European Training Foundation

NEW FORMS OF EMPLOYMENT IN THE EASTERN PARTNERSHIP COUNTRIES: PLATFORM WORK – UKRAINE

Country profile

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SETTING THE SCENE

The development of platform work in Ukraine is embedded in the following socio-economic context.

Labour market and employment. Despite several significant economic reforms introduced in recent years[1], the labour market situation in Ukraine remains challenging[2]. The labour force participation rate[3] was 63.4% for the population aged 15–70 in 2019, with a comparatively lower rate (57.5%) for women. Self-employment as part of total employment remains rather low, standing at 16.3% in 2019. Compared to other countries in the region (except Belarus), the percentage of people engaged in vulnerable employment is rather low, standing at 15% in 2019[4]. However, other sources indicate that informal employment among young people is widespread in the country, reaching 58%, and even higher for those aged 15–19 and those living in rural areas[5].

The unemployment rate in Ukraine was 8.2% among those aged 15–70 in 2019. Female unemployment was slightly lower than the average, standing at 7.9%[6]. At the same time, there is a high proportion of young NEETs (Not in Education, Employment or Training) (15.6% in 2019) ,11.5% of young males, compared to 19.9% of young females,[7]. Seeking a job is marked by a degree of informality as using personal connections remains the most popular way to find employment with about 70% of young people finding jobs this way. Nevertheless, 30% use the internet to find jobs[8]. The government helps individuals, registered as unemployed in State Employment Centres, to upgrade their skills in many different occupations, including IT, copywriting, etc[9].

The majority of employed persons (61.2%) work in the services sector. The industry sector employs 25.1%, while only 13.7% work in agriculture[10]. The IT sector has been widely acknowledged as booming. The number of IT specialists increased by almost 150% between 2011 and 2016 and the sector shows 26% annual growth, making it the fastest growing sector in the country[11].

The rates of economic emigration from Ukraine remain high. A recent report indicated that more than 700 000 migrant workers from Ukraine arrived in the EU in 2018 alone, making Ukrainians the largest group of temporary migrants in the EU[12].

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[1] The World Bank (2019). Ukraine. Overview. Retrieved from: https://www.worldbank.org/en/country/ukraine/overview
[2] Czapliński, P., & Dzhaman, V. (2019). Problems of the Ukrainian labor market. *Journal of Geography, Politics and Society*, *9*(4), pp. 24–34.
[3] The labour force participation rate is a measure of the proportion of a country's working-age population that engages actively in the labour market, either by working or looking for work; it provides an indication of the size of the supply of labour available to engage in the production of goods and services, relative to the population at working age (ILO).
[4] ETF (2020). Key Indicators on Education, Skills and Employment 2020.
[5] Sichkar, O., & Ermsone, D. (2019). Youth Transition to Work in Ukraine. European Training Foundation. p. 20.
[6] ETF (2020). Key Indicators on Education, Skills and Employment 2020.
[7] ETF (2020). Key Indicators on Education, Skills and Employment 2020.
[8] Sichkar, O., & Ermsone, D. (2019). Youth Transition to Work in Ukraine. European Training Foundation. p. 19.
[9] Available at: https://skills.dcz.gov.ua/course-cat/dlya-naselennya/
[10] ETF (2020). Key Indicators on Education, Skills and Employment 2020.
[11] Rimsky, Y., & Sasic, F. (2020). Ukraine's booming IT sector can drive positive change. Retrieved from: https://www.atlanticcouncil.org/blogs/ukrainealert/ukraines-booming-it-sector-can-drive-positive-change/#:~:text=Ukraine's%20IT%20professionals%20typically%20earn,%2C%20retail%2C%20and%20leisure%20industries
[12] Vakhitova, H., & Fihel, A. (2020). International Migration from Ukraine: Will Trends Increase or Go into Reverse?. Central Eastern European Migration Review, 125–141.Retrieved from: http://ceemr.uw.edu.pl/sites/default/files/Vakhitova_Fihel.pdf

Education and skills supply. In 2018, 95.5% of the Ukrainian population aged 20–24 had completed at least upper secondary education[13]. Ukraine has one of the highest enrolment rates for higher education in the world. A total of 70% of secondary school graduates go to university and 82% of unemployed people in Ukraine have completed higher education (45%) or vocational training (37%).

The prestige that a university degree carries is the main motive for enrolment rather than the quality of university education[14]. Vocational education and training (VET), on the other hand, suffers from low and declining enrolment, mainly because it is associated with a low social status. In 2019, 28.6% of upper secondary school students were enrolled in VET, which is lower than in the other Eastern Partnership (EaP) countries (except Georgia)[15]. The government of Ukraine has recently introduced various measures to modernise the VET system, to enhance its quality and redesign its content[16].

Despite high educational achievements, 37% of young people were reported as working in a position that did not match their qualifications and 32% were overeducated for their jobs[17]. The main reason for failing to find a good quality job, even after graduation, is the lack of opportunities for employment due to a large deficit of high-skilled jobs. The reason why employers are willing to hire overeducated people is because of the mismatch between the labour supply and the skills in demand. Firms report that the education system fails to produce enough people with practical skills and especially workers such as drivers, cooks, garment industry workers and construction workers. In addition, university graduates are overconcentrated in the fields of business, administration, law, and education, signalling the need to diversify the supply of skills[18]. As a result, large companies invest in on-the-job training, and some pay for the formal education of future staff.

