

# CHILD POVERTY: IMPACT OF THE WAR IN UKRAINE ON HOUSEHOLDS WITH CHILDREN



This publication estimates the impact of the war in Ukraine on the poverty of households with children and gives a brief situation review. A more substantial 2021 study, *Child poverty and disparities in Ukraine*, containing definitions of poverty terms, highlighting key trends up to 2022 and setting out the main problems causing poverty, is available at [www.unicef.org/ukraine/media/14771/file](http://www.unicef.org/ukraine/media/14771/file).



This report relies on a wide range of information, analytical and statistical materials and the findings of expert discussions initiated by UNICEF Ukraine and the National Academy of Sciences of Ukraine, primarily Ptoukha Institute for Demography and Social Studies. The open debate and exchange of data and analytical materials among the key organizations involved in analysing poverty issues, and the consequent objective estimates will support a better management decision-making process.

**Authors: Liudmyla Cherenko, Volodymyr Sarioglo, Natalia Sitnikova**

**Pictures are sourced from the UNICEF Ukraine photobank.**

This publication was prepared with support from the United Nations Children's Fund in Ukraine. The opinions, conclusions or recommendations are those of the authors and compilers of this publication and do not necessarily reflect the views of UNICEF Ukraine.

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### List of abbreviations

|                 |  |
|-----------------|--|
| <b>ASM</b>      | Actual subsistence minimum   |
| <b>COVID-19</b> | COVID-19 acute respiratory disease caused by SARS-CoV-2 coronavirus                                    |
| <b>CPI</b>      | Consumer price index   |
| <b>GDP</b>      | Gross domestic product   |
| <b>HLCS</b>     | Household living conditions survey   |
| <b>IDP</b>      | Internally displaced person  |
| <b>IDSS</b>     | M.V. Ptukha Institute for Demography and Social Studies of the National Academy of Sciences of Ukraine |
| <b>IOM</b>      | International Organization for Migration   |
| <b>MES</b>      | Ministry of Education and Science of Ukraine   |
| <b>NHSU</b>     | National Health Service of Ukraine   |
| <b>RF</b>       | Russian Federation   |
| <b>SSSU</b>     | State Statistics Service of Ukraine  |

## Executive summary

1. The Russian invasion of Ukraine, in February 2022, led to the emergence of sudden poverty,<sup>1</sup> primarily child poverty. This soared because of civilian deaths and injuries, property loss, destruction of housing stock and infrastructure in communities, problems with power, heating and water supply and limited access to basic social services. The scale of multidimensional poverty has been growing as Ukrainian children's rights to safety, education, good health, development and happy childhood are restricted.
2. The impact of the war on household poverty is estimated to be strong: the poverty level was expected to grow from 39.1 per cent in 2021 to 60.2 per cent in 2022.
3. According to expert estimates, the share of children below the poverty line increased from 43.2 per cent in 2021 to 65.2 per cent in 2022.
4. The war has caused a 'poverty shift', with groups of relatively well-to-do households suddenly falling below the poverty line. Those groups who had already been below this line before the war are now below the extreme poverty line; on the verge of survival. The war has also changed the composition of the most vulnerable population groups: households affected by the destruction of housing and infrastructure, sudden forced displacement, loss of income sources, property, savings, etc., are now below the poverty line.
5. A strong negative impact is suffered by households that are traditionally highly vulnerable to poverty, as well as those most affected due to the war.

### Vulnerable due to the war

- households that have felt the consequences of the war most acutely (have lost family members, housing, property, and access to basic services)
- households with children staying in de-occupied areas, front-line areas or areas permanently under shelling, etc.
- households with children suffering the most from lack of basic utility services (electricity, water supply, heating, etc.)
- internally displaced households with children.

### Traditionally vulnerable

- households with children with disabilities
- households with three or more children
- single parents with children
- households with children below three years of age.

6. There is insufficient focus by Ukrainian social programmes on poor families, and social assistance coverage for the most vulnerable families with children is extremely low. The main cause of this is 'inclusion and exclusion errors'. The system for verifying genuine applicants is flawed – while there are some people obtaining benefits unlawfully there are also many very vulnerable families have no chance of getting help. This is due to several reasons, including a lack of awareness and/or of Internet access, living far from administrative centres, the impossibility of leaving children and the inability to prepare documents (particularly in the case of internally displaced people). Thus, the 'leave no one behind' principle is not being met.
7. If reforms are not focused on helping the most vulnerable families with children to benefit from social payment programmes, then it is unlikely this situation will improve.
8. Lack of access to good quality education is a prime cause of chronic poverty. The introduction of online learning has helped children to keep learning even during hostilities or pandemics. However, a lack of equipment, such as tablets, laptops and headsets, and poor Internet access, especially in rural areas, is a major obstacle to good quality distance learning. The massive missile attacks on critical Ukrainian infrastructure, causing lengthy power outages has complicated the situation. Consequently, pupils have to master a large part of educational material by themselves or with the help of their parents. All this creates

<sup>1</sup> Sudden poverty means loss of main sources of income and/or property in a short period of time due to illness or the death of family members due to large-scale shocks.

the risk of a quickly deteriorating quality of education which, combined with the effects of COVID-19, will hamper the country's post-war recovery.

9. There is a pressing need in Ukraine for a major assessment of the scale of its poverty. This requires the systematic collection of data, using methodology established by the State Statistics Service of Ukraine, disaggregated by sex, age, geographical attributes etc., on household incomes and living conditions during martial law. There is a substantial shortage of information on how children, and families with children, are accessing medical services. Systematic research is also required on the quality of children's education in terms of different forms of learning and of specific groups of pupils: those who are internally displaced; who are from poor or socially vulnerable families; who have disabilities; who are in areas affected by hostilities or shelling; and those who are studying abroad. Collecting information about children's learning opportunities in de-occupied territories remains a particular problem.

10. To relieve poverty, it is advisable to:

- use social protection measures and provide humanitarian aid consistently, observing the principles of transparency and accountability;
- strengthen the targeting of social protection measures, particularly monetary assistance to the most vulnerable groups;
- improve the process of elaborating a child-centred fiscal policy, including social protection expenditure;

- conduct timely increasing benefits in line with inflation (indexation of social payments);
- neutralize the risk of increasing dependency on social transfers;
- conduct additional economic analysis/modelling to identify ways of minimizing the risk; of further decreasing the number of economically active people;
- settle the issue of collection of representative data, disaggregated by various attributes as much as possible, about location, income and living conditions of households during the war.

Considering the impossibility of conducting standard state sample surveys of households, and household living conditions surveys (HLCS) in particular, it is expedient to organize and conduct a quarterly representative survey of the socioeconomic status of households in 2023 and 2024, which will provide the data for monitoring poverty, the living conditions of households, and the assessments of the effectiveness of social programmes, among other issues. At this critical time, the socioeconomic policy should be based on a proper evidence base, and limited resources need to be used as efficiently, transparently and responsibly as possible. These evidence-based poverty estimates and data-collection are crucial for management decision-making as timely, targeted, support should be first of all delivered to those who need it most.



## 1. Introduction

In the weeks after 24 February 2022, when Russia invaded Ukraine, millions of people lost their homes and livelihoods. In January 2022, there had been 1.5 million internally displaced people – as of October 2022, there were now 5.35 million such people, according to IOM data,<sup>2</sup> and around 5 million according to the Ministry of Reintegration of the Temporarily Occupied Territories.<sup>3</sup> Ukraine has suffered significant losses in a relatively short period of time. The war has changed all aspects of people's lives – the labour market, community infrastructure, the health care system and education – and turned some cities into deserted ruins. The number of civilian casualties is growing and millions of people are suffering from the effects of shelling and the destruction of infrastructure. GDP declined by 30.4 per cent<sup>4</sup> during 2022 according to preliminary estimates by the Ministry of Economy, and by 35 per cent<sup>5</sup> according to estimates of international organizations. The inflation rate (consumer price index) stands at 26.6 per cent,<sup>6</sup> the cost of direct damage caused to Ukrainian infrastructure<sup>7</sup> has reached US\$135.9 billion,<sup>8</sup> and millions of people live under permanent stress.

The war in Ukraine is continuing to lead to more acute humanitarian needs as children, and families with children, suffer from horrific consequences. According to the Office of the Prosecutor-General, the National Police of Ukraine, and the National Information Bureau, 464 children were killed, 934 were injured, and 356 went missing from 24 February 2022 to 10 March 2023.<sup>9</sup> Many children have lost close relatives, friends, homes, schools, recreation places and access to vital services, particularly to health care and safe water. Many children have witnessed traumatic events, experienced suffering and belong to an at-risk group. Though all children are vulnerable, some of them are exposed to a higher risk, such as children in areas experiencing conflict, those living in de-occupied territories, children with disabilities, children in residential care and displaced children.

As the war escalated, more children were returned from residential care institutions to their families, often without their new living conditions being checked for safety and quality, and with no further support and protection. A considerable number of children remained in the residential care institutions which were relocated within, or outside, the country. The refugee situation remains difficult, unpredictable and acute. Children and women on the move are exposed to a high risk of violence, ill treatment, human trafficking, sexual and labour exploitation because they seek safety far from home. Those plagued by injuries, children not accompanied by adults, separated from families and/or relocated from residential care, remain particularly vulnerable. Protracted displacement exhausts many people's savings, whereas winter causes major financial strains, particularly for heating homes and buying warm clothes.

The war has been destroying civilian infrastructure in Ukraine and preventing the delivery of vital services. Military activities have destroyed medical infrastructure and made people's access to medical services, particularly vaccination, more difficult. During the first year of the war in Ukraine 1,035 medical facilities were damaged, and another 171 completely ruined.<sup>10</sup> Access to medicines, health care facilities or medical workers is limited or not at all available in some areas. The vaccination coverage level in Ukraine in 2022 has remained lower than that recommended by the World Health Organization. During 2022, vaccination coverage for one-year-children was:

- measles, mumps and rubella (MMR) (74.1 per cent)
- diphtheria, pertussis and tetanus (72.9 per cent)
- hepatitis B (62.4 per cent)
- tuberculosis (71 per cent)
- polio (86.9 per cent)
- haemophilic infection (69.8 per cent).<sup>11</sup>

<sup>2</sup> International Organization for Migration, 'Displacement Tracking Matrix, Ukraine', 16–23 January 2023.

