

CHILD POVERTY: IMPACT OF THE WAR ON THE SITUATION OF HOUSEHOLDS WITH CHILDREN



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



The publication relies on a wide range of information, analytical and statistical materials and findings of expert discussions initiated by the UNICEF Ukraine and the National Academy of Sciences of Ukraine, first of all Ptoukha Institute for Demography and Social Studies. The open debate and exchange of data and analytical materials among the key organizations involved in analysis of poverty issues will promote a more perfect management decision-making process due to provision of unbiased estimates.

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The publication uses photos from the UNICEF Ukraine photobank.

The 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 the UNICEF Ukraine.

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List of abbreviations

COVID-19	COVID-19 acute respiratory disease caused by SARS-CoV-2 coronavirus
CPI	consumer price index
GDP	gross domestic product
HLCS	household living conditions survey
IDP	Internally Displaced Person
IDSS	Institute for Demography and Social Studies after M.V. Ptoukha, the National Academy of Sciences of Ukraine
IOM	International Organization for Migration
MES	Ministry of Education and Science of Ukraine
NHSU	National Health Service of Ukraine
RF	Russian Federation
SSSU	State Statistics Service of Ukraine
COVID-19	гостра респіраторна хвороба COVID-19, спричинена коронавірусом SARS-CoV-2

▼ Executive summary

1. On 24 February 2022 the full-scale invasion of the Russian Federation into Ukraine began, which led to the emergence of the phenomenon of sudden poverty, primarily child poverty. Sudden poverty¹ reached a high level because of civilian deaths and injuries; property loss; destruction of housing stock and infrastructure in communities; problems with power, heating and water supply; limited access to basic social services, etc. The scale of multidimensional poverty has been growing as Ukraine's children feel restrictions of their rights to safety, education, health, development and childhood.
2. The impact of the war on household poverty is estimated to be strong: the poverty level is expected to grow from 39.1% in 2021 to 60.2% in 2022.
3. According to expert estimates, the share of children having found themselves below the

poverty line has increased from 43.2% in 2021 to 65.2% in 2022.

4. Owing to the war, there has been a situation of the so-called "poverty shift," that is some categories of relatively well-to-do households have suddenly found themselves below the poverty line whereas those groups already living below the poverty line before the war have found themselves below the extreme poverty line, that is on the verge of survival. The war has also changed the composition of the most vulnerable population groups: households affected by 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 the 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 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, frontline 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. Orientation of the social programmes existing in Ukraine on poor families is insufficient, and social assistance coverage of the most vulnerable families with children is extremely low. The main cause of that consists of so-called "inclusion and exclusion errors." On the one hand, there are some people willing to obtain benefits unlawfully amid an imperfect procedure of verification of applicants for social assistance, however at the same time, a great number of very vulnerable families have no chance to be included in the list of recipients due to low awareness and/or lack of internet access, remoteness from administrative service provision centres, impossibility of leaving children, inability to prepare a package of documents (it is especially relevant to IDPs), etc. Thus, the "leave no one behind" principle

in the social sphere is met not in full, and some part of socially vulnerable persons have no access to social payments and benefits.

7. If the reform process is not focused on stronger involvement of the most vulnerable families with children in social payment programmes, one should not hope for any increase in coverage of the most vulnerable families by social programmes, hence impact of social protection on poverty will remain marginal.
8. Lack of access to quality education is a pre-requisite of chronic poverty. Introduction of online learning provided an opportunity to keep acquiring education even during hostilities or pandemics. However, schoolchildren's lack of required equipment (tablets, laptops, headsets, etc.) and internet access, especially

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

in rural areas, is a major obstacle to quality distance learning. Additionally, the situation was complicated due to massive missile attacks on Ukraine's critical infrastructure, which entailed long power supply outages. Accordingly, pupils have to master a large part of educational material by themselves or together with their parents. All this creates risks of education quality deterioration as soon as the medium term, which, combined with the COVID-19 consequences, will have adverse consequences during the country's post-war recovery period.

9. There is currently a pressing need in Ukraine for substantial assessment of the poverty scale, which requires the availability of relevant reliable representative data. This calls for systematic collection of data disaggregated by sex, age, geographical attribute, etc., on household income and living conditions during martial law according to an established by SSSU methodology. There is a substantial shortage of information on the real situation concerning accessibility of medical services to children and families with children. Systematic research is required to examine the situation concerning quality of children's education in terms of different forms of learning and subject to specific pupil populations: internally displaced persons (IDP) pupils; pupils from poor families; pupils from disabilities; pupils from socially vulnerable families; pupils in the areas affected by hostilities or shelling; pupils studying abroad, etc. Collection of information about children's learning opportunities in de-occupied territories remains a specific problem.
10. To overcome impact of the war on the poverty situation, it is advisable to:
 - use social protection measures and provide humanitarian aid consistently, observing the principles of transparency and accountability;

- strengthen targeting of social protection measures, particularly provision of monetary assistance to the most vulnerable groups;
- improve the processes of elaboration of a child-centered fiscal policy, including social protection expenditure;
- conduct timely indexation of social payments;
- neutralize risks of increasing dependency on social transfers, conduct additional economic analysis/modeling to identify the ways of minimizing risks of further economically active population decrease;
- 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 period.

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

▼ 1. Introduction

After 24 February 2022, millions of people have lost their homes and livelihoods due to the Russian Federation's (RF) large-scale invasion of Ukraine over a few weeks. Whereas there were 1.5 million IDPs in Ukraine in January 2022, as of October 2022, 5.35 million people obtained the IDP status according to the IOM data² and around 5 million according to the Ministry of Reintegration of the Temporarily Occupied Territories³. Ukraine has suffered significant loss in a relatively short period of time. The war has changed all aspects of people's lives – labour market, community infrastructure, health care system and education – having turned some of Ukraine's developed cities into deserted and ruined areas. The number of civilian casualties is growing; millions of people are suffering from shelling and infrastructure destruction consequences; GDP has declined by 30.4 %⁴ during 2022 according to preliminary estimates of the Ministry of Economy, and by 35 %⁵ according to estimates of international organizations. Inflation rate (consumer price index) stands at 26.6%, the current direct damage caused to Ukraine's infrastructure⁷ has reached USD 135.9 billion⁸, and millions of people live under permanent stress.

Continuation of the war in Ukraine has led 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 during the period from 24 February 2022 to 10 March 2023⁹. Many children have lost their family members, friends, homes, schools, recreation places, and access to vital services, particularly to health care and safe water. A great number of the country's 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 hostility areas and 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 checking safety and quality of living conditions, and with no further support and protection they needed. 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 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 needs, particular for house heating and warm clothes.

