



European Training Foundation

# UKRAINE

**EDUCATION, TRAINING AND EMPLOYMENT  
DEVELOPMENTS 2018**



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# KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT

The Medium-Term Priority Action Plan of the Government until 2020, approved in April 2017, sets out an overall focus on human capital development. On 31 January 2018, the government approved a Draft Law on Amendments to the Budget Code of Ukraine to provide enough resources to implement key initiatives.

The Framework Law on Education was approved in September 2017. It endorses the concept of the 'New Ukrainian School'<sup>1</sup> and introduces a compulsory 12-year secondary education system, bringing the Ukrainian education closer to common modern practices. The new system will be introduced from 1 September 2018 for primary education, 1 September 2022 for basic secondary education, and 1 September 2027 for specialised secondary education.

In May 2018, the Ministry of Education and Science (MoES) adopted Modern Vocational Education: A Reform Concept for Vocational Education in Ukraine, which was produced in close collaboration with key stakeholders. It determines the goal, objectives, means of development and key components of the modern vocational education system.

The EU-Ukraine Association Agenda envisages a functioning National Qualifications Framework (NQF) by 2020, and highlights the development of entrepreneurial human capital as a key factor in the economic and social integration of the EU and Ukraine. In May 2017, an order on the development and approval of occupational standards was adopted. A list of professions with state significance has been approved and was extended in February 2018.

In January 2018, the Ukrainian government presented a 2018–20 roadmap for developing society and the digital economy. The focus, which is in line with the New Ukraine Schools approach, is on digitising education and stimulating digital transformation in the sector.

In January 2018, a draft concept and draft statutes for the National Agency for Qualifications were developed and discussed in the Interdepartmental Working Group. In June 2018, stakeholders reached an agreement on a final draft, which is now awaiting endorsement by the Interdepartmental Working Group and adoption by the Cabinet of Ministers. According to the Law on Education, the agency should be established by the end of September 2018.

In September 2017, the Ministry of Social Policy (MoSP) established a multi-stakeholder working group, which will be in charge of skills anticipation and labour market forecasting.

The EU-Ukraine Association Agreement, which includes a Deep and Comprehensive Free Trade Area, came into force on 1 September 2017. It is the main tool for bringing Ukraine and the EU closer together by promoting deeper political ties and stronger economic links.

In line with these developments, the European Training Foundation (ETF) is actively working with the EU to support development of a comprehensive EU assistance programme for vocational education and training (VET) in Ukraine, as part of the 2018–20 EU programming cycle. The design of the first substantial intervention in the VET and skills sector in Ukraine is expected to be completed by the end of 2018.

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<sup>1</sup> Ministry of Education and Science, *The New Ukraine Schools: Conceptual principles of secondary school reform*, 2016.

# 1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

Ukraine's population is shrinking. It was 42.4 million in 2017, which is approximately 3.5 million less than in 2012. The United Nations' *World population prospects* estimates that the population will decline by more than 15% by 2050<sup>2</sup>. Ukraine ranks among the 30 'oldest' countries in the world in terms of the share of the population aged 60 and above. This share was 21.8% in 2015 and is projected to grow to 25% by 2025. Ukraine is also among the top five countries whose populations are shrinking most rapidly<sup>3</sup>. The relative size of the young population (age 15–24) decreased from 17.4% in 2012 to 14% in 2017.

Due to the deteriorating economic situation in Ukraine, which was triggered by the military conflict, and the devaluation of the income that Ukrainians earn in real terms, there has been an increase in labour migration among Ukrainians. According to a study conducted by the International Organisation for Migration (IOM) in 2014–15, about 700 000 Ukrainian citizens were working abroad. Increased labour migration has been accompanied by a growing redirection of migration flows, changing from going east into Russia to west into the EU. Military conflict has also created a growing number of internally displaced persons (IDPs). In January 2017, there were 1 641 895 registered IDPs. The EU and its Member States have jointly contributed over 399 million euro in humanitarian and early recovery aid to the most vulnerable since the beginning of the conflict. This includes the 88.1 million euro of humanitarian aid that the European Commission has provided to all affected people (including refugees in Russia and Belarus), and which is delivered according to the humanitarian principles of humanity, neutrality, impartiality and independence<sup>4</sup>.

Poverty remains above pre-crisis levels, but declined slightly in 2017 due to the modest economic recovery and growth in wages and pensions. Real wages grew significantly in 2017, by 19%, partly due to the sharp increase in public sector wages. The poverty rate (under 5.5 dollars (USD) per day using 2011 purchasing power parity) was estimated at 5.7% in 2017<sup>5</sup>.