<sup>3</sup> Ukraine, Ministry of Reintegration of the Temporarily Occupied Territories of Ukraine, <<https://minre.gov.ua/news/vyplaty-shchomisyachnoyi-dopomogy-na-prozhyvannya-vpo-hto-maye-pravo>>.

<sup>4</sup> Ukraine, Ministry of Economy, 'The Ministry of Economy Preliminarily Estimates the Drop in GDP in 2022 at the Level of 30.4%', January 2023, <[www.me.gov.ua/News/Detail?lang=uk-UA&id=4470bafb-5243-4cb2-a573-5ba15d9c8107&title=MinekonomikPoperedno](http://www.me.gov.ua/News/Detail?lang=uk-UA&id=4470bafb-5243-4cb2-a573-5ba15d9c8107&title=MinekonomikPoperedno)>.

<sup>5</sup> World Bank Group, Social Protection for Recovery, Europe and Central Asia Economic Update, Office of the Chief Economist, 2022, <<https://openknowledge.worldbank.org/bitstream/handle/10986/38098/FullReport.pdf>>.

<sup>6</sup> Ukraine, Ministry of Finance, 'Inflation index in Ukraine 2023', <<https://index.minfin.com.ua/ua/economy/index/inflation>>.

<sup>7</sup> Kyiv School of Economics, 'As of November 2022, the total amount of damage caused to the infrastructure of Ukraine is almost \$136 billion', December 2022, <<https://kse.ua/ua/about-the-school/news/na-listopad-2022-roku-zagalna-suma-zbitkiv-zavdana-infrastrukturi-ukrayini-skladaye-mayzhe-136-mlrd>>.

<sup>8</sup> Ibid.

<sup>9</sup> Ukraine, 'Children of War, February 24, 2022–April 14, 2023', <<https://childrenofwar.gov.ua>>.

<sup>10</sup> Ukraine, Ministry of Health, 'During the 11 months of the war, the Russians destroyed 171 medical facilities and damaged another 1,035', January 2023, <<https://moz.gov.ua/article/news/za-11-misjaci-vijni-rosijani-zrujnuvali-171-ob%ca%bcekt-medzkladiv-ta-sche-1035—poshkodili>>.

<sup>11</sup> Ukraine, Ministry of Health, 'The Minister of Health listened to the report on the coverage of preventive vaccinations for 2022', March 2023, <<https://moz.gov.ua/article/news/ministr-ohoroni-zdorov%ca%bcja-zaslukah-dopovid-schodo-ohoplennja-profilaktichimi-scheplennjami-za-2022-rik>>.



Millions of individuals and families with children need psychological and mental support.

According to United Nations estimates, about 16 million people in Ukraine need help with water supply, sanitation and hygiene. Lack of, or poor quality, water can cause diseases which endanger the lives of vulnerable populations, especially children under five.

Some 3,145 educational facilities have been affected by bombing and shelling, 415 of which have been completely destroyed.<sup>12</sup> Education for most children in Ukraine depends on accessibility and the quality of online training. However, the lack of access to technology, Internet connections and electric power means that many students can't get any education.

According to the International Organization for Migration, the number of displaced people

returning to their homes has been continuously growing since April 2022. However, the returnee families have a particular set of needs and vulnerabilities. Conditions for them vary greatly; some of the regions they return to are not directly affected by the war but are experiencing a considerable inflow of displaced people; others include those where the Ukrainian government has recently regained control and which have been badly damaged. There are about one million school-age children (aged 5–17 years) among the returning families. Among the IDPs households that returned, the percentage of children aged 1–5 that is vulnerable is 15 per cent, those aged 5–17 amount to 47 per cent, infants (under 1 year) to 3 per cent, percentage of pregnant or breastfeeding women is 5 per cent, chronically ill people amount to 36 per cent, and people with disabilities to 25 per cent.<sup>13</sup>

<sup>12</sup> Ukraine, Save schools, '7 million Children of War in Ukraine', <<https://saveschools.in.ua>>.

<sup>13</sup> International Organization for Migration, 'Ukraine – Internal Displacement Report —General Population Survey-Round-12 (16–23 January 2023)', <<https://dtm.iom.int/reports/ukraine-internal-displacement-report-general-population-survey-round-12-16-23-january-2023>>.

## ▼ 2. General profile of poverty in Ukraine

Poverty is a complex problem that concerns every sphere of societal life, and particular economic and social conditions need to be created to deal with it. The key to any poverty reduction policy would

be to not only provide humanitarian aid, but also to improve distribution processes and involve all civil society actors in tackling the most acute economic problems.

### Methodological box: basic terms and definitions

**Absolute poverty** – lack of funds to meet one's needs at the minimum level defined by law or based on the rates of consumption of basic goods and services.

**Absolute poverty line** – the cost of a quantitatively defined set of goods and services, most often in a consumer basket form.

**Subsistence minimum in Ukraine (SM)** – a classic consumer basket example, defined as the cost of goods and services per person on average. It is annually approved by law in the budget for the following year.

**Actual subsistence minimum (ASM)** – the cost of a set of subsistence minimum goods and services at actual market prices. The ASM value in Ukraine began to exceed the approved SM sharply since 2014 as there was no timely adjustment according to the consumer price index. The ASM value in 2021 was US\$117.33 per capita per month, whereas the SM value was US\$61.23 per capita per month.

**Poverty criterion for this study** – equivalent expenditure in a household is below the actual per capita subsistence minimum.

**Equivalent expenditure in a household** – per capita expenditure with a 1.0, 0.7 and 0.7 factor where 1.0 factor is assigned to the first household member and 0.7 is assigned to each of other adults and children

**Sudden poverty** – loss of a person's main sources of income and/or property in a short period of time due to illness or death of family members in large-scale shocks.

### Technical note

Estimated impacts of the war in Ukraine on monetary poverty in 2022 and 2023 are based on projected trends of household income decrease and on data from the HLCS for 2021, the most recent pre-war year. The estimates are made according to the national definition of poverty by the absolute criterion (equivalent expenditure below the actual per capita subsistence minimum estimated at US\$148.55 per person per month) in 2022.

**Sudden poverty.** A key problem in Ukraine consists of sudden poverty due to the war and, accordingly, to the dramatic deterioration of an entire population's living conditions, which is most painfully felt by households with children. Sudden poverty can acquire the features of sustainable or chronic poverty due to the adverse direct or indirect impact of the war on people's lives. This takes place because of:

- people's loss of real estate and other property;
- destruction of buildings, social infrastructure facilities and life-support systems;
- damage to transport infrastructure and communications systems;
- complicated provision of necessary utility services, health care, social and educational services, etc.;

- economic decline and growing unemployment due to closure or physical destruction of enterprises, reduction of their capacities and breakdown of economic ties;
- decreased purchasing power of the population due to real income reduction;
- environmental degradation.

Production downturn, mass curtailment of small and medium-sized business, and the relocation of enterprises have resulted in large-scale job losses, particularly in the regions close to hostilities. The deterioration in living conditions can be traced through the entire populations' feeling of insecurity, through price increases (especially for food), the contraction of income sources, cuts in the supply of electricity, water and heat, increasing loads on infrastructure facilities,





limited access to social services, online learning for children and problems in obtaining good quality health care services.

**Gender aspects of poverty.** Besides humanitarian losses, the war in Ukraine has had a dramatic adverse impact on the country's economy and labour market. According to estimates by the International Labour Organization,<sup>14</sup> employment in 2022 has fallen by 15.5 per cent (or 2.4 million jobs) since 2021. The ILO also estimates that 10.4 per cent of the country's total pre-war workforce are refugees in other countries. This group, numbering 1.6 million people, consists predominantly of women, many of whom were previously employed in education, health care and social security. The war has made women with children, who account for most internally displaced people, the most vulnerable group. According to a study conducted by the International Organization for Migration between 9 to 16 March 2023, 6.48 million people have become internally displaced within Ukraine as a result of the war (over 53 per cent

being women).<sup>15</sup> Their most pressing needs include medicine, health services and financial resources. The reduction in the number of jobs and the lack of employment are felt first and foremost by women with children, especially as the war has badly affected the normal running of childcare facilities and schools.

The full extent of the gender poverty factor can be seen among older-age population groups: women of pensionable age have substantially higher poverty risks compared to men, particularly among people aged 75 and older – the poverty rate among women was 53.3 per cent in 2021 as opposed to 47.8 per cent among men. Lower wage standards for women and their shorter insurance record due to childcare result in lower pension payments and higher poverty risks for women in older age groups compared with men. The war will only aggravate this impact. According to estimates for 2022, the poverty rate among women aged 75 and older is 70.3 per cent with the rate for men in the same age group at 62.2 per cent.

<sup>14</sup> International Labour Organization, 'Multiple crises threaten the global labour market recovery', ILO Monitor on the world of work. Tenth edition, <[www.ilo.org/wcmsp5/groups/public/—dgreports/—dcomm/—publ/documents/briefingnote/wcms\\_859255.pdf](http://www.ilo.org/wcmsp5/groups/public/—dgreports/—dcomm/—publ/documents/briefingnote/wcms_859255.pdf)>.

<sup>15</sup> International Organization for Migration, 'There are almost 6.5 million internally displaced persons in Ukraine – MOM', March 2022, <<https://ukraine.iom.int/uk/news/v-ukrayini-mayzhe-65-mln-vnutrishno-peremishchenykh-osib-mom>>.

Low wage standards, particularly for young people, exacerbate the problem of overly high child poverty, as they tend to be parents of young children. Long existing employment traditions had already caused considerable age and gender gaps in terms of income. Childbearing also often negatively impacts the ability to have career growth and higher incomes. Therefore, young people wanting to raise a family generally do not have the time to acquire a high-income job, which then poses a risk of them falling into the poor category with the birth of every successive child. The system of state support for families is oriented on assistance during three years around childbirth when one of the parents has to give up work (in most cases women). Maternity benefits can compensate for the loss of a parent's earnings for some time but they are not able to guarantee the reduction of poverty risks %. The problem of a shortage of money is aggravated by the difficulty in finding a preschool place and the distance from health care and education institutions (a particular issue for rural communities).

