	61	65

Unfortunately, the Poverty Reduction Strategy indicators were approved (through an Order of the Cabinet of Ministers of Ukraine) without breakdown by child group. Therefore, the Strategy implementation progress and the extent to which achievements correspondence with the planned indicators were monitored solely through summarized estimates.⁶ However, monitoring of poverty in terms of child groups and different types of households with children was provided pursuant to implementation of the Poverty Reduction Strategy according to the specially approved

Methodology for Comprehensive Poverty Estimation. The Methodology includes calculation of the poverty rate and depth indicators by two criteria (relative — expenditure below 75 per cent of median expenditure, and absolute — income below the actual subsistence minimum) for children aged 0-17 and teenagers aged 16-19, as well as for eight types of households with children including the households traditionally at extra-high risk of poverty.

⁶ A breakdown was only provided for in terms of poverty rate indicators for working persons.

6.3. Child poverty reduction: analysis and modelling of specific policy impacts



The section was prepared before the COVID-19 pandemic. Updated level of poverty projections for 2020, in particular among families with children (zero scenario for 2020 and initial estimations of poverty as a result of COVID-19), can be found in section 7.

In the zero-change scenario — modelling the poverty rate for 2020 if there is macroeconomic stability — there is no substantial change in poverty reduction policy, and no impact of external factors.

If no purposeful action is taken in 2020 to address child poverty — and thus the ratios between main income sources remain unchanged and, accordingly, all income grows at the same rate (the projected consumer price index values and the GDP growth rate) — then the absolute poverty rate in terms of expenditure among households with children will decline from 49.9 per cent in 2018 to 37.5 per cent in 2020 (and from 43.2 per cent to 31.2 per cent for all households). The poverty rate of households with children will fall due to general economic stabilization during 2019-2020 and because of real income growth in the population. Under the zero-change scenario, however, in 2020 the poverty rates will still be higher than in 2014 (28.6 per cent across all households, and 36.3 per cent across households with children). A detailed modelling methodology is available in technical Annex 1.

We should not expect a rapid decline in the poverty rate among Ukrainian families with children in the business-as-usual case. This does not mean, however, that efforts to reduce child poverty substantially in Ukraine will fail. Rather the opposite: experience of successful international programmes indicates that this goal is quite attainable. What follows is the result of analysis of the possible impact on the incomes of families living in poverty and of the modelling of several programmes. No programme alone will reduce poverty among children because of the complex nature of child poverty but we hope that the analysis will prove useful for decision-making and the formulation of the child poverty reduction policy.

6.3.1. Impact on monetary poverty: analysis

Assessment of the likely impact on income of households with children living in poverty requires analysis of their income structure. Any direct or indirect impact on the income sources outlined below could reduce the scale of child poverty (Table 6)

Table 6. Composition of total income of households with children living in relative and absolute poverty, 2019, %.

	Relative poverty	Absolute poverty
Wages	63.9	65.6
Revenues from entrepreneurial activities and self-employment	3.8	3.9
Pensions	9.1	8.5
Scholarships	0.6	0.4
Benefits:	5.7	4.3
unemployment benefits	0.4	0.3
child benefits	4.3	3.2
low-income family benefits	0.8	0.6
other benefits	0.2	0.2
Housing subsidies	0.9	0.8
Social allowances	0.5	0.5
Other income	15.5	15.9
Total income	100.0	100.0

Source: calculated by authors from data from State Statistics Service of Ukraine, Household Living Conditions Survey in Ukraine, 2019.

- Employment-related income such as wages and revenues from entrepreneurial activities and self-employment is the largest source: 67.7-69.5 per cent depending on the poverty criterion;
- Social transfers, including pensions, account for 14-17 per cent of the budgets of people living in poverty;
- Other income (15-16 per cent) traditionally includes natural receipts from private subsidiary farms, assistance from relatives (including labour migration earnings), property leasing revenues, etc.;
- In addition, there is a considerable shadow income segment in Ukraine — according to a study by the National Bank of Ukraine, UAH 846 billion, or 23.8 per cent of the official GDP for 2018, is in the shadow economy.⁷

Low labour remuneration standards in Ukraine have resulted in a situation in which the presence of a working individual in a family does not protect the household against poverty, particularly in the case of families with children.

In households with children in which one individual is working the absolute poverty rate is 55.8 per cent, whereas that for households with two working members is 46.5 per cent. The situation is aggravated by the fact that the active parenthood age and related child maintenance costs usually coincide with the period in which those in work do not have long service record and high skills, and earn less than the average wage.

The impact of the labour remuneration rate on child poverty has certain limitations. For example, it is more difficult for young people to find an appropriate job, particularly without certain qualifications and a minimum period of service: the unemployment rate (according to the ILO methodology) in the 15-24 age group was 15.4 per cent in 2019, compared to 8.2 per cent for the country as a whole.

A considerable number of families with children in Ukraine are ‘just’ above the poverty line.

The proportion of families with children in the low-income zone leads to an extreme sensitivity of poverty indicators both to upward or downward year-to-year variation of household budget revenues and to the calculation of the poverty line. If we model a situation in which the poverty line increases but income is unchanged, the scale of child poverty will significantly increase. If the absolute poverty line value grows by only 10 per cent (according to 2018 data), the child poverty rate will increase from 49.9 per cent to 57.8 per cent; if there is a 20 per cent poverty line increase, child poverty will exceed 66 per cent. On the other hand, a 10 per cent poverty line decrease will lead to a decline in the poverty rate of households with children from 49.9 per cent to 41.3 per cent, while a 20 per cent decrease will reduce the poverty rate to 29.0 per cent.

Accordingly, development of effective child poverty reduction policies should include both (i) programmes to “lift” poor ones out of poverty and (ii) measures to prevent the groups slightly above the poverty line from falling into poverty.

⁷ National Bank of Ukraine. <https://bit.ly/3uVxltc>.

6.3.2. Modelling of particular policies: minimum wage increase

There are grounds to believe that the sharp fall in the poverty rate in 2017 was to a great extent caused specifically by the minimum wage rise.

The twofold minimum wage growth since 1 January 2017 reversed the trend in poverty. From 2017, the proportion of those classified as living in absolute poverty started to go down (from 58.6 per cent to 47.3 per cent in one year), including among households with children (from 65.2 per cent to 55.1 per cent).

The poverty forecast made in 2016 for 2017 using a scenario in which the minimum wage and transfers directly related to it doubled, with all else constant, provided for a poverty rate⁸ in 2017 of 45.4 per cent (including 49.1 per cent among households with children), which was within 5 per cent of the actual figure. The actual figures for 2017 were 47.3 per cent and 49.9 per cent, respectively.

Modelling of the minimum wage rise options for 2020 indicates a likely substantial impact on poverty indicators, particularly among families with children.

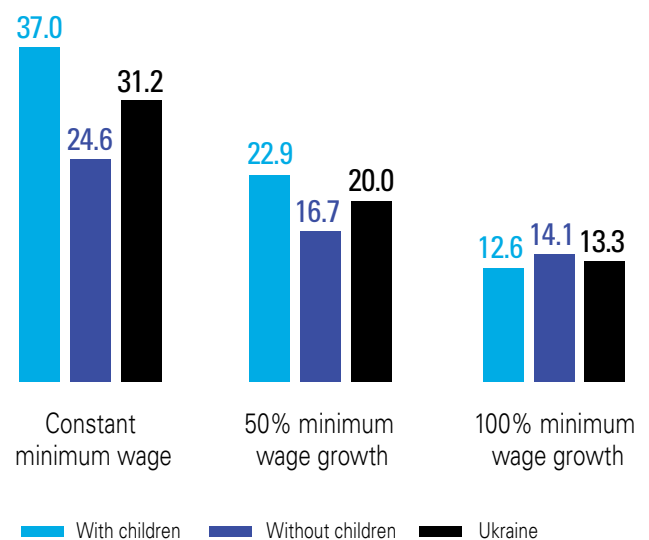
A doubling of the minimum wage, all other things constant, could reverse the traditional situation (for the first time during the studied years), with the poverty rate (expenditure below the actual subsistence minimum) of households with children becoming lower than that of households without children — 12.6 per cent compared to 14.1 per cent. This scenario is theoretical because a doubling of the minimum growth, all other things concerning income constant, is unlikely. This points, however, to the key factor of child poverty in the country: low labour remuneration. Increasing wages can directly reduce the child poverty rate.

Undoubtedly, a minimum wage increase is likely to cause certain adverse consequences, primarily because of a risk of further “shadowing” of income and slowdown of small and medium business development rates. However the intensity of this impact is hard to project.

Figure 55.

Impact of minimum wage rise on poverty in Ukraine in 2020 under various scenarios, %.

Poverty rate in terms of expenditure below the actual subsistence minimum in 2020.



Source: calculated by authors from data of State Statistics Service of Ukraine, Household living conditions survey in Ukraine, 2018, Forecast constructed in November 2019 based on the macro projections for 2020 and the 2020 budget.