Connectivity and digital skills. Despite the boom in the IT sector, Ukraine scores the lowest of the EaP countries on the Digital Readiness Index (77th out of 141). While it has a strong human capital to support digitalisation, it has the lowest scores among the EaP countries regarding technology infrastructure and technology adoption[19]. Furthermore, only 62.5% of Ukrainians accessed the internet in 2018, which is much lower than in Belarus, Armenia, and Azerbaijan[20]. In 2018, 25.3% of tertiary education graduates completed STEM programmes[21].

In recent years, Ukraine adopted various plans and strategies to support the digitalisation of its government services and overall economy. The 2018–2020 Concept for the Development of the Digital Economy and Society, for example, included detailed actions in the field of infrastructure and cashless payments, and includes the development of digital competences and digitalisation in education[22]. The National Development Strategy 2030 (being drafted) will build on past progress regarding the digital economy, online education, and increasing the digital skills of Ukrainians.

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[13] Eurostat (2019). European Neighbourhood Policy - East - education statistics. Retrieved from: https://ec.europa.eu/eurostat/statistics-explained/index.php/European_Neighbourhood_Policy_-_East_-_education_statistics#Educational_attainment_among_those_aged_20–24_years
[14] Sichkar, O., & Ermsone, D. (2019). Youth Transition to Work in Ukraine. European Training Foundation. p. 10.
[15] ETF (2020) Key Indicators on Education, Skills and Employment 2020.
[16] ETF (2021, forthcoming). Ukraine. Education, training and employment developments 2020. *ETF, Torino.*
[17] Sichkar, O., & Ermsone, D. (2019). Youth Transition to Work in Ukraine. European Training Foundation. pp. 20–21.
[18] Sichkar, O., & Ermsone, D. (2019). Youth Transition to Work in Ukraine. European Training Foundation. p. 11.
[19] Cisco (2019). Cisco Digital Readiness Index 2019 - Ukraine. Retrieved from: https://www.cisco.com/c/m/en_us/about/corporate-social-responsibility/research-resources/digital-readiness-index.html#/country/UKR
[20] ITU (2020). Percentage of Individuals using the Internet. Excel data set retrieved from: https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx
[21]. ETF (2020). Key Indicators on Education, Skills and Employment 2020.
[22] 2018–2020 Concept for the Development of the Digital Economy and Society.

More recently, to stimulate the development of the IT sector, the Ministry of Digital Transformation has initiated the creation of Diia.City[23], which is a virtual city for IT companies to operate in Ukraine. The special draft Law on the creation of Diia.City and the special tax treatment has been submitted to the parliament and expecting its approval. The Ministry expects the City to increase the number of IT specialists that are officially employed by companies registered in the City, which is expected to reduce the number of individual IT freelancers.

In terms of digital skills, the Ministry of Digital Transformation has already introduced various measures, including online lectures in digital education, seminars, webinars in the area as well as (recently) the possibility for the unemployed to receive IT training in large IT companies. Steps have been taken also to bridge the digital divide with the allocation of around UA 500 million (around EUR 14.75 million) to ensure internet access of the Ukrainian population as a whole.

THE PREVALENCE OF PLATFORM WORK[24]

Unlike other EaP countries, the prevalence of platform work in Ukraine has been well recognised in various sources that consider Ukraine to be among the main exporters of platform labour in Europe and globally[25]. The incidence of platform work has been on the rise in recent years both for web-based and on-location work. This is related to changes in the political and economic situation in Ukraine after 2014, a higher demand for services in both on-location and web-based segments, and the development of a larger number of online labour platforms. Currently, there is a wide range of online platforms available in Ukraine, which attract a large variety of clients and workers. Ukrainians have access to more than 40 different remote work platforms, making them part of the global labour market. They also have access to a variety of on-location work platforms in many Ukrainian cities, which provide jobs opportunities locally.

On-location work has spread in recent years due to a higher demand for all types of services: taxis, cleaning, maintenance, delivery services, and similar. This has caused the widespread development of local on-location labour platforms. However, while in other EaP countries labour platform start-ups are only emerging, the digital platform market in Ukraine for the services mentioned seems to be already more consolidated, and includes a number of nationally established actors.

Meanwhile, the popularity of highly skilled remote platform work has become part of a larger trend of outsourcing Ukrainian professionals (both as individual freelancers and companies) to European and US clients[26], who appreciate the skills pool, convenience and lower costs of the Ukrainian workforce[27]. In this context, the country has established itself as Europe's leading ICT outsourcing powerhouse[28]. According to different estimates and sources there are about 200 000–500 000 Ukrainian

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[23] See more: https://city.diia.gov.ua/en/

[24] For more detailed information on the methodology used for this country profile, please, consult 'ETF (2021, forthcoming), New Forms of Employment in the Eastern Partnership Countries: Platform Work', ETF, Turin.

[25] Aleksynska, M., Shevchuk, A., Strebkov, D. (2021 (forthcoming)). The geographic and linguistic variety of online labour markets: The cases of Russia and Ukraine. In: Modern Guide to Labour and the Platform Economy. (Eds): Drahokoupil, J., Vandaele, K. ETUI: Brussels. Edward Elgar Publishing.

