

Labour Market Profile Ukraine – 2022



This profile provides a comprehensive overview of the labour market's structure, development, and challenges.

*Danish Trade Union
Development Agency*



ULANDSSEKRETARIATET – DTDA
DANISH TRADE UNION DEVELOPMENT AGENCY

PREFACE

Danish Trade Union Development Agency (DTDA) is the development organisation of the Danish trade union movement. This agency was established in 1987 by the two largest Danish confederations – the Danish Federation of Trade Unions (Danish acronym: LO) and the Danish Confederation of Professionals (Danish acronym: FTF). These confederations merged to become the Danish Trade Union Confederation (Danish acronym: FH) in January 2019.

The work of DTDA is in line with the global Decent Work Agenda (DWA) based on its pillars: creating decent jobs, guaranteeing rights at work, extending social protection, and promoting social dialogue. The overall development objective is to eradicate poverty and support the development of just and democratic societies by promoting the DWA.

DTDA collaborates with trade union organisations in Africa, Asia, Latin America, the Middle East, Europe and Central Asia. The programmes' objective is to assist the partner organisations in becoming change agents in their own national and regional labour market context, capable of achieving tangible improvements in the national DWA conditions and the labour-related Sustainable Development Goals (SDGs).

The Labour Market Profile (LMP) format provides a comprehensive overview of the labour market's structure, development, and challenges. In the framework of DWA and SDGs, LMPs follow several central indicators addressing labour market development aspects, especially the unionism evolution, social dialogue and bi-/tri-partite mechanisms, policy development, and legal reforms

status vis-à-vis ILO conventions and labour standards, among others.

Primary sources of data and information for LMPs are:

- The profile was crafted as a desk-study from Copenhagen based on a format developed in DTDA and applied to various countries.
- National statistical institutions and international databanks are used as a source for collection of general (statistical) data and information such as ILOSTAT and NATLEX, World Bank Open Data, ITUC Survey of Violations of Trade Union Rights, the U.S. Department of State, as well as other internationally recognised labour-related global indexes.
- Academia and media sources (e.g., Labour Start, national news, among others) are furthermore used in the available research on labour market issues.

Labour Market Profiles for more than 30 countries are available on DTDA's website:

<https://www.ulandssekretariatet.dk/>.

If any comments arise to the profile, please contact Mr Kasper Andersen (kan@dtda.dk) from DTDA.

Address:

Ulandssekretariatet
Islands Brygge 32D
DK-2300 Copenhagen S
Denmark

Telefon: +45 33 73 74 40

<http://www.ulandssekretariatet.dk/>

INTRODUCTION

During the preparation of this Labour Market Profile during February 2022, Ukraine's situation changed rapidly, triggered by an escalating war with Russia. This crisis has created uncertainties of the labour market's stance, and the profile can be used as a snapshot of how Ukraine's labour market stood just before the war started.

The crisis has roots in the Soviet–Ukrainian war (1917-1921) and the breakup of the Soviet Union at the beginning of the 1990s. Ukraine had the third-largest atomic arsenal in the world. Through negotiations with the United States and Russia, Ukraine returned its nuclear warheads to Russia for security assurances that protected it from a potential Russian attack. Historical and cultural ties fuelled a division between the Russian-supported eastern and western-oriented populations. A clinch was provoked in 2014 when Russia invaded Ukraine's eastern borders. Russia annexed the Crimean Peninsula and backed a rebellion led by pro-Russia separatists in the east of the Donbas region.

This situation has stimulated the government's aspirations to become a member of the European Union (EU) and the North Atlantic Treaty Organization (NATO). Although the country is not expected to join these two organisations soon, it receives economic support from the EU. It is the fourth-largest recipient of military funding from the United States. Generally, public opinion in Ukraine has strongly wavered for ascension into Western Europe.

The current Russia-Ukraine crisis continues what began in 2014 and is a part of broader geopolitical spheres. In the spring of 2021, Russia concentrated forces and equipment near parts of the Ukraine-Russia border. At the end of February 2022, Russia crossed the border. It sparked military conflicts with massive human and economic disasters. It prompted an enormous escalation of internally displaced people (IDPs), outmigration, and refugees. The crisis's end and impact are too early to assess, but the economic damage is already substantial; for example, seaports and airports are closed and damaged, and many roads and bridges have been damaged or destroyed. The ruptures are expected to deteriorate the education, health, and social protection conditions. By the same token, the ongoing war and associated sanctions will severely impact the global economy.

Some scenarios for a Russian invasion could include sending more Russian troops into the breakaway regions in eastern Ukraine, seizing strategic territories and blockading Ukraine's access to waterways, or even occupying Kyiv and retaking the entire country.

This reality means that Ukraine's labour market panorama could structurally change, stalling the pace of reaching the sustainable development goals, not to mention a need for updated statistical estimations and projections.

March 21, 2022.

EXECUTIVE SUMMARY

The Covid-19 pandemic pushed Ukraine into an economic recession in 2020. The growth rebounded in 2021 until the Ukraine-Russia War reignited at the end of February 2022. Heretofore, consumption growth was supported by a substantial increase in real wages during the 2010s, pension benefits, and labour migrant remittances. The real minimum wage hikes stalled at the beginning of the 2020s and struggled with high wage arrears, not to mention facing the lowest monthly salary and pension averages in Europe.

The labour market's landscape is changing by privatisation, expanding competition, digitalisation and automation, and increased mobility of workers. Ratifying the Association Agreement from 2014 with the European Union (EU) has influenced Ukraine's policies to move more aligned with the EU, including the transition to carbon neutrality. Still, the country scores very low on the Global Rights Index, down to unfair labour practices.

The social dialogue ambience via central tripartite institutions deteriorated owing to recent controversial labour-related law reforms, but sessions resumed late in October 2021 caused by new draft labour bills. The share of employees covered by collective agreements at 73% in 2019 was higher than in the early 1990s, dealing with the shrinking number of formally employed workers in firms with at least ten employees, mainly from the public sector. Trade unions and employers' organisations face difficulties recruiting new members from the private sector and new forms of work such as digital platform workers. The trade union density dropped by around 46 percentage points during the last three decades but continues hovering above other Eastern European countries.

The population is ageing and shrinking, creating mounting pressure on social protection. It further drives a labour shortage caught by low labour productivity. Ukraine's labour income share in GDP has been declining during the 2010s, implying the capital share increased.

The unemployment rate was relatively high at 8.9% in 2021, primarily affecting youth. Around 44% of the workforce are economically inactive, which blindsides the potentially higher unemployment rate.

Some employment shifts deal with at least 3% of the Ukrainian workers are involved in online work. Although the gig economy creates new opportunities for Ukrainian workers, it raises concerns about its effect on the social model. The informal economy is widespread, including high informal payments to public officials.

The country has been one of the most migration-affected countries in Europe; the diaspora's remittances has turned a central part of the economy and are significantly higher than the foreign direct investments. The internal migration movement has superseded out-migration by ten times. Large-scale forced internal and external migration dramatically accelerated in 2022.

Although the demographic changes and reforms challenge the education system, Ukraine's workforce scores high at the higher education levels, including females with a remarkable higher enrolment at the tertiary level than males. In contrast, the proportion of 15–24-year-olds enrolled in vocational education of 4.4% is much lower than the neighbouring countries. Also, private firms offering formal training dropped significantly during the last two decades due to changes in the business environment.

Coverage of social protection and labour programmes has been relatively high, but social safety net programmes deteriorated, and the minimum subsistence levels were punctured by reduced income purchasing power. Ukrainians' access to free public medicine was scoured due to budget deficits, economic crises, and a lack of reform, leading to mounting out-of-pocket informal payments and bribes.

The table below provides an overview of key labour market indicators' status in the Decent Work Agenda framework.

On the next page, the second table presents an overview of the current value and targets of the Sustainable Development Goals' indicators concerning labour market issues.

Status of key labour market indicators in the framework of the Decent Work Agenda (DWA) in Ukraine

Creating decent jobs	
Recent policy reforms addressing creation of decent employment.	The National VET Action Plan from 2020 implement the 'modern vocational education' with 29 actions. The new Law of Ukraine "On the Main Principles of Youth Policy" was adopted in April 2021, changing the youth age limit of 35 years to 29 years. The first-ever National Action Plan on the Implementation of CEDAW was launched in September 2018.
ILO standard setting on improvement of status of workers from the informal economy.	No direct functioning tripartite national informal economy forum are detected. Reducing the level of informal employment and extending the guarantees provided by labour legislation to employees who currently work without formalisation of labour relations has turned into a strategic priority.
Guaranteeing rights at work	
Growth in trade union members.	The trade union membership rate fell from 57% in 2008 to 44% in 2015.
Violations of trade union rights.	Ukraine ranked 5 out of 5+ (5+ is worst) on the Global Rights Index in 2021. *
New main labour laws/decrees.	In 2020, the Covid-19 pandemic introduced labour-related regulations to the up-to-date requirements; for example, flexible forms of labour organisation and remote work were regulated, the possibility of granting leave for the period of quarantine, as well as the introduction of a business interruption mode. In 2021, several draft laws were considered by the Ukrainian parliament that are incompatible with international and regional labour standards.
Partner organisations with minimum 30% women representation in decision-making bodies.	-
Extending social protection	
Percentage of total population covered by Health Social Protection.	100%
Workers from the informal economy have access to national social security schemes.	100%
Promoting social dialogue	
Trade union density of employees.	44% in 2015.
Cooperation in labour-employer relations.	This indicator ranks Ukraine 88 th out of 141 countries (1 st is the best). **
Number of Collective Bargaining Agreements (CBAs).	-
Workers' coverage of Collective Bargaining Agreements to employees.	The coverage declined from 76% in 2014 to 73% in 2019. Nevertheless, the share of employees covered by collective agreements in 2019 was higher than in the early 1990s when it was between 60% and 70%. The relative higher bargaining coverage deals with the shrinking number of workers who are formally employed in firms with at least ten employees and is mainly linked to the public sector.
Bi-/tri- partite agreements and/or joint events in recent years.	Per July 2019, 413 joint events have been held (351 with the participation of trade union representatives, and 62 with employers' representatives), of which 247 covered state control.
* Workers in countries with a rating of 5 deals while the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices (ITUC's Global Global Rights Index, 2021).	
** Based on survey data for employers' view (The Global Competitiveness Report, 2019, 8 th pillar: Labour market efficiency).	
Sources: ILO; own research.	

Status of key Sustainable Development Goals in labour market related issues in Ukraine

Indicators	Value	Year	SDG Targets
1.1.1: Working poverty rate (percentage of employed living below US\$1.9 PPP).	0.1%	2021	By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than US\$1.9 a day.
1.3.1: The population effectively covered by a social protection system, including social protection floors.	73% *	2018	Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.
5.5.2: Proportion of women in senior and middle management positions	-	-	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.
5.5.2: Proportion of women in managerial positions	41%	2020	
8.2.1: Annual growth rate of output per worker (GDP constant 2017 international \$ at PPP).	3.6%	2021	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.
8.3.1: Proportion of informal employment in non-agriculture employment.	-	-	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, through access to financial services.
8.3.1: Women	-	-	
8.3.1: Men	-	-	
8.5.1: Average hourly earnings of women and men employees.	US\$1.3	2016	By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.
8.5.2: Unemployment rate (Total, 15+)	9.5%	2020	
8.5.2: Women, 15+	9.1%	2020	
8.5.2: Women, 15-24 years	19%	2020	
8.5.2: Men, 15+	9.8%	2020	
8.5.2: Men, 15-24 years	20%	2020	
8.6.1: Proportion of youth (15-24 years) not in education, employment, or training).	16%	2017	By 2030, substantially reduce the proportion of youth not in employment, education, or training.
8.7.1: Proportion and number of children aged 5-17 years engaged in economic activity (Total).	4.0%	2015	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025, end child labour in all its forms.
8.7.1: Girls	3.4%	2015	
8.7.1: Boys	4.7%	2015	
8.1.1: Non-fatal occupational injuries per 100,000 workers	71 **	2010-20	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
8.8.1: Fatal occupational injuries per 100,000 workers.	4.8 **	2010-20	
8.8.2: Level of national compliance with labour rights (freedom of association and collective bargaining)	0.57 ***	2018	The exact measurement method and scoring for this indicator needs to be developed.
9.2.2: Manufacturing employment as a proportion of total employment.	12%	2017	Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.
10.4.1: Labour income share as a percent of GDP.	43%	2017	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

* Population covered by at least one social protection benefit (see more in Table 17). ** On average from 2010 to 2020. *** Level of national compliance with labour rights (freedom of association and collective bargaining) based on ILO textual sources and national legislation (see more in the Ratified ILO Conventions section).

Source: ILO, Key Indicators of the Labour Market (KILM).

COUNTRY MAP



Source: The Nations Online Project.

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ECONOMIC PERFORMANCE

Ukraine was one of the constituent republics of the Soviet Union from its inception in 1922 but proclaimed independence in 1991. An ongoing conflict between the government and pro-Russian separatists in its eastern regions accelerated during the 2010s, challenging social cohesion. Russia annexed the Crimean Peninsula from Ukraine, triggered by the Revolution of Dignity in 2014 and lost access to coal production in the Donbas region. This situation has fuelled the government's aspirations to become a member of the European Union (EU) and the North Atlantic Treaty Organization (NATO). At the end of 2022, Russia initiated to invade Ukraine costing a massive economic downturn.

Ukraine is a lower-middle-income country. The mounting geopolitical pressure and two decades of delayed reforms pushed the country into an economic slump at the beginning of the 2010s. Economic programmes supported by the European Union and the International Monetary Fund, pressed Ukraine's government to prioritise austerity and privatisation. It led to fiscal consolidation, moving to a flexible exchange rate, reforming energy tariffs and social assistance, enhancing the transparency of public procurement, simplifying business regulations, stabilising and restructuring the banking sector, moving forward on health and pension reforms, and establishing anti-corruption agencies. These reforms have brought the economy to rebound since 2016. However, these reforms not alleviated ordinary Ukrainians' precarious economic situation. The government elected in 2020 has continued to an ambitious and wide-ranging reform agenda.¹

A new economic downturn re-entered the scene again in 2020 because of the global Covid-19 pandemic. Ukraine has been among the countries in Europe most severely affected by the pandemic in health terms. The Ukrainian government issued quarantine and lockdown measures to combat the pandemic. Total investments fell since 2020, dwindling gross national savings and rapid increases in government expenditure and debt. Nevertheless, the economic impact has been less

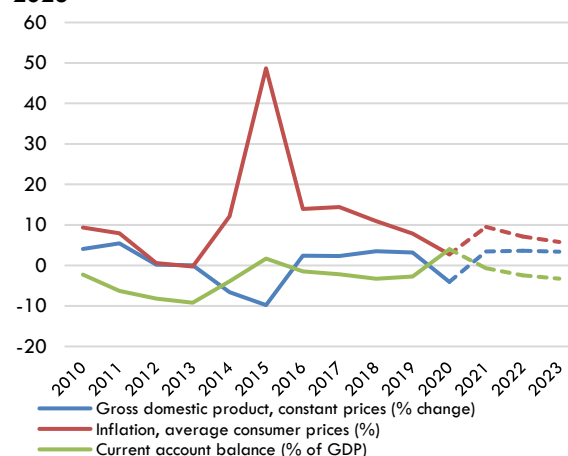
severe than expected: gross domestic production (GDP) per capita was projected to increase blindsided by shrinking population (see Table 1). The high inflation in consumer prices haunted Ukrainian workers income purchasing power during the middle of the 2010s. It got curbed afterwards until it rebounded in 2020, triggered by the quarantine and lockdown measures (see Figure 1). Per February 2022, the economic cost of the current political and military conflict between Ukraine and Russia is too early to access.

Table 1: Ukraine's key economic data, projections, 2019-2023

Values	2019	2020	2021	2022	2023
GDP (current, US\$, billion)	154	155	181	204	223
GDP per capita (current, US\$)	3,690	3,741	4,384	4,958	5,440
Total investment (% of GDP)	15%	7.5%	10%	16%	17%
Gross national savings (% of GDP)	12%	12%	10%	14%	13%
General government total expenditure (% of GDP)	41%	46%	41%	40%	38%
General government gross debt (% of GDP)	50%	61%	54%	52%	49%

Sources: International Monetary Fund, World Economic Outlook Database, October 2021.

Figure 1: Gross domestic product, inflation, and current account balance trends in Ukraine, %, 2010-2023

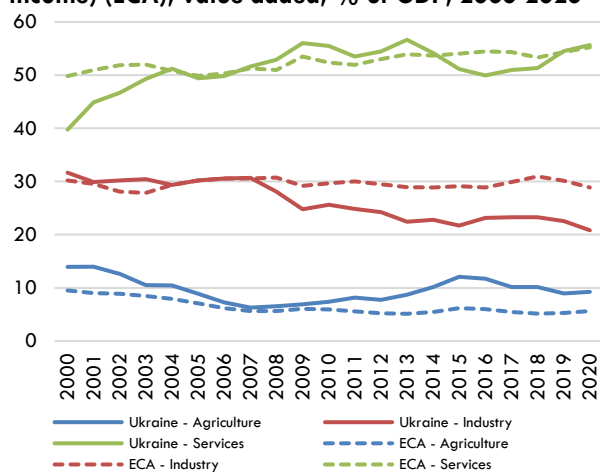


Sources: International Monetary Fund, World Economic Outlook Database, October 2021.