8 Expenditure below the actual subsistence minimum.

6.3.3. Modelling of particular policies: changes in the system of social transfers for households with children as exemplified by the childbirth benefit

The childbirth benefit is of key importance to families with children under three:

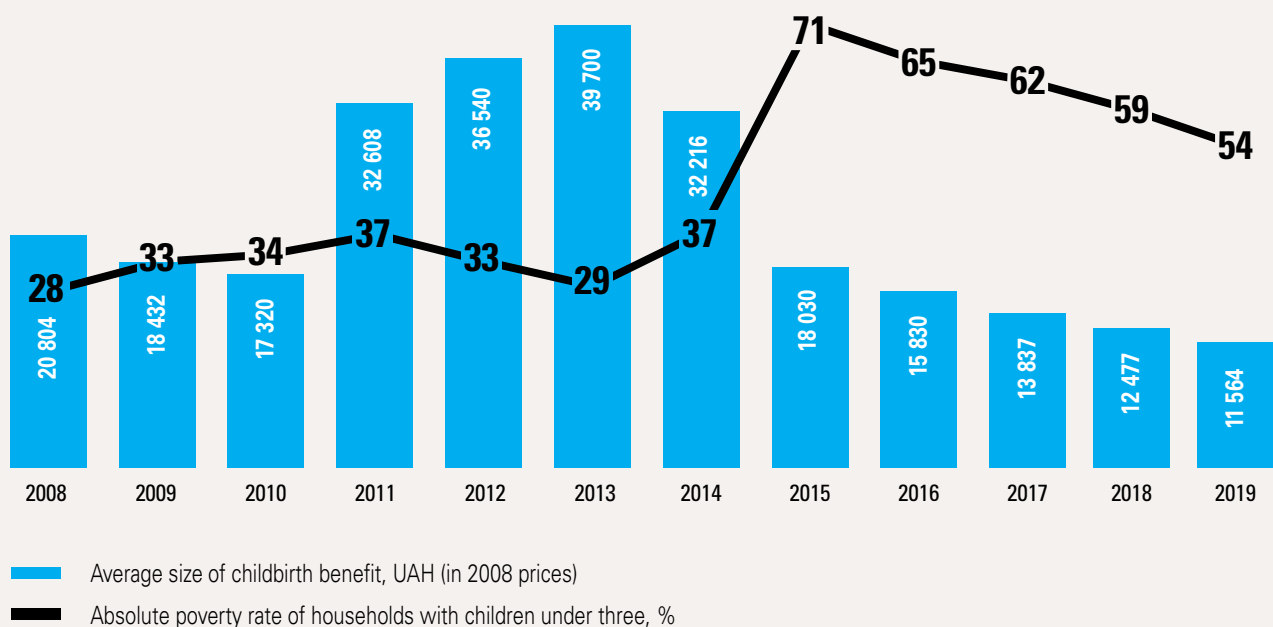
- first, it reduces the poverty rate among the childbirth benefit recipients decreases from 57.2 per cent to 46.1 per cent because of it, i.e. the number of persons living in poverty in families with children under three declines by 420,000;
- second, the childbirth benefit amounts to 8.5 per cent in total income structure, which makes it the second largest source of income (after wages);
- third, the absolute poverty rate of such households correlates with the average benefit amount — the correlation factor is -0.639 (Fig 56).

The high poverty rate among families with children under three guarantees that the programme reaches those in need even without a means test condition.

Overall, in 2018, 57.8 per cent of the programme's funds reached families whose equivalent expenditures were below the actual subsistence minimum. Society considers the programme to be socially just.⁹

Figure 56.

Trends in the average size of childbirth benefit (in comparable 2008 prices) and the absolute poverty rate of households with children under three, 2008–2019.



⁹ Data from the population survey on the effectiveness of social support programmes within the framework of the special HLCS module (2018).

The transition from a universal to a targeted approach (by limiting transfers that depend on income level) would mainly have adverse consequences.

As the income evaluation system is imperfect, a great number of families is likely to be excluded. Quality administration of such a large-scale targeted programme¹⁰ for the purpose of income or means testing would require additional funds, which would minimize any envisaged savings to public resources. On the other hand, any limitations on childbirth benefits amid a difficult demographic situation could have unpredictable negative consequences for birth rate and structure.

The childbirth monthly benefit rates are extremely low today, failing to meet the needs of even one individual, not to mention a non-working mother with her child.

The monthly transfer has not been revised since 2014 and is currently just over half the officially approved subsistence minimum level.

A doubling of the monthly transfer amount would reduce the poverty rate of households with children under 3 from 58.6 per cent to 49.4 per cent, which is below the actual rate across all households with children (Fig 57).

If the childbirth benefit payment period was extended until the child reaches six years of age, the poverty rate among families with children under six would decline from 51.6 per cent to 46.1 per cent (Fig 58).

Figure 57.

Childbirth benefit rate increase options and their impact on child poverty (with the expenditure below the actual subsistence minimum as the poverty criterion), %.

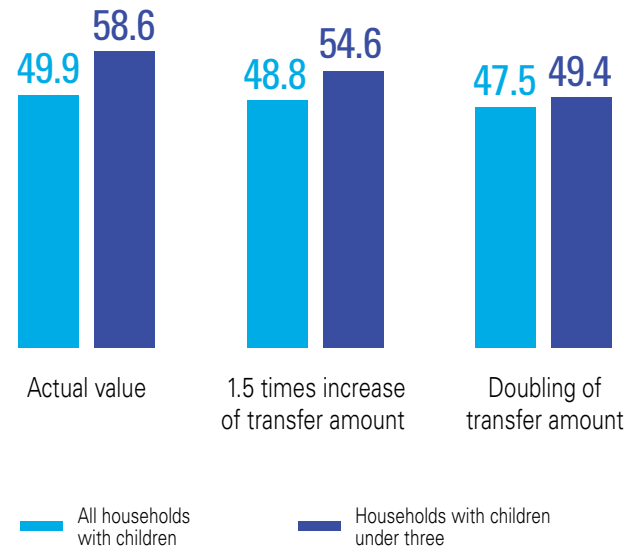
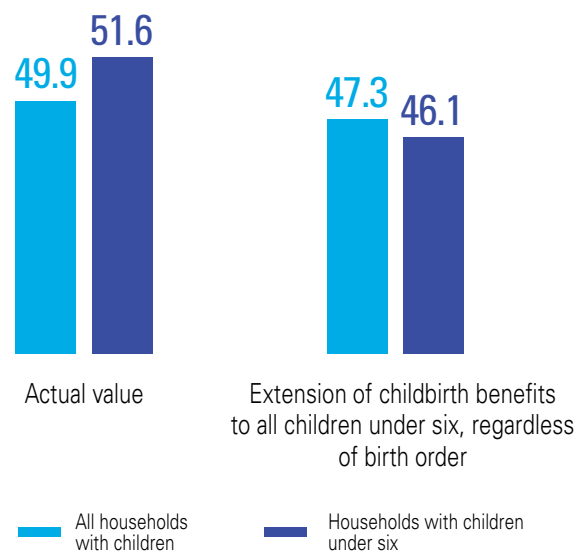


Figure 58.

Modelling of extension of childbirth benefits to all children under three, regardless of birth order, %.



Source: calculated by authors from data of State Statistics Service of Ukraine, Household living conditions survey in Ukraine, 2018, Forecast constructed in November 2019 based on the macro projections for 2020 and the 2020 budget.

10 According to HLCS, more than 16 per cent of the country's population live in beneficiary households.



SECTION 7

Fighting COVID-19 in Ukraine: Initial estimates of the impact on poverty

The general report “Child Poverty and Disparities in Ukraine” is based on the latest available data for 2018/2019. However, the lives of millions of Ukrainians, including families with children, changed dramatically in March 2020 with the introduction of national quarantine in response to the COVID-19 pandemic.



All data in this section is valid as of April 2020.¹ UNICEF is planning to update poverty projections and is monitoring actual poverty rates (including child poverty). Please refer to UNICEF Ukraine website for the most recent information on child poverty in Ukraine. www.unicef.org/ukraine/en

Key findings

- Poverty is expected to increase significantly due to income contracting as a result of COVID-19 under two scenarios:
 - under the less severe scenario (based on recent macro projections of the Cabinet of Ministers of Ukraine) absolute poverty is expected to increase from 27.2 per cent to 43.6 per cent;
 - under the more severe scenario², absolute poverty is expected to increase from 27.2 per cent to 50.8 per cent.
- The impact on child poverty is estimated to be even larger: under the less severe scenario absolute child poverty is expected to increase from 32.9 per cent to 51.3 per cent; and under the more severe scenario it is expected to increase to 58.5 per cent.
- According to our estimates, everything else being equal under the less severe scenario Ukraine can expect 6.3 million more people to be living in poverty of whom 1.4 million will be children; while under the more severe scenario 9 million more people will be living in poverty of whom 1.8 million will be children.
- In the case of the more severe scenario all of the poverty reduction achieved in Ukraine since the crisis of 2015, could be reversed in at least 3 years.
- Overall the most vulnerable families in terms of the socio-economic impact of COVID-19 are those who cannot diversify their income.
- The following four categories are likely to be most severely affected (have the largest increase in poverty compared to the baseline scenario)
 - households with 3 or more children,
 - single parents with children,
 - households with children below 3 years of age and
 - single pensioners above 65 years of age.
- It is vital that socio-economic policy during this critical time is evidence-driven, and that limited resources are used most effectively and reach those in need in timely manner.

¹ UNICEF, “Fighting COVID-19 in Ukraine: Initial estimates of the impact on poverty”, 2020, <https://uni.cf/2UE52Vu>

² See technical annexes for details

7.1. The impact of COVID-19 on poverty, including child poverty, in Ukraine

We have estimated the potential impact of COVID-19 on monetary poverty through its effect on household incomes. The projections are based on the latest micro data available (from 2018). The national definition of absolute poverty (adult equivalent expenditure below the actual subsistence minimum) is used.