[26] Lohvynenko, D. (2018). Outsourcing in Ukraine: overview, options, reasons and challenges: Finnish presence in Ukrainian outsourcing market. Retrieved from: https://core.ac.uk/download/pdf/161432465.pdf

[27] Mindy Support (2020). 3 Reasons Why So Many Businesses Are Outsourcing to Ukraine: Mindy Support Outsourcing. Retrieved from: https://mindy-support.com/news-post/3-reasons-many-businesses-outsourcing-ukraine/

[28] Bila, A. (2016). Ukraine Has Become Europe's #1 IT Outsourcing and Software Development Powerhouse. UaPost, Retrieved from: https://uapost.us/en/blog/ukraine-has-become-europe-s-1-it-outsourcing-and-software-development-powerhouse/

freelancers[29], and this number is likely to be growing. For example, the number of transactions of freelancers (including web-based work) through Payoneer – a cross-border payments platform – increased by 50% between 2017 and 2019[30] (however, this evolved from a very low base and in the context of no PayPal operations in Ukraine).

The available surveys data indicate several factors as to why Ukrainian workers find platform work attractive, from the difficulties in finding regular employment, to a preference for working from home, or just enjoyment, and having an additional income is a main factor.

The policy responses to platform work in Ukraine have so far been limited to reducing the administrative burden for freelance workers, and the taxation of platforms and workers (see more information in the last section of this Country Profile).

TYPES OF ONLINE AND PLATFORM WORK

Both on-location and web-based platform work is becoming increasingly popular among Ukrainian workers.

The most popular web-based platforms among Ukrainian freelancers are Upwork and Fiverr. Both of these are in English and they account for the employment of 71% of Ukrainian freelancers, according to the Payoneer survey[31]. The most popular online platforms in Russian among Ukrainian freelancers are Weblancer.net and FreelanceHunt.com. All of these platforms intermediate between workers and clients for a wide variety of projects and work assignments, from high-complexity software development and creative work, to administrative and microtasks that only require basic digital skills to be able to work online.

Overall, further analysis shows that Ukrainian web-based platform workers use a large number of platforms for online freelancing (see Table 1).

[29] Kushner, M. (2020). 15 Лет Freelancehunt. Как Развивался Украинский Рынок Фриланса. Vector. Retrieved from: https://vctr.media/15-let-freelancehunt-49463/ and ILO (2018).
[30] Blitshtein, A. (2019). Ukraine Among the Fastest Growing Outsourcing Locations – Here's Why…. Payoneer Blog. Retrieved from: https://blog.payoneer.com/outsourcing/ukraine-outsourcing-locations/
[31] Payoneer (2020). Звіт Про Доходи Фрілансерів 2020. Retrieved from: https://explore.payoneer.com/ua/2020-freelancer-income-report/

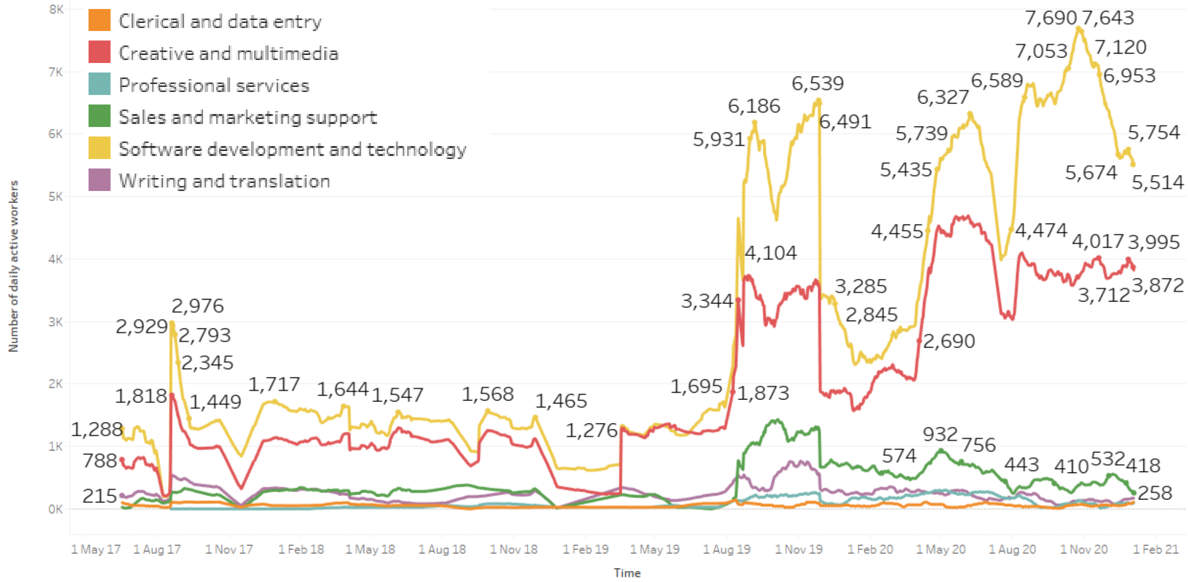
TABLE 1. PLATFORMS USED BY UKRAINIAN PLATFORM WORKERS FOR REMOTE SERVICES

'Universal' platforms for tasks in a variety of areas, including IT, translation, designing, business consulting, advertisement, etc.		
Upwork **proffstore.com** **freelancer** **peopleperhour** **freelancehunt** **Toptal** **fiverr**	getacoder aog.jobs utest ibetatest CrowdsourcedTesting dribbble	2Polyglot writerbay wizardwriters proz guru remoteok
Stocks, where people can earn money in design work, websites, etc.		
depositphoto **shutterstock** **dreamstime** **canstockphoto** **iClipart** **istock** **123rf** **fotolia** **alamy**	Photospin bigstock colourbox pixtastock 99designs 500px Vectorstock mojomarketplace creativemarket	themeforest codecanyon videohive audiojungle graphicriver photodune 3docean activeden
MOOCs platforms to make and sell training courses		
Videohive **Audiojungle** **Totsplus** **Udemy**		

According to Online Labour Index (OLI) data on the four English language web-based freelancing platforms, software development and technology services is the most provided service by Ukrainian workers, followed by creative work as the second most numerous platform work occupation (see t Figure 1 below)[32].