The war has been destroying Ukraine's civilian infrastructure and preventing the delivery of vital services to those needing them. Military activities have caused destruction of medical infrastructure and made people's access to medical services, particularly vaccination more difficult. During the year of the war in Ukraine, 1,206 medical infrastructure facilities have been affected (1,035 of them damaged, and another 171 ruined with no possibility of further restoration)¹⁰. 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 recommended by the World Health Organization. During 2022, vaccination coverage of one-year-children was 74.1 % against measles, mumps and rubella (MMP), 72.9% against diphtheria, pertussis and tetanus, 62.4 % against hepatitis B, 71 % against tuberculosis, 86.9 % against polio, and 69.8 % against hemophilic infection¹¹. Millions of individuals and families with children need psychological and mental support.

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

² Ukraine – Internal Displacement Report – General Population Survey Round 12 (16 – 23 January 2023) | Displacement Tracking Matrix (iom.int)

³ <https://minre.gov.ua/news/vyplaty-shchomisyachnoyi-dopomogy-na-prozhyvannya-vpo-hto-maye-pravo>

⁴ <https://www.me.gov.ua/News/Detail?lang=uk-UA&id=4470bafb-5243-4cb2-a573-5ba15d9c8107&title=MinekonomikiPoperedno>

⁵ <https://openknowledge.worldbank.org/bitstream/handle/10986/38098/FullReport.pdf>

⁶ <https://index.minfin.com.ua/ua/economy/index/inflation/>

⁷ <https://kse.ua/ua/about-the-school/news/na-listopad-2022-roku-zagalna-suma-zbitkiv-zavdana-infrastrukturi-ukrayini-skladaye-mayzhe-136-mlrd/>

⁸ <https://kse.ua/ua/about-the-school/news/na-listopad-2022-roku-zagalna-suma-zbitkiv-zavdana-infrastrukturi-ukrayini-skladaye-mayzhe-136-mlrd/>

⁹ <https://childrenofwar.gov.ua/>

¹⁰ <https://moz.gov.ua/article/news/za-11-misjaciv-vijni-rosijani-zrujnuvali-171-ob%ca%bcekt-medzakladiv-ta-sche-1035-poshkodili>

¹¹ <https://moz.gov.ua/article/news/ministr-ohoroni-zdorov%ca%bcja-zasluchav-dopovid-schodo-ohoplennja-profilaktichnimi-sheplennjami-za-2022-rik>



During the war, 3,145 educational facilities have been affected by bombing and shelling, 415 of which have been completely destroyed¹². Education for most children in Ukraine depends on accessibility and quality of online training, however lack of access to technology, Internet connections and electric power means that many students have no access to education.

According to the International Organization for Migration, the number of displaced persons returning to their habitual residences has been continuously growing since April 2022. The returnee families have a special set of needs and vulnerabilities. Return conditions vary greatly because people return both

to the regions not directly affected by the war but featuring a considerable IDP inflow and the ones affected by the conflict as well as those of which the Ukrainian government has recently regained control and which have suffered huge destructions. Households of the returnees have about a million school-age children (5-17 years). In the households reporting presence of persons from vulnerable populations (among the IDPs households with members having return experience), percentage of children aged 1–5 is 15%, those aged 5–17 amount to 32%, infants (under 1 year) to 1%, percentage of pregnant or breastfeeding persons is 2%, chronically ill persons amount to 35%, and people with disabilities to 2%¹³.

¹² <https://saveschools.in.ua/>

¹³ <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, therefore addressing it needs creation of special conditions for development of an economic and social environment. Key focus of the poverty reduction

policy making should shift to the domain of humanitarian aid, improvement of distribution processes, and involvement of all civil society actors in tackling the acutest problems in the war-triggered economic crisis.

Methodological box: basic terms and definitions

Absolute poverty – lack of funds to meet one's needs at a minimum level that is defined by law or methodologically 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 classical 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 next year.

Actual subsistence minimum (ASM) – the cost of a set of subsistence minimum goods and services in actual market prices. The ASM value in Ukraine began to exceed the SM approved in the budget considerably since 2014 because of there being no timely adjustment according to the consumer price index. The ASM value in 2021 was UAH 4,311 per capita per month whereas the SM value was UAH 2,250 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 main sources of income and/or property in a short period of time due to illness or death of family members of 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 of the household living conditions survey (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 UAH 5,458 per person per month) in 2022).

Sudden poverty. A key problem in Ukraine currently consists of sudden poverty due to the war and, accordingly, to dramatic deterioration of the 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 over time due to 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, etc.

Production downturn, mass curtailment of small and medium-sized business, and relocation of enterprises have resulted in large-scale job losses, particularly in the regions situated close to hostilities. Lack of feeling safe, price increases, especially for food products, contraction of income sources, electric power, water and heat supply cut-offs, the load on infrastructure facilities, limited access to social services, children's transition to online learning, and problems in obtaining



quality health care services, have become systemic negative factors of living conditions deterioration for actually the entire population of the country.

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 the ILO estimates¹⁴, employment in 2022 is 15.5 percent (or 2.4 million jobs) lower than in 2021. The ILO estimates also that 10.4 percent of the country's total pre-war workforce are currently refugees in other countries. This group, numbering 1.6 million people, consists predominantly of women many of which were previously employed in education, health care and social security. Due to the war, women with children, having the largest percentage among IDPs, have become 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% of IDPs being women)¹⁵. Their most pressing needs still include medicines, health services and financial resources. Decrease in the

number of jobs and lack of employment are felt first and foremost by women with children, especially as an infrastructural factor operates because of the war (childcare facilities and schools have not been working in a normal mode for a long time).

The gender poverty factor manifests itself to the full extent among older-age population groups: women of pensionable age have substantially higher poverty risks compared to men, particularly among persons aged 75 and older – poverty rate among women was 53.3% in 2021 versus 47.8% 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 to men. The war will only aggravate such impact. According to estimates for 2022, poverty rate among women aged 75 and older will be 70.3% whereas men in the same age group will have 62.2%.