GDP grew by 2.5% in 2017 and 2.3% in 2016: a weak recovery, as it follows a cumulative 16% contraction in 2014–15. The growth of fixed investment slowed in the second half of 2017, while foreign direct investment remained weak at 2.1% of GDP in 2017, compared to 5% on average before the crisis<sup>6</sup>. Investor confidence has been affected by the slow pace of key reforms, and delays in the reviews for the International Monetary Fund programme in light of macroeconomic vulnerabilities and uncertainty around the 2019 elections<sup>7</sup>.

The economic perspective varies across the regions of Ukraine, as the relative size of their economies differs widely. For example, the GDP in Kiev is 10 times that of the Sumy and Khmelnytsky regions.

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<sup>2</sup> United Nations Department of Economic and Social Affairs, *World population prospects, Key findings and advance tables, 2017 revision*, United Nations, New York, 2017. Available at: [https://esa.un.org/unpd/wpp/Publications/Files/WPP2017\\_KeyFindings.pdf](https://esa.un.org/unpd/wpp/Publications/Files/WPP2017_KeyFindings.pdf).

<sup>3</sup> <https://www.unian.info/society/2371260-ukraine-enters-top-30-nations-with-oldest-population.html>

<sup>4</sup> European Civil Protection and Humanitarian Aid Operations, *Factsheet: Ukraine*. Available at: [http://ec.europa.eu/echo/files/aid/countries/factsheets/ukraine\\_en.pdf](http://ec.europa.eu/echo/files/aid/countries/factsheets/ukraine_en.pdf).

<sup>5</sup> World Bank, *Ukraine Economic Update*, April 2018.

<sup>6</sup> Ibid.

<sup>7</sup> International Monetary Fund, *Country report No. 16/319, Ukraine*. Available at: <https://www.imf.org/external/pubs/ft/scr/2016/cr16319.pdf>.

The government is committed to introducing new approaches to regional development. In September 2016, the Cabinet of Ministers adopted an action plan for implementing the Concept of the Reform of Local Self-Government and Territorial Organisation of Government in Ukraine (No. 688-p)<sup>8</sup>. Among the most important aspects of the reform is the voluntary amalgamation of municipalities into larger units with a minimum recommended population of 5 000 people<sup>9</sup>. In general, the reforms are aimed at enhancing the capacity of local authorities to: perform complex policymaking and service-delivery functions, notably in healthcare and education; devise long-term economic development plans; and enhance the revenue-generating capacities of local bodies. The Ministry of Regional Development regularly monitors the decentralisation process for different sectors using a list of 14 indicators. Based on the latest decentralisation monitoring report, from August 2018, steady progress has been made on almost all indicators<sup>10</sup>.

Ukraine has taken several steps to improve its business environment and the country has moved up one place in the World Bank *Doing business* report, to 76th place in 2018<sup>11</sup>. The country also ranks 81st out of 137 countries analysed in the 2017–18 World Economic Forum’s Global Competitiveness Index<sup>12</sup>. The major reasons commonly cited for the restricted growth of the private sector include corruption, low diversification of the economy and exports, and low productivity levels. Ukraine ranked 130th out of 180 countries in Transparency International’s 2017 Corruption Perceptions Index with a score of 30 out of 100, indicating a very high level of corruption<sup>13</sup>.

The EU provides significant support to Ukraine in ensuring a stable, prosperous and democratic future for all its citizens, and has pledged a 12.8 billion euro package for the next few years to support the reform process. The Single Support Framework for EU Support to Ukraine 2018–20 identifies human capital development as a priority for cooperation (objective 5) under ‘Sector 2: Economic development and market opportunities’, including developing the private sector and improving the business climate.

## 2. EDUCATION AND TRAINING

### 2.1 Trends and challenges

The population’s level of education and training attainment is high. In 2017, only 2% of the active population (age 15–70) had a primary education or lower, 45.1% had a secondary education and

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<sup>8</sup> <http://www.kmu.gov.ua/control/uk/cardnpd?docid=249350402>

<sup>9</sup> European Committee of the Regions, *Regional development in Ukraine: Priority actions in terms of decentralisation*, 2017. Catalogue number: QG-04-17-059-EN-N; ISBN: 978-92-895-0910-7; DOI:10.2863/872975.

<sup>10</sup> Ministry of Regional Development, *Monitoring the decentralisation reform process*. Available at: <https://storage.decentralization.gov.ua/uploads/library/file/302/10.08.2018.pdf>.

<sup>11</sup> World Bank Group, *Doing business 2018*. Available at: <http://www.doingbusiness.org/reports/global-reports/doing-business-2018>

<sup>12</sup> World Economic Forum, *Insight Report: The Global Competitiveness Report 2017–2018*. Available at: <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>

<sup>13</sup> Transparency International Corruption Perceptions Index, 2017. Available at: [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2017](https://www.transparency.org/news/feature/corruption_perceptions_index_2017), accessed on 27 September 2018.