[32] Kässi, O.; Hadley, C.; Lehdonvirta, V. (2019). Online Labour Index: Measuring the Online Gig Economy for Policy and Research. figshare. Dataset. Retrieved from: https://doi.org/10.6084/m9.figshare.3761562

FIGURE 1. ONLINE LABOUR INDEX DATASET: NUMBER OF DAILY ACTIVE UKRAINIAN PLATFORM WORKERS ON THE FOUR MAIN INTERNATIONAL FREELANCE MARKETPLACES IN TIME



Source: Online Labour Index, iLabour dataset.[33]

Other available data from a number of surveys provide similar insights, although the predominant occupations tend to vary by platform and generally the evidence is fragmented:

- According to a survey by the International Labour Organization (ILO), the most popular field of online work for Ukrainian freelancers is related to texts, primarily copywriting (23%) and IT (12%)[34]. Although micro-tasking is also done by Ukrainian workers on platforms such as Amazon Mechanical Turk or CrowdFrower, this type of work is significantly less prevalent.
- According to a Payoneer survey, 79% of surveyed freelancers reported that they work in web and graphic design, programming/IT, multimedia, marketing, and copywriting[35].
- Meanwhile, according to FreelanceHunt, 32% of freelancers on this specific platform are designers, even though they receive 12% of the value of all orders at the platform, whereas IT specialists receive about 50% of all orders.
- A survey was conducted by AIN.UA (137 respondents). According to the results, 36% of Ukrainian platform workers were IT specialists (primarily, in programming), 22.8% designers, and 15.4% were marketing specialists[36]. Freelancing was the main source of income for 74.5% of respondents.

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[33] http://ilabour.oii.ox.ac.uk/online-labour-index/

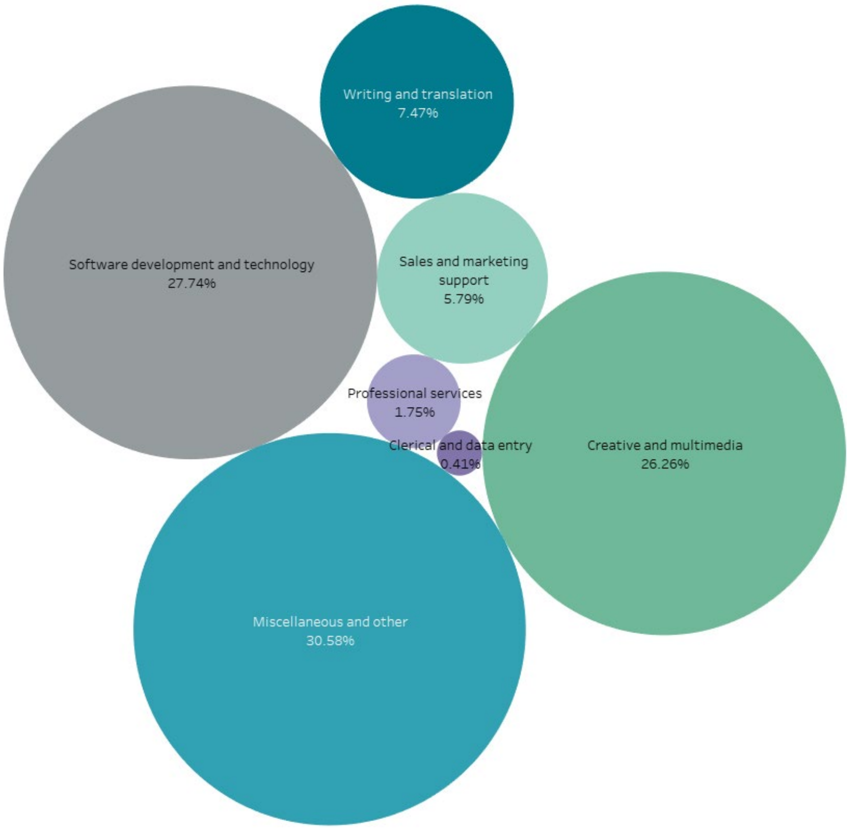
[34] Aleksynska, M., Bastrakova, A., and Kharchenko, N. (2018). Work through Online Platforms in Ukraine: Key Issues and Policy Perspectives. ILO: Geneva.

[35] Payoneer (2020). Звіт Про Доходи Фрілансерів 2020. Retrieved from: https://explore.payoneer.com/ua/2020-freelancer-income-report/

[36] Gritcyk, T. (2020). Как Пандемия Отразилась На Фрилансерах - Опрос AIN.UA. AIN.UA. Retrieved from: https://ain.ua/2020/06/01/kak-pandemiya-otrazilas-na-frilanserax-opros-ain-ua/

Finally, data from Weblancer, Freelancer and Guru.com show similar trends: software development and creative work are the most popular occupations for Ukrainian remote platform workers (see Figure 2 below).