We consider two scenarios

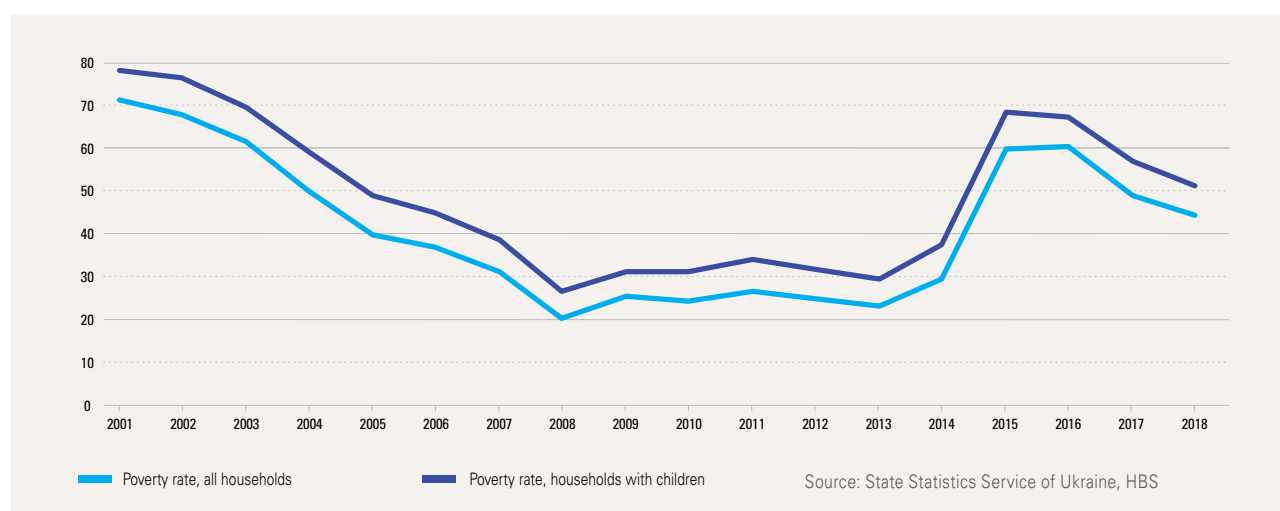
- **Less severe** — based on the official recent macro projections of the Cabinet of Ministers of Ukraine (as of 29 March, 2020³) and accounting for pension increase plans (announced by the Ministry of Social Policy).
- **More severe** — based on more pessimistic projections of GDP decline by the International Monetary Fund⁴ and the impact on labour market (regional projections by the International Labour Organization).⁵

Before the crisis

In 2018, the overall poverty rate in Ukraine was 43.2 per cent, with child poverty reaching 49.9 per cent.⁶ In 2019, according to the State Statistics Service, every second Ukrainian was financially unprotected.⁷ Fifty-one per cent could not afford unexpected necessary expenditure from personal resources. By comparison, in the 28 European Union countries (EU-28) this indicator was 32.5 per cent. In addition, every fifth Ukrainian (21.1 per cent) could not pay rent, mortgage, credit or utility payments in full and on time. For comparison, in the EU-28 this indicator was 8.9 per cent.

Figure 59.

Poverty rate of all households and households with children in Ukraine, 2001-2018.



3 <https://bit.ly/3aDpteu>

4 <https://bit.ly/3hdPtyq>

5 <https://bit.ly/2Ko7NsT>

6 Adult equivalent expenditure below actual subsistence minimum, <http://www.ukrstat.gov.ua/>

7 Self-esteem of some goods and services affordability for households, 2019, <http://www.ukrstat.gov.ua/>

The results of our initial simulations are as follows

Less severe scenario

(i) According to the less severe scenario, because of COVID-19 absolute poverty is expected to increase by 5.8 percentage points, from 37.8 per cent in 2019 to 43.6 per cent in 2020. The increase would be even steeper if the new poverty rate with COVID-19 is compared with what the poverty rate would have been in 2020 without COVID-19: 16.4 percentage points (from 27.2 per cent to 43.6 per cent).

(ii) According to the less severe scenario, because of COVID-19 absolute child poverty is expected to increase by 6.8 percentage points, from 44.5 per cent in 2019 to 51.3 per cent in 2020. The increase would be even steeper if the new poverty rate (with COVID-19) is compared with what the poverty rate would have been in 2020 without COVID-19: 18.4 percentage points (from 32.9 per cent to 51.3 per cent).

Figure 60.

Poverty rate of all households and households with children in Ukraine, projections for less severe scenario, %.

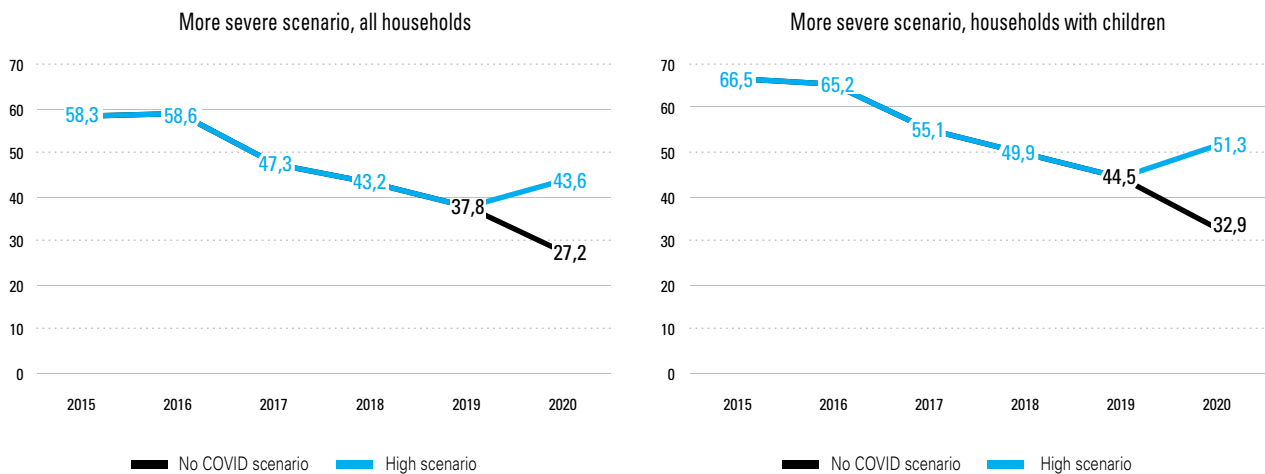


Figure 61.

Poverty rate of all households and households with children in Ukraine, projections for more severe scenario, %.

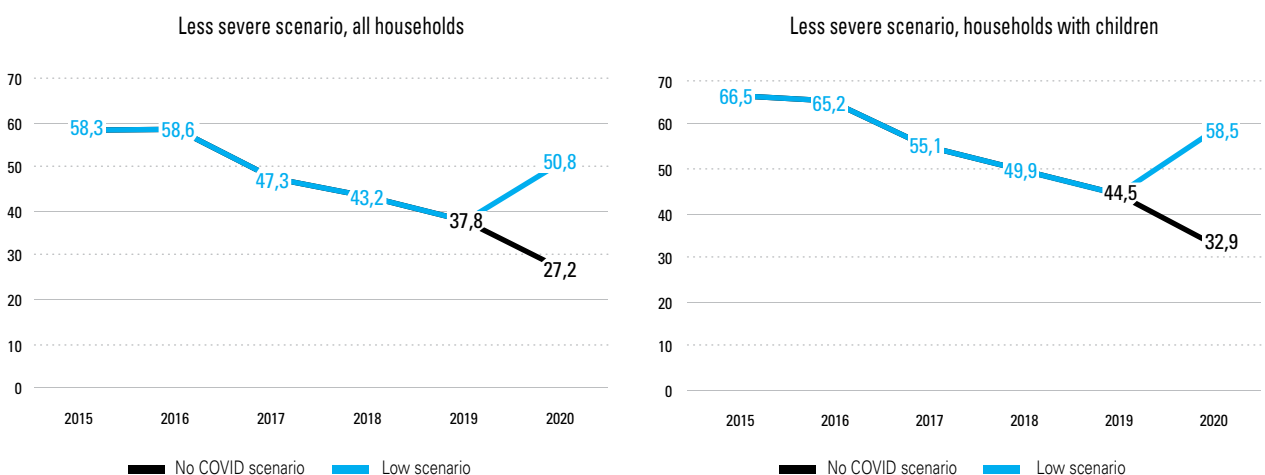


Table 7. Estimated absolute poverty level of all households and households with children in Ukraine, by scenarios, 2018-2020.

	Absolute poverty level, all households, %			Absolute poverty level, households with children, %		
	2018	2019*	2020*	2018	2019*	2020*
Less severe scenario	43.2	37.8	43.6	49.9	44.5	51.3
More severe scenario	43.2	37.8	50.8	49.9	44.5	58.5
Baseline scenario (without COVID-19)	43.2	37.8	27.2	49.9	44.5	32.9

Source: authors' estimates based on Ukraine HBS *estimated

More severe scenario

(i) According to the more severe scenario, because of COVID-19 absolute poverty is expected to increase by 13 percentage points, from 37.8 per cent in 2019 to 50.8 per cent in 2020. The increase would be even steeper if the new poverty rate (with COVID-19) is compared with the baseline — what the poverty rate would have been in 2020 without COVID-19: 23.6 percentage points (from 27.2 per cent to 50.8 per cent).