52.9% had completed or were in tertiary education. Gross enrolment rates in primary education are almost universal, at 99.88%, and they are also high in secondary education, at 96.79% (2014 data)<sup>14</sup>.

In recent years, higher education has become considerably more important in Ukraine's education system, with participation increasing to the highest levels in Europe. This has raised concerns about the sustainability and quality of the system, and the employability of graduates. At the same time, the demand for VET is low and the number of VET graduates continues to decline. Enrolment in upper secondary VET stood at 30.1% in 2016. In 2016/17, there were 3 846 000 students in primary and secondary schools, 285 800 in vocational schools and 1 586 700 in higher education institutions<sup>15</sup>.

The Ukrainian VET system consists of a large number of VET institutions of varying organisational types and statuses: VET schools; VET High Schools; VET Centres; Lyceums; Colleges; VET institutions that are divisions of higher educational institutions; training centres at penitentiary institutions; vocational schools for social rehabilitation; VET schools at penal colonies; and more. According to the most current data provided by the Ministry of Education and Science (MoES) there were 756 VET institutions at the end of 2017 (down 19.6% compared with 2010), with 269 400 students<sup>16</sup> and 37 500 pedagogical staff.

The higher education system in Ukraine offers two types of studies: academic studies at universities, academies and institutes; and applied studies primarily at colleges, or occasionally at universities, academies and institutes that are either public (state or community) or private. In 2017, the state order for higher education enrolments was reduced by approximately 20.7%.

Ukraine will participate for the first time in the 2018 Programme for International Student Assessment cycle to assess the quality of education outcomes. The Organisation for Economic Co-operation and Development (OECD) also conducted a review to identify integrity challenges and policy options for further educational reforms. Drawing on consultations with stakeholders from government and civil society, the review identified nine integrity challenges: access to pre-school education through informal transactions; misappropriation of parental contributions to schools and pre-schools; access to school education through informal transactions; undue recognition of learning achievements in primary and secondary education; private supplementary tutoring; corrupt influence in textbook procurement; corrupt access to higher education; academic dishonesty in higher education; and undue recognition of academic achievement in higher education. Adopting policies that reduce incentives and opportunities for educational malpractice is a first step towards the long-term goal of building an education system marked by trust, openness and transparency<sup>17</sup>.

## 2.2 Education and training policy and institutional setting

The government of Ukraine recognises education as a fundamental right and is committed to providing access to lifelong learning opportunities for every citizen and improving the quality of education. The Medium-Term Priority Action Plan of the Government until 2020, which was approved in April 2017, focuses on the development of human capital. The action plan for 2017 includes 615 detailed actions,

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<sup>14</sup> <http://uis.unesco.org/country/UA>

<sup>15</sup> <https://www.export.gov/article?id=Ukraine-Education>

<sup>16</sup> Excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone; and including Makeevsky VET school of social rehabilitation (Kirovogradsky region).

<sup>17</sup> OECD, *OECD Reviews of Integrity in Education: Ukraine 2017*, OECD Publishing, Paris, 2017. Available at: <http://dx.doi.org/10.1787/9789264270664-en>.

which address key priority areas, one of which is education. On 31 January 2018, the government approved a Draft Law on Amendments to the Budget Code of Ukraine to provide enough resources to implement key initiatives. The emphasis is on ensuring high-quality and affordable secondary education, developing vocational training, ensuring quality in higher education and providing new financing opportunities in science.

The new Framework Law on Education (2017) endorses the concept of the 'New Ukrainian School', which has four main components: developing new, modern standards in secondary education with a competence-based approach; revising the national curriculum according to new education standards; introducing the teacher certification procedure and new programmes to enhance professional qualifications; and reducing bureaucracy in the education system while introducing a transparent and effective system of governance.

This law also establishes a new structure for the education system, which includes: pre-school education; complete, general secondary education (four years' primary education, five years' basic secondary education and three years' field-specific secondary education); out-of-school education; specialised education; VET; pre-tertiary vocational education; higher education; and adult education, including postgraduate. The complete secondary education will be compulsory for everybody in Ukraine. The 12-year education system will be introduced from 1 September 2018 for primary education, from 1 September 2022 for basic secondary education, and from 1 September 2027 for specialised secondary education.

In January 2018, the Ukrainian government presented a 2018–20 roadmap for developing society and the digital economy<sup>18</sup>. The new strategy envisions a transition from a resource-based economy to high-tech production, with efficient processes and higher growth in GDP through the use of information and communications technology. The focus, which is in line with the New Ukraine Schools approach, is on digitising education and stimulating digital transformation in the sector.

Development of the NQF is proving to be a lengthy and complicated process. The new Law on Education regulates many aspects of the NQF and the National Qualification System. It takes lifelong learning as the basic principle, recognising formal, non-formal and informal learning. It establishes clear learning outcomes, key competences and transversal skills for all levels of education and training. The Action Plan for Implementing the NQF (2016–26) sets out a series of coordinated actions by different stakeholders, including developing new standards and qualifications with stakeholders from the world of work, new curricula and an independent assessment system. In May 2017, an order on the development and approval of occupational standards was adopted. A list of professions with state significance has been approved and was extended in February 2018.