FIGURE 2. SERVICES OFFERED BY THE ACTIVE FREELANCERS FROM UKRAINE ON WEBLANCER, FREELANCER AND GURU.COM



Interestingly, in the context of the global oversupply of remote platform labour, it seems that Ukrainian freelancers are relatively more successful on these platforms than platform workers from other countries. To illustrate this, a 2018 international study of Upwork workers showed that out of the 55 604 registered Ukrainian workers, only 8 506 had ever earned at least USD 1 on the platform. This indicates a labour oversupply percentage of almost 85%. However, this figure was the lowest among the 14 countries reviewed from various regions globally, where the labour oversupply[37] average was 93.2%.

As in Belarus, the interviews also revealed that particularly successful remote platform workers, who manage to secure many assignments, may informally recruit other IT specialists to do the work and start operating as an agency.

The impact of the COVID-19 pandemic on the demand for freelancing services through **online web-based platforms** varied considerably between the different platforms, clients, and types of platform workers. However, the negative effects were negligible, especially in the long term.

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[37] Graham, M., & Anwar, M. (2019). The global gig economy: Towards a planetary labour market?. First Monday, 24(4).

- According to the Payoneer survey, 50% of Ukrainian freelancers reported that the demand from European countries did not decrease, while 56% said that the demand from North America either increased or remained unchanged[38]. This is likely to be explained by the fact that 60% of Ukrainian freelancers are IT and software specialists and the demand for such services increased as a result of the pandemic.
- The online survey of the AIN.UA showed somewhat different results: 48.2% claimed that there was less work during the lockdown and 20.4% reported a reduced pay[39]. The minimum impact was on programmers, 12% of whom reported increased workloads.
- According to the FreelanceHunt interviews, the number of orders on the platform declined only in March, while in April the number of orders returned to the average, and then increased in May.

There are also many **on-location platforms active in Ukraine,** which link clients to service providers (see Table 2). They have significant similarities and differences.

TABLE 2. PLATFORMS USED BY UKRAINIAN PLATFORM WORKERS FOR ON-LOCATION SERVICES

Various on-location services and at-home	Kabanchik, Poslugy UA
Delivery	Glovo, Raketa, Menu.ua
Taxi/ride-hailing	Uber, Bolt, Uklon

'Kabanchik', one of the most popular labour platforms in Ukraine, was launched in 2012 as an online platform for finding specialists to solve household and business problems. The list of services provided via Kabanchik is long and includes construction, maintenance, cleaning, translation, etc. Typically, these are on-location services and represent a small percentage of web-based services. Workers pay the platform a fixed commission fee, which varies depending on the type of services. About 94% of payments are made by customers in cash (i.e. not via the platform), and, thus, providers must have sufficient money deposited on the platform for the commission fee, in order to take an order.

Meanwhile, the platforms, Raketa (Ukrainian) and Glovo (Spanish), dominate the food delivery market since their arrival in 2018. The companies have similar approaches to work but have different remuneration systems. Potential couriers fill in the application form and then attend an information session. There is no further training for couriers. The companies provide them with backpacks (for a deposit). Couriers can work using their own bikes, scooters, or cars, although having a means of transport is not a precondition for starting to work in food delivery. The exact remuneration is not specified in the service contract signed by the companies with couriers and drivers, but it is defined by the type of transport and distance for each service order. Generally their work schedules are flexible and set by the worker, although there are cases when work in Raketa and Glovo might be a *de facto* full-time job with breaks and lunch times being strictly defined by the company.

Finally, ride-hailing apps, such as Uber, Bolt (international) and Uklon (Ukrainian), compete actively both for workers and drivers in Ukraine. Like other apps for on-location work, they can be characterised by close control over the workers and work processes. For instance, the rules for declining an online order for a delivery or taxi on taxi platforms are strictly defined. Typically, a worker

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[38] Payoneer (2020). Freelancing in 2020: An Abundance of Opportunities. Retrieved from: https://explore.payoneer.com/en/report/2020-gig-economy-index/
[39] Gritcyk, T. (2020). Как Пандемия Отразилась На Фрилансерах - Опрос AIN.UA. AIN.UA. Retrieved from: https://ain.ua/2020/06/01/kak-pandemiya-otrazilas-na-frilanserax-opros-ain-ua/

has only a few minutes to do this and if this option is over-used the bonuses are reduced (even to zero).

Concerning on-location services, the COVID-19 pandemic and the lockdown introduced by the government resulted in reduced demand for online ride-hailing services (Uber, Uklon and Bolt)[40]. Many businesses were closed, and some shifted employees to remote work. Some demand was created through the drastic restrictions on public transportation, and therefore some employees were moved to taxi transportation. In order to maintain their business, some of these companies also started to offer delivery services[41]. Nevertheless, some drivers did leave the companies as the demand and remuneration declined. In the summer, the demand for these services partially recovered and for some time there was actually a shortage of drivers[42]. Then the number of drivers increased again due to a somewhat higher demand.

The Ukrainian platform Kabanchik[43] (intermediary in the provision of a variety of on-location services) faced a short-term decline in demand for all types of services during the lockdown (probably due to the fear of getting sick, poor financial results and greater uncertainty) and, as a result, introduced delivery services. However, later in the summer, demand recovered, particularly for cleaning and maintenance services[44].

At the same time, COVID-19 stimulated a higher demand for the services of delivery companies, and introduced competition between them. For example, UberEats left the Ukrainian market in early June 2020 because of competition from the Raketa and Glovo platforms, as the former agreed on prior delivery from KFC and the latter from McDonalds. This allowed Raketa to introduce a delivery fee for customers. The higher demand for delivery services also allowed Glovo to achieve positive financial results[45].