The poverty rate of households with children is traditionally 1.5 higher than that for households without children, depending on the economic situation and the poverty measurement criterion chosen. Large families (with three or more children) and households with children where one of the parents is unemployed are the most vulnerable. Furthermore, higher poverty risks are common for households with children under three years old, those with a double demo-economic burden,<sup>16</sup> and single-parent families. In general, the high poverty risk area is concentrated in households with children, which make up the bulk of poor families.

**Poverty by place of residence.** Poverty in the areas most affected by the hostilities and in the areas with large numbers of displaced people has some specific features. The state poverty reduction policy should focus on the eradication of acute forms of poverty in rural areas. At present, there is a considerable

gap in poverty indicators between urban and rural communities. The traditionally wide poverty gap between urban and rural populations increased during 2020 and 2021. Traditionally, poverty rates were high in small towns, but there has been a substantial reduction of absolute poverty rates in small towns, which now fall between large cities and rural communities in the 2021 figures. Higher monetary poverty rates in rural areas are explained by narrower opportunities for effective employment, and by the prevalence of work in private subsidiary farms (often accompanied by problems in selling products). However, a more appreciable gap between urban and rural populations can be seen in non-monetary poverty indicators due to rural residents' limited access to social infrastructure facilities and social services. Currently, it can be said that rural populations suffer social exclusion because they face a range of limitations in the basic aspects of life. However, there is also a trend towards increased inequality between urban and rural populations in terms of poverty indicators.

**State support for the poor.** Inefficiently run state support for the poor, and insufficiently effective spending of budget funds on social support slow the reduction of monetary poverty and violate the principles of social justice. The state social support system actually has no influence on the scale of poverty due to a range of reasons, key ones being:

- failure to consider a family's neediness when awarding social benefits and certain social benefits, which results from applying a mainly categorical approach (the entitlement to benefit ensues from belonging to a certain category, without proper verification)
- discrepancies between the official and real incomes of applicants for targeted assistance.

As a consequence, social programme funds are scattered over a great number of recipients, with only some of them being really poor.

<sup>16</sup> Households with double demo-economic burdens are multigenerational family households where two or more adult generations live together (generally a grandparent, parent, and child).

## ▼ 3. Child poverty trend changes related to the war in Ukraine

A clear downward trend in the absolute poverty scale emerged in Ukraine during 2016–2021 despite COVID-19, where the poverty rate, as measured by expenditure below the ASM, dropped from 58.6 per cent to 39.1 per cent.

The war has caused a drastic decline in household income and resulted in a sharp rise in sudden poverty, particularly among children.

### Technical note

Estimated impacts of the war in Ukraine on monetary poverty in 2022 and 2023 are based on projected trends of household income decrease and on data from the HLCS for 2021, the most recent pre-war year. The estimates were made according to the national definition of poverty by the absolute criterion (equivalent expenditure below the actual per capita subsistence minimum estimated at US\$ 147.68 per person per month in 2022).

Using the most probable socioeconomic estimates (Box 1), it was expected that the poverty rate in Ukraine would rise sharply in 2022: from 39.1 per cent

in 2021 to 60.2 per cent (see Figure 1). That is, poverty would grow almost by one and a half times (by the absolute criterion), or by 21 percentage points.

### Box 1

The following is estimated for 2022:

- Nominal GDP decreases by 13%, from US\$147 billion in 2021<sup>17</sup> to US\$128 billion in 2022.<sup>18</sup>
- Consumer price index (CPI) will grow by 26.6%<sup>19</sup> The poverty line will therefore rise to US\$147.68 per person per month (compared with US\$116 in 2021).
- Minimum state guarantees, according to those provided in the budget for 2022, will be US\$177 per month on average for the minimum wage, and US\$53.7 per month on average for the minimum pension.
- The nominal average wage in Ukraine in 2022 is estimated to remain within the limits of the values of 2021 (US\$379.47 in 2022, compared with US\$379.18 in 2021).<sup>20</sup>
- The average wage for different regional groups,<sup>21</sup> in relation to 2021, will have different values: 1.18 (least affected), 1.00 (moderately affected) and 0.60 (most affected).
- The average pension will be US\$122.25 per month.<sup>22</sup>
- Income, other than wage and social transfers, will change in relation to 2021 values on average in proportion to GDP rates on average but subject to the regional groupings (1.10; 0.84; 0.60, respectively)
- Social assistance, in nominal terms, will grow on the whole, and will change differently depending on the regional group: the year-on-year growth rate in 2022 will be 0.94; 1.30; 1.58 compared to 2021 (the higher rate is provided for more affected regions since, in the sample of 2021 internally displaced people had been living at home until 24 February 2022).

<sup>17</sup> Ukraine, State Statistics Service of Ukraine, 'Gross Domestic Product 2021', <[www.ukrstat.gov.ua/operativ/operativ2021/vwp/vwp\\_kv/vwpf\\_21\\_ue.xls](http://www.ukrstat.gov.ua/operativ/operativ2021/vwp/vwp_kv/vwpf_21_ue.xls)>, accessed 14 April 2023.

<sup>18</sup> Ukraine, Verkhovna Rada, 'Budget Brief', <<https://itd.rada.gov.ua/billInfo/Bills/pubFile/1527959>>.

<sup>19</sup> Ukraine, State Statistics Service of Ukraine, Inflation index in Ukraine <https://www.ukrstat.gov.ua/>.

<sup>20</sup> Ukraine, Verkhovna Rada, 'Budget Brief', <<https://itd.rada.gov.ua/billInfo/Bills/pubFile/1527959>>.

<sup>21</sup> The least affected regions are: Vinnytsia, Volyn, Zhytomyr, Zakarpattia, Ivano-Frankivsk, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Ternopil, Khmelnytskyi, Cherkasy and Chernivtsi oblasts. Moderately affected regions: Dnipropetrovsk oblast, Kyiv city, Kyiv, Sumy and Chernihiv oblasts. Most affected regions: Donetsk, Zaporizhzhia, Luhansk, Mykolaiv, Kharkiv and Kherson oblasts.

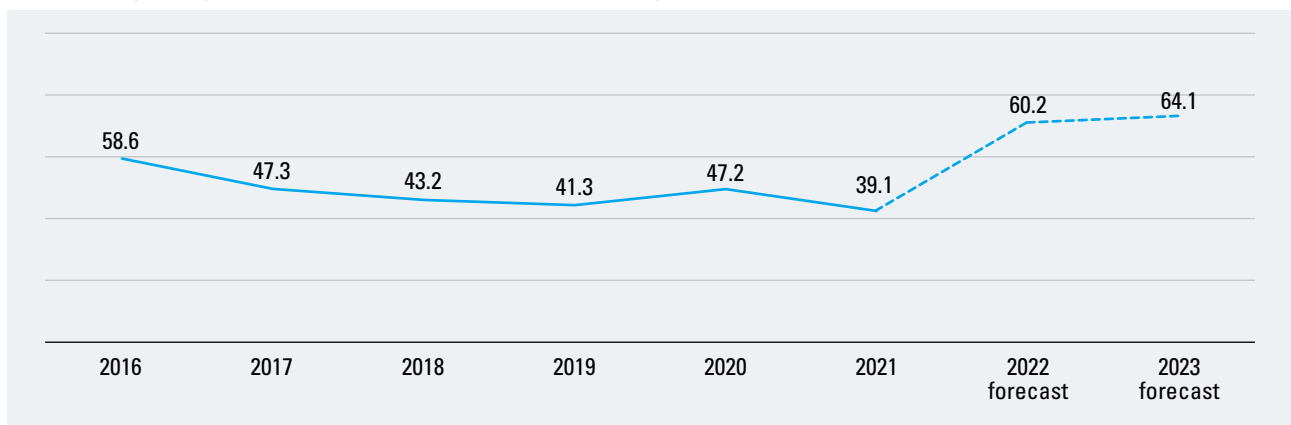
<sup>22</sup> Ukraine, Pension fund of Ukraine, 'Distribution of the Number of Pensioners as of April 1, 2023', April 2023, <[www.pfu.gov.ua/statystyka/dani-pro-serednij-rozmir-pensijnoyi-vyplaty/2022-dani-pro-serednij-rozmir-pensijnoyi-vyplaty](http://www.pfu.gov.ua/statystyka/dani-pro-serednij-rozmir-pensijnoyi-vyplaty/2022-dani-pro-serednij-rozmir-pensijnoyi-vyplaty)>.





Fig. 1

Forecast of poverty rate in Ukraine for 2022 and 2023 (with expenditure below the ASM as the criterion) (%)



Source: Calculated by the IDSS based on the microdata of the HLCS conducted by the State Statistics Service of Ukraine

According to the Law on the State Budget of Ukraine for 2023,<sup>23</sup> some improvement in the economic situation is expected for 2023, which will promote an increase in people's incomes, primarily due to wages. The average nominal wage

indicator provided for in the budget for 2023 is US\$494 per month, which will exceed the 2022 level by 30.2 per cent. The government plans to index pensions from March 2023 (Box 2).

<sup>23</sup> Ukraine, The Law of Ukraine, 'About the State Budget of Ukraine for 2023', <<https://zakon.rada.gov.ua/laws/show/2710-20#Text>>, accessed 14 April 2023.



## Box 2

The following is projected for 2023:

- GDP growth: nominal GDP increase by 132.8%<sup>24</sup>
- Consumer price index (CPI) will grow by 28%
- The poverty line will accordingly rise to US\$189 per person per month (compared with US\$147 in 2022).
- Minimum state guarantees, according to those provided in the budget for 2023, will be US\$181 per month for the minimum wage, and US\$456.63 per month for the minimum pension. The subsistence minimum provision level for social benefit payment will remain at the 2022 level.
- The average nominal wage will be US\$494<sup>25</sup> (an increase of 30.2% in nominal terms);
- The average pension (taking account of indexation beginning from 1 March 2023) will grow by 4.5% annually.
- Income other than wage and social transfers will change in proportion to GDP rates on average (increasing by 32.8% in nominal terms).