The Law on Education also provides for the establishment of the National Agency for Qualifications. In January 2018, a draft concept and draft statutes for the agency were developed and discussed in the Interdepartmental Working Group. In June 2018, stakeholders reached an agreement on a final draft, which is now awaiting endorsement by the Interdepartmental Working Group and adoption by the Cabinet of Ministers. According to the Law on Education, the agency should be established by the end of September 2018.

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<sup>18</sup> <http://www.me.gov.ua/News/Detail?!lang=uk-UA&id=ad097ec8-d77d-4e1b-bb67-9483c3631ec2&title=UriadSkhvalivKontseptsiuRozvitkuTsifrovoiEkonomikiTaSuspilstvaUkrainiNa2018-2020>

A process of establishing independent centres to recognise non-formal vocational learning outcomes and ensure the objective assessment of the quality of VET graduates' education has been underway since March 2016. This is in line with Ministry of Social Policy Order No. 256 on Approval of the List of Entities Entitled to Validate Non-Formal Vocational Learning Outcomes under Blue-Collar Occupations.

The image and reputation of the VET system in Ukraine requires urgent attention. The solution requires a multi-faceted approach that includes adopting a good performance management system, improving cooperation with employers, adopting a demand-driven approach, improving conditions for students and teachers, and aligning policies further. Since December 2017, the key stakeholders in Ukraine have been engaged in developing Modern Vocational Education: A Reform Concept for Vocational Education in Ukraine. The extensive consultation process with different stakeholders was led by the MoES, which finally adopted the concept in May 2018. The concept determines the goal, objectives, means of development and key components of the modern vocational education system, and the key measures are set out below.

1. Decentralising the governance and autonomy of VET institutions to enable local reforms.
2. Modern competence-based content that meets students' needs, ensuring that VET qualifications are in line with the NQF and the National Qualifications System, and allowing them to select their own educational path to obtaining professional qualifications.
3. Guaranteeing the quality of vocational education through an internal and external quality assurance system and independent centres to assess qualifications and learning outcomes.
4. Creating an effective network and new types of VET institutions that enable the lifelong learning policy to be implemented, including work-based learning.
5. New forms and methods of acquiring VET qualifications, including dual training.
6. Public-private partnerships to respond to labour market demands and individuals' needs for new qualifications, and to introduce innovative technologies, new content and an environment that supports further innovation in VET.
7. Multi-channel sources of funding for skills training to match skills training supply to labour market needs, and to attract new investment in VET.
8. Multi-level system for training a pool of high-quality VET teaching staff and engaging highly qualified industry specialists, in order to provide proper educational services.
9. Creating a modern educational environment that enables accessibility, inclusiveness, gender-responsiveness, transparency, openness and innovation in education.
10. New forms and methods of providing career guidance to raise awareness of VET, its potential and successes, as well as providing career development and professional growth, and helping to overcome gender segregation in the labour market.

The ETF is actively working with the EU to support the development of a comprehensive EU assistance programme for VET in Ukraine as part of the 2018–20 EU programming cycle. The design of the first substantial intervention in the VET and skills sector in Ukraine – EU4Skills: Better Skills for Better Jobs in Modern Ukraine – is expected to be completed by the end of 2018. Financing of approximately 50 million euro is planned through the European Neighbourhood Instrument to support the VET decentralisation process, improve VET quality and modernise the VET infrastructure.



## 3. LABOUR MARKET AND EMPLOYMENT

### 3.1 Trends and challenges

Ukraine's labour market faces multiple challenges, including an ageing labour force, low internal labour mobility, high informal employment and different types of skills mismatch, particularly high levels of over-qualification. It is characterised by structural deficiencies, regional disparities and a low activity rate that has been decreasing over recent years. Ukraine has one of the most rapidly ageing populations in Europe. This trend exacerbates employment challenges by reducing the number of people in the labour force. With the recent trend of growing external labour migration, a third of which consists of young Ukrainians under 35, these factors could affect national security in the medium term. This diminishing pool of working-age people puts pressure on economic development and makes it difficult to maintain growth.

The activity rate fell from 64.6% in 2012 to 62.0% in 2017 (69% for males and 55.7% for females). Activity rates for women in Ukraine have traditionally been lower. This is due to the longer overall duration of women's education, the fact that they manage household and childcare burdens, and the insufficient support provided to working mothers. The employment rate is also quite low and has been decreasing: it dropped from 59.7% in 2012 to 56.1% in 2017 (61.4% for males and 51.4% for females). Over the same period, the overall unemployment rate increased from 7.5% to 9.5%, with a greater increase among men (reaching 11.1% in 2017). The total long-term unemployment rate increased from 1.6% in 2012 to 2.5% in 2017.