Ukraine's economy benefits from fertile agricultural land, heavy industries, and rich deposits of metals, coal, oil, gas, and other natural resources. Figure 2 shows that the economic development in Ukraine has been concentrated in the service sector: The political turmoil and economic downturn in the 2010s

dwindled this sector's value-added at the middle of the 2010s and has not yet reached the peaked year in 2013. The service sector's value-added further fell below the regional average but rebounded at the same level since 2019. The agricultural sector's value-added experienced a slight upturn during the 2010s until it turned stable at around 10% of GDP since 2017, continuing significantly higher than the regional average. The industry sector's value-added has slowly declined, creating a widening gap with the regional average.

Figure 2: Aggregate sectoral economic changes in Ukraine and Europe & Central Asia (excluding high income) (ECA), value added, % of GDP, 2000-2020



Source: World Bank, World Development Indicators.

Ukraine has a relatively good infrastructure and capital stock but weak maintenance or upgrades. The economy has been dependent on cheap oil, minerals, and gas from Russia, and this foreign energy dependency has placed economically and politically the country in a vulnerable position.

Gross Fixed Capital Formation (GFCF) in Ukraine has experienced a declining trend during the last two decades, from 22% on average in the 2000s to 17% of GDP in the 2010s. Besides, GFCF plummeted by 24% in 2020, reaching 13% of GDP and standing seven percentage points lower than Europe & Central Asia (excluding high income).

The inflow of foreign direct investments (FDIs) in Ukraine fell by one percentage point from the 2000s to the 2010s, especially a downturn in 2014-2015, reaching 3.1% of GDP on average. The country's FDIs continue significantly higher than

Europe & Central Asia (excluding high income) average at 2.4% on average from the 2010s.

Ukraine's business regulations are at a high-medium level: The Doing Business Index ranked the country as 64 out of 190 countries (1st is best) in 2020. Out of ten indicators, the country's best rankings dealt with construction permits (20) and getting credit (37). The lowest rankings scales were resolving insolvency (146) and getting electricity (128); see more details in Appendix Table 22.

Ukraine has one of the lowest inequalities in the distribution of family income among the neighbouring countries; estimated at 27 in 2020 but at a slight upsurge during the 2010s (i.e., 0 represents perfect equality, while a Gini-index of 100 represents high inequality).² The Human Development Index (HDI) ranks the country as "high human development", at 74 out of 189 countries (1 is best) in 2019.³

Among Ukraine's employed population, imputed observations based on the international statistical guidelines, working poor (<US\$3.1 per person/day) was minimal at 0.2% in 2021. The near-poor (\geq US\$3.2 and <US\$5.5) workers represented just 0.3%, and the middle-class group (<US\$5.5) at 99%. This stance is like the neighbouring countries. Estimation of broader poverty headcount ratio at Ukraine poverty line was 1.1% of the population in 2019.

Consumption growth was supported by a substantial increase in real wages, pension benefits, and labour migrant remittances. Nevertheless, Ukraine faces the lowest average wage (US\$420) and lowest average pension (US\$110) in Europe. Other national estimations of the poverty rate are based on the value of the subsistence minimum (SM), a key policy parameter linked to the minimum wage, the minimum levels of pensions, and other social security benefits. Due to the freeze of the subsistence minimum levels during 2014, the average SM has lost nearly 40% of its value in real terms under high inflation. Indexation was also frozen or reduced for other benefits, including employment injury benefits (see more in the Social

Protection section). The SM reached 51% of the population in 2020, not to mention 80% of Ukrainian households ended up with reduced income due to the Covid-19 pandemic.⁴

Ukraine is one of Europe's largest energy markets with very high energy intensity, the second highest in the region and above twice as high as the world average. Their energy mix is dominated by nuclear power, coal, and gas, leading to its reliance on imports. The country recently committed to carbon neutrality by 2060 and signalled support for the European Green Deal that aims for net-zero emissions by 2050. This transition is a massive challenge due to outdated industry technologies and low-quality governance, not to mention restructuring its coal sector (many mines are supposed to shut down).

Special Export Zones (SEZs)

Transition economies in Eastern Europe began adopting SEZ regimes in the 1990s. Ukraine promoted the Law on General Principles of Special (Free) Economic Zones Creation and Functioning, No. 2674-XII, 1992 (last amended 2006). However, the privileges of zones in Ukraine were withdrawn in the mid-2000s, and the zones were formally closed in 2016. In contrast, all other transition economies have some form of SEZ.⁵ On the other hand, proposals of the free economic zone (FEZ) in the Donbas region surfaced in 2020 to attract investments to the area. Another FEZ is planned in the West of Ukraine.

LABOUR LEGISLATION

A complex labour-related legal framework exists that regulate and set standards and restrictions for the labour market in Ukraine. ILO listed 557 Ukraine labour, social security, and related human rights legislation in February 2022. Few new laws were recorded in recent years (see more in Appendix Table 19).

The Constitution of Ukraine provides for freedom of association as a fundamental right, establishes the right to participate in independent trade unions,

and the right for most workers to form and join independent unions, bargain collectively, and conduct legal strikes. However, the legal framework is flawed to the international standards (see ahead).

The Labour Code is the principal legislative act governing employment relations in Ukraine, adopted back in 1971, when the country was still part of the Soviet Union. The code was amended at least 140 times but has not been in sync with the structural economic landscape changes and the outdated social and labour relations system. Several provisions are linked to subordinate legislative acts. The current main acts of legislation most relevant to the governance of the labour market are available in Appendix Table 20.

The government re-initiated a new draft labour bill in late 2019. However, it was withdrawn since it required a more comprehensive review dealing with a series of other draft bills. The upcoming reform of labour code points towards further deregulation and liberalisation of labour relations, simplification of personnel documents, expansion of forms of employment and introduction of non-standard conditions of work into the legal field, and the introduction of a system of pre-trial settlement of labour disputes. It also brings changes in the field of labour relations, state supervision and monitoring of compliance with labour legislation and employment to international standards, not to mention strengthen the institutional capacity of state supervision and control bodies.⁶ Ukrainian unions raised concerns about the current labour law reform, which could undermine workers' and trade unions rights.⁷

In 2020, the Covid-19 pandemic introduced some labour-related regulations to the up-to-date requirements; for example, flexible forms of labour organisation and remote work were regulated, the possibility of granting leave for the period of quarantine, as well as the introduction of a business interruption mode.

The Government of Ukraine drafted a new law aimed at protecting the rights of domestic workers.

The proposed law extends employment protections to all workers over age 16 who perform domestic work on a regular, professional, or contract basis. The government also developed a draft bill that would amend several legislative acts to comply with the Council of Europe's Convention on Protection of Children against Sexual Exploitation and Sexual Abuse (see more in the Child Labour sub-section).

In 2021, Law No. 1217-IX, "On Amendments to Certain Legislative Acts of Ukraine on Accounting for Employee Activity in Electronic Form", was approved. It sets norms to replace hard copy bookkeeping with electronic accounting of employee activity in the Register insured persons of the State Register of Compulsory State Social Insurance. In addition, Law No. 1213-IX "On Amendments to Certain Legislative Acts to Improve the Legal Regulation of Remote Work" provides for the separation of remote work and work from home; ensuring the employee's familiarity with the rules of internal labour regulations; collective agreement; local regulations of the employer; notices and other documents with which the employee must be acquainted in writing by exchanging electronic documents; providing the possibility of a remote acquaintance of the employee with the requirements for labour protection through the use of up-to-date information and communication technologies, including video communication.⁸

The political and economic situation in Ukraine has been continuously unstable, with significant gaps in democratic decision-making and an impact on the labour regulation enforcement.⁹ The progress of labour law reforms has positive and negative influences on workers' rights and incomes. Among others, the so-called "deregulation" draft law appears to unbalance the labour market relationships favouring employers highly; for example, expanding the use for fixed-term contracts and diminishing union powers. This situation reflects the polarisation of social partners positions, not to mention the erosion of social dialogue (see more in the Social Dialogue section). Most draft laws faced poor legal quality and lack of consultations.¹⁰

A recent change of Law "On State Registration of Legal Entities and Natural Persons - Entrepreneurs" similarly has been widely criticised for complicating the registration procedure due to conflicting laws regarding demands additional steps for registration and requires statutory changes from existing organisations.

Observations on labour legislation

The labour legal framework contains several limits to freedom of association and the right to collective bargaining; for example, several laws that apply to worker organisations are excessively complex and contradictory, by the same token the legal procedure to initiate a strike is complicated and hinders strike action, artificially lowering the numbers of informal industrial activities. Generally, authorities did not enforce labour laws effectively. Penalties for labour law violations were raised in 2019 to make them commensurate with those for other similar statutes but were not consistently applied.¹¹

According to employers' view, several business regulations are rigid affecting the labour market, especially concerning the high labour tax rate and weak flexibility of wage determination (see more in Table 4 ahead).

Trade unions reported significant bureaucratic hurdles in the registration process, including paying notary fees and requirements to visit as many as ten different offices. Likewise, the International Trade Union Confederation (ITUC) listed specific observations regarding the labour legislation concerning the international standards of the rights to organise, the rights to collective bargaining, and the rights to strike. Some of the main observations are summarised below:¹²

- The right to freedom of association is enshrined in the constitution but strictly regulated. The right to strike is recognised by law but similar strictly regulated.
- The law prohibits anti-union discrimination but does not provide adequate means of protection against it.

- A contradiction between the Civil Code and the Trade Unions Act may create legal uncertainty regarding the existence of the legal personality of trade unions.
- The Constitution provides that judges do not have the right to form or join trade unions.
- The Law on Social Dialogue adopted in 2010 requires that trade unions be representative, at the national level, with no less than 150,000 members; at the sectoral level, membership of three per cent of the workers employed in the corresponding sector; at territorial level, membership of no less than two per cent of the employed population in the relevant unit.
- The Act on the procedure for settlement of collective labour disputes provides that a strike can only be organised if most of the workers in the enterprise or two-thirds of the delegates of a conference vote for it.
- Federations and confederations cannot call a strike.
- The Criminal Code provides that organised group actions that seriously disturb public order or significantly disrupt operations of public transport, any enterprise, institution or organisation and active participation therein, are punishable with a fine of up to 50 minimum wages or imprisonment for a term of up to six months and in respect of industrial action.
- According to the Law on Civil Service, civil servants are prohibited from exercising the right to strike.

The informal economy haunts the coverage of labour-related laws; employers and workers often loop hole in business and labour regulations due to lack of awareness or incentives.

Ratified ILO Conventions

International principles and rights at work are enumerated in the International Labour Organisation's (ILO) conventions. Ukraine ratified 71 conventions, of which 61 are in force, 6 conventions have been denounced; 3 instruments abrogated.¹³ The latest ratified conventions are the Social Security (Minimum Standards) Convention

(C102) in 2016 and the Social Policy (Basic Aims and Standards) Convention (C117) in 2015. Appendix Table 21 outlines that Ukraine ratified all eight fundamental conventions and all four Governance Conventions. The country ratified 59 Technical Conventions, out of which 27 are Up-To-Date and actively promoted.

The independent ILO body, the Committee of Experts on the Application of Conventions and Recommendations (CEACR), recorded an upsurge in the number of observations and direct requests to Ukraine for ILO conventions in 2020. For example, CEACR listed a series of comments concerning Ukraine's labour inspector system, the continuing wage arrears situation, non-payment by employers of social contributions, occupational accidents and cases of occupational diseases, a national policy on occupational health services, and trafficking in Europe.¹⁴

In 2018, CEACR followed issues dealing with the numerous alleged violations of civil liberties and of the Freedom of Association and Protection of the Right to Organise Convention (C087) in practice. The commission also followed the alleged violations of the Right to Organise and Collective Bargaining Convention (C098) in practice, particularly acts of anti-union discrimination (see more in the Violation of Trade Union Rights section and the Trade Union sub-section).

UN agencies working in Ukraine published a joint UN Position Paper in October 2020 concerning the ongoing reforms, pointing out, among others, that the fundamental rights of workers to join organisations of their choosing and collective bargaining must be guaranteed; legal pathways for labour disputes should be provided and simplify workers' employment status; employment relationships should be primarily defined by the performance of work and the remuneration of the worker.¹⁵

The Sustainable Development Goal indicator 8.8.2 seeks to measure the level of national compliance with fundamental labour rights (freedom of association and collective bargaining (FACB)).

Based on ILO textual sources and national legislation, Ukraine ranked at 0.57 in 2018 (0 out of 10; 0 is best). Compared to neighbouring countries, Ukraine's rank was somewhat better than the neighbouring countries, except Slovakia (Table 2).

Table 2: Level of national compliance with labour rights among Ukraine and neighbouring countries, 2018

Country	Value
Belarus	10.0
Hungary	0.72
Moldova	0.89
Poland	1.10
Romania	1.96
Slovakia	0.36
Ukraine	0.57

Note: The value has a range from 0 to 10, with 0 being the best possible score (indicating higher levels of compliance with the freedom of association and collective bargaining (FACB) rights) and 10 the worst (indicating lower levels of compliance with FACB rights based on ILO textual sources and national legislation).

Sources: ILO, Key Indicators of the Labour Market (KILM).

Trade Agreements

Ukraine has been a member of the World Trade Organisation (WTO) since 2008. It did not ratify the Commonwealth of Independent States (CIS) Charter; instead, it became an "Associate Member" of CIS in 1993. The country has signed Free Trade Agreements (FTA) with nine CIS countries: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Uzbekistan. In the aftermath of the annexation of Crimea by Russia in 2014, Ukraine has been gradually withdrawing from CIS agreements; Russia suspended the free trade zone with Ukraine from January 2016. Ukraine's trade with Russia dropped dramatically and reached just one third before the annexation of Crimea.

The creation of the Deep and Comprehensive FTA between Ukraine and the European Union is provided by the economic part of the EU-Ukraine Association Agreement (AA) signed on June 27, 2014. The AA is a foundation for Ukraine's reforms. The political pillar of the EU-Ukraine agreement incorporated labour rights clauses on the non-discrimination of migrant workers to protect migrant

workers' rights. This agreement included an entire chapter on civil society cooperation, opening for capacity building to strengthen transparency, social dialogue, and collaboration between social actors. Ratifying the Association Agreement has influenced Ukraine's foreign policy, becoming more aligned with the EU and other Western institutions. There is public support for Western integration in Ukraine.¹⁶

The country concluded Regional Trade Agreement (RTA) with The European Free Trade Association (EFTA) countries, and bilateral FTAs with Azerbaijan, Georgia, Macedonia, Montenegro, Tajikistan, Turkmenistan, and Uzbekistan. Negotiation processes on the conclusion of bilateral FTAs with Canada and Israel are in progress. The government approved the FTA with Turkey in February 2022. And other bilateral FTAs are starting to be put on the table with Chile, Japan, Tunisia, and Vietnam.

A broader study on the application of trade agreements, which included the EFTA-Ukraine RTA, labour conditions (i.e., mean real monthly earnings, mean weekly work hours per employee, fatal occupational injury rate, and the number of the ILO's Fundamental Conventions ratified) found no evidence for possible pro-labour-condition effects of labour clauses.¹⁷

The United States has had a bilateral investment treaty (BIT) with Ukraine since 1996. The two countries signed a Trade and Investment Cooperation Agreement (TICA) in 2008, setting a joint U.S.-Ukraine Council on Trade and Investment, which addresses trade and investment issues, including market access, intellectual property, labour, and environment issues.

SOCIAL PARTNERS

Social partners are central to promoting the realisation of core labour rights and social justice for workers by protecting freedom of association and collective bargaining in bi- and tripartite functions. These partners usually represent government institutions, trade unions, and employers' organisations.

Government

The government of Ukraine is a central actor in negotiating general economic and social issues at national-level bargaining and representing public sector employers at sectoral-level bargaining. It also revises the national minimum wage and subsistence minimum, which are used in collective agreements at all levels.

Central government agencies responsible for supervising and controlling labour law compliance, includes the Ministry of Social Policy of Ukraine, the State Labour Service, and the Ministry of Healthcare. The State Employment Service is responsible for issuing working permits to foreign employees and the State Migration Service is responsible for providing foreign employees with temporary residence certificates. The Ukrainian parliament's ombudsman (the Ombudsman) is the authorised state agency in respect of personal data protection. In September 2019, the government changed the labour-related authorities of the Ministry of Social Policy. It transferred responsibility for employment, labour, and labour migration to the Ministry of Economic Development, Trade, and Agriculture. Moreover, the State Labour Service (Labour Inspectorate) has also been transferred to the Ministry of Economic Development, Trade, and Agriculture.