Low wage standards, particularly for youth, shape a problem of overly high child poverty. Certain employment traditions were developing in Ukraine for

¹⁴ https://www.ilo.org/wcmsp5/groups/public/—dgreports/—dcomm/—publ/documents/briefingnote/wcms_859255.pdf

¹⁵ <https://ukraine.iom.int/uk/news/v-ukrayini-mayzhe-65-mln-vnutrishno-peremishchenykh-osib-mom>

a long period of time, having caused considerable age and gender gaps in terms of income. Obtaining a high status at the labour market that guarantees income above the country's average falls on childbearing activity decline periods. Therefore, young people giving birth to and rearing children most often do not have time to acquire a status providing a guaranteed high income, which entails substantial rise of risks of falling into the poor category as every next child is born. The system of state support for families is oriented on assistance during three years upon childbirth when one of the parents is forced not to work (in most cases women). Childbirth benefit can compensate for the parent's earnings for some time but is not able to guarantee reduction of poverty risks for families having small children. Besides, the money shortage problem is aggravated by an infrastructural factor, first of all problems with placing a child to a preschool facility, territorial remoteness of health care and education institutions providing higher-quality services, etc., which is particularly important to 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 on caretaker is unemployed are the most vulnerable. Besides, higher poverty risks are common for households with children under three years old, those with double demo-economic burden¹⁶, 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 IDP numbers has some specific features. The state poverty reduction policy should focus on 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 only increased during 2020 and 2021. A positive point consisted of substantial reduction of absolute poverty rates in small towns (the figure for 2021 is in a mid-position between large cities and rural communities). Higher monetary poverty rates in rural areas are explained by narrower opportunities for effective employment, and by prevalence of work in private subsidiary farms (often accompanied by product sale problems). 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. At present, we can speak of a problem of the rural population's social exclusion because most rural residents suffer from a whole range of limitations in basic aspects of life. However, there is currently a continuing trend towards increased inequality between urban and rural populations in terms of poverty indicators.

State support for the poor. Low efficiency of state support for the poor and insufficiently effective spending of budget funds on social support slow down the monetary poverty reduction process and violate the social justice principle. So far, the state social support system actually has no influence on the poverty scale due to a range of reasons, key ones being: failure to consider a family's neediness when awarding social privileges 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), and facts of discrepancy between official and real income of applicants for targeted assistance. As a consequence, social programme funds are scattered over a great number of recipients, only some part of them being really poor. Such a mechanism of social assistance provision does not promote reduction of inequality and poverty in society.

¹⁶ Household with double demo-economic burden is a 3-Generation Family refers to multigenerational family households where two or more adult generations live together under the same roof; this generally includes 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 the coronavirus pandemic – the poverty rate as measured by expenditure below the actual subsistence minimum dropped from 58.6% to 39.1% over the six years.

The war has caused a drastic decline in household income and resulted in a critical rise of 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 of the household living conditions survey (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 UAH 5,458 per person per month) in 2022).

Proceeding from the most probable development scenario for socio-economic processes (Box 1), a substantial growth of poverty rate is expected in Ukraine in 2022: the figure will rise from

39.1% in 2021 to 60.2% in 2022 (Fig. 1). That is, poverty will 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 decrease by 13%: from UAH 5,459.6 billion in 2021¹⁷ to UAH 4,727.6 billion in 2022¹⁸;
- Consumer price index (CPI) growth by 26.6¹⁹;
- The poverty line will accordingly amount to UAH 5,458 per person per month (versus 4,311 in 2021);
- Minimum state guarantees according to those provided in the budget for 2022: minimum wage – UAH 6,550 per month on average; minimum pension – UAH 1,986 per month on average;
- The nominal average wage in Ukraine in 2022 is estimated to remain within the limits of the values of 2021 (UAH 14,025 in 2022 compared to 14,014 in 2021²⁰);
- However, the average wage for different region groups²¹ in relation to 2021 will have different values: 1.18 (least affected), 1.00 (moderately affected) and 0.60 (most affected);
- Average pension will be UAH 4,492 per month²²;
- 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 region group (1.10; 0.84; 0.60, respectively);
- Social assistance in nominal terms will grow on the whole, and will change differently depending on the region group: the year-on-year growth rate in 2022 will be 0.94; 1.30; 1.58 compared to 2021 (higher rate is provided for more affected regions, since in the sample of 2021 IDPs territorially remain in the regions of their residence until 24 February 2022).

¹⁷ https://www.ukrstat.gov.ua/operativ/operativ2021/vvp/vvp_kv/vvpf_21_ue.xls

¹⁸ <https://itd.rada.gov.ua/billInfo/Bills/pubFile/1527959>

¹⁹ <https://index.minfin.com.ua/ua/economy/index/inflation/>

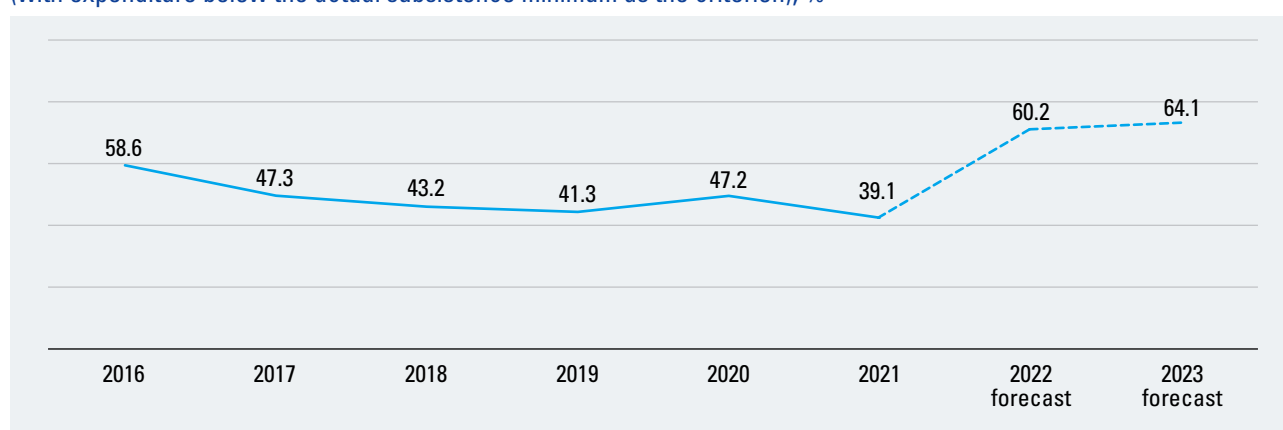
²⁰ <https://itd.rada.gov.ua/billInfo/Bills/pubFile/1527959>

²¹ The least affected group of regions: Vinnytsia, Volyn, Zhytomyr, Zakarpattia, Ivano-Frankivsk, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Ternopil, Khmelnytskyi, Cherkasy and Chernivtsi oblasts; the moderately affected group of regions: Dnipropetrovsk oblast, Kyiv city, Kyiv, Sumy and Chernihiv oblasts; the most affected group of regions: Donetsk, Zaporizhzhia, Luhansk, Mykolaiv, Kharkiv and Kherson oblasts.