Although the youth unemployment rate (15–24) decreased from 23% in 2016 to 18.19% in 2017, youth unemployment remains a significant problem. There is also a relatively high proportion of people not in employment, education or training (NEET). The NEET rate has fluctuated over the years. It increased from 17.1% in 2012 to 18.3% in 2016, but decreased to 16.5% in 2017. The NEET rate is higher for young women than for men (19.7% and 13.5% respectively in 2017).

The restructuring of the economy has implications for the distribution of employed people by economic sector. The share of agriculture and industry in total employment has decreased, while employment in the services sector has increased. In 2017, services accounted for the majority of the labour force (60.3%), followed by industry (24.3%) and agriculture (15.4%). In 2017, employment grew in the public administration and defence sectors, while it decreased in the financial and insurance sector, and in the information and communications sector<sup>19</sup>. The self-employment rate was 15.7 %.

Ukraine's labour productivity level (the value added per input) is among the lowest of all transition economies. Low productivity reduces the country's competitiveness, making it difficult to attract investments and develop economic opportunities<sup>20</sup>. Informal employment is also a serious challenge for the Ukrainian economy. According to national data, about 3.7 million people were informally employed in 2017, which is 22% of the total number of employed. Informal employment was concentrated in the agricultural sector, the wholesale and retail trade, and construction (42.1%, 19.6% and 16.1%, respectively), with men more inclined to work informally (59%)<sup>21</sup>. Widespread informal employment contributes to the violation of core worker rights such as job security, timely and

<sup>19</sup> [https://ukrstat.org/en/operativ/menu/menu\\_e/rp.htm](https://ukrstat.org/en/operativ/menu/menu_e/rp.htm)

<sup>20</sup> <https://openknowledge.worldbank.org/handle/10986/25741>

<sup>21</sup> [http://www.ukrstat.gov.ua/operativ/menu/menu\\_e/rp.htm](http://www.ukrstat.gov.ua/operativ/menu/menu_e/rp.htm)

reasonable remuneration, access to social security benefits, and employment based on skills and qualifications.

In Ukraine, there is still a substantial mismatch between skills demand and supply. First, the labour market is facing a sizeable qualification mismatch, with an oversupply of higher education graduates for the number of graduate-level jobs that exist. This forces many to work in roles for which they are highly over-qualified. According to the International Labour Organisation's (ILO) 2015 School-to-Work Transition Survey, 37.2% of young workers were assessed as working in mismatched occupations, with the majority in work for which they were over-educated (31.7%) rather than under-educated (5.5%)<sup>22</sup>.

Second, the structure of youth education by field of study remains unbalanced. There is a growing disparity between the share of young students focusing their studies on social sciences, business and law, and those opting to study natural and technical sciences.

Third, there are shortages in the labour market, as there is a persistent need for skilled workers such as drivers, cooks, and garment industry and construction workers.

Fourth, the mismatch between skills supply and the requirements of modern jobs is widening. According to a World Bank study, 40% of companies in four key sectors (agriculture, food processing, information technology and renewable energy) report a significant gap between the skills their employees have and those they need to achieve their business objectives. They claim that the education system produces too few people with practical skills, the right kind or level of skills, up-to-date knowledge, a good attitude and self-discipline<sup>23</sup>.

## 3.2 Employment policy and institutional setting

The Medium-Term Priority Action Plan of the Government until 2020 defines the government's main objectives and areas of activity for 2017–20<sup>24</sup>. It includes a goal to increase people's living standards and quality of life as a result of sustainable economic growth, as well as promoting productive employment and reforming the labour market. The focus is on gradually increasing the level of employment by encouraging a shift from the informal to the formal sector, as well as creating a system to support the school-to-work transition and a lifelong learning system. It also aims to bring labour legislation in line with European standards, adopting an active employment policy and reforming the public employment service by transforming it into a client-focused provider of a wide range of services. This would include delivering training that meets the needs of the economy, and using innovative technology and approaches.

The Labour Code is currently the main legal act that governs employment relations for all workers in Ukraine. The code is outdated and overly rigid by international standards. Work has been underway on a new Labour Code since 2013, with the aim of reforming the country's entire labour relations system. The drafting process generated some controversial debate among different groups in society. The draft code was thoroughly reviewed by the ILO, which provided its detailed technical comments to the dedicated parliamentary committee in April 2016. In 2017, the draft code was submitted to the

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<sup>22</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_519747.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_519747.pdf)

<sup>23</sup> <https://openknowledge.worldbank.org/bitstream/handle/10986/25741/9781464808906.pdf>

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/625352/ukraine-government-priority-action-plan-to-2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/625352/ukraine-government-priority-action-plan-to-2020.pdf)

parliament for the second reading and included in the legislative agenda in early October 2017. There is therefore a chance that Ukraine may finally have a new, modernised Labour Code in 2018.