Other central labour-related ministries are the Ministry of Education and Science, dealing with the provision of public policy in the areas of education and science, technology, and innovation, among others, and implementation of the state policy in the sphere of education and science. The vocational education and training (VET) are an integral part of the education system. Also, the Ministry of Youth and Sports directs the Ukrainian Youth Fund – a budgetary institution whose activities (see more in the Youth sub-section).

Trade unions

The Trade Unions Law from 1999 regulates trade union activity and establishes rights, guarantees, procedures for the registration and activity of unionism irrespective of sector, occupation, and

profession. The law covers all professions concerning forming trade unions, except the restrictions that apply to military officers during service and constitutional court judges. As previously mentioned, the legal framework has been criticised by experts, particularly for demanding a cumbersome registration document package. Legal hurdles make it difficult for independent unions not affiliated at the trade union federal level to participate in tripartite negotiations, participate in social insurance programmes, or represent labour at the national and international levels. Such barriers hindered the ability of smaller independent unions to represent their members effectively.

The Federation of Independent Trade Unions of Ukraine was established after the country became independent in 1990, a successor of the Ukrainian Republican Council of Trade Unions, a part of the All-Union Central Council of Trade Unions. Twenty-five national and 24 regional trade unions signed the federation's declaration. In November 1992, the organisation was renamed the Federation of Trade Unions of Ukraine (FPU). Currently, the FPU consists of 44 all-Ukrainian trade unions and 25 trade unions. Its membership rate entered a declining trend since the independence: From around 26 million workers during the 1990s down to 7.8 million in 2012 and then to 4.8 million in 2021, equalled a slump of 82%. Nevertheless, the federation remains the largest trade union in the country, with about 71% of total trade union membership.

A broader view of Ukraine's trade union movement estimated 7.1 million members in 2015 with a drop of traded union density from around 85%-95% of all employees in the early 1990s to 57% in 2008, and down to 44% in 2015.¹⁸ Still, Ukraine's trade union density stays 30 percentage points higher than nine Eastern Europe (mean) average registered by the Organisation for Economic Co-operation and Development (OECD).

Table 3: Status of trade unions in Ukraine, 2015

Indicators	Value
Trade union members	7,168,699
Trade union membership growth, 2012-2015	-34%
Trade union density of employment	44%

Source: Mykhailo Slukvin, Monika Martišková, and Mária Sedláčková, *Trade unions and professional associations as civil society actors working on the issues of labour rights and social dialogue in Ukraine*, CELSI Research Report No. 39, August 2020.

The declining trade union membership rate links to the reduction of state support for specific economic sectors, large-scale liberalisation of labour legislation, and underfunding of the public sector, including healthcare, education, and social payments (see more ahead).¹⁹ The trade union movement further has been challenged by the downfall of social trust among the population regarding representing their interest in socio-political affairs, not to mention the presence of informal economy side-lined incentives to unionism.

Trade unions are the only recognised actor representing workers in social dialogue and collective bargaining. Professional associations are instead engaged in the professional development of their members and seek involvement in policy dialogue that influences regulations related to professional development.

The trade union movement is coordinated through the Joint Representative Body of Representative All-Ukrainian Trade Union Associations, aiming to protect workers' labour, social, and economic rights. This institution has raised its serious concerns due to the ongoing socio-economic reforms.

Federation of Trade Union of Ukraine is the main trade union organisation while other unions remain relatively small but some with important player in the Ukrainian labour market; for example, Confederation of Free Trade Unions of Ukraine (KVPU) is strong in certain sectors, especially mining, and sits on the national tripartite and economic council. The scope of leading trade union organisations is summarised below (see more details in Appendix Table 23).

- Federation of Trade Union of Ukraine (FPU) with 5.1 million members.
- Trade Union Railway and Transport Construction Workers of Ukraine (TURU) with 479,000 members.
- Confederation of Free Trade Unions of Ukraine (KVPU) with around 150,000 members.
- Association of Autonomous Trade Unions (AATUU) with about 150,000 members.
- All-Ukraine Trade Union and Trade Union Association "Unity" with approximately 150,000 members.
- Federation of Trade Union of Workers of Small and Average Enterprises of Ukraine with around 150,000 members.

The ITUC affiliates in Ukraine are the All-Ukrainian Union of Workers' Solidarity (VOST), the Confederation of Free Trade Unions of Ukraine (KVPU), and the Federation of Trade Unions of Ukraine (FPU).

Employers' Organisations

Estimations suggested that employers represented 0.9% of the total employment in Ukraine in 2020, significantly lower than the Eastern Europe average at 1.9% (see more in Figure 6 ahead).

The Global Competitiveness Index provides Ukraine's view on various aspects, including the labour market efficiency pillar elaborated upon by surveys among employers and other statistical data. Ukraine ranks 59th out of 141 countries (1st is the best) at the pillar. Out of twelve indicators, the best rankings are hiring and firing practices (34), redundancy costs (44), pay and productivity (45), and the ratio of wage and salaried female workers to male workers (46). The worst rankings are labour tax rate (124) and flexibility of wage determination (110) (see more details in Table 4).

Table 4: Labour market efficiency in Ukraine, 2019

Indicator	Rank
Total	59
Redundancy costs (weeks of salary) **	44
Hiring and firing practices *	34
Cooperation in labour-employer relations *	88
Flexibility of wage determination *	110
Active labour market policies *	52
Workers' rights *	93
Ease of hiring foreign labour *	65
Internal labour mobility *	81
Reliance on professional management *	89
Pay and productivity *	45
Ratio of wage and salaried female workers to male workers **	46
Labour tax rate **	124

* Survey data. ** Ranked by per cent. Note: Rank from 1 to 141 (1 is highest).

Source: The Global Competitiveness Report, 2019, 8th pillar: Labour market efficiency.

As part of the liberalisation of the economy, the growing private sector with new forms of work like the gig economy face difficulties in recruiting new members for employers' organisations. Like the trade union movement, the employers' organisations members are eroding, which makes collective bargaining even more challenging (see more in the Social Dialogue and Workforce sections).

The employers' organisations are coordinated through the Joint Representative Board of Employers Organisations of Ukraine.²⁰

An overview of the central employers' organisations is summarised below:²¹

- Federation of Employers represents 112 regional and sectoral employers' organisations representing 8,500 companies with five million workers.²²
- Association of Employers' Organisations of Ukraine has seven all-Ukrainian sectoral associations of employers' organisations, 3 sectoral and 19 territorial associations of employers' organisations, 17 territorial employers' organisations providing jobs to about two million workers.

- Confederation of Employers represents six sectoral employers' organizations representing 27 per cent of all registered companies with 2.7 million workers.²³
- All-Ukrainian Association of Employers.

SOCIAL DIALOGUE

Social dialogue entails all types of negotiation, consultation, or exchange of information between representatives of social partners on common interest issues relating to economic and social policy. It can be informal or institutionalised, and often it is a combination of the two. It can take place at the national, regional or enterprise level.²⁴

Ukraine has ratified ILO's Tripartite Consultation Convention (C144) and the Collective Bargaining Convention (C154). Social dialogue is included in the Law of Ukraine on Collective Contracts and Agreements (1993) and the Law on Social Dialogue (2010). However, the existing framework for labour relations and social dialogue in Ukrainian labour legislation breaches several ILO conventions, including conventions 81 and 129 on labour inspection and 173 on wage guarantee. As previously mentioned, the 2020 draft law on trade unions seriously contradicted fundamental ILO conventions 87 on freedom of association and 98 on collective bargaining.

Generally, the labour market's landscape is changing by privatisation, globalisation and growing competition, digitalisation and automation, population ageing, and increased mobility of workers. This situation challenges Ukraine's collective bargaining ecosystem, echoed by insufficient organisational, institutional, and regulatory resources. By the same token, the social dialogue ambience has been negatively affected by the government and Parliament of Ukraine political discourse to reduce trade union influence and deregulate the labour market.

Tripartite social dialogue is functioning with the government, representatives from the Joint Representative Body of All-Ukrainian Trade Unions at the national level and the Joint Representative

Body of Employers at the national level. For example, the social partners functioned in awareness-raising activities and events on state control in various business entities through consultation bodies (see ahead). Official data suggested per July 2019, 413 joint events have been held (351 with the participation of trade union representatives, and 62 with employers' representatives), of which 247 covered state control.²⁵ The trade union representation has argued that social dialogue is not in line with modern challenges and has decorative nature despite the legislation in force. They further stressed the need to work together on a unified approach to updating labour legislation, considering the obligation not to worsen working conditions, as well as raised the issue of improving the minimum wage.

A wide range of stakeholders, including representatives of trade unions and employers, were also involved in the conciliation meetings and the working group on developing the draft laws. However, social partners' diverging interests often led to polarisation, not to mention the erosion of traditional social dialogue structures while new groups of non-traditional actors emerge non-recognised unions and quasi-employers' organisations (e.g., European Business Association, American Chamber of Commerce) which put distortion in the process.²⁶

Collective agreements regulations are concluded on tripartite or bipartite basis at the following levels:²⁷

- national (state) level – the General Agreement;
- sectoral level – sectoral (cross-sectoral) agreements;
- territorial level – regional agreements within a certain administrative-territorial unit, usually an oblast (i.e., type of administrative division of Belarus, Bulgaria, Kazakhstan, Kyrgyzstan, Russia, and Ukraine);
- local level – firm-level collective agreements at enterprises, institutions, and organisations, regardless of the form of ownership and management, which use hired labour and have the status of legal entities.

The Ukrainian legislation extends the terms set in a firm-level collective agreement to all workers in the same firm, regardless of whether they are members of the trade union that signed the deal or not. This clause is similar in many other countries.

The collective bargaining coverage is based on enterprises, institutions, and organisations at the firm level. This coverage declined from 76% in 2014 to 73% in 2019. The share was higher than in the early 1990s when it was between 60% and 70%.²⁸ This relative growth deals with the shrinking number of formally employed workers in firms with at least ten employees; by the same token, collective bargaining coverage is mainly from the public sector. The private sector and new forms of work such as digital platform workers are hardly covered. Trade unions and employers' organisations face difficulties recruiting new members from the private sector. As indicated, coverage collective bargaining representativity is gradually declining during the 2010s.

Table 5 shows that Ukraine's collective bargaining coverage is significantly higher than other Eastern European countries, only superseded by Slovenia.

Table 5: Eastern Europe countries' collective bargaining coverage, 2019

Countries	Per cent
Czech Republic	35%
Estonia	6.1%
Hungary	22%
Lithuania	7.9%
Latvia	27%
Poland	13%
Slovak Republic	25%
Slovenia	79%
Ukraine	73%
OECD – average	32%

Source: OECD; ILO.

The specification of working conditions, remuneration and social privileges is commonly left to collective bargaining agreements provided. By law, the agreements do not limit the guarantees established for employees. Studies found at the enterprise level, though, that employers and

workers lack the awareness of dialogue, not to mention transparent and effective procedures for the prevention and resolution of workplace conflicts and grievances.²⁹

Central tripartite institutions

Social partners are involved in tripartite negotiations at the national and sectoral levels but appear to play a limited role at the enterprise level. The differences between regulation and actual practice are most often found. Few consultations tripartite bodies are set to promote social dialogue in Ukraine. These bodies lack mechanisms to ensure law compliance and responsibility for decisions within the exercise of social dialogue on a tripartite basis. The government coordinates the tripartite institutions at the national level.

The Justice Ministry of Ukraine has registered 21 associations of all-Ukrainian trade unions, but only six are representative at the national level. Thus, 15 of 21 all-Ukrainian trade unions' associations cannot discuss social and labour policy questions in the exercise of social dialogue at the national level. The three associations of all-Ukrainian employers' organisations can be represented at the national level. The central tripartite institutions are summarised below.

National Tripartite Social and Economic Council (NTSEC)

The NTSEC integrates the tripartite social partners with the Ministry of Economy, FEU represents employers, and KVPU and FPU represent the major trade union federations.

It was set up to promote a consolidated position, draft agreed on recommendations and proposals on the development and implementation of state economic and social policies and regulation of labour, as well as submit these recommendations and suggestions to authorities. The council was caught in many hurdles, such as a controversial labour law reform. Wages arrears, strikes and conflicts have distracted their attention and effectively blocked progress. Reports further found

that terms of its members confront NTSEC's function concerning how the personal composition of the council's participants is determined and the lack of compliance oversight mechanisms for NTSEC members.³⁰ This negative environment was further haunted by low wage levels, centralised minimum salaries determined by the government, salary arrears, the unsuccessful 2017 pension reform, and a high gender pay gap of 18% beyond the NTSEC council's control.

NTSEC and the RTSECs did not function at least since 2018 but resumed their sessions late in October 2021. The Ministry of Economy invited representative social partners to consultations on the current drafts for new labour legislation. This positive step indicates an emerging interest in living up to the stated intentions of bringing it in line with ILO standards and relevant EU directives. The National NTSEC has thus at least formally been reconfirmed as the leading platform for social dialogue in Ukraine with a reinforced mandate.³¹

Social Insurance Funds

Ukrainian social insurance funds are managed on a parity basis by the state, representatives of the insured (trade unions) and representatives of insureds (employers' organisations) (see more in the Social Protection section).

Interdepartmental Working Group on Wage Debt Repayment (IWGWDR)

The IWGWDR was set in 2020 to solve the problem of wage arrears growth, including representatives of key ministries and agencies, Joint Representative Body of Representative All-Ukrainian Trade Union Associations at the national level and the Joint Representative Body of Employers at the national-wide level.

Dispute settlement

In Ukraine, the general courts generally consider individual employment disputes under general civil procedural rules. There are no special labour/employment courts.

The National Mediation and Conciliation Service of Ukraine (NMCSU) is a state agency to facilitate the settlement of collective labour disputes. According to provisions of the Law on Social Dialogue in Ukraine, the NMCSU is vested with the power to enquire the conformity with the representativeness criteria. There is direct state intervention in determining the participant composition of the two other sides of social dialogue.

Labour disputes are often not handled at the workplace; cases often escalate and require formal intervention by a third party such as national labour inspection bodies or state mediators through NMCSU in case of collective disputes or courts in case of individual conflicts. Legal recourse is available for reinstatement, back wages, and punitive damages, although observers described court enforcement as arbitrary and unpredictable, with damages too low to create incentives for compliance on the part of employers.³²

Some of the most significant cases in 2021 at the Supreme Court level concerned inadequate documenting of sick leave may not be evidence per se that an employee's absence from work was not justified and shall not be a basis for dismissal under the Labour Code. Another case related to the duration of a fixed-term employment agreement may be determined not only by a particular term but also by a specific event (e.g., return to work of an employee from maternity leave).³³

TRADE UNION RIGHTS VIOLATIONS

Ukraine ranked 5 out of 5+ (5+ is worst) on the Global Rights Index in 2021. Workers in countries with a rating of 5 concerns while the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices.³⁴

ITUC's latest registered cases concerning violation of trade union rights in recent years dealt unions mobilise against a legislative assault on workers and trade union rights; assailants attack local trade union leader; absence of social dialogue about non-payment of wages in the state-owned coal mines;

state attacks against the Trade Union Federation of the Chernigovskaya Region; state-owned Ukraine Railway Ukrzaliznytsia engages in anti-union action; arcelorMittal Kryvyi Rih steel plant undermines negotiations over wages; security Service instructs the state-owned mine to invigilate trade unions; unidentified attackers beat female trade unionist; a union meeting disrupted by 60 attackers.³⁵

International reports listed independent unions reported multiple incidents of harassment by local law enforcement officials while navigating the registration process, including atypical and irregular requests for documentation and membership information.³⁶

Ukraine has one active Freedom of Association confidential case through ILO complaint procedures raised by the Federation of Trade Unions of Ukraine (FPU) and Confederation of Free Trade Unions of Ukraine (KVPU); one follow-up case and ten closed. The follow-up case was raised by FPU, alleging gross and systematic violations by Ukrainian public authorities, courts, and employers of the right of trade unions to organise their activities freely and independently.

Ukraine has ratified ILO's Abolition of Forced Labour Convention (C105) but not the Domestic Workers Convention (C189). Generally, the legislation prohibits most forms of forced or compulsory labour. However, the government did not effectively enforce the law in practice. For example, the International Organisation for Migration (IOM) registered numerous instances of compulsory labour, including pornography, criminal activity, labour exploitation, begging, and sexual and other forms of exploitation.³⁷ The Global Slavery Index ranks Ukraine as 49 out of 167 countries (1 is worst) with an estimated prevalence at 6.4 victims per 1,000 population in 2018.³⁸

WORKING CONDITIONS

The Remuneration of Labour Law sets yearly review of minimum wage through consultations of the joint representative bodies of social partners at the

national level. Ukraine's minimal wage experienced real hikes during the 2010s but flattened at the beginning of the 2020s (see Figure 3). The latest minimum wage hike of 8.3% was from monthly UAH 6,000 (US\$220) in 2021 to UAH 6,500 (US\$233) in 2022.