(ii) According to the more severe scenario, because of COVID-19 absolute child poverty is expected to increase by 14 percentage points, from 44.5 per cent in 2019 to 58.5 per cent in 2020. The increase would be even steeper if the new poverty rate (with COVID-19) is compared with the baseline —

what the poverty rate would have been in 2020 without COVID-19: 25.6 percentage points (from 32.9 per cent to 58.5 per cent).

According to our estimates, everything else being equal Ukraine can expect:

- 6.3 million more people to be living in poverty, of whom 1.4 million are children under the less severe scenario;
- 9 million more people to be living in poverty, of whom 1.8 million are children under the more severe scenario (Table 8).

Table 8. Number of people (children) falling into poverty in 2020 as a result of income contraction (compared to the baseline (no Covid-19 scenario)).

	Additional people living in poverty		
	All households, people	Households with children, people	Children
Less severe scenario	6 294 000	3 771 000	1 388 000
More severe scenario	9 054 000	5 244 000	1 859 000

Source: authors' estimates based on Ukraine HBS

7.2. The new poor and the most vulnerable

The Government of Ukraine is taking action to mitigate the impact of the pandemic and lock down on the most vulnerable.

First and foremost, the Government has declared its intention to preserve all existing benefits and services and adjust enrolment and payment measure to reflect the lockdown requirements. The Government has introduced a one-off pension increase of US\$35 to low-income pensioners. In addition, the state has introduced a one-off payment for current beneficiaries of child disability payments. It was proposed that the Guaranteed Minimum Income Programme relax edibility requirements⁸, extend duration of payments and enable simplified enrolment.

Enrolment into the Housing and Utilities Subsidy Programme has also been simplified, and a moratorium introduced on penalties and disconnection for consumers who are late making utility payments.⁹

Given the rapidly changing public health situation and on-going national shutdown in Ukraine, evidence will be needed about who the most vulnerable are from a socio-economic perspective, to ensure that effective countermeasures are taken as part of the response.

Table 9.

Estimated absolute poverty rate of households in Ukraine, by categories and by scenarios, 2019-2020.

	2019, %	2020 Baseline scenario without COVID-19, %	2020 Less severe scenario, %	Difference between 2020 baseline and 2020 less severe scenario, % points
Household with children	44.5	32.9	51.3	18.4
Household without children	30.2	20.6	34.7	14.1
One adult below 65 years of age	18.5	15.9	24.6	8.7
One adult above 65 years of age	32.0	31.8	45.6	13.8
One adult with children	42.1	32.7	71.3	38.6
Household with children below 3 years of age	51.1	43.3	62.6	19.3
Household with three and more children	63.8	49.0	70.6	21.6
Ukraine total	37.8	27.2	43.6	16.4

⁸ <https://www.msp.gov.ua/main/prescentr.html>

⁹ <https://bit.ly/3pgqD3A>; <https://bit.ly/3pah06E>

Table 10.

Proportion of households of all new (additional) poor by categories, %.

Groups of households	Proportion of the new (additional) poor, %
Households with children	59.9
Households without children	40.1
One adult above 65 years of age	3.4
One adult with children	5.5
Household with children below 3 years of age	13.1
Households with three and more children	3.2
New (additional poor)	100%

According to our estimates, the following categories are most likely to be affected by COVID-19 (under the less severe scenario): households with three or more children, single parents with children, households with children below 3 years of age and single pensioners above 65 years of age.

Understanding which proportion of the new (additional) poor belong to which vulnerable groups is instrumental for designing policy (Table 10).

Conclusions

In Ukraine COVID-19 poses a real challenge not only as a public health crisis, but also as a socio-economic crisis because of its impact on poverty, including child poverty. COVID-19 also threatens the ability of Ukraine to achieve the Sustainable Development Goals. To ensure that scarce resources are spent with most benefit and reach those in need, it is vital to have data on how COVID-19 is expected to affect poverty and who the most vulnerable groups are. We hope that the results of this microsimulation will inform the socio-economic policy of the Government of Ukraine and will shape the programmatic work of the key stakeholders.

Analysis demonstrates that poverty rates would increase significantly under both scenarios as a result of COVID-19 lockdown measures, with child poverty increasing even more steeply. Overall the most vulnerable families in terms of socio-economic impact of COVID-19 are the ones who cannot diversify their income. Families with both parents and multi-generational households are more likely to compensate decline or loss of income from one family member with income or social benefits preserved by other family members. However, the following categories are more dependent on single income source and are more likely to fall into poverty as a result of COVID-19: single parents with children, households with children under 3 the Fundamental Principles of Official Statistics years of age and single pensioners above 65 years of age; as well as families with 3 or more children, who have traditionally the highest rates of poverty. The report presents the estimates of the magnitude of this impact.

Therefore, social protection measures to mitigate the effect of COVID-19 should be comprehensive and utilize instruments / programmes currently available at the disposal of the Ministry of Social Policy and other line ministries. Rather than applying a categorical approach, a combination of several instruments / programmes, both universal and targeted, will be needed to reach the most vulnerable (for example childbirth benefit, GMI, benefit for single parents, and benefit for parents with three or more children).

Assumptions

Our estimates are highly dependent on the duration of the lockdown measures. In these initial projections we assume lockdown will continue for 3 months (March–May) and economic activity will resume afterwards. At the moment of writing of this report, official lockdown in Ukraine was announced from 12 March to 24 April 2020 (with possibility for extension).

As a base scenario for 2020 (without COVID-19) we take the average of GDP projections for 2020 before the crisis: a 3.5 per cent increase (the average of Ukraine Cabinet of Ministers, World Bank and IMF¹⁰); inflation: 5 per cent (National Bank of Ukraine¹¹), minimum salary — UAH 4,723 (State Budget of Ukraine¹²); minimum pension — UAH 1,676 average chronological of subsistence minimum for pensioners, adjusted 3 times a year (State Budget of Ukraine); average nominal salary — UAH 12,043 (or UAH 11,440 in real terms), average pension and other income: increase based on GDP projections (3.5 per cent).

As a less severe scenario (with COVID-19) we take official projections by the Ukraine Cabinet of Ministers (as of 30 March 2021¹³): GDP: -4.8 per cent; inflation: 11.6 per cent; minimum salary — UAH 4,723 (State Budget of Ukraine); minimum pension — average chronological (State Budget

of Ukraine) — UAH 1,676; average nominal pension increase: 6 per cent (Ministry of Social Policy¹⁴); average nominal salary UAH 10,700; other income: given GDP decline -4.8 per cent; and inflation increase 11.6 per cent, nominal: 6.2 per cent.

We make certain distributional assumptions about the impact of COVID-19 on household income, in other words we assume that different groups are likely to be affected differently by the crisis. For people who potentially could be more severely affected we apply different (lower) coefficients. We account for the social policy response, such as an increase in pensions in the second half of 2020.

As a more severe scenario (with COVID-19) we take the GDP projections for 2020: -7.7 per cent (IMF projections¹⁵); inflation: 11.6 per cent (Ukraine Cabinet of Ministers); minimum salary — UAH 4,723 (State Budget of Ukraine); minimum pension — average, chronological (State Budget of Ukraine) — UAH 1,67; average nominal pension increase 2.9 per cent¹⁶; all employment income (except wages at the level and below minimal): 6 per cent reduction in nominal terms (ILO projections for the region¹⁷).

Limitations

First, we disregard other potential ways in which the pandemic could affect poverty. Second, while realizing that poverty is a multidimensional phenomenon, in this analysis we only estimate the impact on monetary poverty. Third, while we account for some social policy

countermeasures (increase in pensions), we disregard others (e.g. increase in unemployment benefits), which could mitigate the impact to some extent.

10 <https://bit.ly/3pj9xSS>; <https://bit.ly/3azrWXw>; <https://bit.ly/34FuKP9>

11 <https://bit.ly/3aJ8lnJ>

12 <https://zakon.rada.gov.ua/laws/show/294-IX>

13 <https://bit.ly/37M1KY0>

14 <https://bit.ly/38zr0j8> / Indexation of 11 per cent from May was announced by the Ministry of Social Policy, M. Lazebna (in annual figures — 6 per cent increase)

15 <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>

16 Real GDP 92.2 per cent, accounting for inflation of 11.6 per cent (nominal 2.9 per cent).

17 <https://bit.ly/2WJxnuU>.



SECTION 8

Ten recommendations for poverty reduction and the promotion of equal opportunities for children in Ukraine

Poverty has lifelong consequences for children. A child living in poverty is more likely to go on to be poor as an adult. The cost of inaction is very high. Ukraine's National Poverty Reduction Strategy expired in 2020. This chapter draws on a poverty analysis that was conducted, and proposes recommendations for the Government, the international community, the private sector and the population at large. Implementing these recommendations could help to ensure that the progress in poverty reduction is sustained, the impact of COVID-19 is mitigated, and the country moves towards progressive realization of equal opportunities for children.

For the first time in history, a global commitment has been made to reducing and eradicating child poverty. Goal 1 of the Sustainable Development Goals calls for the eradication of poverty in all its forms everywhere. Ukraine is committed to the values and goals set out in the 2030 Agenda for Sustainable Development. Since 2015, a series of reforms have been launched in Ukraine that are intended to bring about socio-economic transformation, growth promotion and poverty reduction.

Data over the past few years indicate that the absolute child poverty rate fell substantially after its peak in 2015, but it did not reach the lowest value: the indicator was 49.9 per cent in 2018, equal to the 2005 level. However, the lives of millions of Ukrainians, including families with children, changed dramatically in March 2020 with the introduction of national lockdown in response to the COVID-19 pandemic. UNICEF projections suggest that the socio-economic impact of the crisis is likely to be significant. The pandemic threatens to reverse the gains of the previous years. Child poverty is distinct from adult poverty: a child living in poverty for even a short period can easily be impoverished for a significant part of their childhood. **Now it is time to take action to avert this risk.**

1 Now as never before it is important to ensure that Ukraine prioritizes reducing child poverty and fostering equal opportunities, and firmly puts these on the agenda.