²² <https://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 actual subsistence minimum as the criterion), %



Source: calculated by the IDSS of the NAS of Ukraine 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 2023²³, some improvement of the economic situation is expected for 2023, which will promote an increase in income of the population, first of all due to wages: the average

nominal wage indicator provided for in the budget for 2023 is UAH 18,261 per month, which will exceed the 2022 level by 30.2 %. The government plans to index pensions beginning from March 2023 (Box 2).

²³ <https://zakon.rada.gov.ua/laws/show/2710-20#Text>

Box 2

The following is projected for 2023:

- GDP growth: nominal +132.8%²⁴;
- CPI growth by 28%;
- Poverty line will accordingly amount to UAH 6,986 per person per month (versus 5,458 in 2022);
- Minimum state guarantees according to those provided in the budget for 2023 (minimum wage – UAH 6,700; minimum pension – UAH 2,093 per month; the subsistence minimum provision level for social benefit payment – at the 2022 level);
- Average nominal wage: UAH 18,261²⁵ (growth by 30.2% in nominal terms);
- Average pension (with account of indexation beginning from 1 March 2023): 4.5% annual growth;
- Income other than wage and social transfers will change in proportion to GDP rates on average (growth by 32.8% in nominal terms).

Even under a rather optimistic economic scenario envisaged in the budget, the poverty rate will not be reduced in 2023; in fact it will even grow to 64.1%. It means that almost two-thirds of Ukrainian citizens will be living at or below the poverty line in 2023.

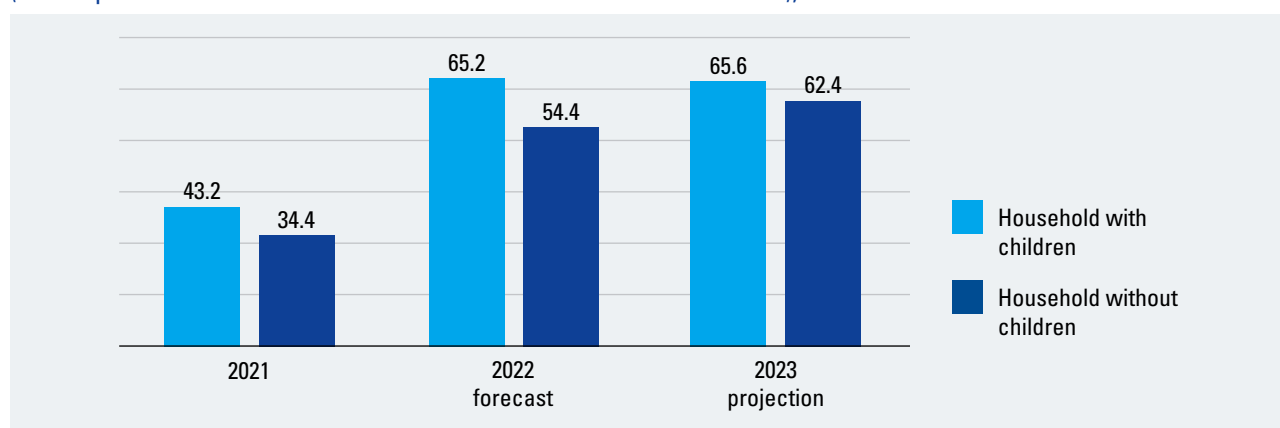
Poverty will be higher in households with children – it is expected that expenditures in 2022 will be lower than the actual subsistence minimum in 65.2% of

households with children (Fig. 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% to 65.6%.

In 2022, the share of poor Ukrainian children has grown substantially due to the war. Whereas 43.5% of children belonged to the poor category in 2021, their share in 2022 is estimated to increase to 65.2%.

Fig. 2

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



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

The one-and-a-half increase in the poor child population poses a serious challenge to the country's social protection system. Failure to meet children's

key needs properly during a long period would result in deterioration of the country's human potential in the future.

²⁴ <https://itd.rada.gov.ua/billInfo/Bills/pubFile/1527959>

²⁵ <https://itd.rada.gov.ua/billInfo/Bills/pubFile/1527959>

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

Children have traditionally been the population category most vulnerable to poverty in Ukraine, therefore the war has to a greater extent affected exactly households with children. Monetary poverty growth 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.

Those most affected by the war in 2022 are not only the families with children traditionally vulnerable to poverty but also those directly affected by hostilities:

Vulnerable due to the war	Traditionally vulnerable
<ul style="list-style-type: none"> households that have felt 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 or areas close to the line of active hostilities; households with children suffering from lack of basic utility services (electricity, water supply, heat supply, etc.); IDP households with children (the following three groups of households with children can be singled out among IDPs: <ol style="list-style-type: none"> IDPs on the move (in transit); IDPs temporarily displaced and waiting to return home; IDPs planning to remain in host communities); 	<ul style="list-style-type: none"> households with children with disabilities; households with three or more children; single parents with children; households with children below three years of age.

Further examination of trends and forecasting of poverty rates among the households with children most affected by the war needs a separate survey, data collection and 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% whereas the figure for households with children with unemployed member(s) has exceeded 80% (Table 1).
- Households with two adults and one child have had the most sudden drop in their

living standard due to the war. According to estimates, their poverty rate has grown from 31.4% in 2021 to 57.1% in 2022, i.e. in 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% in 2021 to 67.9% in 2022.

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



Table 1

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

Household type	2021 (actual)	2022 (projected)	2023 (projected)
One adult with one child	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
Households with children	43.2	65.2	65.6

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

The lowest poverty rate (57,1 %) is expected among households with two adults and one child in 2022, compared to other households with children. However, since households of this type are much greater in number than other types of households 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. The ‘new poor’ 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 restriction both of their rights to safety, education and health and of access to quality basic, social and other services.

▼ 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% in 2021 to 65.2% 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 conformity with children's real needs. Failure to meet children's key needs properly for a long period will lead to deterioration of the country's human potential in the future.

General assessment of the social support system before 2022

Before the start of the full-scale war, the social support system demonstrated rather low social efficiency and inadequate effectiveness for target populations.

This analysis covers five state programmes of social payments, which is explained by information support specifics²⁶:

- childbirth benefit;
- child benefit for single mothers;
- benefit for low-income families;
- subsidy for housing and utility services and fuel (housing subsidy);
- social privileges.

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

The **housing subsidy** programme was among the most cost-intensive and widespread programmes among the population in 2021 – it cost more than UAH 30.5 billion, covering over 2 million households, i.e. every seventh household was receiving this type of social support. However, this programme traditionally has a little impact on poverty scale in the country: the authors' estimate that the countrywide poverty rate in 2021 would grow from actual 39.1% to 40.2% if the programme was hypothetically abolished. The impact is more tangible to housing subsidy recipients – the absolute poverty rate among them would be 53.4% versus actual 45.7% in case of the subsidy abolition (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 Childbirth 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 privileges ²⁷	2,526,311 (no. of households)	7.7	39.5	39.1	36.5	35.0

Source: calculated by the IDSS of the NAS of Ukraine based on the HLCS results

²⁶ The programmes which are covered by the Household Living Conditions Survey, and under which the number of observations allows making estimates.