Even under the rather optimistic economic scenario envisaged in the budget, the poverty rate will not fall in 2023; instead growing to 64.1 per cent. It means that almost two-thirds of Ukrainian citizens will be living at, or below, the poverty line in 2023.

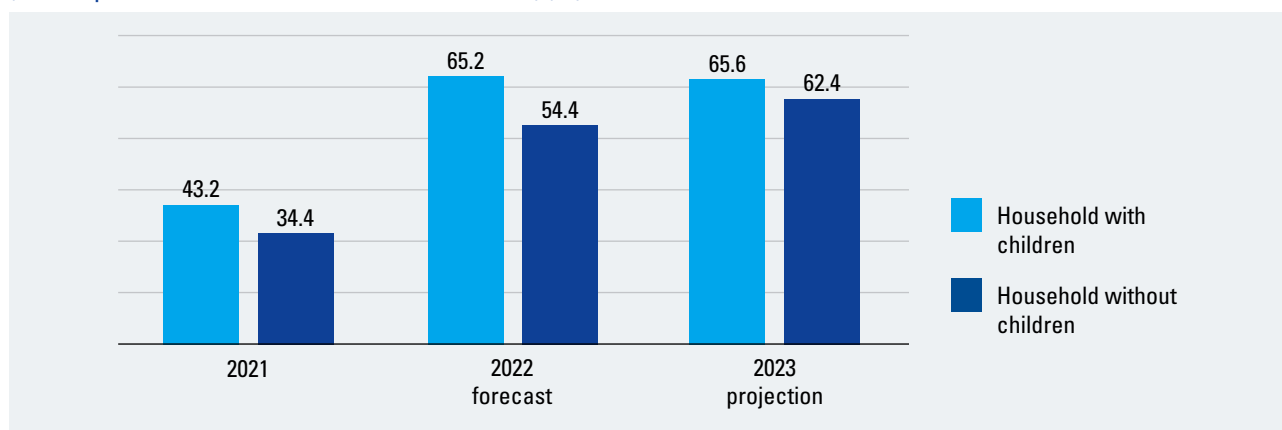
Poverty will be higher in households with children – it is expected that expenditures in 2022 will be lower than the ASM in 65.2 per cent of households with children (see Figure 2). The

figures are expected to remain unchanged in 2023, with a minor decrease in the poverty rate among households with children from 65.2 per cent to 65.6 per cent.

In 2022, the share of poor Ukrainian children has grown substantially due to the war. Whereas 43.5 per cent of children belonged to the poor category in 2021, this share was estimated to increase to 65.2 per cent in 2022.

Fig. 2

Forecast of poverty rate in households with and without children for 2022 and 2023 (with expenditure below the ASM as the criterion) (%)



Source: Calculated by the IDSS based on the microdata of the HLCS conducted by the State Statistics Service of Ukraine

This increase poses a serious challenge to the country's social protection system. Failure to meet children's key needs properly during a long period

will result in the deterioration of the country's human potential.

<sup>24</sup> Ukraine, Verkhovna Rada, 'Budget Brief', <<https://itd.rada.gov.ua/billInfo/Bills/pubFile/1527959>>.

<sup>25</sup> Ibid.

## ▼ 4. Population groups being the new poor and the most vulnerable

Children have traditionally been the most vulnerable to poverty in Ukraine and, therefore, the war has affected households with children to a greater extent. The growth in monetary poverty is unprecedented. In addition, a considerable increase in the non-monetary poverty scale is expected, both because of limited consumer

capacities and due to the destruction and decline of community infrastructure in large areas of the country.

However, it is not only families with children who are most affected by the war in 2022 but also those directly affected by hostilities:

| Vulnerable due to the war   | Traditionally vulnerable   |
|---|--|
| <ul style="list-style-type: none"> <li>• households that have felt consequences of the war most acutely (have lost family members, housing, property, and access to basic services)</li> <li>• households with children staying in de-occupied areas or areas close to the line of active hostilities</li> <li>• households with children suffering from lack of basic utility services (electricity, water supply, heat supply, etc.)</li> <li>• displaced households with children, particularly these three groups of households with children:               <ol style="list-style-type: none"> <li>(1) displaced peoples on the move (in transit)</li> <li>(2) people temporarily displaced and waiting to return home</li> <li>(3) displaced people planning to remain in host communities</li> </ol> </li> </ul> | <ul style="list-style-type: none"> <li>• households with children with disabilities</li> <li>• households with three or more children</li> <li>• single parents with children</li> <li>• households with children below three years of age.</li> </ul> |

Further examination of trends and a forecast of poverty rates among the households with children most affected by the war would require a separate survey, data-collection, analysis and research.

Regarding conventional approaches to poverty measurement and forecasting, the following trends can be observed in various types of households with children:

- Due to the war, large families (with three or more children) have found themselves in the direst situation in 2022 – the poverty rate among such households will be 84.7 per cent whereas the figure for households with children with unemployed member(s) has exceeded 80 per cent (see Table 1).
- Households with two adults and one child have had the quickest drop in their living

standards due to the war. According to estimates, their poverty rate has grown from 31.4 per cent in 2021 to 57.1 per cent in 2022, i.e., a jump of 1.8 times, whereas the average growth rate in households with children is 1.5 times.

- A stronger than average impact will be felt due to the war by single-parent households. The poverty rate among households consisting of one adult with children will grow 1.7 times, from 39.4 per cent in 2021 to 67.9 per cent in 2022.

Thus, the scale of poverty is estimated to have increased sharply due to the war. Substantial growth in the poverty rate and reduced differentiation in terms of this indicator is observed among various types of households with children.



Table 1

Poverty rates in various types of households with children (2021 – actual data, 2022-2023, projected estimates) (%)

| Household type   | 2021<br>(actual) | 2022<br>(projected) | 2023<br>(projected) |
|--|------------------|---------------------|---------------------|
| One adult with one child <sup>26</sup>                       | 39.4             | 67.9                | 70.6                |
| Two adults with one child                                    | 31.4             | 57.1                | 56.8                |
| Two adults with two children                                 | 50.2             | 66.7                | 66.2                |
| Two adults with three or more children                       | 53.4             | 77.0                | 77.1                |
| Three or more adults with children                           | 51.6             | 71.1                | 72.2                |
| Households with children with at least one unemployed member | 68.4             | 80.8                | 81.0                |
| Households with children under 3 years of age                | 43.8             | 64.8                | 63.7                |
| Households with three or more children                       | 67.2             | 84.7                | 84.8                |
| <b>Households with children</b>                              | <b>43.2</b>      | <b>65.2</b>         | <b>65.6</b>         |

Source: Calculated by the IDSS based on the microdata of the HLCS conducted by the State Statistics Service of Ukraine

The lowest poverty rate (57.1 per cent) is expected among households with two adults and one child in 2022, compared with other households with children. However, since there are many more households of this type than other types with children in Ukraine, it is this category that makes up the bulk in the

structure of the 'new' poor children due to the war. These children, who lived in the households that could be classified as middle class before the war, now face all the sudden poverty challenges and acutely feel the restriction both of their rights to safety, education and health and of access to good quality basic services.

<sup>26</sup> This type of household (one adult with one child) mostly means single mother with a child (more than 90%)

## ▼ 5. Impact of the social support system on child poverty: pre-war trends and possible changes

A considerable increase in the poor population among households with children (from 43.2 per cent in 2021 to 65.2 per cent in 2022) poses a serious challenge to the country's social protection system. Social support programmes must be readjusted for new conditions as soon as possible to ensure they meet children's real needs. Failure to do so will lead to a deterioration in the country's human potential.

### General assessment of the social support system before 2022

Before the start of the full-scale war, the social support system was rather inefficient and ineffective in helping its target populations.

In 2021, 47.7 per cent of the population were covered by at least one of the five social payment programmes mentioned above.

This analysis covers five state programmes of social payments, which is explained by information support specifics<sup>27</sup>:

- maternity benefit
- child benefit for single mothers
- benefit for low-income families
- subsidy for housing and utility services and fuel (housing subsidy)
- social benefits.

The **housing subsidy** programme was among the most cost-intensive and widespread programmes 2021 – it cost more than US\$ 0.8 billion and covered over 2 million households; i.e., every seventh household was receiving this type of social support. However, this programme traditionally has little impact on the scale of poverty scale nationally: the authors estimate that the national poverty rate in 2021 would grow from 39.1 per cent in real terms to 40.2 per cent if the programme were to be abolished. The impact is more tangible to housing subsidy recipients – the absolute poverty rate among them would be 53.4 per cent compared with an actual 45.7 per cent in the event of the subsidy being abolished (see Table 2).

Table 2

Performance indicators of key state social support programmes, 2021

| Benefit/subsidy type                                | Number of recipients, families/ households (as per the Ministry of Economy data) | Targeting, % of the funds received by the poorest 20% | Countrywide poverty rate (programme impact), % |       | Poverty rate among recipients (programme impact), % |       |
|---|--|---|--|-------|---|-------|
|   |  |   | before   | after | before  | after |
| 1 Maternity benefit                                 | 11,306,000 (no. of payments)   | 20.9  | 39.5   | 39.1  | 49.1  | 45.0  |
| 2 Benefit for single mothers                        | 1,890,240 (no. of payments)  | 69.4  | 39.1   | 39.1  | 78.6  | 76.0  |
| 3 Benefit for low-income families                   | 514,889 (no. of families)  | 59.4  | 39.3   | 39.1  | 98.1  | 82.2  |
| 4 Subsidy for housing and utility services and fuel | 2,056,272 (no. of households)  | 18.2  | 40.2   | 39.1  | 53.4  | 45.7  |
| 5 Social benefits <sup>28</sup>                     | 2,526,311 (no. of households)  | 7.7   | 39.5   | 39.1  | 36.5  | 35.0  |

Source: Calculated by the IDSS based on the HLCS results

<sup>27</sup> The programmes are covered by the Household Living Conditions Survey, which enables estimates to be made, using its observations.