WORKER PROFILES

The only publicly available comprehensive research study on online platform workers was published by the ILO in 2018, it is based on a survey of online (web-based) workers conducted in 2017[46]. We further review its findings in comparison to data gathered on Ukrainian platform workers from other sources.

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[40] Chornovalov, E. (2020). Служби Таксі Розгубили Водіїв. Чому Перший День Виходу з Карантину Почався з Транспортного Колапсу. The Page. Retrieved from: https://thepage.ua/ua/exclusive/uber-uklon-i-bolt-poyasnili-visoki-cini-na-taksi

[41] LIGA.news (2020). Ціни Не Зростають, Замовлення Впали Втричі. Як Карантин Вплинув На Роботу Таксі. Retrieved from: https://ua-news.liga.net/economics/articles/tsini-ne-zrostayut-zamovlennya-vpali-vtrichi-yak-karantin-vplinuv-na-robotu-taksi; Kabachinsky I. (2020). У Києві ми популярніші за Uber і Uklon»: Тарас Потічний, Bolt. AIN.UA. Retrieved from: https://ain.ua/2020/06/16/bolt-potichnij-podkast/

[42] Kabachinsky I. (2020). У Києві ми популярніші за Uber і Uklon»: Тарас Потічний, Bolt. AIN.UA. Retrieved from: https://ain.ua/2020/06/16/bolt-potichnij-podkast/

[43] Platform's website: https://kabanchik.ua/

[44] Belinskaya Y. (2020). 'Ритейл просядет и онлайн его не спасет', – Николай Палиенко, EVO, для zoom-интервью. ['Retail will shrink and online won't save it', - Nikolay Palienko, EVO, for zoom interview]. Retrieved from: https://retailers.ua/news/podkasty/10448--riteyl-prosyadet-i-onlayn-ego-ne-spaset--nikolay-palienko-evo-dlya-zoom-intervyu

[45] Gritcyk, T. (2020). Мы Пришли в Украину Надолго' - Сервис Glovo Вышел На Безубыточность. AIN.UA. Retrieved from: https://ain.ua/2020/10/26/my-prishli-v-ukrainu-nadolgo-servis-glovo-vyshel-na-bezubytochnost/

[46] Aleksynska, M., Bastrakova, A., and Kharchenko, N. (2018). Work through Online Platforms in Ukraine: Key Issues and Policy Perspectives. ILO: Geneva.

To begin with, according to the 2018 ILO report, the average age of platform workers was around 33 (with two thirds of platform workers being under 36). Similarly, we found that the average age of Ukrainian freelancers registered on Weblancer is around 33, which confirms the general trend that Ukrainian web-based platform workers are generally young.

Broadly speaking, the gender distribution between men and women was almost equal in the ILO survey. There are starker differences, however, when age cohorts are considered. The under-26 cohort is predominantly female, whereas the over-41 cohort is predominantly male[47]. However, this finding is challenged by other surveys. For example, according to one of the recent Payoneer surveys[48], only around 30% of freelancers in Ukraine are women. An even larger gender gap can be found among on-location workers. For example, according to the Bolt representative, it is 'safe to assume that 99% of drivers are men'.

Concerning skills and education levels, 55% of online workers in the ILO survey had a specialist or a master's degree, and 2% have doctorate degrees, the vast majority have at least a basic undergraduate education. Generally, however, online workers are responsible for any skills development needed to provide the specific services that they offer. Platforms do not ask for any proof of education. Client reviews are the main indicator used to evaluate worker skills and to decide whether to further work with that worker. Therefore, online workers are largely dependent on the honesty of clients as platforms often protect the rights of clients more than those of online workers.

A key skill which restricts some Ukrainian freelancers to local online platforms and not start working for foreign clients on English-speaking platforms, is the lack of English. It is essential to have proficient English as international online platforms have high levels of competition for work. To illustrate this, around one third of online workers reported in the ILO survey that they work only on Ukrainian platforms. Similarly, according to a survey by AIN.UA, Ukrainian freelancers work primarily on the Ukrainian market (36.5%), followed by the USA market (31.4%) and European market (17.5%)[49].

There are no comparable demographic data available on on-location platform workers.

Overall, platform work is an **additional source** of income for most remote and on-location workers in Ukraine. However, in some cases it has developed into full-time jobs for both types of workers, making platform work a main source of income. For example, in the case of online taxi platforms, some people register as drivers just to earn additional money on their way to and from work. However, according to the ILO survey, 25% of web-based workers define their work on the online platform as their main source of income. Furthermore, according to that survey, freelancers work 30 hours per week on average. However, about 20% of workers work longer hours (more than 48) and about one-third of freelancers work during the night[50].

[47] Aleksynska, M., Bastrakova, A., and Kharchenko, N. (2018). Work through Online Platforms in Ukraine: Key Issues and Policy Perspectives. ILO: Geneva. Please note that the ILO also ran another round of surveys in 2019, but the results had not been published by the time of this analysis.
[48] Payoneer (2020). Звіт Про Доходи Фрілансерів 2020. Retrieved from: https://explore.payoneer.com/ua/2020-freelancer-income-report/
[49] Gritcyk, T. (2020). Как Пандемия Отразилась На Фрилансерах - Опрос AIN.UA. AIN.UA. Retrieved from: https://ain.ua/2020/06/01/kak-pandemiya-otrazilas-na-frilanserax-opros-ain-ua/
[50] Aleksynska, M., Bastrakova, A., and Kharchenko, N. (2018). Work through Online Platforms in Ukraine: Key Issues and Policy Perspectives. ILO: Geneva.