The Ministry of Social Policy (MoSP) is one of the main bodies in charge of developing and implementing state labour and social policy, as well as employment and labour migration policy. The MoSP has important responsibilities over adult learning and vocational training policies, as well as policy on vulnerable young people, including young people with disabilities, internally displaced young people and young orphans.

The State Employment Service (SES) is directed and coordinated by the MoSP and plays an important role in promoting employment. In December 2016, a new regulation on the SES was approved, stipulating that service consists of the SES (Central Office), regional ('oblast') employment centres, and local ('rayon' and city) employment centres called 'basic employment centres'. The SES currently has 637 employment centres and 15 490 employees. It also includes the Personnel Training Institute and 11 vocational training centres, as well as other enterprises, agencies, and organisations that it has established.

In 2017, the SES provided services to almost 1.1 million people, including 431 000 young people, 410 000 vulnerable people, 42 000 people with disabilities, 15 000 displaced people and 44 000 veterans of the anti-terrorist operation in eastern Ukraine. By the end of 2017, 354 000 people had officially been registered at the SES as unemployed, which is 9% less than a year ago. The number of employers who collaborated with employment centres increased by 11%, totalling 183 000, and the number of vacancies in the SES database increased by 10% to 1 million<sup>25</sup>.

The SES manages the unified information and analytical system, including a database of job vacancies. All companies in Ukraine are required to register job vacancies with the SES and use the vacancy database during recruitment. Many companies do not, preferring other recruitment methods, including private sector services. In practice, the SES only has access to around 30–35% of labour market vacancies, and these are mainly low-paid jobs.

The local ('basic') employment centres register unemployed people, and provide intermediary and career guidance services. According to the law, individuals registered with the SES as jobseekers have an obligation to search for a job actively and participate in the events that it organises (such as seminars and career days) and to visit the employment centre regularly. The active labour market measures that the SES provides include: promoting the employment of socially protected jobseekers, people with disabilities and internally displaced people; providing financial incentives for the creation of new workplaces; facilitating labour mobility for young people; and supporting self-employment, entrepreneurship and public works.

The process of reorganising employment services was started in 2017 with the aim of simplifying access to services by introducing new ways of working, such as electronic job search services, online interviews with jobseekers, and a new SES hotline. In 2017, using the United Nations Development Programme's methodology, the SES piloted some new approaches at seven employment centres with the aim of improving the integration of women and people from vulnerable groups into the labour market. In 2018, the SES will start profiling registered unemployed people and will introduce a case management approach for vulnerable groups. The new ILO programme funded by Denmark

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<sup>25</sup> European Training Foundation, *Mapping youth transitions to work in Eastern Partnership countries: Country report*, 2018 (forthcoming).

(December 2017 to December 2022) will support further modernisation of SES services, enabling it to offer more effective and inclusive active labour market programmes. There is a strong skills component that aims to reduce skills mismatch by better aligning the skills of new labour market entrants with the demand from the private sector.

The importance of good labour market intelligence in tackling skills mismatch has been recognised at the highest political levels. The SES currently collects, processes, presents and disseminates administrative data on workforce demand and supply in the labour market. It also analyses demand and supply indicators, submits predictions to the MoSP on the development of the labour market, and helps to develop and implement the state's medium-term employment policy, as well as regional employment programmes. To improve labour market intelligence, several normative documents setting out measures to develop a skills anticipation system have been adopted in recent years. In September 2017, the MoSP established a multi-stakeholder working group responsible for skills anticipation and labour market forecasting. The aim is to establish a system that will ensure reliable medium-term labour market projections are developed.

The ILO and MoSP are implementing a joint project – Enhancing the Labour Administration Capacity to Improve Working Conditions and Tackle Undeclared Work (July 2017 to June 2019) – under the framework of the EU-Ukraine Association Agreement. It supports core reforms in employment policy, the labour market, and social development and protection.