The trade union movement has argued that the minimum wage does not adequately consider the needs of workers and the cost of living in Ukraine. The minimum wage established for 2019 was 12% lower than the subsistence minimum, calculated by the Ministry of Social Policy, a benchmark that is not even adequate given several household expenses. The government lacks a system of indexation to ensure that the minimum wage would not lose its value due to the rising inflation during the year. In addition, the minimum wage is not linked to the overall level of wages in the country, leading to a significant gap between the minimum wage and the average wage (see Table 6).³⁹ Some employees working in the informal economy received wages below the established minimum (see more in the Informal Economy sub-section). The country has one of the lowest minimum wages among its seven neighbouring countries, superseding Belarus (US\$155), Moldova (US\$170), and Russia (US\$182) but stood below Hungary (US\$633), Poland (US\$749), Romania (US\$584), and Slovakia (US\$709).

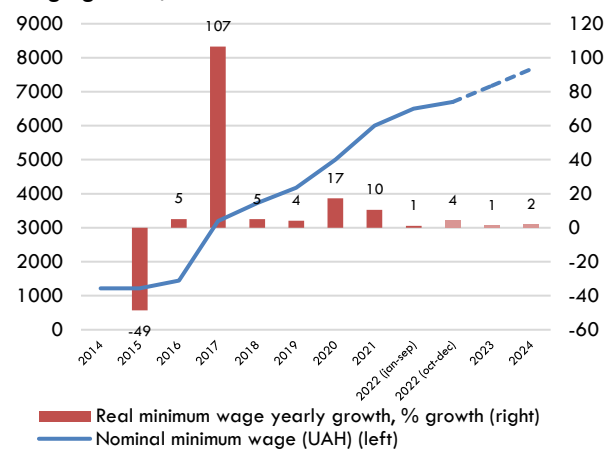
Table 6: Status of Monthly Wages in Ukraine

	Current Hryvnia (UAH)	Current US\$
Average wages, 2021	17,453	640
Factory and Manufacturing worker's typically earning (2021)	15,700	576
Minimum wage (2022 January-September)	6,500	233
Average yearly real minimum wage growth (2015-2022)	13% *	

* Real minimum wage is based on the aggregated inflation in consumer prices deducted from the nominal minimum wage growth.

Sources: WageIndicator.org; SalaryExplorer; own calculations on real minimum wage growth.

Figure 3: Ukraine's nominal minimum wage per month in current Hryvnia and yearly real minimum wage growth, 2014-2024



Source: WageIndicator.org, Ukraine; Ministry of Economy of Ukraine's budget declaration approved by the government for 2022-2024; own calculations on real minimum wage based on the IMF's projections of inflation in consumer prices, deducted from the nominal minimum wage growth.

Around 2.5 million employees from different public sector industries are paid based on the Unified Rate Schedule of Categories and Labour Remuneration Indexes. Wages in the public sector are lower than in the private sector.

Wage policies in Ukraine have been challenged by wage arrears (i.e., paying an employee for work completed from a previous pay period instead of the current pay period). In 2019, wage arrears stood at UAH 2.8 billion (US\$108 million) or 3.4% of the total national wage bill, representing an increase of 280% when compared to the year preceding the downturn in 2013. The arrears of wages even amounted to UAH 3.03 billion (US\$110 million) in May 2021. Mainly the mining sector is the heaviest hit, accounting for 24% of all wage arrears. Ukraine is still not complying with relevant ILO conventions on wages (C095, C131, and C173). Measures taken by working committees have not been sufficient to ensure the timely payments of workers' salaries.⁴⁰ Besides, arrears and corruption problems exacerbated industrial relations and led to numerous protests.

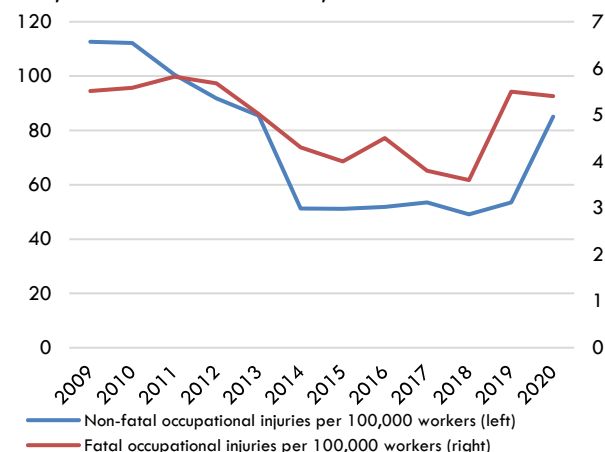
Although the slightly higher gender pay gap at 18% in 2021 compared to EU countries average at 16%, the dynamics are positive: over the past six

years, it shrunk by eight percentage points from 26% in 2015 (see more in the Gender sub-section).

The Ukrainian Labour Inspectorate is covered by a series of laws and encompassed with the ratified ILO's Convention on Labour Inspection (C081) and the Labour Inspection (Agriculture) Convention (C129). The mandate and powers of the labour inspections are limited by the provisions of the Law of Ukraine on the Main Principles of State Supervision (Control) in the Area of Economic Activities linked to the Government's Economy Deregulation Plan. The limits concern 10-day advance notice to the employer in case of a planned inspection, a limit to the frequency of scheduled inspections, virtual impossibility to carry out surprise inspections, a nonstarter for labour inspectors to instantly suspend operations and shut down equipment that poses threats to workers' health and safety (can only be done through a court order), among others. Reports found that the number and frequency of inspections continue to decline.⁴¹ Like many other public institutions' functions were delayed during the Covid-19 pandemic, the labour inspections became impossible due to the quarantine.

Ukraine's labour safety and health system are out-of-date, failing to react to the change of occupational injuries. The main factors behind workplace accidents include not following workplace safety instructions, management obligations not being met, and violation of transport safety and technical education. On the positive side, data show that non-fatal occupational injuries fell significantly during the 2010s, mainly since 2014 but with an upsurge in 2020. The number of fatal occupational injuries also fell but rose in 2019 (Figure 4 below and the SDG table on Page v). Raise of injuries in 2020 (+60% (general) and 55% (fatal)) was related to the risks due to the Covid-19 pandemic.⁴²

Figure 4: Fatal and non-fatal occupational injuries per 100,000 workers in Ukraine, 2009-2020



Source: ILO, Key Indicators of the Labour Market (KILM).

The legal labour framework provides a maximum 40-hour workweek, with a minimum 42-hour rest per week and at least 24 days of paid vacation per year. It gives double pay for overtime work and regulates the number of overtime hours allowed. The law requires agreement between employers and local trade union organisations on overtime work and limits overtime to four hours during two consecutive days and 120 hours per year (see more details in Table 7). In practice, gender differences in hours worked are narrow. A large majority of men and women worked full-time in practice, and tiny shares worked less than 20 hours.⁴³

Table 7: Status of Working Conditions in Ukraine

Indicator	Value
Fixed-term contracts prohibited for permanent tasks	Yes
Maximum length of a single fixed-term contract (months)	No limit
Standard workday	8
Premium for night work (% of hourly pay)	20
Premium for work overtime work (% of hourly pay)	100
Paid annual leave (average for working days with 1, 5 and 10 years of tenure, in working days)	18
Minimum length of maternity leave	126
Receive 100% of wages on maternity leave	Yes
Five fully paid days of sick leave a year	Yes
Unemployment protection after one year of employment	Yes

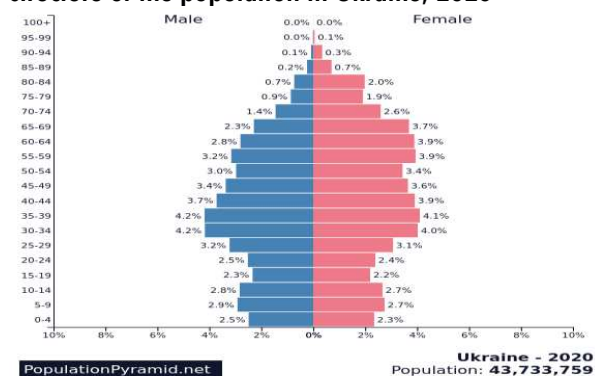
Source: World Bank, Doing Business, Labor Market Regulation in Ukraine.

WORKFORCE

Ukraine is the fifth-biggest European nation by the size of the population, reaching 44 million in 2020. Ukraine also has one of the fastest shrinking populations globally: The population growth dwindled yearly by -0.6% on average during the last two decades. The negative population growth caused low birth rates, high mortality rates, large-scale outmigration, among others. Projections suggest that the Ukrainian population reach 36 million in 2040.⁴⁴

The country's fertility rate has been stable at 1.3 per woman on average during the last two decades. The life expectancy rate increased slightly from 68 years in 2000 to 72 in 2019. Around 26% of the population are below 25 years old; 67% are of working age (15-64), and 17% are 65 years, where more women become older than men (see more in Figure 5). The population's ageing and shrinking trend, creating mounting pressure on social protection and pension schemes. It further drives a labour shortage that could push up real wages and benefit consumers. Still, lower competitiveness and output will adversely impact the country's long-term economic growth.

Figure 5: Population pyramid based on the age-sex structure of the population in Ukraine, 2020



Source: PopulationPyramid.net, Ukraine.

Projections suggested that Ukraine's employment-to-population ratio stood at around 50% in 2020, falling by 1.6 percentage points from 2019 as an impact of the Covid-19 pandemic. The country's proportions are significantly lower than the Eastern Europe averages, just as Ukrainian women's employment-to-population ratio has a substantially

lower proportion than men. The youth employment-to-population is more in line with the Eastern Europe averages, experiencing a drop during the 2010s linked to the shrinking youth population cohort and high school enrolment at the high education levels (Table 8 and see more in the Education section).

Table 8: Estimations of employment-to-population ratio in Ukraine and Eastern Europe, Age and sex distribution, 2017

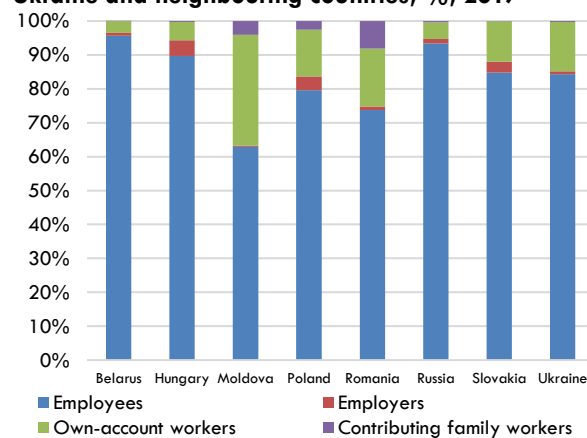
Sex	Age	Ukraine	Eastern Europe
Total	Total 15+	50%	56%
	Youth 15-24	26%	27%
Men	Total 15+	57%	64%
	Youth 15-24	30%	30%
Women	Total 15+	44%	49%
	Youth 15-24	23%	23%

Note: The presented data are based on imputed observations and subject to uncertainty; it should only be used as proxy indicator.

Source: ILO, Key Indicators of the Labour Market (KILM).

During the 2010s, Ukraine's employment status changed on the margin. The employees' segment was around 84%, which was medium compared to the neighbouring countries. Ukrainian employers' segment share is low. Own-account workers remain the second largest group of 15%, dropped by two percentage points since 2010. Contributing family workers is a minor group of 0.3%. These two latter segments are considered in "vulnerable employment" with less likely to have formal work arrangements and are more likely to lack decent working conditions, representing 15% of Ukraine's total employment (see Figure 6).

Figure 6: Projections of status in employment in Ukraine and neighbouring countries, %, 2017



Source: ILO, Key Indicators of the Labour Market (KILM).

The latest Ukrainian Labour Force Survey from 2019 listed 16.6 million employed, out of which 18% were in the agricultural sector, 19% in the industry (including construction) sector, and 63% in the service sector. Women share 48% of the total employment. In more disaggregated data, the largest sector is concentrated at the sale and retail trade activities with a share at 23% of total employment, followed by 18% in the agricultural sector and the industry sector of 15% (see Table 9 and Appendix Table 25). The manufacturing employment proportion declined on the margin during the 2010s, reaching 12% of total employment in 2017. It suggests the country is further challenged to achieve the SDG goal to raise the industry sector's share of employment (see SDG Table, Indicator 9.2.2, Page v).

Table 9: Employed persons per sector in Ukraine, 2019

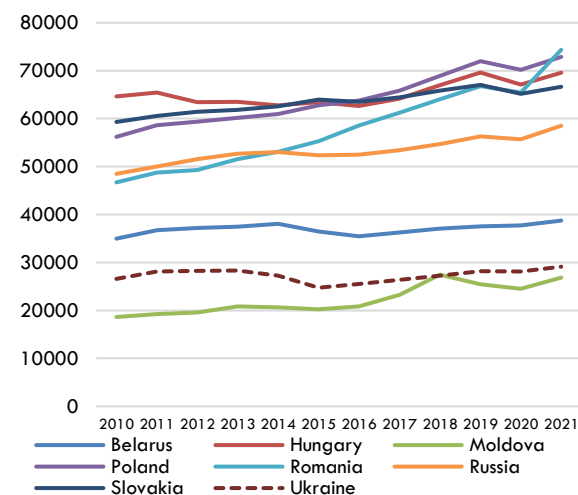
Sub-sector	Employment	Share, %
Agriculture, forestry and fishing	3,010,400	18%
Industry	2,461,500	15%
Construction	699,000	4.2%
Wholesale and retail trade	3,801,300	23%
Transportation	999,000	6.0%
Accommodation/food service	304,000	1.8%
Information and communication	289,200	1.7%
Financial and insurance	211,600	1.3%
Real estate	259,700	1.6%
Professional, scientific and technical	421,600	2.5%
Administrative service	317,900	1.9%
Public administration, social security	870,500	5.3%
Education	1,388,700	8.4%
Health and social work	974,200	5.9%
Arts, entertainment and recreation	197,600	1.2%
Other types	372,100	2.2%
Total	16,578,300	100%

Source: State Statistics Service of Ukraine, Labour force of Ukraine 2019.

Ukraine's labour income share in GDP has been significantly declining from 60% in 2010 to 43% in 2017, implying the capital share increased in the last decade. As previously mentioned, the income distribution is relatively even, reflected in the low Gini index ranking but at a slight upsurge during the 2010s.

Although Ukraine's workforce scores relatively well in education and international competitiveness, the labour productivity continues weak, with the lowest output per worker among the neighbouring countries, except Moldova (see Figure 7). The labour productivity was likely to dwindle in 2020 because of the economic downturn triggered by the Covid-19 pandemic: At the sectoral level, accommodation and food services, transport and storage, wholesale and retail, and manufacturing are the worst-hit sectors by the pandemic. Ukraine's relatively low labour productivity is haunted by the informal economy, challenging quality of education and the migration of talented individuals.

Figure 7: Projections of Ukraine and neighbouring countries' labour productivity trend, 2010-2021



Note: This measure of labour productivity is calculated using data on GDP (in constant 2017 international dollars in PPP). The presented data are based on imputed observations and subject to uncertainty; it should only be used as proxy indicator.

Source: ILO, Key Indicators of the Labour Market (KILM).

Small and Medium Enterprises (SMEs) are part of Ukraine's economic backbone. This group employ almost 81% of the workforce and generate 65% of total sales. The government launched the Strategy for Small and Medium-sized Enterprise Development in 2017 and the Action Plan for Implementing the Strategy of SME Development in 2018. The SMEs' access to finance is one of the key priorities.⁴⁵ Ukrainian SMEs' productivity was around one-quarter of the EU average; they employ 2.8 people on average, compared to the higher EU average of 3.7. Besides, SMEs were hit particularly hard by the Covid-19 pandemic:

84% have experienced a decline in turnover, and 25% have had to reduce their staff numbers.⁴⁶

The new global emerging Fourth Industrial Revolution (4IR) and the evolving digital labour platforms (also known as the gig economy) alter the nature of work and how people access jobs, shifting away from the previous three industrial revolutions. In Ukraine, its structure is actively changing, and new professions and whole branches of application of human labour are appearing. The labour market structure can exacerbate inequalities between different sections of the population and lead to the disappearance of occupations, changes in industry structure, automation, and computerisation.