²⁷ Data available only from HLCS data.

The programmes of **benefits for low-income families** and **child benefits for single persons** are the least common however 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%) is paid to the poorest 20% whereas there are almost no beneficiaries among the richest 40%. Despite highly targeted, the programme does not influence poverty scale in the country – in case of its abolition the poverty rate could grow from 39.1% to 39.3% in 2021, as the authors estimate. Nevertheless, it is of critical importance to the recipients – their poverty rate would grow from actual 82.2% to 98.1% in case the payments were cancelled.

Similar impacts are demonstrated by **the child benefit for single persons** because it is based on similar criteria of eligibility and benefit rate. A considerable share of the programme's funds (69.4%) goes to the poorest 20% of the population, that being the highest targeting indicator among all the social payments. However, this benefit has no impact on the countrywide poverty rate – it would remain unchanged in 2021 in case of hypothetical closure of the programme. Besides, poverty rate decrease among the programme beneficiaries would be minor too (from 78.6% to 76.0%). The programme's influence on its target populations has declined appreciably over the recent year because reduction of the poverty rate among the programme beneficiaries was 12.8 percentage points in 2020 (from 84.4% to 71.6%).

Childbirth benefit covers 7.2% of households (i.e. those with children under 3 years old) and costs more than UAH 12.6 annually. It has a universal provision principle (no income testing) and, accordingly, low targeting – only 20.9% of the funds

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

The worst results are demonstrated by **social privileges**. They cover 2.5 million households which have at least one privileged person using his/her entitlement to a privilege. The households received UAH 12.6 billion's worth of privileges in 2021, of which only 7.7% reached the poorest 20% of the population. If all the social privileges were abolished, the countrywide poverty rate would go up to 39.5% (like with the childbirth benefit). The poverty rate among privilege beneficiaries is lower than the average countrywide figure (35.0% versus 39.1%); in case of abolition of the programme, the indicator would grow from actual 35.0% to only 36.5%.

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 entail 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% of the population, however they have a high coverage, which promotes an impact (extremely insignificant, though) on poverty scale in the country.

The key problem of Ukraine's social payment system consists of 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%) 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 privileges – 20.4% and 25.7%, respectively, of total. Since these payments are universal (no 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 privileges are received by even a smaller percentage of households than in the fifth quintile (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 persons – namely 2.1%

and 1.7%, respectively, of households with children. Both programmes demonstrate better coverage of poorer families – in the first quintile, 5.3% receive benefits for low-income families, and 4.8% receive child benefits for single persons. With each quintile group, percentage of individuals covered by these benefits goes down substantially, and groups 4 and 5 actually 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%). This programme is targeted, however it depends not only on means but also on the housing payment rate, therefore coverage in the first to fourth quintile groups differs little, and only the richest fifth quintile is covered twice less (4.7%).

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 persons	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 privileges	25.7	24.1	26.0	28.5	25.1	24.7

Source: calculated by the IDSS of the NAS of Ukraine based on the HLCS results

Impact of the war upon the extent of coverage of families with children by these social payments (in case their provision rules are not changed) will vary. If expansion of childbirth benefits and social privileges depends on the circumstances in which target populations are formed (fertility rate, temporary migration scale, acquisition of privileged statuses, 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 persons** will grow little because only clearly defined family categories can qualify for this benefit. Their share can grow from 1.7% to 2.1% in 2022, and amount to about 2% in 2023 (Fig. 3).

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

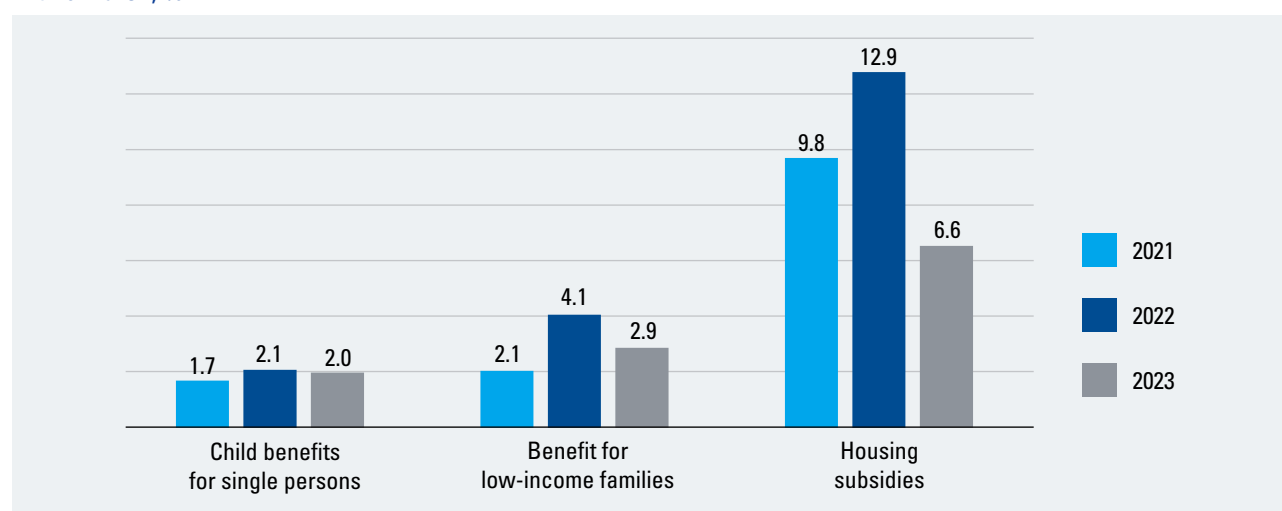
income reduction, the share of its recipients among households with children can increase almost twice in 2022 – from 2.1 % to 4.1 %. However, proceeding from the hypothesis of population income growth in 2023, the share of applicants for this benefit this year can decrease to 2.9 % but will be much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

As regards **housing subsidies**, the situation will be peculiar. The Verkhovna Rada of Ukraine introduced

in July a ban on rise of gas and heat tariffs for the population for the martial law period plus six months following its lifting. Therefore, the number of housing subsidy recipients among household with children will grow in 2022 solely due to income decline – from 9.8 % to 12.9 %. 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 versus 2021, and amount to 6.6 % 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 of the NAS of Ukraine based on the HLCS results

One of possible causes for social programmes being insufficiently targeted at the most vulnerable families with children is emergence of so-called “inclusion and exclusion errors” when compiling a list of social benefit recipients. On the one hand, there are always some people willing to obtain benefit unlawfully amid an imperfect procedure for verifying the level of need. On the other hand, some vulnerable families in real need of assistance are left outside the system due to low awareness, or inability for various reasons to collect a package of necessary documents, or because social service workers are not able to include them in a social benefit programme for some other reasons (sometimes the rules of the programme provide for certain restrictions that do not allow a family to receive payments, for

example, in relation to the ownership of land or other property).