In the case of **on-location** services provided via online platforms, the pay is similar to or higher than the country's average wages (around USD 425[51]). For example, according to several interviews and the available information, the average remuneration for delivery service providers depends on the type of courier is from UAH 10 000–13 000 (USD 355–461) for a courier without own transportation to over UAH 20 000 (USD 710) for a courier with their own car. According to Kabanchik, the average fee for a service provided increased from UAH 637 (USD 23) in 2018 to UAH 758 (USD 27) in 2020.

The earnings from platform work are considerably higher for remote platform workers. Ukrainians use international web-based platforms for online work very actively, especially in the IT sector, to receive access to larger orders with higher fees. However, the payment rates vary substantially depending on the type of work conducted, the experience and portfolio of the freelancer, and the platform used[52]:

- According to Payoneer, Ukrainian freelancer earnings vary from USD 650 to USD 2 100 per month (with Ukrainian women earning on average 74% of the male hourly wage on online labour platforms)[53].
- The earnings on the largest Ukraine-based online platform (FreelanceHunt) vary substantially depending on the work done: 50% of freelancers earn USD 400–600, while more than one-third of freelancers earn more than USD 1 000 per month on the platform[54]. In 2019, freelancer earnings increased by 17%.
- According to the AIN.UA online survey (137 respondents)[55], 21.2% of the respondents earn under USD 10/hour (system administrators and copywriting), 17% earn USD 10–20 (typically paid by Ukrainian clients), 20.4% earn USD 20–30, and 24.1% earn more than USD 30 per hour.

The ILO survey also revealed a substantial gender gap in payments that is considerably higher than in the Ukrainian offline economy: men earned 2.2 times more than women on digital labour platforms. The authors of this report managed to largely explain this gap by the finding that the different tasks are also performed for different markets (some mainly for the local market, others for international markets), so occupational gender segregation is strengthened by segregation by the market served, resulting in a wage gap[56].

Finally, in the ILO survey, 80% of the respondents received project-based pay, 12% received hourly pay, and 8% received another type of pay including salary-like transfers. The payments on online platforms are made typically through various instruments and platforms, depending on the online platform. In particular, the Payoneer service allows several options: workers can receive a Payoneer card and use it like a regular banking card while paying in Ukraine or can have money transferred to their account in a Ukrainian bank.

Although the largest concentration of both on-location and web-based platform workers can be found in the **country's capital**, the phenomenon of platform work is not limited to this. The tendency of

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[52] A survey of freelancers is required specifically for Ukraine tin order to obtain more information on their remuneration, type of work conducted, etc.
[53] Payoneer (2020). Звіт Про Доходи Фрілансерів 2020. Retrieved from: https://explore.payoneer.com/ua/2020-freelancer-income-report/
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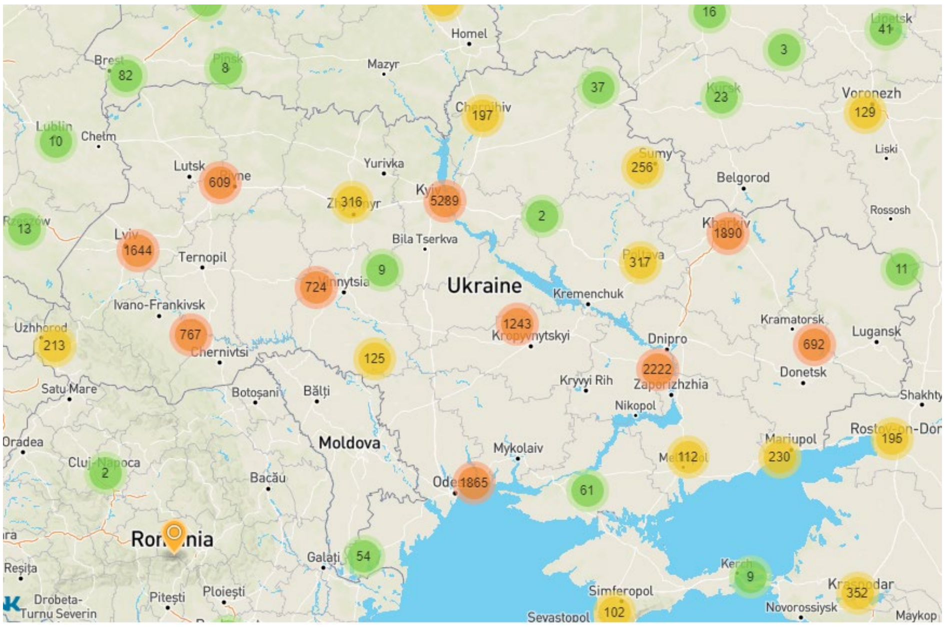
[55] Gritcyk, T. (2020). Как Пандемия Отразилась На Фрилансерах - Опрос AIN.UA. AIN.UA. Retrieved from: https://ain.ua/2020/06/01/kak-pandemiya-otrazilas-na-frilanserax-opros-ain-ua/
[56] ILO, M. A., Bastrakova, A., & Kharchenko, N. (2018). Work on Digital Labour Platforms in Ukraine. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_635370.pdf

platform workers to concentrate around the capital city is much less pronounced in Ukraine than in other EaP countries, in part because of the size of the country (e.g. Lviv, Dnipro, Kharkhiv, Odessa are major cities with numerous registered online freelancers; see Figure 3 below). Overall, the ILO survey showed that most of the platform workers were located in southern and central Ukraine, and fewer were in western and eastern Ukraine. Four-fifths live in cities with populations of over 100 000 people[57]. Meanwhile, with regard to on-location services, Raketa's delivery couriers operate in 25 Ukrainian cities, while Bolt and Uber operate in 9 and 7 Ukrainian cities, respectively.