<sup>28</sup> Data available only from HLCS data.



The programmes of **benefits for low-income families** and **child benefits for single people** are the least common but the most targeted.

Only 515 million families received **the benefit for low-income families** in 2021. A greater share of the programme's funds (59.4 per cent) is paid to the poorest 20 per cent, whereas there are almost no beneficiaries among the richest 40 per cent. Despite being highly targeted, the programme does not influence the poverty scale in the country – if it were to be abolished the authors estimate the poverty rate would grow only from 39.1 per cent to 39.3 per cent in 2021. Nevertheless, it is of critical importance to the recipients – their poverty rate would grow from 82.2 per cent to 98.1 per cent if the payments were cancelled.

Similar impacts are demonstrated if we look at **the child benefit for single people** because it is based on similar criteria of eligibility and benefit rate. A considerable share of the programme's funds (69.4 per cent) goes to the poorest 20 per cent of the population, that being the highest targeting indicator among all the social payments. However, this benefit has no impact on the national poverty rate – it would remain unchanged in 2021 if the programme were to stop. Furthermore, the decrease in the poverty rate among programme beneficiaries would also be minor (from 78.6 per cent to 76.0 per cent). The programme's influence on its target populations has declined appreciably over 2021 because the reduction of the poverty rate among the programme beneficiaries was 12.8 percentage points in 2020 (from 84.4 per cent to 71.6 per cent).

**Maternity benefit** covers 7.2 per cent of households (i.e., those with children under 3 years old) and costs more than US\$0.34 billion annually. It has a universal provision principle (no income testing) and, accordingly, low targeting – only 20.9 per cent of the

funds reach the poorest 20 per cent. Due to its wider prevalence, the programme has an appreciable impact on the scale of poverty in the country compared with other child payments or benefits for low-income families – if abolished, the poverty rate would grow from 39.1 per cent to 39.5 per cent. The poverty rate among the benefit recipients decreases from 49.1 per cent to 45.0 per cent due to the benefit.

The worst results are demonstrated in the **social benefits system**. They cover 2.5 million households which have at least one person using his/her entitlement to a benefit. The households received US\$0.34 billion's worth of benefits in 2021, of which only 7.7 per cent reached the poorest 20 per cent of the population. If all the social benefits were abolished, the national poverty rate would go up to 39.5 per cent (similarly to the maternity benefit). The poverty rate among benefits beneficiaries is lower than the average national figure (35.0 per cent versus 39.1 per cent); in case of abolition of the programme, the indicator would grow from an actual 35.0 per cent to only 36.5 per cent.

Hence, the social support programmes based on targeting principles, with compulsory income testing, demonstrate a very high targeting level and are really aimed at the poor population. However, they have an extremely low coverage, so they don't produce any positive effects for society in general. Universal payments awarded on the basis of belonging to a certain category, but without income testing, are not oriented on the poorest 20 per cent of the population, however they have a high coverage, which promotes an impact (although extremely insignificant) on the scale of poverty in the country.

The key problem with the Ukrainian social payment system is an insufficient level of support for the most needy amid a wide coverage of the population by various social programmes.

## ▼ 6. Coverage of families with children by social support programmes: the pre-war situation and estimates for 2022–2023

Almost every second household with children (49.6 per cent) was covered by social payments (at least by one of the five programmes) in 2021.

The greatest coverage of households with children is by childbirth benefit and social benefits – 20.4 per cent and 25.7 per cent, respectively, of the total. Since these payments are universal (not income-tested) and provided on the basis of belonging to a certain category, they are not oriented on poorer segments – in the first quintile, childbirth benefit and social benefits are received by a smaller percentage of households than in the fifth quintile (see Table 3).

Small populations of families with children are covered by the social assistance programmes that include income testing – benefits for low-income

families and child benefits for single people – namely 2.1 per cent and 1.7 per cent, respectively, of households with children. Both programmes demonstrate better coverage of poorer families – in the first quintile, 5.3 per cent receive benefits for low-income families, and 4.8 per cent receive child benefits for single people. With each quintile group, the percentage of individuals covered by these benefits goes down substantially, and Groups 4 and 5 have no recipients at all, which indicates really stronger orientation on the poorer segments of families with children.

Housing subsidies are paid to every tenth household with children (9.8 per cent). This programme is targeted however, as it depends not only on means but also on the housing payment rate.

**Table 3**

Coverage of households with children by social payments, by quintile group (% of the population living in households with children), 2021

| Social support programmes                       | All households with children | 1st quintile | 2nd quintile | 3rd quintile | 4th quintile | 5th quintile |
|---|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Childbirth benefit                              | 20.4                         | 20.2         | 21.6         | 20.5         | 18.6         | 21.2         |
| Child benefit for single people                 | 1.7                          | 4.8          | 0.8          | 1.8          | 0.2          | 0.0          |
| State social assistance for low-income families | 2.1                          | 5.3          | 2.0          | 1.8          | 0.2          | 0.0          |
| Housing subsidies                               | 9.8                          | 11.7         | 10.7         | 9.3          | 11.4         | 4.7          |
| Social benefits                                 | 25.7                         | 24.1         | 26.0         | 28.5         | 25.1         | 24.7         |

Source: Calculated by the IDSS based on the HLCS results

The impact of the war on the extent of coverage of families with children by these social payments (providing the rules for them are not changed) will vary. If the expansion of childbirth benefits and social benefits depends on the circumstances in which target populations are formed (fertility rate, temporary migration scale, acquisition of privileged status, etc.), the three targeted programmes will be able to increase their coverage provided that the mechanism of their provision and verification of recipients is improved.

Based on projected scenarios of the population income changes in 2022 and 2023 (described above for the poverty forecast), changes in the number of

potential beneficiaries of the three income-tested social payment programmes were determined (provided that the existing mechanism of their provision is not changed).

The number of recipients of the **child benefit for single people** will grow little because only clearly defined family categories can qualify for this benefit. Their share can grow from 1.7 per cent to 2.1 per cent in 2022, and amount to about 2 per cent in 2023 (see Figure 3).

The number of recipients of the **benefit for low-income families** can grow substantially: due to considerable

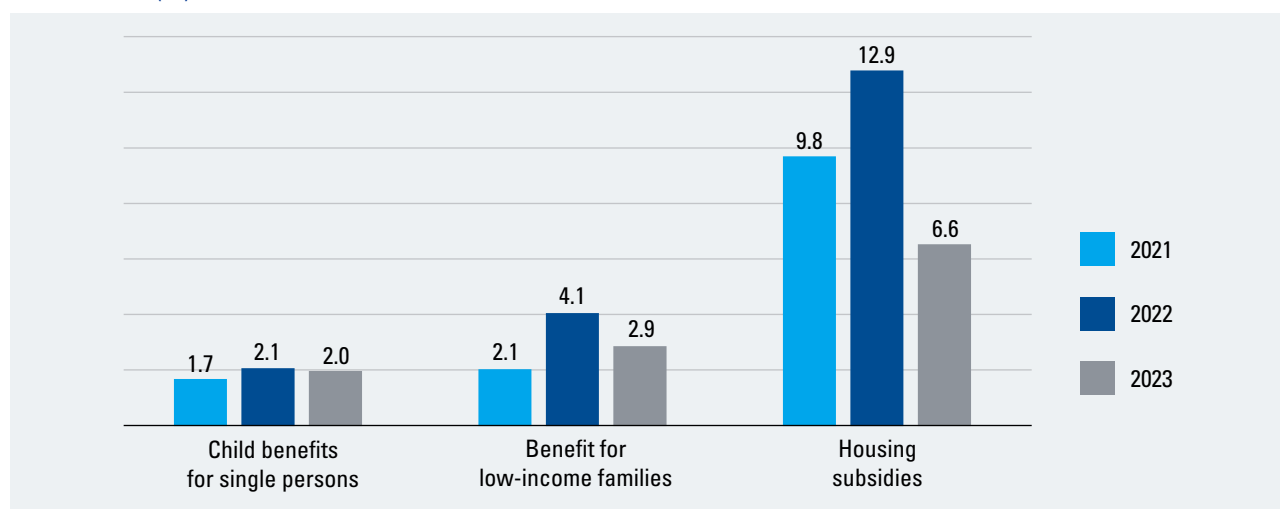
income reduction, the share of its recipients among households with children can increase almost twice in 2022 – from 2.1 per cent to 4.1 per cent. However, proceeding from the estimated population income growth in 2023, the share of applicants for this benefit in 2023 can decrease to 2.9 per cent but will be much higher than the pre-war level.

As regards **housing subsidies**, the situation will be peculiar. In July, the Verkhovna Rada, the Ukraine parliament, introduced a ban on a rise in gas and

heat prices during for the martial law period plus six months after it is lifted. Therefore, the number of housing subsidy recipients among household with children will grow in 2022 solely due to income decline – from 9.8 per cent to 12.9 per cent. However, as soon as 2023, under the income growth and unchanged tariffs scenario, the percentage of housing subsidy recipients among households with children will decrease even compared with 2021, and amount to 6.6 per cent only.

Fig. 3

Forecast of targeted social payment coverage of households with children, share of the population living in households with children (%)



Source: Calculated by the IDSS based on the HLCS results

One of the possible causes for social programmes being insufficiently targeted at the most vulnerable families with children is the emergence of ‘inclusion and exclusion errors’ when compiling a list of social benefit recipients. On the one hand, there are always some people willing to take advantage of weak assessment procedures to obtain benefit unlawfully. On the other hand, some vulnerable families, in real need of assistance, are excluded due to low awareness of their rights, or their inability to collate the necessary documents, or even because they might face certain restrictions in receiving payments, for example, in relation to the ownership of land or other property.