It is critical for the Government to officially recognize that child poverty is a major concern. Lessons must be learned from the National Poverty Reduction Strategy that expired in 2020, and aspirations to reduce child poverty must be translated into a new road map that will mobilize action. A child poverty reduction strategy needs to be underpinned by sufficient financial resources and a capable workforce.

A broad approach is also needed, in order to build a wider coalition. Achieving the goal of reducing child poverty is not a responsibility of the state alone. Rather, success is possible in cooperation with the private sector, non-governmental organizations and international partners. In addition, poverty can be successfully overcome also through the active involvement of families and children themselves, provided that they are enabled appropriately.

2 Good diagnostics are a prerequisite for effective poverty reduction. It is therefore necessary to improve measurement.

Ukraine measures poverty on a regular basis. It is critical to continue measuring monetary poverty as well as multidimensional poverty, as no single indicator alone can capture all dimensions of poverty, which are often mutually reinforcing.

The following specific improvements are needed:

(i) Cover children who are omitted by national household budget surveys, including children in institutions, children living close to the 'contact line' in eastern Ukraine, Roma children, and children living or working on the street.

- (ii) Collect data on chronic poverty, for which a panel-based data survey needs to be instituted.
- (iii) Address weaknesses in existing household budget surveys by capturing data on children with disabilities.
- (iv) Prioritize analysis of the children who are at the greatest risk of poverty.
- (v) Ensure that international measurements of poverty have disaggregated data for children (for example, the World Bank international poverty line).

3 It is even more important to link data to policy and to budgets

Child poverty reduction is invariably only discussed in specialized expert and academic circles: when it is discussed in popular discourse it receives little attention from policy makers and does not result in policy action.

One of the possible reasons for this is that the topic is perceived to be too technical and thus too complicated. This means that it does not receive its due consideration in the public sphere and therefore it is not prioritized

to the necessary extent. Another possible reason is the political sensitivity of the topic.

To address both these issues, technical language needs to be translated into user-friendly data sets and intelligible messages. Quality visual infographics could help to convey complex poverty indicators into language and concepts that are actionable and understandable for those without specialized expertise in the topic.

The participation of the key political actors during the design and implementation of the measurement system would help to ensure ownership of the data by key policy

makers. An additional way to bridge child poverty measurement and policy is to create a platform for discussions between experts and policy makers. Moreover it is important to ensure alignment of strategies and policies with budgets. Priorities of the most vulnerable must be sufficiently reflected in the budgets at both national and local levels.

An environment that emphasizes seeking solutions rather than criticizing and attributing blame to existing political leaders must be encouraged. To increase political acceptance and buy in on the topic, tailored framing may be needed of the indicators and key messages.

4 Leadership at the highest level and coordination among key actors are critical for poverty reduction to be effective.

Poverty reduction is inherently interdisciplinary, and thus will require commitment from the relevant line ministries and key government stakeholders under leadership at the highest level. Clear division of responsibilities is critical, as no single institution can reduce poverty

alone. Intersectoral coordination is needed. The choice of coordination mechanism must take into account the differences between institutions and must create incentive structures for 'all to contribute to joint success'.

5 The focus should be on policies that support adequate (and more stable) income and child-friendly labour policies

Generally low labour remuneration standards in Ukraine mean that the presence of a working individual in a family does not necessarily protect the household against poverty, particularly in the case of families with children. In order to break cycles of child poverty, labour opportunities and the level of remuneration of parents must be enhanced. There should also be a special focus on strengthening skills, ensuring a successful transition from education to employment, and lifelong learning.

It very difficult for families to balance work and family without having to sacrifice income. Family-friendly policies — such as paid parental leave, breastfeeding breaks, and affordable and high-quality childcare — must become a reality in Ukraine. The COVID-19 pandemic has revealed a need for work schedules and modalities that benefit both employers and families.

A UNICEF policy brief¹ draws on the substantial evidence on the health, educational, and economic benefits of family-friendly policies to recommend four transformative shifts in workplaces:

- From ‘maternal’ to ‘parental’ leave. Time and support for all key caregivers is important for young children’s development.
- From ‘infrastructure’ to ‘people’. These policies should go beyond infrastructure changes, such as safer work conditions and breastfeeding rooms, to a strengthened approach of investing in families so they can provide both time and support to their young children.
- From ‘individual’ to ‘co-responsibility’. It is also crucial to move from viewing work-family balance as an individual matter to a shared responsibility of governments, private sector employers and families.
- From ‘reducing parental stress’ to ‘enhancing family wellbeing’. Social structures and the work environment have been shown to affect stresses associated with parenting. Family-friendly policies can help to reduce parenting stress and promote wellbeing among parents. This, in turn, leads to better businesses, happier families, and healthier children

6

Social assistance to families must be effective, efficient and child-sensitive.

Between 2013 and 2018, actual expenditure on social protection for families with children in Ukraine decreased by a factor of 2.5, thus changing the impact of the programmes on poverty. Prioritizing support for families with children and youth by restoring stable and sufficient funding is key to effectively overcoming child poverty.

Families are more likely to be poor when children are born and when they are small. This is not specific for Ukraine: many countries, including developed countries, address this challenge by offering a system of universal support during the critical early years of life.

Ukraine offers a universal childbirth grant. The high poverty rate among families with children under three guarantees the programme’s reach to those in need even without meeting a means-testing condition.

While the programme offers a significant one-off payment, monthly benefit rates are low today, failing to meet the needs of even one individual, not to mention those of a non-working mother and her child. The monthly transfer has not been revised since 2014, and is currently nearly two times lower than the officially approved subsistence minimum level. Given the universal coverage of children aged 0-3 and the relatively low cost of administering the programme, if strengthened, the universal child birth grant could become the basis for supporting families with children in Ukraine.

Ukraine’s social protection system must reflect the needs of children of different ages. One example of an age-sensitive programme is the newly established in-kind universal assistance to all newborns — the Baby Box. The programme provides a combination of essential goods needed to care for a child

¹ www.unicef.org/sites/default/files/2019-07/UNICEF-policy-brief-family-friendly-policies-2019.pdf.

during the first, important days of life, as well as educational materials for young parents on topics such as early childcare, vaccination and breastfeeding. The programme needs to be a part of a broader early childhood development strategy.

Ukraine spends a significant proportion of its budget on social protection, but the performance of social assistance programmes according to fundamental indicators (coverage of the poor, adequacy and targeting accuracy) is highly unequal. There is room for efficiency gains, for which a system of effective programme monitoring and evaluation needs to be established.

Learning from the current crisis is paramount for ensuring that the system becomes more shock responsive, is equipped to reduce the negative impact of COVID-19 and is able to expand during future crises. The role of social protection must be to support the poor but also to enable families' consistent consumption over time. To be sustainable, social protection programmes must be part of a broader social contract.

Fundamentally, providing adequate investment to enable children to thrive is a moral imperative. Investing in children also has the potential to benefit their families and their communities, and to yield positive benefits for economies and societies as a whole.

7 Access to quality public services must be improved

Child poverty is multidimensional. Therefore services such as health care, education, security, sanitation, and social services are important for reducing poverty. In Ukraine, the focus must be on ensuring quality, access and equity. There are many interlinkages between sectors and a child-centred approach, and these should be considered to address the deprivations effectively.

The quality of early childhood development (ECD) services is widely acknowledged to play a critical role, not only for the immediate well-being of children but also for lifelong development. ECD services start before birth with important health support and education for soon-to-be parents. ECD is an 'umbrella' for essential services during the first three years of life, including — but not limited to — regular monitoring of the health and nutrition status of children, lifesaving vaccination and early education. The national system should be strengthened to enable the poorer and most disadvantaged, who are also more likely

to benefit from such services, to enjoy access to high-quality ECD services, regardless of their places of birth.

While there have been improvements in access to preschool education over recent years, much still remains to be done. On the one hand, poor children in remote locations have limited access to quality pre-schooling. On the other hand, many children in urban areas often cannot get access to kindergartens at all due to long waiting lists. Further emphasis must be placed on improving the quality of preschool education.

Ukraine is one of the leaders in higher education enrolment rates. Now it is time to ensure that coverage is translated into quality education and linkages are strengthened between education and labour markets. Ukrainian graduates, both women and men, must be able to reap the benefits of a digital future.

While health reform aims to improve access to primary health care, and some benefits have accrued, many families remain excluded from quality medical care. The focus must be on prevention and primary health care. Too many families still have to pay for health care out of their pockets, and many risk falling into poverty.

Effective social services at local level are critical for poverty reduction and prevention. Social services — such as day care for children, psychosocial support, support with temporary housing, and rehabilitation services, among others — mitigate the effects of poverty and strengthen families in their childcare role.

The development by the Government of the position of case managers and a move towards establishing a system of integrated social services has been a positive step in this direction. However, there is a need to strengthen the system so that it can attract, train and retain qualified social workers at local level. Clear division of responsibilities and financing mechanisms should be established between the national and local level for the provision of basic and specialized social services. Moreover, the social services system must be coordinated with the system of social benefits (usually delivered in cash) to ensure comprehensive social protection of families with children.