In the pre-war period in Ukraine, such causes of low accessibility of the most vulnerable population to social support programmes were determining. However, whereas ten or fifteen years ago the key role had the first factor – unlawful and groundless enrollment to programmes, the problem of low coverage of target populations by targeted social support programmes has been increasingly acute in recent years. If not focusing on stronger involvement of exactly poor families with children in social payment programmes, one should not hope for any increase in coverage of the most vulnerable families by social programmes, hence 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. According to official information as 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, and Dnipropetrovsk oblast – 64²⁸. Data on missing and deported children are also terrible: 348 children have gone missing and 16,207 have been forcibly deported in Ukraine-controlled territories and areas with no active hostilities alone. According to unofficial estimates, about 150 thousand children are deemed abducted from Ukraine²⁹.

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 3.1 thousand education institutions have been destroyed or damaged³⁰, 440 of which have been completely destroyed, and more than 1,000 institutions remain in the temporarily occupied territory of Ukraine³¹.

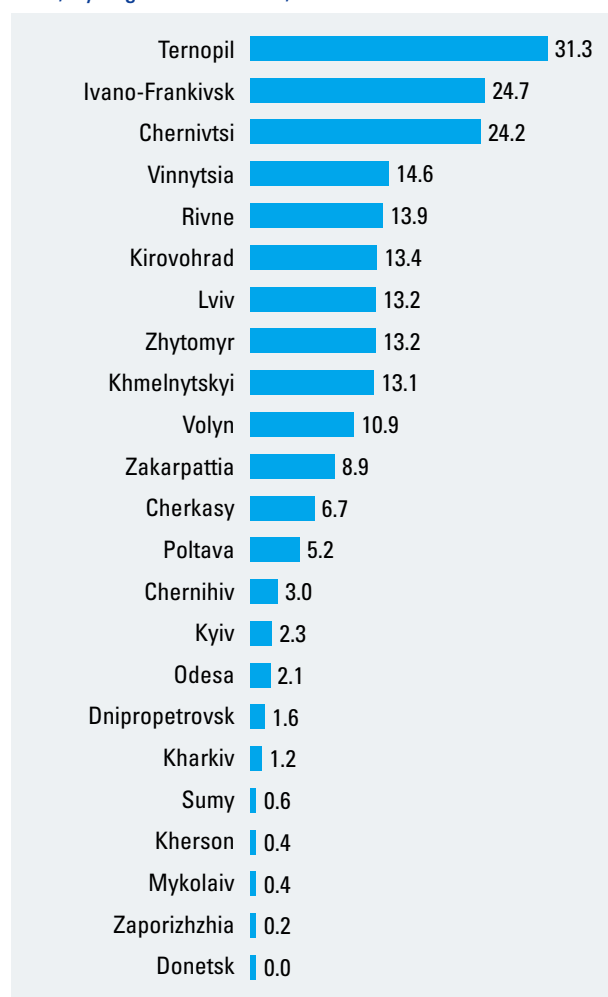
About 500 thousand school-age children stay outside the country, and about 95 thousand schoolchildren are in occupied areas.

Almost 13 thousand active schools implement the education process in the following forms: 3,955 – traditional format; 4,363 – online mode; 4,608 – mixed. More than half of about 4 million pupils study online³².

There are 2.8 million children among internally displaced persons. The greatest numbers of ILO pupils are currently recorded in western regions of Ukraine: Ternopil, Ivano-Frankivsk and Chernivtsi oblasts (Fig. 4)³³.

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 from³⁴

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

²⁸ <https://www.ukrinform.ua/rubric-ato/3672320-v-ukraini-poranili-vze-926-ditej.html>

²⁹ <https://www.ukrinform.ua/rubric-ato/3671478-kilkist-nezakonno-vivezenih-u-rosiu-ukrainskih-ditej-moze-sagati-150-tisac.html>

³⁰ https://saveschools.in.ua/?fbclid=IwAR1_cHkJVf010a57QjB_0MkWlv7fqLce1v0hvjc1xtoGarmvO_z3hKswz4U

³¹ https://lb.ua/society/2022/10/14/532593_bilsh_e_ditej_okupovanih.html

³² <https://nus.org.ua/news/kilkist-uchniv-na-onlajn-navchanni-zmenshylasya-pislya-kanikul-shkarlet/>

³³ Data from community surveys. Information on IDP pupils in Luhansk oblast and Kyiv city is not available.

³⁴ 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.vzit.Otsin.potreb.Ukr.u.sferi.osvity-UK-6.05-24.06.22.pdf>

Studies of impact of the war on people's life and health prove that the military aggression entails considerable negative, and often irreversible, consequences for children's physical and mental health and well-being in the future³⁵.

Experts of the Cedos independent think tank summarized and singled out the following key factors adversely affecting accessibility of educational services in Ukraine³⁶:

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

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 by **vulnerable categories** of children who suffer from the impossibility of attending schools more than their peers with better living conditions and access to distance learning. Based on findings of the European Commission's research, the following children are included in the category of children vulnerable to emergence of educational losses:

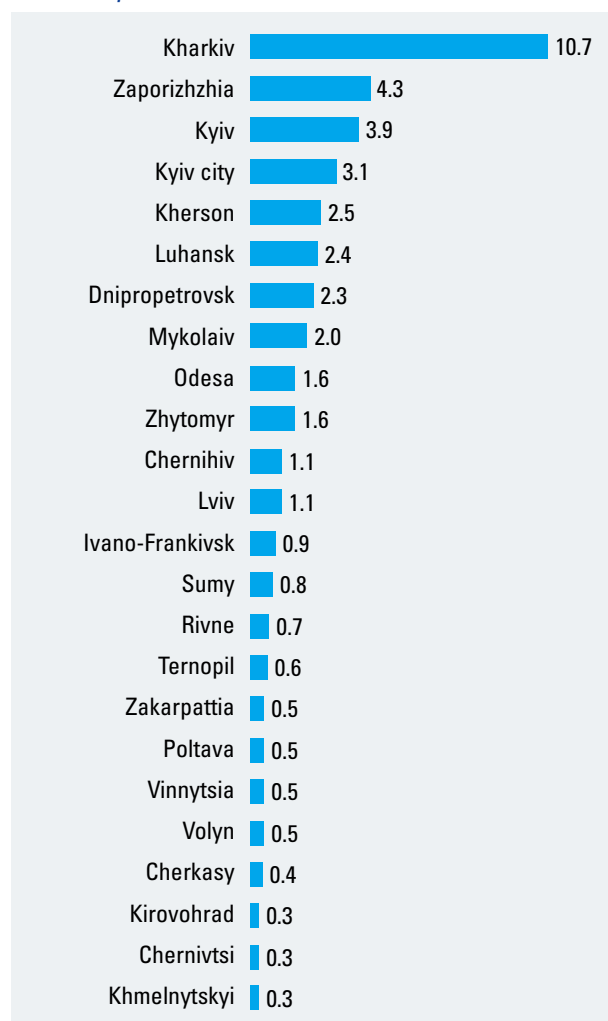
- children with special educational needs;
- children with a low socio-economic status;
- children having the migrant status.