In the pre-war period in Ukraine, causes of low accessibility of the most vulnerable population to social support programmes were varied. However, whereas 10 or 15 years ago the key role had the first factor – unlawful and groundless enrolment to programmes, the problem of low coverage of target populations has been increasingly acute in recent years. If there is not a greater focus on families who are really in need, it cannot be expected that there will be any increase in coverage of the most vulnerable families by social programmes, and the impact of social protection on poverty will remain marginal.

## 7. War-related limitations of children's access to social services, and post-war prospects

The RF armed aggression has caused horrific consequences for Ukrainian children. Official data show that, of 20 February, more than 1,387 children have been affected: 461 children have been killed and over 926 have sustained injuries of varying severity. The greatest numbers of affected children are in:

- Donetsk oblast – 445
- Kharkiv oblast – 272
- Kyiv oblast – 123
- Kherson oblast – 89
- Zaporizhzhia oblast – 84
- Mykolaiv oblast – 83
- Chernihiv oblast – 68
- Luhansk oblast – 66
- Dnipropetrovsk oblast – 64.<sup>29</sup>

Data on missing and deported children are also stark: 348 children have gone missing and 16,207 have been forcibly deported in Ukraine-controlled territories and areas with no active hostilities. According to unofficial estimates, about 150,000 children are deemed to have been abducted from Ukraine.<sup>30</sup>

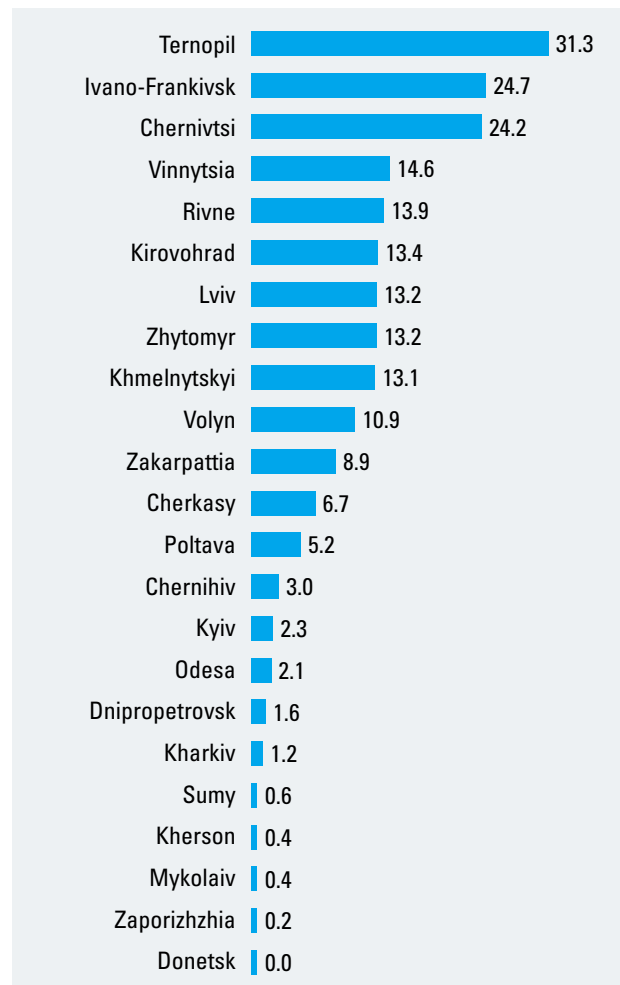
The Commissioner of the President of Ukraine for Children's Rights and Rehabilitation, Darya Herasymchuk, stated in January that her agency "had managed to identify and verify data of 13,899 children abducted and deported by the Russian army". The Ukrainian child ombudsperson said that the agency had managed to bring back home only 125 of them.

As of early 2023, more than 3,100 education institutions have been destroyed or damaged,<sup>31</sup> 440 of which have been completely destroyed, and more than 1,000 institutions remain in the temporarily occupied territory of Ukraine.<sup>32</sup>

About 500,000 school-age children are living abroad, and about 95,000 schoolchildren are in occupied areas.

**Fig. 4**

Dynamics of change in the number of IDP pupils acquiring general secondary education after 24 February 2022, by region of Ukraine (times)



Source: Calculated by the authors based on data from<sup>33</sup>

Almost 13,000 schools implement learning in the following forms:

- traditional – 3,955
- online – 4,363
- mixed – 4,608.

<sup>29</sup> Ukrinform, 'In Ukraine the invaders have already injured 926 children', February 2023, <[www.ukrinform.ua/rubric-ato/3672320-v-ukraini-poranili-vze-926-ditej.html](http://www.ukrinform.ua/rubric-ato/3672320-v-ukraini-poranili-vze-926-ditej.html)>.

<sup>30</sup> Ukrinform, <[www.ukrinform.ua/rubric-ato/3671478-kilkist-nezakonno-vivezenih-u-rosiu-ukrainskih-ditej-moze-sagati-150-tisac.html](http://www.ukrinform.ua/rubric-ato/3671478-kilkist-nezakonno-vivezenih-u-rosiu-ukrainskih-ditej-moze-sagati-150-tisac.html)>.

<sup>31</sup> '7 Million Children of War in Ukraine'.

<sup>32</sup> LB.ua, 'More and more children in the occupied territories are joining online education according to the Ukrainian program – Vitrenko', October 2022, <[https://lb.ua/society/2022/10/14/532593\\_bilsh\\_e\\_ditej\\_okupovanih.html](https://lb.ua/society/2022/10/14/532593_bilsh_e_ditej_okupovanih.html)>.

<sup>33</sup> Ukraine, Ministry of Education and Science, Оцінювання потреб України у сфері освіти. – Підсумковий звіт, (6 травня – 24 червня 2022) [Assessment of Ukraine's needs in education. – Final report (6 May – 24 June 2022)]. <<https://mon.gov.ua/storage/app/media/news/2022/07/07/Pids.vit.Otsin.potreb.Ukr.u.sferi.osvity-UK-6.05-24.06.22.pdf>>.



More than half of about 4 million pupils study online.<sup>34</sup>

There are 2.8 million children among the people who are internally displaced. The greatest numbers of IDP pupils are currently recorded in western regions of Ukraine: Ternopil, Ivano-Frankivsk and Chernivtsi oblasts (see Figure 4).<sup>35</sup>

In view of this data, it should be stated that, although the teaching process in Ukraine continued even in the active war phase, the quality of education can deteriorate substantially, which will pose a serious problem in the post-war period, along with the consequences of COVID-19.

Studies of the impact of the war on people's life and health prove that military aggression entails considerable negative, and often irreversible, consequences for children's physical and mental health and well-being.<sup>36</sup>

Experts of the independent think tank Cedos summarized the following key factors adversely affecting accessibility of educational services in Ukraine:<sup>37</sup>

- hostilities and occupation;
- air raid sirens;
- pupils leaving abroad;
- movement within Ukraine;
- power cuts.

Indirect factors of educational losses include:

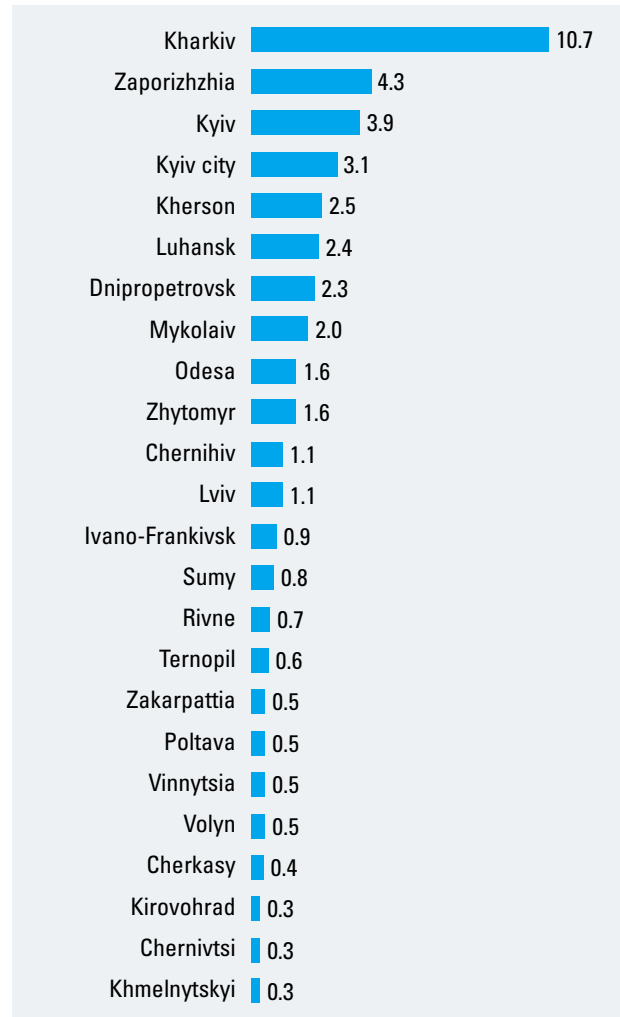
- family income level;
- parents' education level;
- extent of parents' involvement in the child's education process;
- conditions (and forms) of learning.

Particular attention is required for vulnerable categories of children who find it impossible to attend school, compared with their peers with better living conditions and access to distance learning. Based on findings by the European Commission, the following children are vulnerable to the emergence of educational losses:

- children with special educational needs;
- children with a low socioeconomic status;
- children having migrant status.

**Fig. 5**

**Number of general secondary education teachers who had to evacuate from their permanent place of residence since 24 February 2022, by region of Ukraine (thousand persons)**



Source: Calculated by the authors based on data from<sup>38</sup>

Teacher displacement indicators are also stark. Almost 43,000 teachers (about 10 per cent of the total number in general secondary education in 2001/2022) have moved home since the start of the 2022 invasion. The greatest number of teachers who had to evacuate was recorded in Kharkiv oblast (see Figure 5).

According to an online survey conducted by the Ministry of Education and Science of communities across Ukraine, about all communities (95 per cent) engaged in online learning in 2021/2022 due to the military aggression.

<sup>34</sup> New Ukrainian School, 'The number of students in online education decreased after the holidays – Skarlet', January 2023, <<https://nus.org.ua/news/kilkist-uchniv-na-onlajn-navchanni-zmenshylasya-pislya-kanikul-shkarlet>>.