## STATISTICAL ANNEX - UKRAINE<sup>26</sup>

Annex includes annual data from 2012, 2016 and 2017 or the last available year

	Indicator	2012	2016	2017	
1	Total Population (000) <sup>(2)</sup>	45453.3	42590.9	42414.9	
2	Relative size of youth population (age group 15-24) (%) <sup>(2)</sup>	17.4	14.6	14.0	
3	Youth Dependency ratio (%)	20.7	22.2	22.8	
4	Old Dependency ratio (%)	22.5	23.6	24.2	
5	Global Competitive Index	Rank	82	85	81
		Score	4.0	4.0	4.11
6	GDP growth rate (%)	0.2	2.3	2.5	
7	GDP per capita (PPP) (current international \$)	8475.5	8269.6	8666.9	
8	GDP by sector (%)	Agriculture added value	9.5 (2011)	13.7	M.D.
		Industry added value	29.1 (2011)	27.1	M.D.
		Services added value	61.4 (2011)	59.2	M.D.
9	Poverty headcount ratio at \$3.2 a day (2011 PPP) (% of population)	0.2	0.5	M.D.	
10	Gini index (%)	24.7	25	M.D.	
11	Educational attainment of adult population (aged 25-64 or 15+) (%) <sup>(2) (4) (5)</sup>	Low	5.4	2.0	2.0
		Medium	45.6	45.5	45.1
		High	49.0	52.5	52.9
12	Gross enrolment rates in secondary education (%)	96.7	96.8 (2014)	M.D.	
13	Share of VET students in secondary education (%)	8.9	8.0	M.D.	
14	Gross enrolment rates in upper secondary education (%)	95.8	93.7 (2014)	M.D.	
15	Share of VET students in upper secondary education (%)	28.2	30.1	M.D.	
16	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.	N.A.	N.A.
		Mathematics	N.A.	N.A.	N.A.
		Science	N.A.	N.A.	N.A.
17	Total	M.D.	0.9	0.8	

<sup>26</sup> Data update on 04/09/2018

	Indicator		2012	2016	2017
	Participation in training/lifelong learning (age group 25-64) by sex (%) <sup>(2)</sup>	Male	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.
18	Early leavers from education and training (age group 18-24) by sex (%)	Total	M.D.	M.D.	M.D.
		Male	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.
19	Activity rates by sex (aged 15+) (%) <sup>(1) (2)</sup>	Total	64.6	62.2	62.0
		Male	71.3	69.1	69.0
		Female	58.6	55.9	55.7
20	Employment rates by sex (aged 15+) (%) <sup>(1) (2)</sup>	Total	59.7	56.3	56.1
		Male	65.2	61.6	61.4
		Female	54.8	51.6	51.4
21	Unemployment rates by sex (aged 15+) (%) <sup>(1) (2)</sup>	Total	7.5	9.3	9.5
		Male	8.5	10.8	11.1
		Female	6.4	7.7	7.7
22	Unemployment rates by educational attainment (aged 15+) (%) <sup>(1) (2)</sup>	Low <sup>(4)</sup>	6.3	8.4	11.9
		Medium	8.4	10.7	10.7
		High	6.9	8.2	8.4
23	Youth unemployment rates by sex (aged 15-24) (%) <sup>(2)</sup>	Total	17.3	23.0	18.9
		Male	18.1	24.0	20.3
		Female	16.1	21.5	17.0
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%) <sup>(1)(2)</sup>		22.1 <sup>(6)</sup>	25.3	26.7
25	Long-term unemployment rate (aged 15+) (%) <sup>(1) (2)</sup>		1.6 <sup>(6)</sup>	2.3	2.5
26	Incidence of self-employment (%) <sup>(1) (2)</sup>		18.8	15.6	15.7
27	Share of the employed in a public sector (%)		M.D.	M.D.	M.D.
28	Employment by sector (%) <sup>(1) (2)</sup>	Agriculture	19.8	15.6	15.4
		Industry	25.7	24.3	24.3
		Services	53.9	60.1	60.3
29	Employment in the informal sector <sup>(1) (2)</sup>		22.9	24.3	22.9
30	Proportion of people aged 15–24 not in employment, education or training (NEETs), by sex (%) <sup>(2)(3)</sup>	Total	17.1 <sup>(6)</sup>	18.3	16.5
		Male	14.2 <sup>(6)</sup>	15.4	13.5

	Indicator	2012	2016	2017
	Female	20.0 <sup>(6)</sup>	21.3	19.7
31	Public expenditure on education (as % of GDP)	6.7	5.9 (2014)	M.D.
32	Public expenditure on education (as % of total public expenditure)	13.7	13.1 (2014)	M.D.
33	Skill gaps (%)	7.5 (2013)	N.A.	N.A.
34	The share of SMEs in GDP (value added at factor costs, %) <sup>(2) (7)</sup>	M.D.	62.3	M.D.
35	The share of SMEs in employment (%) <i>(excluding bank and budgetary institutions)</i> <sup>(2) (7)</sup>	75.0	80.4	M.D.

**Sources:**

3, 4, 6, 7, 8, 9, 10 - The World Bank, World Development Indicators database

5 - World Economic Forum

1, 2, 11, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 34, 35 - State Statistics Service of Ukraine

33 - OECD Statistical database

12, 13, 14, 15, 31, 32 - UNESCO, Institute for Statistics

**Legend:**

N.A. = Not Applicable

M.D. = Missing Data

**Note:**

<sup>(1)</sup> Age range 15-70

<sup>(2)</sup> Data without the population of Autonomous Republic of Crimea, Sevastopol and part of the conflict zone (2016-2017).