Teacher displacement indicators are no less impressive. Almost 43 thousand teachers (about 10% of the total number of teachers in general secondary education in 2001/2022) have changed their place of residence since the start of the full-scale invasion of Ukraine. The greatest number of teachers who had to evacuate was recorded in Kharkiv oblast (Fig. 5).

According to a survey conducted by MES in the online format in communities across Ukraine, about 95% of the communities completed the 2021/22 study year in the distance (online) format due to the military aggression.

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 from³⁷

At the start of the 2022/23 study year, only 25% of parents thought that their child's education institution was safe and were ready to let their children learn offline, 62% thought that it was not worth starting offline learning in education institutions and chose distance (online) learning format, and 13% hesitated to choose³⁸.

In view of mass transition of education institutions to online learning, pupils have the opportunity to keep acquiring education. At the same time, lack of special equipment (tablets, laptops, headsets, etc.) is a major obstacle to distance learning. Besides, not all children

³⁵ The Effect of the War on Human Capital in Ukraine and the Path for Rebuilding/ JUNE 2022. <https://docs.iza.org/pp185.pdf>

³⁶ Освітні втрати: підходи до вимірювання та компенсації/ Cedos. – Аналітична записка. – 19 грудня 2022 року [Educational losses: approaches to measurement and compensation / Cedos. – Policy brief. – 19 December 2022], https://cedos.org.ua/wp-content/uploads/zapyska_osvitni-vtraty.pdf

³⁷ 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.vzit.Otsin.potreb.Ukr.u.sferi.osvity-UK-6.05-24.06.22.pdf>

³⁸ Яку форму навчання обрали батьки для своїх дітей? Перші результати опитування батьків, які знаходяться в Україні. – Освітній омбудсмен України. [What form of learning have parents chosen for their children? First findings of a survey of parents staying in Ukraine. Education Ombudsman of Ukraine]– https://eo.gov.ua/yaku-formu-navchannia-obraly-batky-dlia-svoikh-ditey-pershi-rezultaty-opytuvannia-batki-ia-ki-znakodiatsia-v-ukraini/2022/08/09/?fbclid=IwAR2ZwTTRg3uEN0mt40Pr1jT8ksVWbTPOo_FUz8NxVpNj4cdgZXRnXMDpQTs

have unlimited Internet service access, especially in rural areas. The situation is complicated amid massive missile attacks on Ukraine's critical infrastructure, which entails long power supply outages. Accordingly, pupils have to master a large part of educational material by themselves.

According to available data, 650–690 thousand Ukrainian children aged 0–18 were abroad since the start of the armed aggression, and 488 thousand started studies abroad in general secondary education institutions as of 1 September³⁹.

Medical services

Results of the WHO survey on health care needs, conducted in September 2022, indicated stronger barriers to the Ukrainian population's access to medical services, and allowed defining certain ways of removing them.

The survey revealed that key barriers to people's access to health care include high cost of services, untimely delivery of care, and limited transport accessibility (difficult to get to a health care facility). The persons, particularly children, living in the temporarily occupied territories and in areas of active hostilities remain to be the most vulnerable – every third of them reports limited access to services and medicines, compared to every fifth person in Ukraine as a whole⁴².

For example, every second adult among those having sought primary medical aid reported at least

Meanwhile, almost 4 million pupils remain to study in general secondary education institutions in Ukraine⁴⁰. Considering the realities of living in the war context, there are threats to children's physical, psychological and emotional health, and signs of depression and posttraumatic stress disorder are observed, creating risks and problems for children's development⁴¹. In its turn, it affects children's ability to learn and understand educational material adequately. Provision of psychological support to children both by medical specialists and teachers is therefore relevant for today.

a financial obstacle in access to any level of medical aid, and every fifth could not buy necessary medicines because of their high cost, their absence or long queues in local pharmacies.

Nevertheless, results of the survey showed that the health care system remained resilient after 8 months of the war whereas general access to a certain level of medical services was high. 95% of those who sought medical aid reported having received primary medical aid services, and up to 90% had access to medical services because of chronic diseases.

At the same time, some publications state that the NHSU has no information on how many doctors are actually working in Ukraine⁴³, hence it cannot formulate the Programme of Medical Guarantees for the population of Ukraine correctly.

³⁹ В МОН назвали кількість українських школярів, які вийшли за кордон. [MES reported the number of Ukrainian school pupils having left abroad]– <https://www.rbc.ua/rus/news/mon-nazvali-kilkist-ukrayinskih-shkolyariv-1672752523.html>

⁴⁰ Кількість учнів, які навчаються очно та змішано, щоразу зростає, – Сергій Шкарлет. [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-zrostaye-sergij-shkarlet>

⁴¹ 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>

⁴² 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 [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-ukrayini-pislya-vosmy-misyatsiv-viyny-systema-okhorony>

⁴³ <https://dostup.pravda.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 undertaken 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 all households in Ukraine. Using the microlevel data enables both determination of poverty indicators for individual household groups (all private households in Ukraine and regions, households with children, households with persons of pensionable age, etc.) and evaluations of household and individual income differentiation indicators as well as modeling 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, 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 situation of the RF's full-scale war against Ukraine, which has important implications including internal displacement of a large quantity of people and emigration, a decline in real income of the population, deterioration of living conditions, etc. It should also be considered that SSSU has stopped a number of statistical surveys in 2022 at all, including HLCS. Therefore, there will be no possibility to obtain data for 2022 even in 2023.

Using findings of the HLCS 2021 to forecast poverty indicators in 2022 required adoption of serious assumptions concerning data representativeness, ratios of key characteristics of income and expenditure, etc. Based on 2021 data and the above-said assumptions, an array of microdata for modeling was formed, similar in structure to the HLCS data array. The modeling 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 of the Ministry of Social Policy, information from international organizations, and available expert estimates.