<sup>35</sup> Data from community surveys. Information on IDP pupils in Luhansk oblast and Kyiv city is not available.

<sup>36</sup> Gorodnichenko, Yuri, Marianna Kudlyak and Aysegül Şahin, 'The Effect of the War on Human Capital in Ukraine and the Path for Rebuilding', IZA Policy Paper No. 185, IZA Institute of Labour Economics, June 2022. <<https://docs.iza.org/pp185.pdf>>.

<sup>37</sup> Освітні втрати: підходи до вимірювання та компенсації/ Cedos. – Аналітична записка. – 19 грудня 2022 року [Cedos, 'Educational losses: approaches to measurement and compensation', Policy brief, 19 December 2022], <[https://cedos.org.ua/wp-content/uploads/zapyska\\_osvitni-vtraty.pdf](https://cedos.org.ua/wp-content/uploads/zapyska_osvitni-vtraty.pdf)>.

<sup>38</sup> Оцінювання потреб України у сфері освіти. – Підсумковий звіт, (6 травня – 24 червня 2022) [Assessment of Ukraine's needs in education. – Final report (6 May – 24 June 2022)]. <<https://mon.gov.ua/storage/app/media/news/2022/07/07/Pids.vit.Otsin.potreb.Ukr.u.sferi.osvity-UK-6.05-24.06.22.pdf>>.

At the start of the 2022/23 school year, only 25 per cent of parents thought it was safe for their children to attend school; 62 per cent thought that it was not worth going to school, choosing online learning instead, and 13 per cent couldn't decide.<sup>39</sup>

In view of the fact that so many education institutions moved to online learning, pupils have the opportunity to keep learning. However, a lack of equipment (such as tablets, laptops and headsets) is a major obstacle to distance learning. Furthermore, not all children have unlimited access to the Internet, especially in rural areas. The situation is further complicated by the massive missile attacks on critical infrastructure, which results in lengthy power outages. Accordingly, pupils have to master a large part of educational material by themselves.

## Medical services

Results of a WHO survey on health care needs, conducted in September 2022, indicated more difficulties for Ukrainian people in accessing medical services.

The survey revealed that the key barriers to people's access to health care include the high cost of services, delays in delivering care and difficulties in getting to a health care facility. People, particularly children, living in the temporarily occupied territories and in areas of active hostilities remain the most vulnerable – one in three reports limited access to services and medicines, compared with one in five in Ukraine as a whole.<sup>43</sup>

For example, one in two adults among those having sought primary medical aid reported problems with affording it, and one in five adults could not buy

According to available data, 650,000–690,000 Ukrainian children aged from 0–18 have moved abroad since the start of the armed aggression, with 488,000 starting their studies in general secondary education institutions as of 1 September.<sup>40</sup> Almost 4 million pupils are still studying in general secondary schools in Ukraine.<sup>41</sup> The realities of living in a country at war mean there are threats to children's physical, psychological and emotional health, and signs of depression and posttraumatic stress disorder have been observed, creating risks and problems for children's development.<sup>42</sup> In turn, this affects children's ability to learn. There is therefore a need for the provision of psychological support to children both by medical specialists and teachers.

necessary medicines because of their high cost, their absence or long queues at local pharmacies.

Nevertheless, the survey's results showed that the health care system remained resilient after eight months of war, whereas general access to a certain level of medical services was high. Some 95 per cent of those who sought medical aid reported having received primary medical aid services, and up to 90 per cent had access to medical services because of chronic diseases.

At the same time, some publications state that the National Health Service of Ukraine has no information on how many doctors are actually working in Ukraine,<sup>44</sup> hence it cannot accurately formulate the Programme of Medical Guarantees for its population.

<sup>39</sup> Яку форму навчання обрали батьки для своїх дітей? Перші результати опитування батьків, які знаходяться в Україні. – Освітній омбудсмен України. [Ukraine, Education Ombudsman, 'What form of learning have parents chosen for their children? First findings of a survey of parents staying in Ukraine'.] <[https://eo.gov.ua/yaku-formu-navchannia-obraly-batky-dlia-svoikh-ditey-pershii-rezultaty-opytuvannia-batkiv-i-aki-znakhodiatsia-v-ukraini/2022/08/09/?fbclid=IwAR2ZwTTRg3uEN0mt40Pr1jT8ksVWbTPOo\\_FUz8NxVpNj4cdgZXrXMDpQts](https://eo.gov.ua/yaku-formu-navchannia-obraly-batky-dlia-svoikh-ditey-pershii-rezultaty-opytuvannia-batkiv-i-aki-znakhodiatsia-v-ukraini/2022/08/09/?fbclid=IwAR2ZwTTRg3uEN0mt40Pr1jT8ksVWbTPOo_FUz8NxVpNj4cdgZXrXMDpQts)>.

<sup>40</sup> В МОН назвали кількість українських школярів, які виїхали за кордон. [RBC Ukraine, 'MES reported the number of Ukrainian school pupils having left abroad']– <[www.rbc.ua/rus/news/mon-nazvali-kilkist-ukrayinskih-shkolyariv-1672752523.html](http://www.rbc.ua/rus/news/mon-nazvali-kilkist-ukrayinskih-shkolyariv-1672752523.html)>

<sup>41</sup> Кількість учнів, які навчаються очно та змішано, щоразу зростає, – Сергій Шкарлет. [Ukraine, Ministry of Education and Science, 'Number of pupils learning online and in a mixed mode increases all the time – Serhii Shkarlet']. <<https://mon.gov.ua/ua/news/kilkist-uchniv-yaki-navchayutsya-ochno-ta-zmishano-shorazu-zrostaє-sergij-shkarlet>>.

<sup>42</sup> Data Friendly Space, 'Ukraine Conflict Analysis Brief – The Impact of the Conflict on Children', 22 April 2022, <<https://reliefweb.int/report/ukraine/ukraine-conflict-analysis-brief-impact-conflict-children>>.

<sup>43</sup> Доступ до медичних послуг в Україні після восьми місяців війни: система охорони здоров'я залишається стабільною, проте ключові медичні послуги та ліки стають все менш доступними [United Nations Ukraine, 'Access to medical services in Ukraine after eight months of the war: the health care system remains stable but key medical services and medicines are becoming increasingly less accessible']. <<https://ukraine.un.org/uk/204466-dostup-do-medychnykh-posluh-v-ukraini-pislya-vosmy-misyatsiv-viyny-systema-okhorony>>.

<sup>44</sup> Access to Truth, 'In Ukraine, the number of doctors and medical personnel increased during the war – NSHU', January 2023, <<https://dostup.pavda.com.ua/news/publications/v-ukraini-pobilshalo-likariv-i-medpersonalu-pid-chas-viiny-nszu>>.

## ▼ 8. Data sources and poverty assessment issues

During the last 20 years in Ukraine, assessments of poverty, including child poverty, have been carried out mainly based on the HLCS findings. It uses microlevel data – depersonalized and anonymized characteristics of the surveyed households, selected according to a special statistical procedure, to form a sample that represents every household in Ukraine. Using the microlevel data enables the determination of poverty indicators for individual household groups (all private households in Ukraine and regions, households with children, households with people of pensionable age, etc.) and evaluations of household and individual income differentiation indicators as well as the modelling of potential impacts of various factors on the living standards and life quality of the population, including households with children.

In addition to the HLCS data, the poverty analysis uses information obtained from other state statistical surveys, relevant administrative data from ministries and agencies, and information from non-governmental and international organizations.

When the current estimates of poverty indicators of households with children were formulated, the HLCS data for 2021 were available. It should be noted that representativeness of the HLCS data obtained in 2021 for determination of the 2022 indicators has substantially decreased because of the war, which has important implications including the internal displacement of many people plus emigration, a decline in people's real incomes, and a deterioration in living conditions. It should also be considered that the State Statistics Service of Ukraine has stopped a number of statistical surveys in 2022, including HLCS, making it impossible to obtain data for 2022, even in 2023.

Using findings of the HLCS 2021 to forecast poverty indicators in 2022 required making assumptions about data representativeness and the ratios of key characteristics of income and expenditure, etc. Based on 2021 data and the above assumptions, an array of microdata for modelling was formed, similar in structure to the HLCS data array. The modelling also used macroeconomic indicators for 2022 (actual and projected), rates of state social standards for 2022, indicators provided for in the State Budget, administrative data from the Ministry of Social Policy, information from international organizations and available expert estimates.

The projected estimates of the war's impact on child poverty in 2022 have limitations. Lack of any

household surveys during martial law means that it is difficult to obtain the current year's microdata for analysis. Using the previous year's HLCS microdata array, adjusted according to the current situation, also has a number of limitations:

- 1) The war continues, so although a situation can be fixed at a certain moment, sudden changes are likely to occur.
- 2) It is impossible to assess the situation in the occupied areas and among the families forcibly removed to the Russian Federation.
- 3) Refugees have not always moved with their entire families, particularly from non-occupied and relatively safe areas, however, they still can have a common budget, even living in different countries.
- 4) Data on sudden poverty are extremely unreliable.

Hence, when modelling the poverty situation in 2022, the authors have to ignore several factors that could have greatly affected the results. That said, some errors will be mutually offset, thereby allowing us to make calculations and provide some estimates.

While the poverty assessment provides critical information on the dire economic situation of households with children, due to the war, additional assessments of the situation of households with children in 2022 and 2023 are required with up-to-date data concerning children's access to education, health care services and culture and sports services. It is also necessary to identify the barriers to this access and suggest measures to eliminate them, including ways of improving the financial capacity of local governments where these services are provided. Being able to address these problems in a timely fashion requires substantial enhancement of support for adequate analyses of the quality of life of households with children in Ukraine in the war.

Thus, the pressing need for assessments of real poverty scale in Ukraine calls for the collection of up-to-date representative data about location, income and living conditions of households. Such data are necessary to draft and implement the policy of social support of the population, monitor the effectiveness and performance of state social programmes at all levels of their implementation, plan and implement international humanitarian programmes and activities and evaluate their impacts.