Ukraine occupies fourth place in the world and first place in Europe regarding the number of people working on digital labour platforms; it also ranks best in the world in “IT freelance” (see more in the Vocational Training sub-section). Reports estimated that at least 3% of the Ukrainian workforce is involved in online work, and 18% of white-collar office workers have already tried digital work and would like to switch to it entirely; one in two view it as an additional source of income.⁴⁷ Although the gig economy creates new opportunities for Ukrainian workers, it also raises concerns on its effect on the social model. For example, ITUC raised worries regarding the law “On Stimulating Digital Economy Development” that establishes a special category of “gig-specialists” and special “gig-contracts” that create the conditions for exploitation. The changes deprive IT workers of payment guarantees, rights to holiday, regulated working hours, safe working conditions, protection against unlawful dismissal, and the rights to join a trade union, strike and conclude collective agreements.⁴⁸

Unemployment

Ukraine’s latest Labour Force Survey from 2019 registered 1.5 million unemployed persons, representing 8.2% of the workforce population aged 15-70 years, out of which more than two-thirds were in the urban area. Among those unemployed in 2019, a share of persons aged 15-

24 years composed 86%, and among those aged 25-34 years accounted for 14%. ILO’s modelled measurements suggested that the unemployment rate fell in the margin at the end of the 2010s, mainly due to decreasing population. A little hike in employment by 0.9 percentage points happened from 2019 to 2020, reaching 9.1, as an impact of imposed lockdowns caused by the Covid-19 pandemic. The unemployment gender gap is relatively low. Estimations further suggest that Ukraine’s unemployment rate has been significantly higher than the Eastern Europe averages (see details in Table 10 and Figure 8).

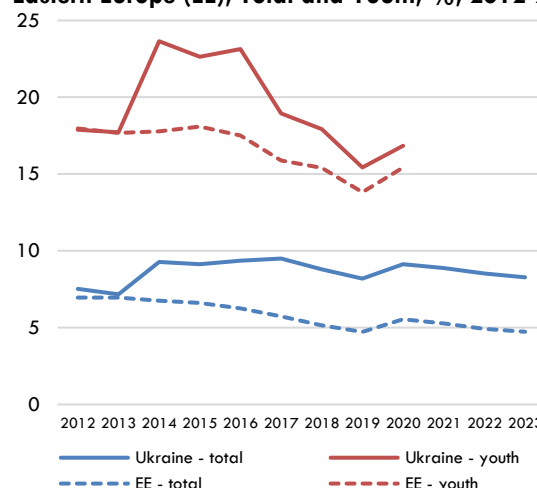
Table 10: The unemployment rate in Ukraine and Eastern Europe (EE), by sex and age, %, 2020

Type	Gender	Ukraine	EE
Unemployment	Total	9.1%	5.6%
	Men	9.5%	5.6%
	Women	8.8%	5.5%
Youth Unemployment	Total	17%	15%
	Men	17%	15%
	Women	17%	16%
Composite labour underutilisation *	Total	9.1%	7.6%
	Men	9.4%	7.5%
	Women	8.9%	7.7%

* Underutilisation is composed of the sum of the population in time-related underemployment, unemployment and the potential workforce expressed as a proportion of the extended labour force; data from 2019.

Source: ILO, Key Indicators of the Labour Market (KILM).

Figure 8: Unemployment projections in Ukraine and Eastern Europe (EE), Total and Youth, %, 2012-2023



Source: ILO, Key Indicators of the Labour Market (KILM).

Since the start of quarantine in Ukraine in 2020, certain state services have increased their effectiveness online. For instance, signing on as unemployed has become more accessible. Before

quarantine, official statistics suggested 100,000 jobs for 300,000 unemployed persons in Ukraine. When quarantine entered the scene, 500,000 unemployed persons have had to compete for 60,000 jobs.⁴⁹

Ukraine's strict unemployment rate is not shadowed by a high composite labour underutilisation (i.e., the sum of the population in time-related underemployment, unemployment and the potential workforce expressed as a proportion of the extended labour force), listed at 9.1% in 2019 (see Table 10 above). A more critical issue is that unemployment is statistically linked to the employment segment, excluding persons outside the workforce: Around 44% (14 million) of Ukraine's working-age population was economically inactive in 2019. Even reducing this group by about 4 million people being pensioners, 10 million ones aged 15-59 are inactive, neither employed nor unemployed.

Migration

The shift of migration of the Ukrainian population changed dramatically after the collapse of the Soviet Union when the country opened to the world, and its citizens could fully exercise the right of freedom of movement. The signing of the Association Agreement and the path towards a visa-free scheme between Ukraine and the EU led to reforms of migration management.⁵⁰

Migration is enshrined as a fundamental right in the constitution, including free movement, non-discrimination, and equality before the law. It is supported by specific laws and regulations that handle issues concerning migration, asylum, and human trafficking. The legal framework comprises a constellation of measures and rules such as migrants' rights and border crossing, immigration, and emigration procedures. The government directs the State Migration Policy Strategy of Ukraine launched in 2017 and up to 2025, which sets key objectives and ways to achieve them. Besides, Ukraine has ratified the main European and international conventions in migration (see more details in Appendix Table 24).

In March 2021, the government launched two new policy strategies that account for migration issues: the National Strategy in the Field of Human Rights and the National Youth Strategy until 2030. The first policy aims at protecting the rights of migrants, refugees, persons in need of complementary or temporary protection, and internally displaced persons (IDPs). The second policy accounts for migration issues and promotes the involvement of young immigrants and internally displaced youth in the social, economic, and cultural life of Ukraine. It acknowledges migration-related matters and provides for liberalisation of migration policy on the official employment of foreign IT professionals.⁵¹

The national legal framework has some flaws that challenge the migration system. First, the country still has no measures explicitly aimed at the ethical recruitment of migrants, even though the constitution guarantees proper working conditions, remuneration and protection from forced labour to nationals and migrants alike. Second, gender equality is promoted among all the country's residents, in line with Ukraine's Law "On ensuring equal rights and opportunities for women and men", but there are no measures explicitly aimed at migrants.⁵²

Ukraine is one of the most migration-affected countries in Europe. In the aftermath of the breakup of the Soviet Union at the beginning of the 1990s, three million Ukrainians undertook internal migration, but it reduced gradually. In 2015, only 12 out of one thousand Ukrainians changed their place of residence. Nevertheless, the documented internal movement still superseded international migration by ten times.

The movement between the country and the city dominates internal migration. The rural population is declining due to the outflow of young people to the city and structural population shift. Data suggest that the urbanisation rate has been stable at around 69% during the last decade, peaking at 70% in 2020, which was lower than Belarus (80%), Hungary (72%) and Russia (75%) but significantly higher than the other neighbouring countries.

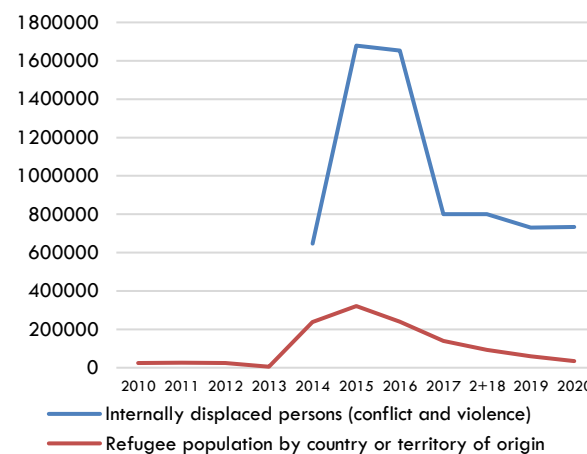
People are also involved in internal labour migration, non-related to daily or weekly return to the places of permanent residence. This migration links to seasonal, rotational, and even longer work in the capital and the most important industrial centres.

The annexation of Crimea in 2014 by Russia and military operations in the Donbas triggered a massive, forced displacement, as well as the following economic crisis led to the intensification of labour migration. Data of the Internally Displaced Persons (IDPs) was first registered in 2014, of which slightly above 600,000 persons were displaced from the non-government-controlled areas to other regions of Ukraine. The government adopted a law to protect the rights of IDPs in 2014, dealing with establishing a procedure for registering them and providing them with temporary accommodation. The IDPs flow skyrocketed in 2015-2016, reaching above 1.6 million persons but falling to slightly below 800,000 persons in 2020.

Most IDPs reside in places closest to the regions of the previous residence. However, many hope to return to abandoned homes; about one-third of IDPs intend to become permanent residents of other regions of Ukraine. A new Election Code was adopted in 2019. It entitles IDPs to register an electoral address and vote where they live. Before introducing this code, IDPs were not eligible to vote in local elections because they did not belong to the territorial community to which they had been displaced. In addition, the Ukraine refugee population started to rise in 2014, peaking at 321,000 in 2015 and slowly declining since then, reaching 35,180 in 2020 (see more in Figure 9).

The Ukraine-Russia crisis in 2022 is expected to trigger millions to flee the country as IDPs, refugees or labour migration.

Figure 9: Ukraine's refugee population and internally displaced persons associated with conflict and violence, 2010-2020



Source: World Bank, World Development Indicators.

Estimations suggest the Ukrainian diaspora of up to 20 million people, and 2.5 million labour migrants.⁵³ The contribute remittances have become a central part of the economy: It reached from 4.6% in 2010, peaking at 11% in 2018, to 9.8% of GDP in 2020, which was significantly higher than other neighbouring countries, except Moldova (16%). It is worthwhile to mention that Ukraine's remittances fell by 0.5 percentage points from 2019 to 2020 as an impact of the Covid-19 pandemic.

The country's net migration has been registered by higher inflow than outflow during the last four decades, apart from the high outflow during the 1990s (see Figure 10). Since Ukraine gained independence in 1991, the cross-border mobility of Ukraine's population has snowballed. The crossings of the western border have been on the rise while decreasing to Russia. The net migration started becoming more balanced during the 2010s. However, in the aftermath of the Ukraine-Russia conflict since 2014, there has been a general decrease in trips abroad. For example, Ukrainians travelled abroad in 2014, almost 30% less than in 2013. In addition, it further dropped due to travel restrictions introduced because of the Covid-19 pandemic in 2020-2021.

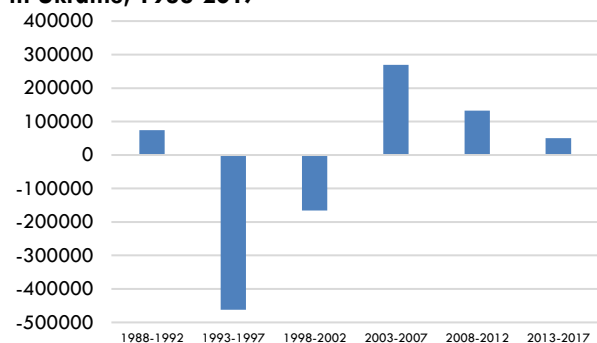
Table 11: Status of net migration flow and personal remittances in Ukraine

Theme	Value
Net migration rate per 1,000 population (2020) *	0.23
Personal remittance (received), % of GDP (2016-2020 average)	10%

* Net migration is the net total of migrants during a period of five years, i.e. the total number of immigrants less the annual number of emigrants, including both citizens and non-citizens.

Source: World Bank, World Development Indicators; KNOEMA, Ukraine - Net migration rate.

Figure 10: Net migration trend to average population in Ukraine, 1988-2017



Source: World Bank, World Development Indicators.

Ukraine's strategy of migration policy from 2017 up to 2025 aims to reach thirteen goals; for example, reduce administrative barriers for the freedom of movement of the Ukrainian population, create the necessary conditions for return and reintegration of Ukrainian migrants into Ukrainian society, to ensure respect to the human dignity of returning persons, encouraging them to return voluntarily, and to ensure integration of refugees and persons in need of additional protection into Ukrainian society.

Ukraine has experienced climate and environmental challenges reflected in warmer winters and extreme weather events, heatwaves, and the mounting issue of water scarcity is probably the most crucial aspect. These phenomena can potentially disrupt lives and cause significant damage to the Ukrainian economy, particularly given the strategic importance of Ukraine's agricultural sector. Registered IDPs concerning new displacement associated with disasters has been relatively low during the last decade in Ukraine, except around 2,000 cases were listed in 2020 (revisit Figure 9).

Informal Economy

The informal economy is widespread in Ukraine. As an impact of the breakup of the Soviet Union at the beginning of the 1990s, the scope of the informal economy's activities in Ukraine increased from 39% in 1991, peaking at 52% in 2000; it gradually fell to 40% of GDP in 2014 but with an upsurge at three percentage points in 2015. Besides, Ukraine's scope of the informal economy was considerably higher than the seven neighbouring countries.⁵⁴ The number of informally employed population reduced by 2.3% from 2018 to 2019, reaching 3.5 million workers or 21% of the total employed population (see Table 12). It most likely rebounded during the Covid-19 pandemic, caused by quarantine and lockdown measures, as well as the political and security crisis in 2022.

Table 12: Status of informal economy in Ukraine

Indicator	Value
Size of informal economy, % of GDP, 2015	43%
Share of informal economy workers in total employment, 2019	21%
Workers in 'vulnerable employment', 2017 *	15%
Informal payments to public officials, % of firms, 2019	24%

* A sum of own-account workers and contributing family workers.

Source: Ukraine Labour Force Survey 2017; ILO, Key Indicators of the Labour Market; IMF, Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?, IMF Working Paper, January 2018.

The labour-related legal framework is haunted by imperfect and inconsistent laws and regulations, not to mention administrative obstacles such as excessive bureaucracy of administering economic and labour relations, oppressive accounting, and reporting requirements (revisit Appendix Table 22). Ukraine has the highest informal payments to public officials at 24% of firms compared to the neighbouring countries.

Statistical data depict that the informal labour relations are stuck to self-employed small-scale producers with a share at 69% of all self-employed, and among employees, it was 11%. Agriculture, forestry, and the fishery was the primary type of activity for the informally employed population (42%); almost one out of six

(17%) in wholesale and retail trade or construction (17%). Two-thirds of the informally employed had vocational and complete secondary education (66%) while it prevailed at 61% among the persons with tertiary education. The informally employed population often operate in simple occupations compared to the officially employed persons, 50% vs 9.5%, respectively. Most informal workers have low-paid work and are side-lined for labour legislation or the country's social insurance system, fuelling barriers to their economic inclusion. It is worthwhile to mention that some social security schemes became more unattractive when the benefits were too small to encourage payment of social contributions, just as regulatory authorities' inefficiency, and weakness in sanctions to discourage any failure to comply with legislative requirements.⁵⁵

Other aspects of the informal economy are associated with many Ukrainian workers lacking awareness or incentives to apply legal rights and obligations, including formalising the labour relations or attempting to increase personal income by evading taxes, taking up undeclared jobs while remaining eligible to social benefits or subsidies. The difficulties in accessing the regular labour market are also related to unemployment and social dumping that induce the workers to work informally.⁵⁶

No direct functioning tripartite national informal economy forum nor another national forum addressing the status of informal economy workers are detected. On the other hand, reducing the level of informal employment and extending the guarantees provided by labour legislation to employees who currently work without formalisation of labour relations has turned into a strategic priority.⁵⁷

Child Labour

Ukraine's proportion of children aged 0-14 years accounts for 17% of the total population. The country has ratified the central ILO conventions dealing with child labour (C138 and C182) and committed to the values set out in the 2030 Agenda

for Sustainable Development Goals, including reducing child labour. The government has established laws and regulations related to child labour, especially enclosed of the Criminal Code, the Labour Code, and the Protection of Childhood Code. The government also launched a National Poverty Reduction Strategy in 2016, where children were declared to be the socio-demographic group most vulnerable to poverty.

Gaps persist in the legal framework to adequately protect children from the worst forms of child labour. Because the minimum age for work is lower than the compulsory education age, children may be encouraged to leave school before completing compulsory education. Furthermore, the Ministry of Health Order Number 46 does not prohibit children between 14 and 16 from engaging in hazardous work as part of a vocational training programme, which does not comply with international standards. Although the law specifies that children in these training programmes may be onsite for no more than four hours and must remain in strict compliance with applicable safety norms and rules and regulations on labour protection, this is not in compliance with international standards. Reports argue that Ukraine made a minimal advancement in efforts to eliminate the worst forms of child labour.⁵⁸

Children in Ukraine are subjected to the worst forms of child labour; for example, children perform dangerous tasks in mining. Table 13 shows the scope of child labour in Ukraine: at least one out of ten (12%) is a working child, relatively higher than the regional average. This situation results from the comparatively high prevalence of poverty rate based on the value of the subsistence minimum and low average wage and pension values. Most enter child labour in the informal economy. The more critical child labour represented 5.1% of children, one percentage point higher than the regional average. On the positive side, children in hazardous work are significantly lower than the regional average, 1.5% and 4.0%, respectively. The government collected few of the financial penalties imposed for child labour violations and lacked

social programmes designed to assist children engaged in hazardous work in mining.⁵⁹

Table 13: Status of child labour (age 5-17) in Ukraine and Europe & Central Asia

Region	Year	Type	Proportion
Ukraine	2015	Children in employment *	12%
		Child labourers	5.1%
		Hazardous work	1.5%
Europe and Central Asia	2012-16	Children in employment	6.5%
		Child labourers	4.1%
		Hazardous work	4.0%

* Regarding working children aged 5 to 17 years were reportedly to be involved in economic activities in the last 12 months.