8

Ensure equality of opportunity and support for the most marginalized

Inequality among children is a problem because children are a distinctive population group. They have no choice about which families they are born into and about their families' well-being and social status. Limited life chances due to lack of money is not the only manifestation of child inequality. Inequality at birth is exacerbated from the very first years of life by unequal access to vital services.

As children grow up, their environments influence their development opportunities and educational attainment, and define their access to material goods and services. Together, these greatly impact their quality of life and shape their opportunities in adult life. Reducing inequality of opportunity among children is not only the right thing to do from a moral perspective, but will also contribute to economic growth and development. The Government has a clear role in addressing these disparities.

While inequality prevents children from having an equal start, certain especially marginalized children are deprived of basic rights and thus require attention. Social benefits for particularly vulnerable groups — such as children with disabilities, children without parental care, children living close to the 'contact line' and Roma children — are an important component of social protection, but not the only one. Effective and efficient protection of such groups requires a focus on equity and an integrated approach. It is possible to eliminate fragmentation through a holistic needs assessment and inter-sectoral support plans for such children.

9 Attention must be given to prevention and those families just above the poverty line.

The number who are poor at any given time depends on the number of families that managed to escape poverty and those who fell into poverty. Different policy instruments may be required to address both these dynamics.

Child poverty is multidimensional, and the monetary equivalent does not fully reflect the

deprivations that children may face, even when the family earns above a certain level. Given the sensitivity of the choice of poverty line, the focus must not be limited to those just below the poverty threshold. Narrowly targeted programmes that use a monetary threshold risk excluding from much-needed support many vulnerable families who are at risk of poverty.

10 A stable macro-economic context and strong governance at the national and local levels are necessary conditions for poverty reduction efforts to bear fruit

There is much evidence that economic growth is one of the key mechanisms to overcome poverty. The report also confirms the close inverse relationship between trends in GDP and the absolute poverty rate in Ukraine, with no time lag. Macroeconomic stability is an important precondition for both economic growth and poverty reduction. In Ukraine there has been a close relationship between the consumer price index (CPI) and the absolute poverty of households with children between 2008 and 2018. Therefore, macroeconomic stability and economic growth that is inclusive and shared equitably across the population should be core components of any poverty reduction policy.

Good governance at both national and local levels is widely considered conducive to poverty reduction.

The decentralization reform that started in Ukraine in 2015 shifted power downwards, to newly formed local authorities, which received greater responsibilities for service delivery, and often higher budgets. However, decentralization has also engendered numerous challenges and conflicting priorities. For example, local authorities generally prioritize economic issues (such as roads and utilities), over social services. Decentralization has a lot of potential for more effective poverty reduction, but disparities between newly created communities must be addressed and incentives must be in place for investment in children.

Annexes

Annex 1. General methodology

This report comprehensively analyses child poverty in Ukraine, based on the latest available data. Monetary and non-monetary aspects of child poverty — including deprivation — and the problem of unequal starts for children from families of differing status are considered. The main trends and macro-determinants of child poverty over a decade are analysed.

The report assesses the poverty reduction policy implemented in Ukraine over the last

five years, and analyses the effectiveness of social programmes for families with children. Simulation modelling has been conducted of prospective areas of reform of social programmes to improve targeting for children and reduce child poverty.

On the basis of the child poverty analysis, the assessment of the effectiveness of the social assistance system, and the modelling of the impact of political decisions on the situation of children, recommendations are provided.

The report contains two additional components.

1. Information was collected concerning children not covered by household surveys: who and how many they are.
2. Due to the emergence of new challenges in 2020 related to COVID-19, the report includes a section containing initial estimates of the coronavirus' impact on child poverty.

Microdata from the Ukrainian Household Living Conditions Survey served as the main source of information for the report. Also, information from the state statistical observations, administrative data from the ministries and departments, information from non-government and international organizations were used.

When writing the report, consultations were held with UNICEF specialists and national consultants. Information about vulnerable groups of children is limited and not always reliable: therefore the experts' opinion was important for analysing and assessing the reliability of the information sources.

Key estimates rely on data for 2018 (if the information was absent, earlier data were used) because the report was prepared in 2019 and 2020 (the microdata from the 2019 survey became available in the second half of 2020). Micro-modelling (forecasting) of the impact of coronavirus on child poverty was undertaken on the basis of the 2018 data, with the indicators adjusted by the microfile for 9 months of 2019 (see the forecasting methodology for Section 7).

Annex 2. Detailed methodology of policy microsimulations

The modelling methodology for the zero-change scenario (and subsequent scenarios for minimum wage increase) is based on the use of HLCS microdata. For the zero-change scenario, income/expenditures of all households for the next year (2020) are increased by the projected consumer price index value and by the projected GDP growth rate. That is, the model of current-year income distribution is completely replicated the next year.

The actual subsistence minimum for the next year (2020), used as the poverty line, is modelled separately. The zero-change scenario uses the projected consumer price index.

The main modelling challenge is to obtain microdata for the current year, because only half-year data arrays or even data for the first quarter of the current year are usually available by December. The procedure below is used to obtain a modelled annual microfile for the current year.

Micromodelling algorithm for current year income (expenditure)

If there is a half-year survey microfile at the point of modelling

Modelling of the current year's microdata based on the previous year's annual microfile:

1. growth rates of income (wages, pensions, other income) are calculated for the first half of the current year relative to the first half of the previous year;
2. if there are no substantial changes in amounts/structure of various income sources, social standards and guarantees in the second half of the current year, the previous year's annual data are adjusted for the half-year income growth rate;
3. if there are substantial changes in amounts/structure of various income sources, social standards and guarantees in the second half of the current year, adjustment factors are used.

Modelling of the absolute poverty line (actual subsistence minimum):

1. calculated per monthly average, based on the most recent MSP data available (usually September-October);
2. adjusted for the projected inflation rate for the remainder of the year.

If there is no half-year survey microfile at the point of modelling

Modelling of the current year's microdata based on the previous year's annual microfile:

1. wages not exceeding 120% of the minimum wage are increased by the calculated minimum wage growth rate;
2. wages equal to or above 120% of the minimum wage are increased according to the average wage growth rate during the current year (most recent available data);
3. pensions not exceeding 130% of the minimum pension are increased by the calculated minimum pension growth rate;
4. pensions equal to or above 130% of minimum pension are increased according to the average pension growth rate (most recent available data);
5. other income is increased according to the MF's forecast data on nominal GDP growth for the current year.

Modelling of the absolute poverty line (actual subsistence minimum):

1. calculated per monthly average, based on the most recent MSP data available (usually September-October);
2. adjusted for the projected inflation rate for the remainder of the year.

Annex 3. Current demographic situation and trends in Ukraine

Ukraine's population was 41,732,800 as of 1 January 2020. This figure is approximate because, first of all, the most recent census was conducted as far back as 2001, and secondly, data exclude the non-government-controlled areas of the Autonomous Republic of Crimea, the city of Sevastopol and the non-government-controlled areas in Donetsk and Luhansk regions. According to official statistics, the country's population has declined by 4.5 million since 2008 (Fig 62).

The main factor behind this rapid decline, apart from the armed conflict, was a considerable natural population decrease. In particular, the number of deaths has been on average 198,000 higher than the number of live births for the period since 2008. The greatest population drop was recorded in 2019, at 272,000. These losses cannot be compensated for by a net migration increase, which amounted to 62,000 persons even in the best period (Fig 63).

All the above-mentioned processes have an impact on the age distribution of the Ukrainian population: low fertility means there is a low number of children aged 0-14 whereas high mortality affects the number of those older than 60. Falls and spikes are the consequences of historic events (war, post-war baby boom and so on) as well as of attempts to influence fertility (30-34) (Fig 64).

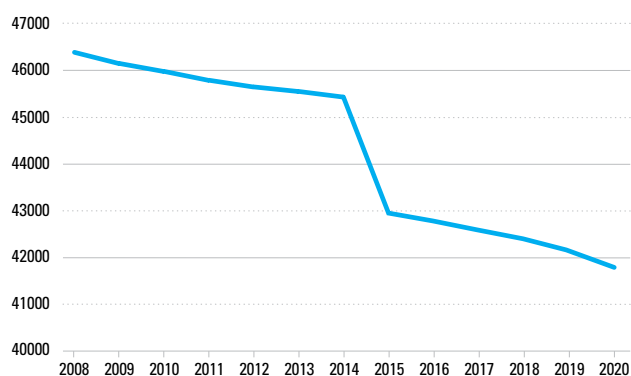
Despite the generally unfavourable demographic trends, a decline in infant (under-one) and child mortality was recorded during the period under study. On the other hand, the total fertility rate was rather low, and it fell significantly between 2015 and 2018. Nevertheless, the proportion of the population who were children aged 0-17 started increasing after a period of rapid decline between 2008 and 2012, and it exceeded the level of the base year — 2008 — in 2019 (Fig 65 and 66).

It is also positive that the probability of surviving the entire childhood rapidly increased for both boys and girls during the period under study. The reduced difference between boys and girls in the probability of surviving the whole of childhood is another positive point.

Life expectancy at birth is a key indicator of the demographic situation in the country. It stood at 66.9 years for men and 77.0 years for women in 2019. Compared to the base year (2008), life expectancy has increased substantially, by 4.4 years for men and 2.7 years for women.

The fall in the difference between life expectancy for men and women is very important for improving the demographic situation in the country. Despite the positive upward trend in life expectancy, Ukraine still lags substantially behind the figures in developed countries.

Figure 62. Trends in Ukraine's resident population as of 1 January of the respective year, thousand persons.