## ▼ 9. Conclusions and recommendations

Children are disproportionately affected by the war. There has been an alarming increase in the poverty level of families with children, which is expected to continue in 2023. The poverty rate of households with children is higher than that of those without children. A clear relationship can be seen: the more children in a household, the higher the poverty risks. The highest poverty risks were already observed before the war in large families (with three or more children): two thirds of them (67.2 per cent) were poor – this has grown to 84.7 per cent due to the war.

Also, due to the war, some relatively well-to-do household categories have found themselves below the poverty line, whereas those groups already living below the poverty line before the war have found themselves in the extreme poverty zone, on the verge of survival.

Traditionally, the presence of an unemployed person in a household significantly increases the level of poverty. The war has strongly affected the unemployment situation in the country. In particular, according to estimates by the National Bank of Ukraine and Ministry of Economy, unemployment in 2022 accounts, on average, for 28.3 per cent of the economically active population. The risk of poverty for households with children has grown accordingly.

Children in households where one parent is absent or one member of the family has lost a job or is unable to work due to the need to care for a child are the most affected by war-related monetary poverty: these are households consisting of one adult and children, households with children where there is an unemployed person, households with children aged under 3 years. Even before the war, these were categories of households with an increased risk of poverty.

In addition to the dramatic increase in the scale of poverty, the war has resulted in additional multidimensional impacts. The economic downturn will lead to aggravation or stagnation of the existing poverty trends. The destructive effects of hostilities and loss of income have affected many population groups, however statistical data demonstrate that the impact on households with children is the greatest.

The following actions are recommended to address the devastating poverty impacts of the war:

1. Consistent use of social protection measures and provision of humanitarian aid, including in monetary form, is required to mitigate the impact of the war on the most vulnerable

households with children. These measures should be coordinated with the priorities and deadlines of larger-scale programmes, especially those aimed at ensuring macroeconomic stability and post-war recovery.

2. Social protection measures, including cash assistance, should be targeted for the most vulnerable population groups as outlined in this report. In doing so, it is necessary to ensure as high a level of registration and verification process automatization as possible, and transparency, accountability and publicity of budget funds spending on social goals at every level of public administration.
3. A monetary policy alone will not be sufficient to overcome poverty and eliminate its adverse impact on children and households – **a substantial and child-centred fiscal policy**, including budget programmes for social protection and social security, must provide a foundation on which to search for sources of their financing and identify effective livelihoods as well as stimulate consumer demand. **It is recommended to combine cash payments with upgraded mechanisms of comprehensive social protection services provision at local level.**
4. As long as the war continues, it is critical to prevent any significant decline in the population's purchasing power. This can slow down the economy of the consumer sector, which will increase the negative consequences for the entire economic system. However, the main negative consequence is a decrease in the population's quality of life, which is especially dangerous for vulnerable groups, primarily children. It is necessary to **conduct the timely indexation of social payments, and define an economically sound level of social guarantees and minima.**

At the same time, it is essential to prevent any major shift in household income from employment earnings towards social transfers, as there is a risk of the spread of dependency attitudes, which can lead to a decrease in the population's economic activity and life activity in general. In addition, the financial situation of families with children largely depends on employment income, and a decrease in their share in household income will increase the risk of poverty for children. To prevent the risk of increased dependency on social transfers, additional economic analysis/modelling should be done to identify drivers of economically active population decrease and design efficient preventive mechanisms for the medium- and long-term.





5. There is a pressing need in Ukraine **for a poverty scale assessment**. It calls for addressing the questions on the collection of representative data, disaggregated by various criteria and attributes, concerning location, income and living conditions of households during the war period.
6. Since it is not possible to conduct standard state sample surveys of households,

particularly HLCS, it is expedient to organize and conduct a quarterly representative survey of the socioeconomic situation households in 2023 and 2024 in Ukraine. The results of this will provide the data required, among others, to monitor poverty and household living conditions and assess the effectiveness of social programmes for the timely determination of areas and mechanisms of their improvement.

## ▼ Annex.

# Poverty trends in 2016–2021

### Monetary poverty

A distinct decrease in the poverty rate by the ASM criterion was recorded in 2021. The fall in household income in 2020 was completely offset, and the poverty indicators returned to their pre-pandemic level (even higher than the 2019 figures). In particular, the share of the population with expenditure below the ASM decreased from 47.2 per cent to 39.1 per cent in 2021, indicating better consumer capacity of a great number of households.

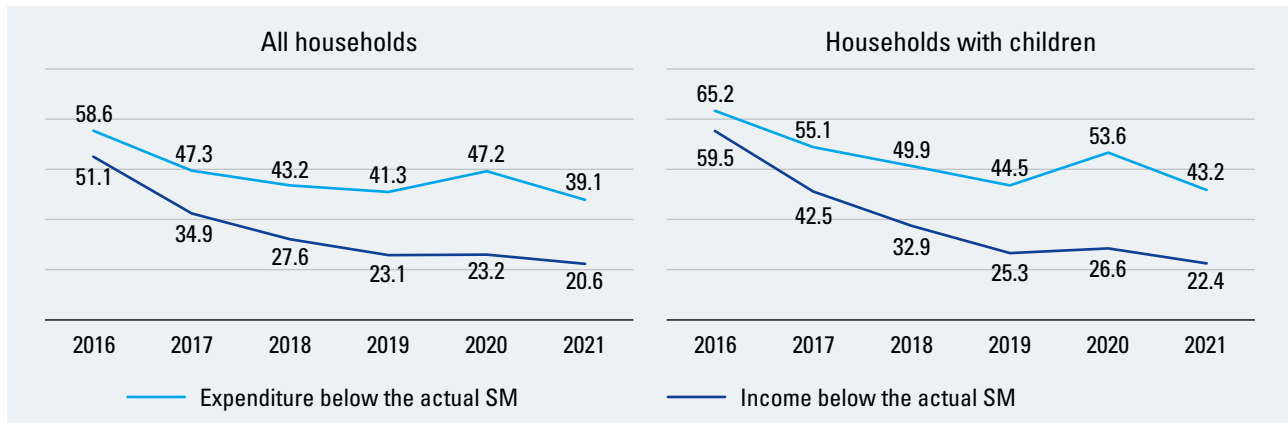
Moreover, a clear downward trend in absolute poverty emerged during 2016–2021 – the poverty rate as measured by expenditure below the ASM declined

from 58.6 per cent to 39.1 per cent over the six years, whereas that measured by income dropped from 51.1 per cent to 20.6 per cent (see Figure 6).

Poverty has been traditionally higher among households with children but the dynamics over the recent six pre-war years follows the general Ukrainian trend. The poverty rate among households with children has decreased from 53.6 per cent to 43.2 per cent in 2021 (44.5 per cent in 2019). The poverty reduction rate among households with children exceeded the overall national average.

**Fig. 6**

Poverty dynamics among all Ukrainian households and households with children, 2016–2021



Source: Calculated by the IDSS based on the microdata of the HLCS conducted by the State Statistics Service of Ukraine

## Non-monetary poverty

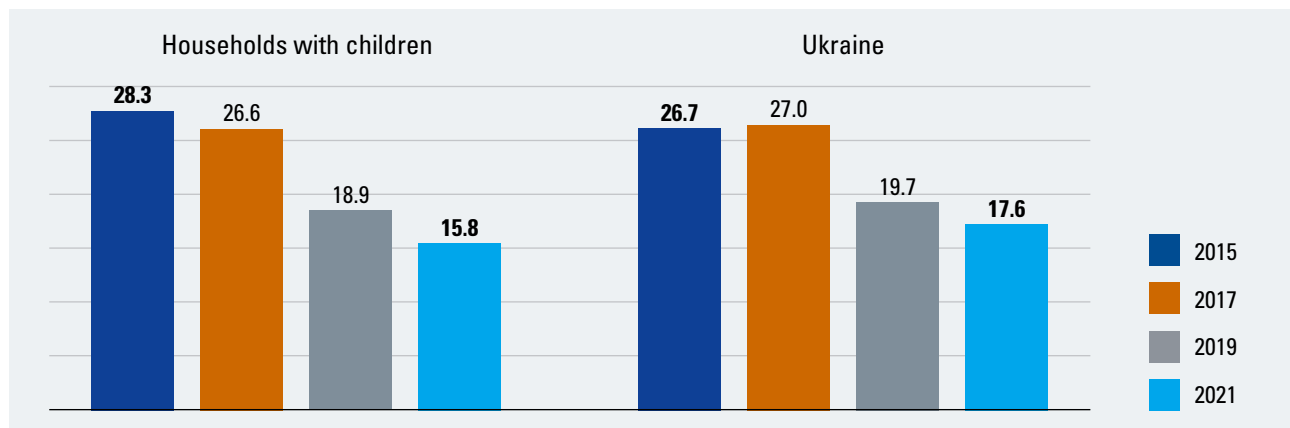
The non-monetary poverty rate among Ukrainian households (having four of nine attributes of deprivation due to lack of funds) was 17.6 per cent in 2021, 2.1 percentage points down from 2019 (or from 19.7 per cent). The non-monetary poverty rate among households with children was lower in 2021, 15.8 per cent, 3.1 percentage points down from 2019 (see Figure 7). Note that the COVID-19 pandemic

consequences did not affect the non-monetary poverty dynamics.

Overall, a considerable decline in the non-monetary poverty rate was observed during 2015–2021. Of particular note is the progress among households with children because this group's indicators had the highest values in 2015 (28.3 per cent).

**Fig. 7**

Poverty dynamics among all Ukrainian households and households with children, 2015–2021 (%)



Source: Calculated by the IDSS based on the microdata of the HLCS conducted by the State Statistics Service of Ukraine

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**United Nations Children's Fund Office in Ukraine**

Business Center Summit | 9B Hrushevskoho St | Kyiv 01021  
Mobile: +38066 210 95 66 (all messengers) | +38067 650 31 97  
Email: [kiev@unicef.org](mailto:kiev@unicef.org)  
Facebook | Twitter | Instagram | [unicef.org.ua](http://unicef.org.ua)