Source: Ukraine National Child Labour Survey 2014/2015; ILO, *Global estimates of child labour: Results and trends, 2012-2016*.

Studies found that absolute child poverty has been steadily declining. But there is currently a risk that the Covid-19 pandemic reversed these gains in child poverty reduction and led to a setback in this domain. As many households lose their income, more children are likely to be deprived of their essential needs. In Ukraine alone, the socioeconomic crisis could potentially push as many as 1.8 million children into poverty.⁶⁰ These situations challenge the country's goal to take effective measures to eradicate child labour to reach the SDG target (see SDGs Table, Indicator 8.7.1, Page v).

Children living in the Russia-controlled Donbas region of eastern Ukraine and Russia-occupied Crimea are increasingly vulnerable to exploitation due to the government's lack of control over these regions. It is most likely that these circumstances further evolve in the aftermath of the 2022 Ukraine-Russia War.

Gender

Ukraine has ratified the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW). The first-ever National Action Plan on the Implementation of CEDAW was passed in September 2018 introduced on the agenda for the government in 2019.

The country's constitution protects equal rights and opportunities that are legally supported by several laws: "On principles of prevention and counteraction of discrimination in Ukraine" from 2012, "On amendments to certain legislative acts of Ukraine concerning the prevention and counteraction of discrimination" from 2014, "On Ensuring Equal Rights and Opportunities of Women and Men" from 2018, and "On Prevention and Counteraction to Domestic Violence" from 2020; furthermore, a wide range of Decrees from the President, Resolution of the Cabinet of Ministers of Ukraine, Order of the Cabinet of Ministers of Ukraine, among others.⁶¹

Despite the legal equal rights and opportunities framework, gender inequalities are joined to traditional conservative patriarchal models of marital relations where women carer for children, the elderly, and the disabled, and other domestic roles, which has restricted their freedom of movement and livelihood opportunities.⁶² In addition, some sectors do not allow women to work; for example, a list of prohibited occupations for women is associated with work with lead, drilling wells, oil, and gas production, underground mining jobs, not to mention they cannot operate a formal motorised electric train or a diesel train.

The global Gender Inequality Index (GII) reflects the scope of gender disparities ranks Ukraine 52 out of 162 countries (1 is best) in 2019. This relatively high human development ranking was mainly due to the low maternal mortality ratio and low adolescent birth rate (see more in the Social Protection section). The secondary education level's enrolment has a minimal gender gap, but it is broader concerning the labour force participation rate. Women represent one out of five seats at the parliament.⁶³ The other Global Gender Gap Index (GGGI) 2021 ranks Ukraine 74 out of 156 countries (1 is best). The country scores poorly in political empowerment (103); it counts better in education attainment (27), health and survival (41), and economic participation and opportunity (44).⁶⁴

Table 14 below illustrates Ukraine's employment gender gaps' scope of central aspects. Generally,

men are significantly more present in employment than women. Remarkably, women have a relatively higher share as employees than men, but it is somewhat shadowed by comparatively more economically inactive women.

Table 14: Estimation of workforce key indicators gender gaps in Ukraine, 2020

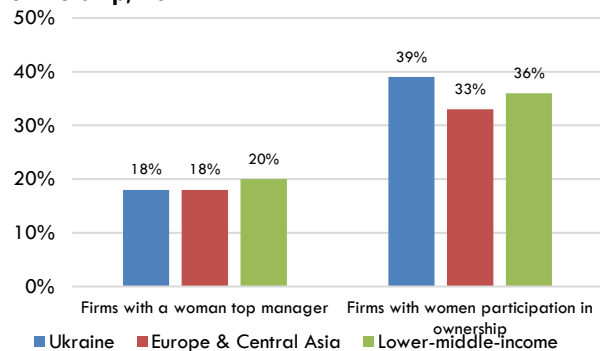
	Men	Women	Men/women ratio gap, percentage point (p.p.)
Employment	57%	44%	+13 p.p.
Unemployment	9.4%	8.9%	+0.5 p.p.
Employees	82%	86%	-4 p.p.
Employers	1.1%	0.7%	+0.4 p.p.
Vulnerable employment *	17%	13%	+4 p.p.

* Aggregated of own-account workers and contributing family workers.
Source: ILO, Key Indicators of the Labour Market (KILM).

Women dominate the wholesale and retail trade, accommodation and food service activities, public administration, education, health, and social work. Men primarily dominate the agricultural and industrial sectors, transportation and storage, and information and communication (see more in Appendix Table 25).

A smaller number of women were qualified within many organisations to occupy managerial positions. This disparity is entangled in the patriarchal culture, and men dominate managing enterprises. According to Ukraine's latest Enterprise Survey from 2019, 18% of firms have top women management in line with the regional average. Two out of five (39%) firms have women participation in ownership, higher than the regional average (Figure 11).

Figure 11: Women in firms' top management and ownership, 2014



Source: World Bank, Ukraine Enterprise Survey, 2019.

The effects of the Covid-19 pandemic on employment have affected women more acutely than men. Among others, data show that employment rates decrease sharper for women than for men, just as work losses due to social distancing measures in sectors with higher women's employment shares.⁶⁵

Youth

The country's population aged 15-24 years was 9.3% of the total population in 2020, and it has steadily dwindled since 2000 (revisit Figure 5).

The law "On Fostering Youth Socialization and Development in Ukraine" from 1993 promoted the implementation of youth policy. Later, it was followed by programmes such as the State Target Social Programme "Youth of Ukraine" for 2016-2020, which targeted youth between 14 and 35. The new Law of Ukraine "On the Main Principles of Youth Policy" was adopted in April 2021, changing the youth age limit of 35 years to 29 years. A National Council on Youth should be created as a consultative and advisory body under the government. Local state administrations and local self-government bodies will be empowered to develop youth councils. The law sets the Ukrainian Youth Fund and proposes creating an extensive network of youth centres. It also expresses possibilities to receive long-term preferential loans from the State Budget for education, construction, or purchase of housing. Additionally, the law establishes the organisational and legal grounds for the activities of youth and children's public associations.

Broadly, Ukraine's youth people have been challenged by a series of aspects such as the non-systemic character of building citizenship and national-patriotic awareness among young people; lacking motivation and skills for self-directed learning; the lengthy transition of young people from education to stable and satisfactory employment; slow development of entrepreneurship among young people; insufficient use of young people's potential for innovation; low level of practical skills among young specialists; low level of

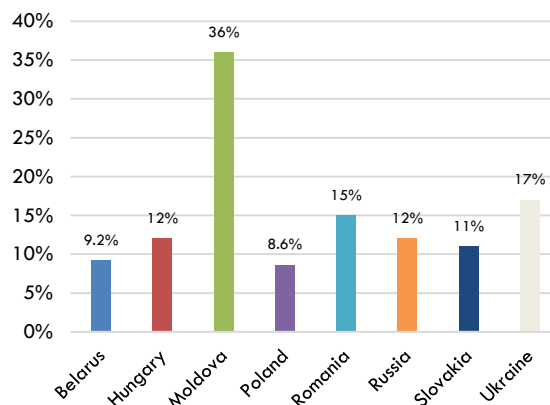
career guidance for young people with a consequent underutilisation of the vocational education system that has over-promoted higher educational institutions; poor organisation and culture of young people's leisure; weak integration of Ukrainian youth into the European and global youth community.⁶⁶

The relatively low social protection of youth remains a major difficulty linked to employment in the informal economy. Many young people are not satisfied with their jobs due to their instability and precariousness in rural areas. The share of youth working full-time (40 hours a week) is very small compared to other age groups. Youth working over 40 hours a week and those working less than 40 hours a week is ten times as high as the total employment.⁶⁷

As in most other countries, the unemployment rate is higher for youth than for different age groups. The relatively high youth unemployment rate has steadily declined during the 2010s but is linked to the shrinking population. The hike at this rate in 2020 resulted the economic downturn triggered by the Covid-19 pandemic (revisit Figure 8). It could even accelerate in 2022 due to the accelerating political crisis. More than at least one out of four unemployed youth (28%) have been looking for work for over one year. The longer the unemployment spell, the more likely prospective employers are to negatively perceive the concerned young jobseeker whom they start to see as unemployable.⁶⁸

Ukraine's NEET rate (i.e., those not in employment, education, or training) fell from 20% in 2014 to 16% in 2017, with a higher share among women (20%) than men (13%). The country's NEET rate is significantly higher than the neighbouring countries, except Moldova (36%) (see Figure 12). To some extent, the trend in Ukraine took steps in the right direction to reach the specific SDG goal targeting to reduce the NEET rate (see more in SDG Table, Indicator 8.6.1, Page v). However, the economic downturn triggered by the Covid-19 pandemic and the 2022 crisis is most likely to inflate the NEET rate.

Figure 12: The NEET rate in Ukraine and neighbouring countries, %, 2017/2020



Note: The NEET rate is the proportion of youth not in employment, education, or training.

Source: ILO, Key Indicators of the Labour Market (KILM).

Concerning job security, inadequate wages and qualifications mismatch affect the level of job satisfaction of young Ukrainian workers are reflected by the desire to change their job: More than one out of four young workers (27%) would like to change jobs or careers, with little difference between men and women. The principal reason for wanting to change jobs is to be paid a higher wage (40%), followed by to use better one's qualifications and skills (20%), and to find a permanent position as the present job is temporary (20%). Specific occupations where the qualifications mismatch tends to be concentrated among young are clerks (79%), and service/sales workers (53%). Youth engaged in elementary occupations (98%) have a very high tendency to be overeducated for the work they do just as around one-third in skilled agriculture, crafts work, and plant and machine operation. Given the high levels of educational attainment, it is not common to find young workers who have a lower level of education than that typically required for the job. The undereducation of young workers appears mainly in the highest skills-level occupations of managers (13%) and technicians and associate professionals (17%).⁶⁹

The Covid-19 pandemic has significantly affected the youth at various levels such as health and well-being, education, employment, and civic activities due to social distancing policies. For example, youth are the most vulnerable to lay-offs and complicated transitions from school to work.

EDUCATION

Ukraine's education system was rooted in seven decades of the Soviet Union regime. It faced a rapid social transformation after the union's collapse. In the aftermath of the independence in 1991, Ukraine enacted numerous reforms, including the introduction of private education, reshuffling the standard university degree from a long single-cycle degree to the Bologna two-cycle structure, and adopting the European Credit Transfer and Accumulation System, grading scale, and other aspects of the Bologna reforms. The law on higher education in July 2014 seeks to increase the autonomy of universities. It turned unpopular failed to convince many Ukrainians that education policies are heading in the right direction.⁷⁰ The Law on Education from 2017 introduced the concept of the New Ukrainian School, based on a 12-year education system consisting of nine-year basic education, followed by a three-year specialisation.

Ukraine's spending on education stood stable at around 13% of total government expenditure during the 2010s, which was higher than the neighbouring countries, except Moldova (20% on average). Ukraine has the highest government expenditure on tertiary education at 1.4% of GDP compared to the neighbouring countries.⁷¹

All Ukrainians aged 25-64 years are statistically literate. Table 15 shows that at least half (55%) of the employment has advanced education level, dominated by women. Instead, one out of four (26%) has an intermediate education level, dominated by men. Just 19% have just basic education with a minor gender gap.

Table 15: Employment by education, age 15+, % of employment distribution in Ukraine, 2020

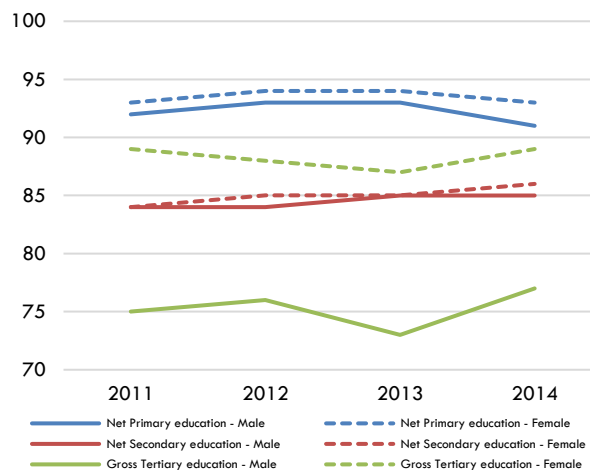
	Less than basic	Basic	Inter-mediate	Advanced
Total	0%	19%	26%	55%
Men	0%	20%	33%	47%
Women	0%	18%	19%	63%

Source: National Labour Force Survey, 2019/2020.

Ukrainian females have a higher school enrolment rate at all levels, especially a high gap at the tertiary level (Figure 13). Data were scarce for the

school enrolment trend at the end of the 2010s. It is worthwhile to mention that the country has minimal repeaters at the primary education level and an effective transition rate from primary to lower secondary general education.

Figure 13: Enrolment in primary, secondary, and tertiary education in Ukraine, Male & Female, %, 2010-2014



Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age.

Source: UNESCO, Institute for Statistics.

The fast-shrinking population has affected the education system. For example, the school-age population by the primary education level is 60% of the secondary education level.⁷² Besides, the number of tertiary students in the country dropped from about 2.9 million in 2008 to 1.7 million in 2017, leading to the closure of hundreds of higher education institutions. Given the current demographic trends, more closures are expected. It is worthwhile to mention that Ukraine is among the most educated societies in the world, with a gross tertiary enrolment ratio of 82% in 2014. Nevertheless, the country's academic institutions have been considered inflexible and out of sync with labour market demands and societal needs. Ukrainian society has been more concentrated on theoretical university education instead of technical vocational education and training.⁷³ Additionally, the previously mentioned dissatisfaction with the law on higher education from 2014 and the armed conflict in eastern Ukraine have contributed to the growing outflow of students in recent years.

The abovementioned high school enrolment at the higher education levels signals youth's importance in gaining higher education. Survey data found that youth with higher levels of education did have a lower chance of being unemployed but obtaining a higher degree did not guarantee to achieve a secure job that matches the young person's qualifications and expectations. The overeducation of young workers (i.e., whereby youth accept jobs beneath their level of qualification) is a growing concern in the country, impacting nearly one-third (31%) of employed youth people. It challenges a loss of faith in the value of the education system, restricts professional development, devalues investment in education, brings down the status of higher education itself and allows employers to abuse the qualification of young employees.⁷⁴

In March 2020, the Ukraine government introduced temporary restrictive measures nationwide due to the Covid-19 pandemic, including the closure of all educational facilities. It was similar in most other European countries. These measures supported remote teaching and learning, starting with broadcasting video lessons via television and online distance learning platforms. Studies from the region's highest-income countries found that school closures have resulted in actual learning losses and increases in inequality. These outcomes are likely to be even more acute in the middle- and lower-income countries like Ukraine, where much less technological capability and a larger share of families live below the poverty line. These learning challenges could translate into less access to higher education, lower labour market participation, and lower future earnings.⁷⁵

Vocational Training

Ukraine's Vocational, Education and Training (VET) governance is hybrid regionalised and moves towards further decentralisation to the 24 Ukrainian regions. It commenced as part of the nationwide decentralisation of power reform initiated in 2014. The draft Law on Vocational Education has been in limbo since 2016. The Law on Education of 2017 also has an impact on VET reforms. The vocational

training system has been enhanced by a new dual VET (T-VET) education provision.

In April 2020, the Cabinet of Ministers of Ukraine approved the National VET Action Plan to implement the 'modern vocational education'. This plan sets out 29 actions to change the governance and financing of the VET system, redesign the content and quality management of vocational training and education, and introduce an independent assessment system and a comprehensive training programme.

Ukraine was one of the first countries in the region that adopt a National Qualifications Framework (NQF) in 2011 as a ten-level framework and is actively engaged in its implementation. The framework is geared to harmonise qualifications in the labour market and education and training system combined with to promote national and international recognition. It is also a tool for European integration as the NQF is fenced in the Association Agreement of Ukraine with the EU. The NQF is integrated into the legal basis for the National Qualifications Agency as a tripartite collegial body, which became operational in 2019. In 2018, Ukraine established an independent Quality Assurance Agency for higher education. In 2020, the NQF levels were revised to align with the European Qualifications Framework (EQF) for lifelong learning. In 2021, Ukraine had begun preparing for self-certification with the EQF for Higher Education.⁷⁶

The Ministry of Education and Science, the Ministry of Finance, and the Ministry of Social Policy are central authorities in the VET policy cycle. Reports found that social partners' involvement in policymaking is fully institutionalised. Experiences on public-private partnerships have been significantly enhanced, such as employers' industrial centres and sectoral skill councils. Besides, the social-public dialogue on policy initiatives is a prerequisite for the legislation process.⁷⁷

In 2019, Ukraine's VET system operated with 158 VET high schools, 326 Vocational Lyceums, and 270 other VET institutions. Allocations for VET totalled

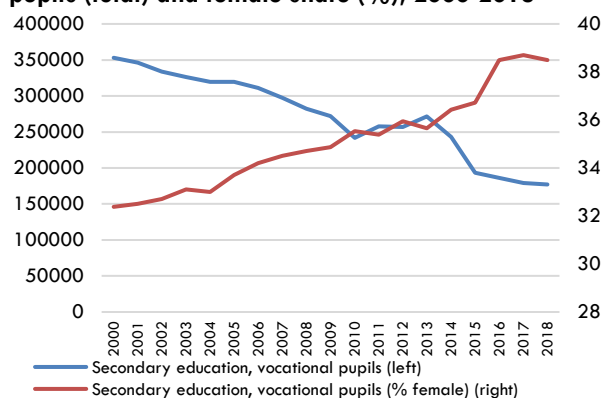
0.4% of GDP, representing 6.3% on average of all education allocation at the end of the 2010s.⁷⁸ Students in vocational schools represented 253,900 in January 2019. Other data suggest that the number of pupils in secondary vocational training fell by 50% from 2000 to 2018, reaching 177,100. This downward spiral is part of the shrinking population. In contrast, females' share of the total persons in vocational training has increased by seven percentage points during the last two decades, peaking at 39% since 2016. Ukraine's proportion of 15–24-year-olds enrolled in vocational education of 4.4% is remarkably low compared to the neighbouring countries with a range from Belarus (10%) and Moldova (10%) to Slovakia (23%) (see Table 16 and Figure 14).