Source: plotted by authors based on data from the State Statistics Service of Ukraine, www.ukrstat.gov.ua.

Figure 63. Trends in natural and migration increases in the population of Ukraine, thousand persons.

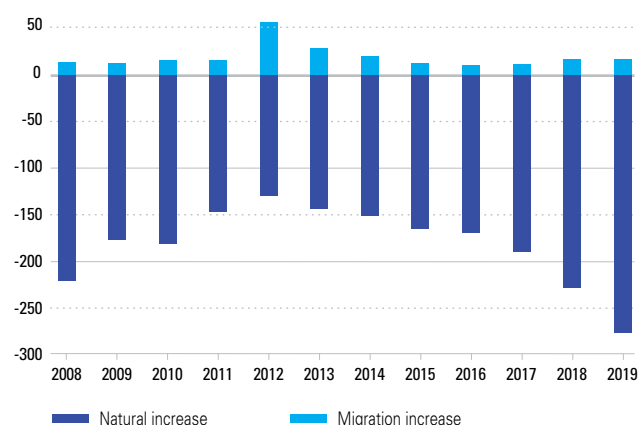


Figure 64.

Age-sex pyramid of Ukraine's resident population as of 1 January 2019, %.

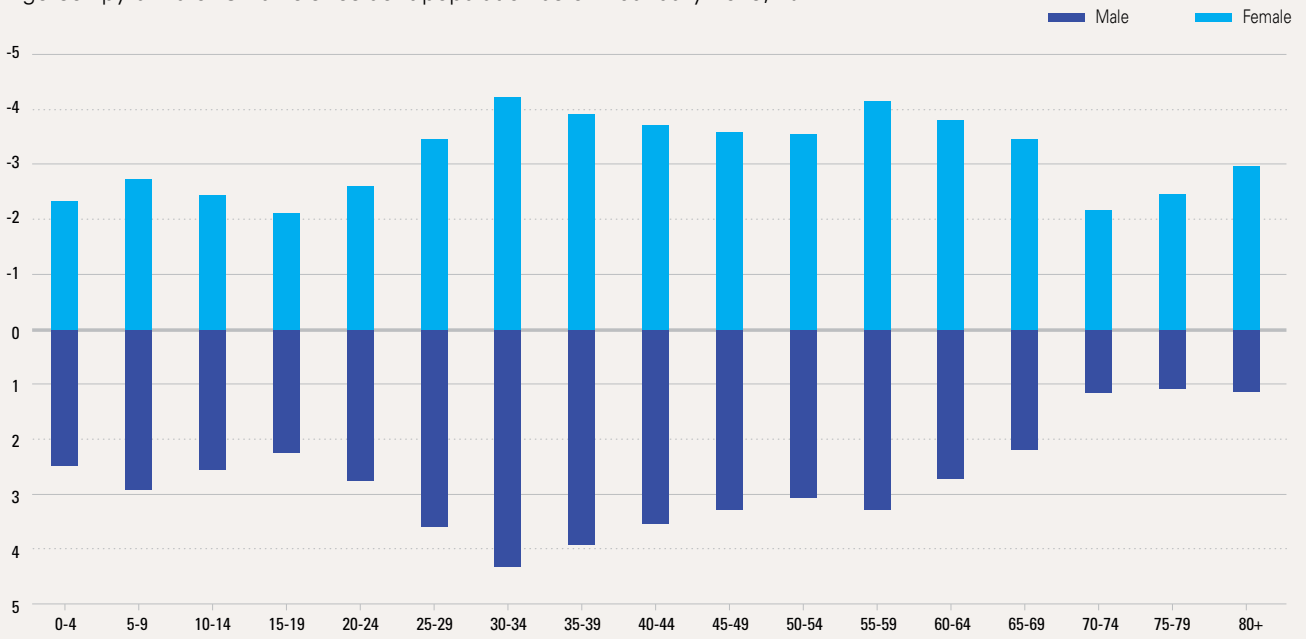


Figure 65.

Infant and under-5 child fertility and mortality in Ukraine, 2008-2018, %.

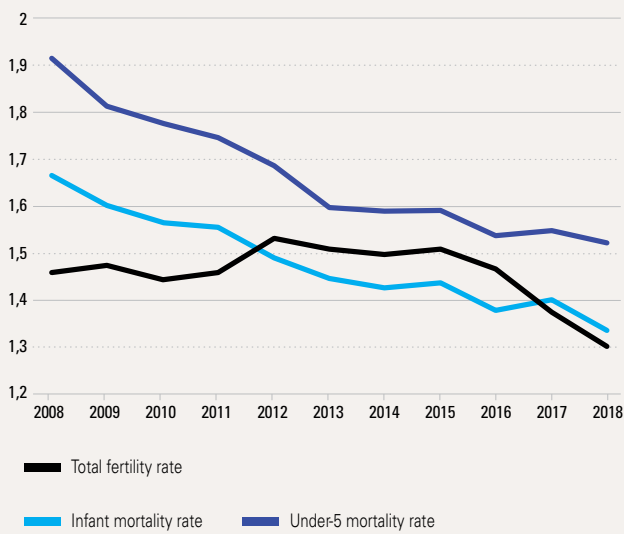


Figure 66.

Proportion of Ukraine's resident population aged 0-17, 2008-2019, %.

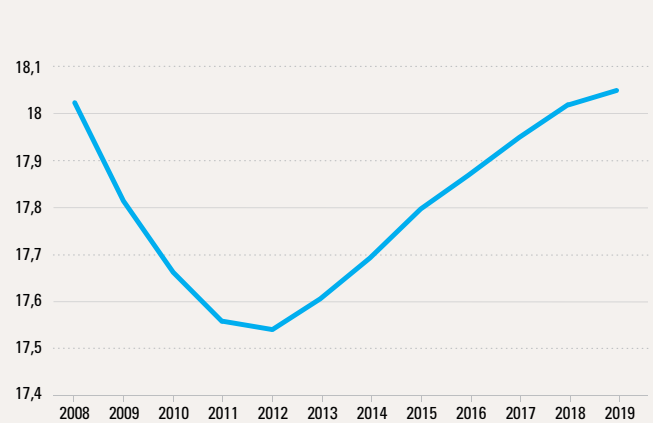
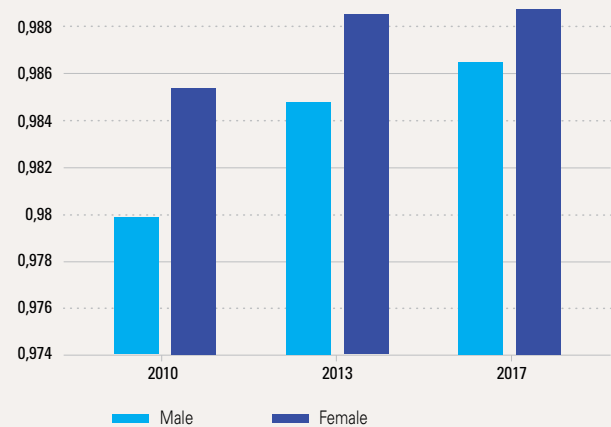


Figure 67.

Probability of surviving from birth to 18 years, 2010, 2013 and 2017, by sex.



Source: plotted by authors based on data from the State Statistics Service of Ukraine www.ukrstat.gov.ua.

References

1. Reform of the institutional care and welfare system for children. <https://bit.ly/2QYyabQ>.
2. Roma strategy and action plan. <https://bit.ly/2Sra2iG>.
3. At-risk group adolescents: updated estimates — 2018. <https://uni.cf/369xgye>.
4. Minority Rights Group (2019). International Roma Women Charitable Fund Chiricli. Analytical report. <https://bit.ly/2OxAFkg>.
5. State Statistics Service of Ukraine (2020) Statistical report: Pre-school education in Ukraine 2019, pp. 7–8. <https://bit.ly/2OMlMe8>.
6. Osvitnia Polityka (2018), Analytical report on the round-table “Availability of after-school education as a prerequisite for development of children’s abilities”, <https://bit.ly/3rkNkFR>
7. Ukrainian Centre for Education Quality Assessment (2018), Official report on external independent testing of the learning outcomes based on complete general secondary education in 2018. Vol. 1.
8. Ministry of Education and Science of Ukraine Institute of Educational Analytics, Ukrainian Centre for Education Quality Assessment and CEDOS Analytical Centre (2017) Impact of the socio-economic environment on learning outcomes of pupils (students) of general educational institutions
9. Ukrainian Centre for Education Quality Assessment (2019), National report on results of the PISA-2018 international student assessment, <https://bit.ly/3nN17nj>, as of 18.02.2020.
10. UNICEF, Results of analysis of the ACT capacity to finance social protection and social security services (according to official data from the State Treasury Service of Ukraine for 2016-2018).
11. Reform of the system of institutional care and upbringing of children. Monitoring of reform. <http://dashboard.diplatform.org.ua/#Indicators>
12. Johnson, R. & Browne, K. & Hamilton-Giachritsis, C. Young Children in Institutional Care at Risk of Harm. In: Trauma, violence & abuse, 7, 2006. 34–60. 10.1177/1524838005283696.
13. Hopes and Homes for children (2013), The Illusion of Protection, <https://bit.ly/39htLaV>
14. Alternative report on observance by Ukraine of the United Nations Convention on the Rights of the Child for 2011-2018, <https://bit.ly/3o4RBKW>
15. Ministry of Social Policy, Social Report for 2019, <https://www.msp.gov.ua/news/18746>. html.
16. S.Y. Aksionova (2016), Teenage motherhood: a demographic aspect of the problem, M.V. Ptukha Institute for Demography and Social Studies, Kyiv.
17. State Statistics Service of Ukraine, “Household self-assessment of poverty and deprivation indicators in terms of affordability of certain goods and services in 2020”; and incidence of respective deprivation indicators, http://ukrstat.gov.ua/druk/publicat/kat_u/2021/zb/03/zb_snsz_20.pdf

List of tables and figures

Tables

Table 1. Status on progress towards Goal1.