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, has a number of limitations:

- 1) the war is ongoing, therefore the situation can be fixed as of a certain moment but 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 RF;
- 3) refugees did not always move with whole 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, we have to ignore a number of factors that could have impacted the results greatly. 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 causes of the insufficient accessibility and elaborate the measures to eliminate the barriers detected, including by searching for ways to build financial capacity of the local governments in the territory of which the above-mentioned services are provided. Being able to address problems in these fields 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 period.

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 effectiveness and performance of state social programmes at all levels of their implementation, plan and implement international humanitarian programmes and activities, evaluate their impacts, etc.

▼ 9. Conclusions and recommendations

Children are disproportionately affected by the war. There has been an alarming increase in the poverty level for families with children which is expected to continue in 2023. The poverty rate of households with children is higher compared to those without children. A clear relationship can be seen: the more the number of 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%) were poor – this has grown to 84.7% due to the war.

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 the NBU and Ministry of Economy estimates, unemployment in 2022 is 28.3% of the economically active population on average. Poverty risks for households with children have 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 under 3 years old. Even before the war, these were categories of households with an increased risk of poverty.

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

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. The 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 highest levels 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 substantiated and child-centered 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 the 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 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 risk of increased dependency on social transfers, additional economic analysis/modeling should be done to identify drivers of economically active population decrease and design efficient preventive mechanisms for medium- and long-term outlook.



5. There is a **pressing need** in Ukraine **for a poverty scale assessment**. It calls for addressing the questions on 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, HLCS

in particular, **it is expedient to organize and conduct a quarterly representative survey of the socio-economic situation households in 2023 and 2024 in Ukraine**, the results of which will provide the data required, inter alia, to monitor poverty and household living conditions and assess the effectiveness of social programmes for 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 actual subsistence minimum criterion was recorded in 2021. The household income fall which had occurred 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 actual subsistence minimum decreased from 47.2 % to 39.1 % in 2021, indicating better consumer capacity of a great number of households.

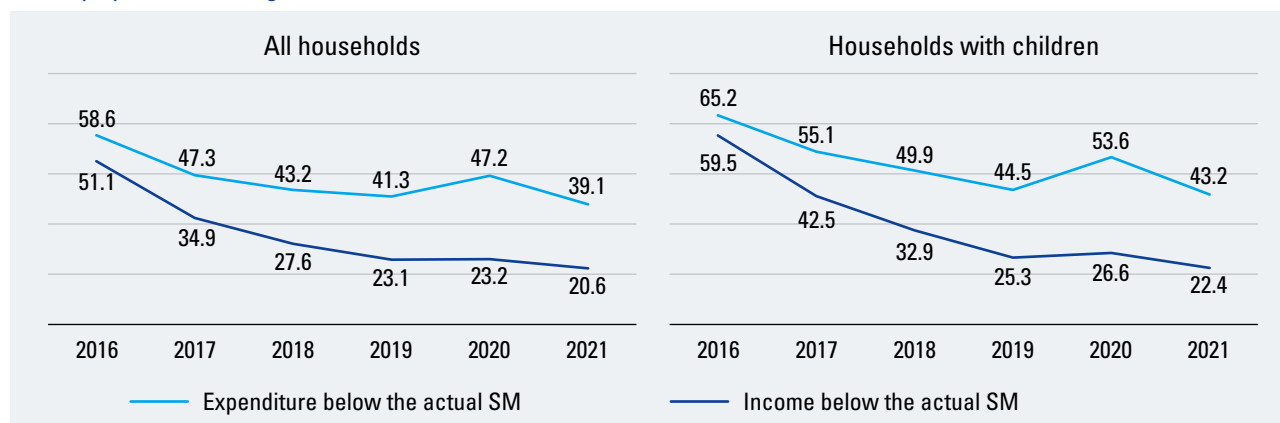
Moreover, a clear downward trend in absolute poverty emerged during 2016–2021 – the poverty

rate as measured by expenditure below the actual subsistence minimum declined from 58.6 % to 39.1 % over the six years whereas that measured by income dropped from 51.1 % to 20.6 %.

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 % to 43.2 % in 2021 (44.5 % in 2019). The poverty reduction rate among households with children exceeded the overall national average.

Fig. A1

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



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

Non-monetary poverty

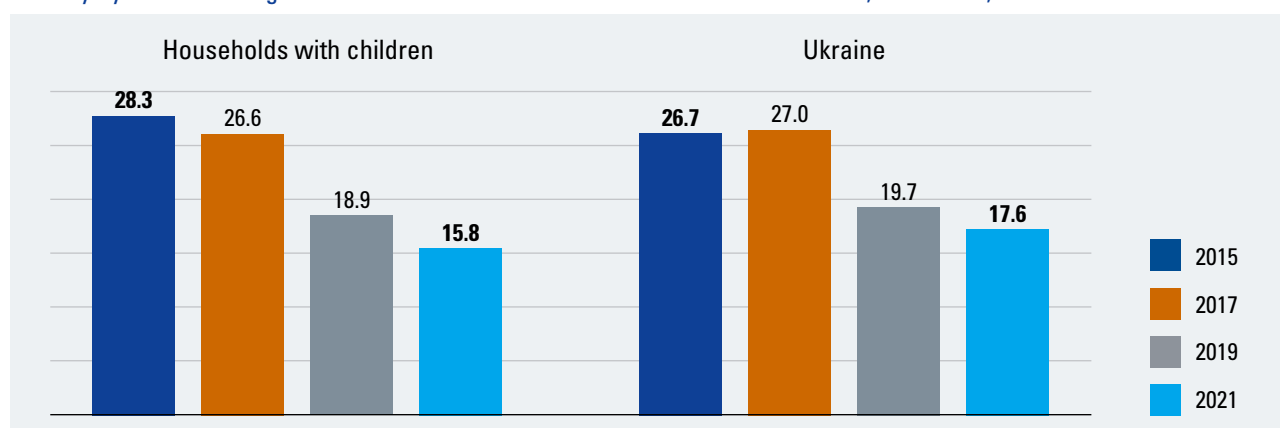
The non-monetary poverty rate among Ukrainian households (having four of nine attributes of deprivation due to lack of funds) was 17.6% in 2021, 2.1 ppts down from 2019 (or from 19.7%). The non-monetary poverty rate among households with children was lower in 2021, 15.8%, 3.1 ppts down from 2019 (Fig. A2). Note that the COVID-19 pandemic

consequences did not affect the non-monetary poverty dynamics.

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

Fig. A2

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



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



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