Table 16: Status of Vocational Training in Ukraine

Indicator	Value
Students in vocational schools (2019)	253,900
Pupils in secondary vocational training (female) (2018)	39%
Proportion of 15–24-year-olds enrolled in vocational education (2014)	4.4%

Source: European Training Foundation, *Ukraine Education, Training and Employment Developments 2020*; UNESCO, *Ukraine: TVET Country Profile, 2021*; World Bank, *Educational Statistics*.

Figure 14: Ukraine's secondary education, vocational pupils (total) and female share (%), 2000-2018



Source: World Bank, *Educational Statistics*.

Ukrainian youth are often unwilling to study at vocational schools, linked to higher education has greater social prestige or lack of awareness. For example, higher wages are available to vocational training graduates (secondary level) than higher-education graduates. It further reflects that the focus of youth on higher education is a result of the

inconsistent development of the education system and labour market, inadequate prediction of manpower needs, and employers' irresponsible attitude towards the use of labour potential.⁷⁹

According to the percentage of private firms offering formal training to their permanent and full-time staff, Ukraine experienced a significant drop from 79% in 2002 to 24% in 2019. This downturn has been part of changes in the business environment and often lack systemic interaction and communication among the actors and little knowledge of each other. The rate is at the low-end with the neighbouring countries; for example, Russia (12%), Poland (22%), and Romania (21%) while in contrast Slovakia (43%) and Moldova (38%).⁸⁰

The Covid-19 pandemic had consequences for Ukraine's VET reform and the implementation of vocational schooling. The Ministry of Education and Science (MoES) has responded by instructing schools and mobilising available resources. The VET Directorate has provided general guidance on how to organise distance learning while the regional VET Training Methodology Centres and VET schools have been responsible for advice and training for teachers and the development of specific courses.

Information and digital technologies are part of vocational competencies in Modern Vocational Education and the mentioned draft Law on Vocational Education. However, these policies require new educational standards in VET, with digital competencies and skills for using information and communication technologies (ICT), according to the new demands of the labour market. Reports recorded that the Ukrainian information technology (IT) industry has demonstrated a steady growth of 19% per year. IT specialisations are mainly acquired in universities (91% of IT specialists are higher education graduates). The failure of the supply side to meet the growing demand for IT specialists is hindering the industry's development. Less than 1% of enrolled students in vocational schools were in the telecommunication stream.⁸¹

The development of ICT education in Ukraine links with the National Programme of Informatisation and

the Conceptual Principles of Secondary School Reform “New Ukrainian School” and other electronic educational resources, such as the National Educational Electronic Platform. This sector is aware of innovative information and technological realities in science and education, as well as new facts.

The global Fourth Industrial Revolution (4IR) introduced disruptions in the labour market: job losses due to digitisation are becoming more urgent, upskilling and retooling is putting pressure on the VET system. Companies dealing with robotics suppliers and integrator contributions argued that Ukraine is more than a decade behind developed countries regarding implementing innovations. The mismatch of new technologies and manufacturing is a central issue. Many enterprises stick to a conservative approach in their economic activities. Integration of information technologies slips in infrastructural constraints such as old roads, low internet speed, and clumsy legislation for IT enterprises.⁸²

The demand for digital services – such as mobile cellular, internet, and other digital payments – increases worldwide. Ukrainian using the internet increased from 0.7% in 2000 to 70% of the population in 2019, significantly lower than the neighbouring countries. Ukrainians’ demand for mobile cellular subscriptions started to soar during the 2000s, reaching 129 per 100 people in 2019, which was at the medium level between the neighbouring countries.

SOCIAL PROTECTION

Ukraine’s social protection system functions at a multi-level, supported by a complex legal framework of at least 58 laws and more than 120 regulatory legal acts. This system is promoted through social security, social insurance, and social assistance schemes.

The country links to one of ILO’s eight social security conventions, the Social Security (Minimum Standards) Convention (C102), ratified in 2016. Overall, the constitution states that Ukrainian citizens have the right to social protection, including

the right to the provision in cases of disability, the loss of the principal wage-earner, unemployment due to circumstances beyond their control, and old age. These rights are guaranteed by general mandatory state social insurance schemes supported with insurance payments of citizens, enterprises, institutions, and organisations; from budgetary and other sources of social security; the establishment of a network of state, communal and private institutions to care for persons incapable of work. All national legislation in social protection prohibits discrimination because of race, skin colour, personal convictions, and membership of trade unions, among other grounds.

The social protection system’s central challenges connect with the cumbersome regulatory framework; too extensive system of benefits and social payments; weak unified accounting system of various categories of benefit-recipients, social payments, and social services; mounting budgetary pressure of expenditures for social protection and social security; a weak platform for a systemic approach to developing a model of social protection.⁸³

The decentralisation reform from 2014 and the healthcare reform from 2018 to build a new patient-oriented healthcare service are rolled out and changing the social protection system. These two reforms ran into complicated implementation issues concerning the access of the conflict-affected population to essential healthcare services in the Donetsk and Lugansk Oblasts.⁸⁴

As an aftermath of the economic and political downturn during the 2010s, the government has implemented several changes in the social security system as part of its austerity measures. This situation led to declining social security expenditure; frozen subsistence minimum levels and reduced indexation; reduction of the single social contribution rate; organisational changes of social insurance funds; reduction and restriction of pensions and other benefits; more targeting of non-contributory cash social benefits and additional income support; health care financing with an

increasing burden on households (see more ahead).⁸⁵

Table 17 shows the coverage of social protection indicators. For example, 73% of the population were covered by at least one social protection benefit in 2020, significantly less than the neighbouring countries, except Belarus (36%) and Moldova (42%). Ukrainian mothers with new-borns receiving maternity benefits are fully covered, like children/households receiving child/family cash benefits; almost all (96%) of older persons receive a pension. On the other hand, the country scores significantly lower than neighbouring countries concerning the poor persons covered by social protection systems and vulnerable persons covered by social assistance.

Table 17: Proportion of population covered by social protection systems and health in Ukraine, %, 2020

Indicator	Coverage
People covered by health care, % of population	100%
Population covered by at least one social protection benefit	73% *
Proportion of older persons receiving a pension	96%
Persons with severe disabilities collecting disability social protection benefits	100%
Unemployed receiving unemployment benefits	84%
Mothers with newborns receiving maternity benefits	100%
Children/households receiving child/family cash benefits	100%
Poor persons covered by social protection systems	43% *
Vulnerable persons covered by social assistance	39% *

* Year: 2018.

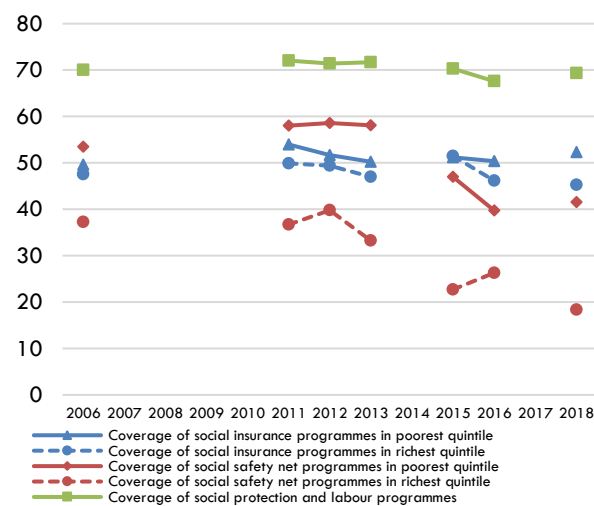
Source: ILO, Key Indicators of the Labour Market (KILM).

Coverage of social protection and labour programmes has been stable at around 70% of the population on average during the last two decades, standing at the low end among the seven neighbouring countries.

Figure 15 unveils that coverage of social safety net programmes deteriorated during the 2010s from its peak of 50% in 2012 to 30% of the population in 2018. It is worth mentioning that the drop was more

prevalent among the richest income group than the poorest group. On the other hand, coverage of social insurance programmes fell by just one percentage point during the 2010s, reaching 50% of the population since 2016, not to mention declining leakage issues (i.e., programmes benefit the non-poor group) on the margin. Mechanisms are reported for the voluntary participation in insurance schemes of women working in the informal economy.⁸⁶ In 2015, the government launched a process to reform the social insurance funds. The Social Insurance Fund for Temporary Disability and the Social Insurance Fund for Occupational Accidents were merged. Currently, the following three funds operate within the social insurance system: Pension Fund of Ukraine, Fund for Mandatory State Social Unemployment Insurance, and Social Insurance Fund (SIF) that insure against temporary disability and occupational accidents and provide health insurance.⁸⁷

Figure 15: Coverage of social protection and labour programmes, social safety net programmes and social insurance programmes in the richest and poorest quintiles in Ukraine, % of population, 2006-2018



Source: World Bank, World Development Indicators.

Ukraine inherited the Soviet system of free public medicine for all, not to mention social dialogue is carried out about the health sector.⁸⁸ Ukraine's health expenditures increased from 6.1% in the 2000s to 7.2% of GDP on average in the 2010s. This upsurge was also a regional trend, but Ukraine's health expenditure share was 2.0 percentage points lower than Europa and Central

Asia average. Ukraine's health expenditure per capita is ten times lower than the regional average. In addition, social contributions fell from 36% in 2010 to 22% of revenue in 2019, which was among the lowest rate among the neighbouring countries (see Table 18).

Table 18: Status of expenditure on health in Ukraine and Europe & Central Asia, 2010-2018 average

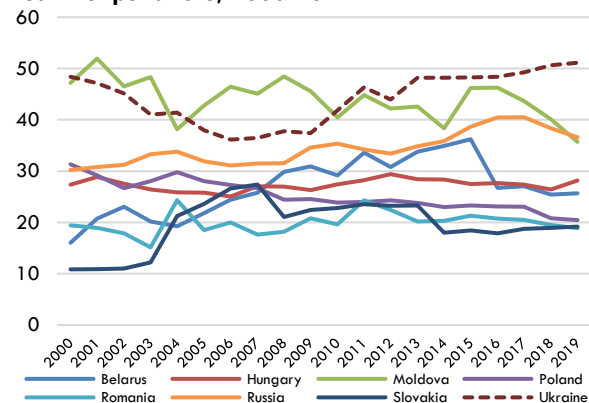
Indicator	Ukraine	Europe & Central Asia
Total health expenditure, % of GDP	7.2%	9.2%
Current health expenditure per capita, US\$ current	US\$ 219	US\$ 2,273
Social contributions (% of revenue) *	28%	30%

* Social contributions include social security contributions by employees, employers, and self-employed individuals, and other contributions whose source cannot be determined. They also include actual or imputed contributions to social insurance schemes operated by governments.

Source: World Bank, World Development Indicators.

Ukrainian's access to free public medicine has eroded due to budget deficits, economic crises, and a lack of reform. It led most Ukrainian to solve healthcare problems through out-of-pocket informal payments and bribes. Figure 16 depicts the scope of Ukraine's healthcare expenditure financed by private households' out-of-pocket payments was on the rise during the 2010s, hovering far above the other neighbouring countries.

Figure 16: Out-of-pocket expenditure on health in Ukraine and neighbouring countries, % of current health expenditure, 2000-2019



Note: Out of pocket expenditure is any direct outlay by households, including gratuities and in-kind payments, to health practitioners and suppliers of pharmaceuticals, therapeutic appliances, and other goods and services whose primary intent is to contribute to the restoration or enhancement of the health status of individuals or population groups. It is a part of private health expenditure.

Source: World Bank, World Development Indicators.

After more than twenty failed attempts over two decades, Ukraine's Parliament approved reforming the old system into a new patient-oriented healthcare service in 2017. Some of the main changes of the healthcare system were:⁸⁹

- The new healthcare financing mechanism - "money follows the patient". The state will now allocate money for patients' specific needs instead of financing hospitals, doctors, and inpatient beds.
- Patients now have legal rights to choose their family doctor based on skills and sign an agreement based on quality and respect. Family doctors receive salaries depending on the number of contracted patients.
- Primary care, palliative care, and emergency medical care are 100% funded by the state.
- New methods for procuring and distributing vaccines are being introduced to eliminate shortages.
- Patients will get access to new modernised medical centres with better diagnostic equipment for doctors, built or restored in full compliance with the latest sanitary standards. Moreover, patients will be able to book doctors' appointments on-line or by telephone.
- Doctors' qualifications will be secured through new licensing and educational standards due to empty the current widespread corrupt medical practices.
- Ukrainian doctors are now obliged to adhere to international treatment protocols in their everyday practice.

In Ukraine, the statutory minimum subsistence levels for different households and individuals are used as benchmarks, which aggregate social benefits should not fall. The statutory minimum subsistence level is periodically reviewed and adjusted. Many social benefits and income thresholds are directly linked by law to that value, which is also used as an officially regulated poverty line. However, other benchmarks, such as the actual (estimated) subsistence minimum, are likewise utilised based on the annually adjusted value of the basket of goods and services defined as necessary. Reports found

that the monetary value of this basket has been higher than that of the statutory minimum subsistence level for several years. A procedure for the regular revision of benefit levels exists at the national level, and the process involves tripartite participation and consultation with other relevant and representative organisations.⁹⁰

Coverage of older persons receiving a pension increased by four percentage points from 2016 to 2020, reaching 96%. On a broader view, Ukrainian pensioners represent around 27% of the total population (11 million people); 80% of them receive pensions below the subsistence budget, while 20% of pensioners (above 2 million) have disabilities and require additional assistance. Pensioners in the non-government-controlled areas (NGCA) in eastern Ukraine have had problems accessing their pensions as they need to travel to the government-controlled areas to access them. By 2019, some 600,000 pensioners in NGCA had lost access to their pensions due to movement restrictions and complex administrative requirements. In 2020, a further 270,000 NGCA residents were unable to make their pension withdrawals inside the GCA due to conditions on crossing the line of contact.⁹¹

Ukraine's unemployment benefits coverage of 82% was higher than the neighbouring countries. Ukrainian young first-time job seekers who have completed or left their education, or who have been discharged from military or alternative (civilian) service, and who have registered as unemployed by the established procedure, are entitled to draw the unemployment benefits provided by the national social insurance scheme.

The social Insurance Fund compensates for maternity leave 100% of the employees' average salary. The maternity leave entitlement allows an employee 126 paid calendar days of leave. A reform in 2021

launched employers are required to compensate employees during the existing 14 calendar days of paternity leave; it must be granted within three months of the child's birth. Before this reform, only fathers married to the birth mother of a newborn child were entitled to claim paternity leave.

When the Covid-19 pandemic entered the global scene, the Ukrainian government issued quarantine and lockdown measures to combat the virus since March 2020. Like their European neighbours, they entered a phase of "restriction easing" in May 2021. At the end of 2020, Ukraine had adopted a National Covid-19 Vaccination Roadmap, and the authorities' vaccination campaign was initiated in February 2021. In June 2021, the government decided to ease restrictions further, allowing businesses such as restaurants to work around the clock and mass events to take place as long as organisers and participants provide negative Covid-19 tests or vaccination certificates.