Table 2. Combined risk of poverty (total equivalent expenditure below actual subsistence minimum, compared to national average), multiple.

Table 3. Deprivations most significant to children.

Table 4. Material deprivation level of the individuals living in poor households, 2019, %.

Table 5. Expected results of the Strategy implementation.

Table 6. Structure of total income of households with children living in poverty by relative and absolute criteria, 2019, %.

Table 7. Estimated absolute poverty level of all households and households with children in Ukraine, by scenarios, 2018-2020.

Table 8. Number of people (children) falling into poverty in 2020 as a result of income contraction (compared to the baseline (no Covid-19 scenario).

Table 9. Estimated absolute poverty rate of households in Ukraine, by categories and by scenarios, 2019-2020.

Table 10. Proportion of households of all new (additional) poor by categories, %.

Figures

Figure 1. Absolute poverty rate by number of children in household, 2019, %.

Figure 2. Relative poverty rate by number of children in household, 2019, %.

Figure 3. Absolute depth of poverty by number children in household, 2019, %.

Figure 4. Relative depth of poverty by number children in household, 2019, %.

Figure 5. Poverty rate of children by age group, 2019, %.

Figure 6. Relative child poverty rate by place of residence, %.

Figure 7. Breakdown of poor children by residence in different community types, 2019, %.

Figure 8. Absolute poverty rate by family composition, 2019, %.

Figure 9. Relative poverty rate by family composition, 2019, %.

Figure 10. Depth of absolute poverty by household composition, 2019, %.

Figure 11. Depth of relative poverty by household composition, 2019, %.

Figure 12. Relative poverty rate of households with and without children, by whether there are persons with higher education in the household, %.

Figure 13. Impact of higher education on relative poverty rate of households with children, %.

Figure 14. Child absolute poverty rate in regions of Ukraine, %.

Figure 15. Chronic poverty among households with children participating in the low-income family assistance programme, %.

Figure 16. Deprivation level (3 of 9 deprivations), EU methodology, 2019, %.

Figure 17. Deep deprivation level (4 of 9 deprivations), EU methodology, 2019, %.

Figure 18. Breakdown of households by the number of children among the poor by the monetary criterion and by deep deprivation, 2019, %.

Figure 19. Breakdown of children by age group among the poor by the monetary criterion and by deep deprivation, 2019, %.

Figure 20. Breakdown of households by self-evaluation of their income, %.

Figure 21. Purposes the households would use additional funds for in case of a substantial income increase, by household type, percentages, %.

Figure 22. Sources of information about the number and situation of children not included in the Household Living Conditions Survey.

Figure 23. Poverty rate trends in households with children by relative and absolute criteria, 1999–2018, %.

Figure 24. Trends in poverty in households with children by key criteria (absolute monetary, deprivation, and subjective), %.

Figure 26. Trends in relative poverty rate in households with children, by settlement type, %.

Figure 27. Trends in absolute poverty rate dynamics by type of households with children, 2008-2019, %.

Figure 28. Deprivation poverty rate trends by type of households with children, %.

Figure 29. Poverty rate across countries, World Bank's poverty line of US\$5.50 (PPP).

Figure 30. Child deprivation poverty rate (at least 3 of 9 deprivations), 2018, %.

Figure 31. Child deep deprivation poverty rate (at least 4 of 9 deprivations), 2018, %.

Figure 32. Deprivation poverty rate among single-parent families and families with two and three or more children (2018).

Figure 33. Trends in per capita GDP (in comparable prices) and the absolute poverty rate of households with children, 2008-2019, UAH per person.

Figure 34. Trends in CPI and absolute poverty rate of households with children, 2008–2019.

Figure 35. Trends in minimum wage, average monthly wage per staff employee in comparable prices (2008), and the absolute poverty rate of households with children, 2008-2019.

Figure 36. Trends in total equivalent expenditures by various income groups of Ukrainian households, UAH, taking 2008 as the reference year for the currency.

Figure 37. Trends in total equivalent expenditures in various income groups of Ukrainian households with children, UAH, taking 2008 as the reference year for the currency.

Figure 38. Composition of decile groups (by expenditure), by presence of children in household, %.

Figure 39. Proportions of various types of households with children in the first (poorest) and fifth (richest) quintile groups, %.

Figure 40. Gini index in Ukraine and European countries, %, 2019.

Figure 41. Trends in the Gini index in Ukraine (by income), %.

Figure 42. EIT scores depending on educational attainment of parents, points.

Figure 43. Breakdown of respondents by type of locality where they studied and by average score for all subjects in EIT 2016, %.

Figure 44. Proportion of children living in a community with no regular daily transport connections with another community with more developed infrastructure, %, 2017.

Figure 45. Difference between average reading scores of children attending educational institutions situated in different types of locality, 2018, score.

Figure 46. Breakdown of results of the State Final Assessment in individual subjects, by type of locality of educational institution, 2019, score.

Figure 47. Differences in average reading scores between pupils/students at different types of educational institution, 2018, score.

Figure 48. Share of households with children suffering from having not enough funds to pay for services and from lack of health care facilities, 2019, %.

Figure 49. Proportion of households lacking health care facilities near place of residence and lacking emergency medical service in community, 2019, %.

Figure 50. ATC income per resident, net of inter-budget transfers, 2018 data, UAH.

Figure 51. ATC expenditures on social protection and social security per resident, 2018 data, UAH.

Figure 52. Maximum ATC capacity to incur expenditures on social protection and social security per resident, 2016-2018 data.

Figure 53. Proportion of households with children with no running water and sewerage, by place of residence, 2019, %.

Figure 54. Proportion of children facing problems such as: noise from neighbours or the street (traffic, enterprise, factory, etc.) pollution, coal dust, or other environmental issues (smog, foul smells, contaminated water, etc.), 2019, %.

Figure 55. Impact of minimum wage rise under various scenarios on poverty in Ukraine in 2020, %.

Figure 56. Trends in the average size of childbirth benefit (in comparable 2008 prices) and the absolute poverty rate of households with children under three, 2008–2017

Figure 57. Childbirth benefit rate increase options and their impact on child poverty (with the expenditure below the actual subsistence minimum as the poverty criterion), %.

Figure 58. Modelling of extension of childbirth benefits to all children under three, regardless of birth order, %.

Figure 59. Poverty rate of all households and households with children in Ukraine, 2001-2018.

Figure 60. Poverty rate of all households and households with children in Ukraine, projections for less severe scenario, %.

Figure 61. Poverty rate of all households and households with children in Ukraine, projections for more severe scenario, %.

Figure 62. Trends in Ukraine's resident population as of 1 January of the respective year, thousand persons.

Figure 63. Trends in natural and migration increases in the population of Ukraine, thousand persons.

Figure 64. Age-sex pyramid of Ukraine's resident population as of 1 January 2019, %.

Figure 65. Infant and under-5 child fertility and mortality in Ukraine, 2008-2018, %.

Figure 66. Proportion of Ukraine's resident population aged 0-17, 2008-2019, %.

Figure 67. Probability of surviving from birth to 18 years, 2010, 2013 and 2017, by sex.

List of acronyms

AIDS	Acquired immunodeficiency syndrome	IT	Information technology
AR of Crimea	Autonomous Republic of Crimea	JFO	Joint Forces Operation
ART	Antiretroviral therapy	“LPR”	“Luhansk people’s republic”
ATC	Amalgamated territorial community	NAS of Ukraine	National Academy of Sciences of Ukraine
ATO	Antiterrorist Operation	NGO	Non-governmental organization
COP	Combat operation participant	NHSU	National Health Service of Ukraine
COVID-19	Coronavirus disease	OECD	Organization for Economic Co-operation and Development
CPI	Consumer price index	O. Yaremenko UISR	O. Yaremenko Ukrainian Institute for Social Research
DBN	State building standards	PMTCT	Prevention of mother-to-child HIV transmission
DI	De-institutionalization	POS	Paramedical and obstetric station
“DPR”	“Donetsk people’s republic”	PPP	Purchasing power parity
ECD	Early childhood development	RF	Russian Federation
EIT	External independent testing	SCORE	Social Cohesion and Reconciliation Index
ERW	Explosive remnants of war	SDGs	Sustainable Development Goals
ESSPROS	European System of Integrated Social Protection Statistics	SEN	Special educational needs
EU	European Union	SFA	State final assessment
FF	Foster family	SGH	Small group home
FTCH	Family-type children’s home	SM	Subsistence minimum
GDP	Gross domestic product	UN	United Nations
HH	Household	UNDP	United Nations Development Programme
HIV	Human immunodeficiency virus	UNICEF	United Nations Children’s Fund
HLCS	Household living conditions survey	US	United States
IDP	Internally displaced person	UXO	Unexploded ordnance
ILO	International Labour Organization	WHO	World Health Organization
IMF	International Monetary Fund		
IOM	International Organization for Migration		



For further information, please contact:

Nina Sorokopud,

Communication Specialist

UNICEF Ukraine

Tel: +38 044 521-01-25

Email: nsorokopud@unicef.org