<sup>(3)</sup> Data refer to the share of people aged 15-24 not in employment and education.

<sup>(4)</sup> Low = General basic or less; Medium = General secondary, professional-technical; High = Incomplete tertiary, tertiary.

<sup>(5)</sup> Data refer to the active population aged 15-70.

<sup>(6)</sup> Data without the population of Autonomous Republic of Crimea, Sevastopol

<sup>(7)</sup> Data related to SMEs include enterprises with up to 250 employees as well as individual entrepreneurs.

# ANNEX: INDICATORS' DEFINITIONS

	Description	Definition
1	Total population (000)	The total population is estimated as the number of persons having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, legal or registered residents can be considered.
2	Relative size of youth population (age group 15-24) (%)	The ratio of the youth population (aged 15–24) to the working-age population (usually aged 15–64 or 15–74).
3	Youth Dependency ratio (%)	The ratio of younger dependents (people younger than 15) to the working-age population (those in the 15–64 age group).
4	Old Dependency ratio (%)	The ratio of older dependents (people older than 64) to the working-age population (those in the 15–64 age group).
5	Global Competitiveness Index	The Global Competitiveness Index assesses the competitiveness landscape providing inside into the drivers of countries' productivity and prosperity. It expressed as scores on a 1 to 7 scale, with 7 being the most desirable outcome.
6	GDP growth rate (%)	The annual percentage growth rate of GDP at market prices based on constant local currency.
7	GDP per capita (PPP) (current international \$)	The market value of all final goods and services produced within a country in a given period of time (GDP), divided by the total population, and converted to international dollars using purchasing power parity (PPP) rates.
8	GDP by sector (%)	The share of value added from Agriculture, Industry and Services.
9	Poverty headcount ratio at \$3.2 a day (PPP) (%)	The percentage of the population living on less than \$3.2 a day at 2011 international prices.
10	Gini index (%)	Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.
11	Educational attainment of adult population (25-64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group.
12	Gross enrolment rates in secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
13	Share of VET students in secondary (%)	The proportion of VET students in secondary education out of the total number of pupils and students in secondary education (general + VET)
14	Gross enrolment rates in upper secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
15	Share of VET students in upper secondary education (%)	The proportion of VET students in upper secondary education out of the total number of pupils and students in upper secondary education (general education + VET)



	Description	Definition
16	Low achievement in reading, math and science – PISA (%)	The share of 15-years-olds falling to reach level 2 in reading, mathematics and science.
17	Participation in training/lifelong learning (age group 25-64) by sex (%)	The share of persons aged 25–64 who stated that they received education or training in the four weeks preceding the (LFS) survey.
18	Early leavers from education and training (age group 18-24) by sex (%)	The percentage of the population aged 18–24 with at most lower secondary education who were not in further education or training during the four weeks preceding the (LFS) survey. Lower secondary education refers to ISCED 1997 level 0–3C short for data up to 2013 and to ISCED 2011 level 0–2 for data from 2014 onwards.
19	Activity rates by sex (aged 15+) (%)	Activity rates represent the labour force as a percentage of the population of working age.
20	Employment rates by sex (aged 15+) (%)	Employment rate represents persons in employment as a percentage of the population of working age.
21	Unemployment rates by sex (aged 15+) (%)	Unemployment rate represents unemployed persons as a percentage of the labour force.
22	Unemployment rates by educational attainment (aged 15+) (%)	Educational levels refer to the highest educational level successfully completed. Three levels are consider: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
23	Youth unemployment rates by sex (aged 15-24) (%)	Youth unemployment rate represents young unemployed persons aged (15-24) as a percentage of the labour force (15-24).
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of unemployed persons aged 15+.
25	Long-term unemployment rate (age 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of the labour force aged 15+.
26	Incidence of self-employment (%)	The share of self-employed as a proportion of total employment. Self-employment includes employers, own-account workers, members of producers' cooperatives and contributing family workers.
27	Share of the employed in a public sector (%)	The share of employed in a public sector as a proportion of total employment.
28	Employment by sector (%)	The share of employed in Agriculture, Industry and Services.
29	Employment in the informal sector	Share of persons employed in the informal sector in total non-agricultural employment.
30	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The percentage of the population of a given age group and sex who is not employed and not involved in further education or training.
31	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit

	Description	Definition
		organisations. Both types of transactions together are reported as total public expenditure on education.
32	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations. Both types of transactions together are reported as total public expenditure on education.
33	Skill gaps (%)	The percentage of firms identifying an inadequately educated workforce as a major constraint.
34	The contribution of SMEs to GDP (%)	The share of value added from small and medium businesses (SMEs).
35	The share of SMEs in employment (%)	The share of persons employed in small and medium businesses.



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