The pandemic added momentum to the digitalisation of public services in Ukraine. For example, the Diia portal and mobile application were launched in February 2020, providing users with access to digital documents and public e-services, such as registration for Covid-19 vaccinations, change of the place of registration, applications for construction work, electronic driver's license, receipt of financial aid, the opening of bank accounts, debt settlements and mortgages for migrants. In March 2021, Ukraine became one of the first countries to provide full equivalence of e-passports and paper passports and launched beta testing for vaccination certificates for Ukrainians in July 2021. People who have received two doses of a vaccine in Ukraine can register and get this certificate. In July 2021, about 10,000 users were registered.⁹²

APPENDIX: ADDITIONAL DATA

Table 19: List of approved labour related legislation in Ukraine, 2014-2021

Type	Legislation
2014	
General provisions	Law No. 1706-VII of 20 October 2014 "On Ensuring of Rights and Liberties of Internally Displaced Persons".
	Law No. 1682-VII of 16 September 2014 on "Cleaning the Power".
	Law No. 1255-VII of 13 May 2014 to Amend Several Legal Acts on the Protection of the Rights of Investors.
	Law No. 1251-VII of 13 May 2014 to Amend Article 1 of the Law "On Refugees and Persons in Need of Additional or Temporary Protection".
	Law No. 1223-VII of 17 April 2014 on the Restoration of the Rights of Persons Deported on Ethnic Grounds.
	Law No. 745-VII of 21 February 2014 "On Establishment of State Support to the Victim Participants of Mass Actions of Civil Protest and to their Family Members".
Employment policy, promotion of employment and employment services	Decree of the Cabinet of Ministers No.90 of 5 March 2014 on Certain Issues of State Management in the Sphere of Employment of Population.
Education, vocational guidance, and training	Law No. 1556-VII of 1 July 2014 "On Higher Education", as amended to 5 September 2017.
Occupational safety and health	Law No. 1708-VII of 20 October 2014 to Establish the National Target Social Program of Response to HIV / AIDS for the years 2014-2018.
Social security (general standards)	Decree of the Cabinet of Ministers No. 675 of 20 November 2014 on Establishment of the Proportions of Distribution of Unified Contribution for Compulsory State Social Insurance.
	Decree of the Cabinet of Ministers No.531 of 1 October 2014 on the Peculiarities of Realization of Rights of Certain Categories of Persons to Compulsory State Social Insurance.
	Law No. 1589-VII of 4 July 2014 to Amend Several Laws of Ukraine Regarding Additional Guarantees of Social Protection of Military Servicemen in Special Period.
Specific categories of workers	Law No. 1275-VII of 20 May 2014 to Amend Several Legal Acts Regarding Perfection of Defense-Mobilization Issues in time of Mobilization.
	Law No. 1169-VII of 27 March 2014 to Amend Several Legal Acts of Ukraine Concerning Organization of Conducting Mobilization.
2015	
General provisions	Law No.911-VIII of 24 December 2015 to Amend Several Legal Acts of Ukraine.
	Law No. 183-VIII of 11 February 2015 On Transparency of Use of Public Funds.
	Law No. 120-VIII of 15 January 2015 to Amend Several Legal Acts of Ukraine on Perfection of Certain Provisions of Social Policy.
Equality of opportunity and treatment	Law No.785-VIII of 12 November 2015 to Amend the Labour Code Regarding Harmonization of Legislation in the Sphere of Prevention of and Combating Discrimination with the Law of the European Union.
Employment policy, promotion of employment and employment services	Law No.191-VIII of 12 February 2015 to Amend Several Legal Acts of Ukraine on Simplification of Terms of Conducting a Business.
Migrant workers	Law No.761-VIII of 5 November 2015 On External Labour Migration.
Specific categories of workers	Law No.734-VIII of 3 November 2015 to Amend Several Legal Acts with the aim of Strengthening of Responsibility for the Violation of Guarantees Established by Law for Workers Called for Military Service.
	Law No. 580-VIII of 2 July 2015 On National Police.

	Law No.426-VIII of 14 May 2015 to Amend Several Legal Acts on Improvement of Social Protection of Certain Categories of War Veterans.
	Law No. 433-VIII of 14 May 2015 to Amend Several Legal Acts of Ukraine on the Issues of Social Protection of the Citizens of Ukraine Carrying out Military Service in a Specific Period.
	Law No.259-VIII of 18 March 2015 to Amend Several Legal Acts on Perfection of Certain Issues of Mobilization and Social Protection of Citizens of Ukraine, who are Subject to Dismissal from Military Service during a Specific Period or Because of Demobilization.
	Law No. 183-VIII of 11 February 2015 On Transparency of Use of Public Funds.
2016	
General provisions	Law No. 1798-VIII of 21 December 2016 "On the Supreme Council of Justice".
	Law No. 1769-VIII of 6 December 2016 "To Amend Several Legal Acts of Ukraine Related with the Perfection of the Procedure of Military Service".
	Law No. 1774-VIII of 6 December 2016 "To Amend Several Legal Acts of Ukraine", as amended to 3 October 2017.
	Law No. 1436-VIII of 7 July 2016 "To Amend Article 14 of the Law of Ukraine "On Employment", in Relation with Additional Guarantees for Assisting in Job Placement of Participants in Hostilities, who Directly Participated in Antiterrorist Operation, Ensuring its Realization.
	Law No. 1404-VIII of 2 June 2016 "On Enforcement Proceedings", as amended to 21 December 2016.
	Law No. 1401-VIII of 2 June 2016 "to Amend the Constitution of Ukraine" (with respect to Justice).
	Law No. 1403-VIII of 2 June 2016 "On the Bodies and Persons, who Exercise Enforcement of Court Decisions and Decisions of other Bodies", as amended to 21 December 2016.
	Law No. 1402-VIII of 2 June 2016 "On Court Proceedings and Status of Judges", as amended to 21 December 2016.
	Law No. 1366-VIII of 17 May 2016 "To Amend Several Legal Acts of Ukraine Related with Providing Additional Social Guarantees to Parents Raising Children".
	Law No. 1367-VIII of 17 May 2016 "To Amend the Labour Code of Ukraine Related with Probation when Admitting to Work".
	Law No. 955-VIII of 28 January 2016 "To Amend Certain Legal Acts Related with the Implementation of Contract Employment in the Sphere of Culture and the Competition Procedure of Appointment of Heads of State and Communal Cultural Institutions".
Elimination of child labour, protection of children and young persons	Law No. 936-VIII of 26 January 2016 "To Amend Several Legal Acts of Ukraine with the aim of Strengthening Social Protection of Children and Assistance for the Families with Children".
Equality of opportunity and treatment	Action plan for the health sector response to HIV in the WHO European Region (2016-2021).
Social security (general standards)	Law No. 1683-VIII of 18 October 2016 "To Amend Several Laws of Ukraine Related to Pension Provision for Persons of Certain Categories who Participated in Antiterrorist Operation".
	Law No. 1486-VIII of 6 September 2016 "To Amend Article 9 of the Law of Ukraine "On Social and Legal Protection of Military Servicemen and their Family Members" with the Aim of Ensuring Equal Rights of Military Servicemen to Financial Provision.
	Law No. 1079-VIII of 12 April 2016 "To Amend Article 11 of the Law "On Social and Legal Protection of Military Servicemen and their Family Members" on accompanying Military Servicemen and their Family Members when Continuing Treatment in Sanatoriums and Resorts".

	Law No. 1043-VIII of 29 March 2016 to Amend Article 40 of the Law "On Compulsory State Pension Insurance", concerning the Procedure of Definition of Wage for Pension Calculation.
2017	
General provisions	Law No. 2249-VIII of 19 December 2017 to Amend Several Legal Acts of Ukraine.
	Law No. 2229-VIII of 7 December 2017 "On Prevention and Combat Against Domestic Violence"
	Law No. 2211-VIII of 16 November 2017 to Amend Article 73 of the Labour Code in regard with holidays and non-working days.
	Law No. 2136-VIII of 13 July 2017 "On Constitutional Court", as amended to 3 October 2017.
	Law No. 2059-VIII of 23 May 2017 "On Evaluation of Impact on the Environment".
	Law No. 2005-VIII of 6 April 2017 to Amend Article 42 of the Labour Code in regard with the Labour Rights of Workers.
	Law No. 1976-VIII of 23 March 2017 "On Ukrainian Cultural Fund".
	Law No. 1971-VIII of 22 March 2017 to Amend Several Legal Acts of Ukraine on the Guarantees for Labour Rights of Persons Holding Elective Positions in Local Self-Government Bodies, in regard with Military Service, carried out by them.
	Law No. 1836-VIII of 7 February, 2017 to Amend Certain Laws of Ukraine Related to Assistance for the Children of Deceased Breadwinner.
Education, vocational guidance and training	Law No. 2145-VIII of 5 September 2017 "On Education".
2018	
-	-
2019	
-	-
2020	
General provisions	Law No. 530-IX and March 30, 2020, No. 540- IX) dated March 17, 2020.
2021	
General provisions	Law No. 1213-IX "On Amendments to Certain Legislative Acts to Improve the Legal Regulation of Remote Work" dated February 4, 2021.
	Law No. 1217-IX "On Amendments to Certain Legislative Acts of Ukraine on Accounting for Employee Activity in Electronic Form" dated February 5, 2021.
	Law of Ukraine "On the Main Principles of Youth Policy" was adopted in April 2021.

Source: ILO, NATLEX, Ukraine; Ministry of Economy in Ukraine.

Table 20: Ukraine's main acts of legislation most relevant to the governance of the labour market

Laws
Constitution of Ukraine, 1996 (as amended by Law No. 2680-VIII of 2019).
Labor Code of Ukraine of 1971 (as amended by Law 2728-VIII of 2019).
Law No. 3356-XII of 1993 on Collective Agreements and Contracts.
Act No. 1045-XIV of 1999 on Trade Unions, their Rights and Guarantees for Activities.
Law of Ukraine on Employers' Organisations, their Associations, and the Rights and Guarantees of their Activities (LEO), No. 5026-VI of 2012 (as amended by Law № 1666-VIII of 2016).
Act No. 137/98-VR of 1998 on the procedure of settlement of collective labour disputes (conflicts).
Law of Ukraine on Security Service of Ukraine (LSS), No. 2229-XII of 1992 (as amended by Law No. 2740-VIII of 2019).
Law of Ukraine on Armed Forces of Ukraine (LAF) No. 1934-XII of 1991 (as amended by Law No. 144-IX of 2019).
Law No. 565-XII of 1990 on Police.
Law of Ukraine No. 4572-VI of 2012 on Public Associations, 2013.
Law No. 4050-VI of 2011 on Civil Service.
Law No. 5067-VI of 2012 on Employment of the Population.
The procedure for notification and registration of collective agreements, No. 115 of 2013.
Law No. 2862-VI on Social Dialogue of 2011.

Source: ILO, IRLEX, Ukraine, 2015.

Table 21: Status of ratified ILO Conventions in Ukraine, 2021

Subject and/or right	Convention	Ratification date
Fundamental Conventions		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1956
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1956
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	1956
	C105 - Abolition of Forced Labour Convention, 1957	2000
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	1979
	C182 - Worst Forms of Child Labour Convention, 1999	2000
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1956
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1961
Governance Conventions		
Labour inspection	C081 - Labour Inspection Convention, 1947	2004
	C129 - Labour Inspection (Agriculture) Convention, 1969	2004
Employment policy	C122 - Employment Policy Convention, 1964	1968
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	1994
Technical Conventions (Up-to-date)		
Working time	C014 - Weekly Rest (Industry) Convention, 1921	1968
	C106 - Weekly Rest (Commerce and Offices) Convention, 1957	1968
Elimination of child labour and protection of children and young persons	C077 - Medical Examination of Young Persons (Industry) Convention, 1946	1956
	C078 - Medical Examination of Young Persons (Non-Industrial Occupations) Convention, 1946	1956
	C124 - Medical Examination of Young Persons (Underground Work) Convention, 1965	1970
Social security	C102 - Social Security (Minimum Standards) Convention, 1952 **	2016
	C115 - Radiation Protection Convention, 1960	1968

Occupational safety and health	C120 - Hygiene (Commerce and Offices) Convention, 1964	1968
	C139 - Occupational Cancer Convention, 1974	2010
	C161 - Occupational Health Services Convention, 1985	2010
	C174 - Prevention of Major Industrial Accidents Convention, 1993	2011
	C176 - Safety and Health in Mines Convention, 1995	2011
Wages	C095 - Protection of Wages Convention, 1949 *	1961
	C131 - Minimum Wage Fixing Convention, 1970	2006
	C173 - Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 ***	2006
Freedom of association, collective bargaining, and industrial relations	C135 - Workers' Representatives Convention, 1971	2003
	C154 - Collective Bargaining Convention, 1981	1994
Vocational guidance and training	C140 - Paid Educational Leave Convention, 1974	2003
	C142 - Human Resources Development Convention, 1975	1979
Seafarers	C147 - Merchant Shipping (Minimum Standards) Convention, 1976	1994
Specific categories of workers	C149 - Nursing Personnel Convention, 1977	1979
Labour administration and inspection	C150 - Labour Administration Convention, 1978	2004
Occupational safety and health	C155 - Occupational Safety and Health Convention, 1981	2012
	C184 - Safety and Health in Agriculture Convention, 2001	2009
Equality of opportunity and treatment	C156 - Workers with Family Responsibilities Convention, 1981	2000
Employment Policy	C159 - Vocational Rehabilitation and Employment (Disabled Persons), 1983	2003
Labour administration and inspection	C160 - Labour Statistics Convention, 1985 ****	1991

Note: Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promotes a well-regulated and well-functioning labour market. In addition, there are 73 technical conventions.

* Excluding Article 11 by virtue of the ratification of Convention No. 173 (acceptance of Part II).

** Has accepted Parts II, III, IV, V, VI, VII, VIII, IX and X.

*** Has accepted the obligations of Part II.

**** Acceptance of Articles 7-10 of Part II has been specified pursuant to Article 16, paragraph 2, of the Convention.

Source: ILO, NORMLEX, Ukraine.

Table 22: Ease of Doing Business in Ukraine, 2020

Topics	Value
Overall	64
Starting a Business	61
Dealing with Construction Permits	20
Getting Electricity	128
Registering Property	61
Getting Credit	37
Protecting Minority Investors	45
Paying Taxes	65
Trading Across Borders	74
Enforcing Contracts	63
Resolving Insolvency	146

Note: Doing Business 2020 indicators are ranking from 1 (top) to 190 (bottom) among countries.

Source: World Bank, Ease of Doing Business 2020 in Ukraine.

Table 23: Estimated trade union membership in Ukraine, 2015

Unions	Members	Share	Growth, 2012-2015
Federation of Trade Union of Ukraine (FPU)	5,090,000	71%	-35%
Trade Union Railway and Transport Construction Workers of Ukraine (TURU)	478,699	7%	-35%
Confederation of Free Trade Unions of Ukraine (KVPU)	150,000	2%	-17%
Association of Autonomous Trade Unions (AATUU)	150,000	2%	-27%
All-Ukraine Trade Union and Trade Union Association "Unity"	150,000	2%	-2%
Federation of TU of Workers of Small and Average Enterprises of Ukraine	150,000	2%	0%
Others	1,000,000	14%	-41%
Total	7,168,699	100%	-34%

Source: Mykhailo Slukvin, Monika Martišková, and Mária Sedláková, Trade unions and professional associations as civil society actors working on the issues of labour rights and social dialogue in Ukraine, CELSI Research Report No. 39, August 2020.

Table 24: Ukraine's national legal framework and party to multilateral and bilateral international migrant-related agreements

Migration laws
"On Citizenship of Ukraine"
"On Freedom of Movement and Free Choice of Place of Residence in Ukraine"
"On the Procedure of Exit from Ukraine and Entry into Ukraine of the Citizens of Ukraine"
"On Border Control"
"On External Labour Migration"
"On the Legal Status of Foreigners and Stateless Persons"
"On Immigration"
"On Refugees and Persons Seeking Subsidiary or Temporary Protection"
"On Ukrainians Abroad"
"On Countering Human Trafficking"
"On Securing Rights and Freedoms of Internally Displaced Persons".
Party to multilateral and bilateral international agreements
Geneva Convention Relating to the Status of Refugees,
Migrant Smuggling and Human Trafficking Protocols to the UN Convention against Transnational Organized Crime,
European Convention on the Legal Status of Migrant Workers,
CIS (Commonwealth of Independent States) Convention on the Legal Status of Migrant Workers and Their Family Members,
Council of Europe Convention on Action against Trafficking in Human Beings,
ILO Convention No. 182 on the worst forms of child labour,
ILO Minimum age Convention, 1973,
The Protocol against the Smuggling of Migrants by Land, Sea and Air, supplementing the UN Convention against Transnational Organized Crime.

Source: Migrant Refugees, Country Profiles: Ukraine, September 2020.

Table 25: Employed population by type of economic activity in Ukraine, Gender, %, 2019

Sector	Total	Men	Women
Agriculture, forestry and fishing	14%	16%	11%
Industry	18%	22%	13%
Construction	7.2%	13%	1.2%
Wholesale and retail trade; repair of motor vehicles and motorcycles	18%	15%	21%
Transportation and storage, postal and courier activities	6.9%	10%	3.5%
Accommodation and food service activities	2.4%	1.3%	3.7%
Information and communication	1.8%	2.6%	1.0%
Other types of economic activity	32%	20%	44%
Total	100%	100%	100%

Source: State Statistics Service of Ukraine, Labour force of Ukraine 2019, 2020.

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