FIGURE 3. UKRAINIAN FREELANCERS ON FREELANCEHUNT



Source: FreelanceHunt.

STATUS OF PLATFORM WORKERS

Online platform work has not yet received the due attention of the authorities in Ukraine. Neither is the status of freelancers and self-employed individuals defined in the legislation. Amendments to the legislation were approved in March 2020 to introduce regulation on flexible working hours and remote work to the Labour Code due to the COVID-19 pandemic[58]. However, the Labour Code is considered outdated (as it was inherited from Soviet times, approved in 1971 and then continuously amended). It envisages rather rigid labour market conditions, which are made more flexible in reality by low enforcement.

According to the ILO survey, around half of the workers were reported to be in a disguised employment relationship and do not have freedom regarding their schedule or task completion, which

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[57] Aleksynska, M., Bastrakova, A., and Kharchenko, N. (2018). Work through Online Platforms in Ukraine: Key Issues and Policy Perspectives. ILO: Geneva.
[58] Офіційний Вебпортал Парламенту України (2020). Про Внесення Змін До Деяких Законодавчих Актів України, Спрямованих На Забезпечення Додаткових Соціальних Та Економічних Гарантій у Зв'язку з Поширенням Коронавірусної Хвороби (COVID-19). Retrieved from: https://zakon.rada.gov.ua/laws/show/540–20#n118

means that they should actually be considered regular employees rather than freelancers. Another reason for this is that 11% of freelancers had only one client. However, the research did not identify any platforms with employment relationships with the platform workers.

Therefore, three options exist in practical terms for freelancers (see Table 3):

- As individuals under short-term civil law contracts with a client *(договір цивільно-правового характеру)* with the payment of 18% of personal income tax, 1.5% military fee and 22% single social contribution (which is paid by the client if the employer is a Ukrainian company). If a client does not pay for the work done, the only way to resolve the dispute is by court appeal.
- As a private entrepreneur in the third group (in some cases in the second group is also possible) under a simplified taxation system (*фізичні особи - підприємці на спрощеній системі оподаткування)* with payment of unified tax and a minimum single social contribution.
- As an informal worker.

TABLE 3. SIMPLIFIED TAXATION SYSTEM IN UKRAINE

Indicator	Group 1	Group 2	Group 3
Revenues/Turnover	Up to UAH 1 m	Up to UAH 5 m	Up to UAH 7 m
Employees	No employees	Up to 10 employees	Any number
Restrictions on sectors	Retail trade on markets or services to households	Services to physical persons as well as to private entrepreneurs on the STS; manufacturing of goods; retail sales; restaurants (excluding real estate, sale of jewellery, excise goods)	Services to physical persons and legal entities; Manufacturing of goods
Unified tax rate	Up to 10% of the subsistence minimum	Up to 20% of the minimum wage	3% of revenues + VAT 5% of revenues (including VAT)
Single social contribution rate	22% of the minimum wage	22% of the minimum wage	22% of the minimum wage

* The minimum wage in Ukraine as of October 2020 is UAH 5000.

Under the simplified taxation system (STS), private entrepreneurs (*фізична особа підприємець, FOP*) are eligible for simplified reporting and accounting. There are three groups of taxpayers under the STS. They pay unified tax, which substitutes personal income tax, corporate property tax, in some cases VAT (fully for the first[t] and the second group, and in some cases for the third second group) and a minimum single social contribution (at the level of 22% of the minimum wage). Therefore, they are eligible for some social payments and receive a work record which is needed to receive a pension under the pension system.

Taking into account that only the third group of FOPs is eligible to work with legal entities, freelancers typically register as private entrepreneurs in this group. However, during the interviews some respondents said that they had registered in the second group of taxpayers.

Some platforms mentioned above – including Glovo and Raketa – require workers to be registered with the tax authorities as individual entrepreneurs under the simplified taxation system. A regional Bolt representative perceived Ukrainian law as adequate in terms of regulating the special position of platform workers. However, he also noted that there is limited enforcement of the requirements related to this position (e.g. in terms of tax), which means that many workers still chose to work informally, resulting in a situation which is unsustainable in the longer term.

In fact, many platform workers, including drivers and especially those engaged in online freelancing, do not declare their work and income, and therefore operate within the grey economy. According to the ILO survey mentioned above, 75% of online workers in the survey worked informally and did not save for their retirement. However, it is likely that more freelancers have been encouraged to work formally as the Anti-money Laundering Law became effective in 2020, which makes it more difficult to make money transfers and large purchases without proof of the origin of the money[59].

Moreover, in recent years, operating as a freelancer became easier, especially in the case of working with foreign clients. Firstly, the parliament approved a law that substantially reduced the administrative burden for exporting services: now only an invoice is needed to receive a payment from a client (previously, an officially signed agreement, a signed acceptance of work performed, etc., were needed)[60]. Secondly, the requirement to sell foreign currency received in the account was lifted. Thirdly, since February 2019 a freelancer may open an account in a foreign bank[61].

In 2019, the government submitted to the parliament the draft Law on Labour, to replace the outdated Labour Code, but it was not approved by the MPs[62]. Even though the draft law envisaged more types of employment, it still did not define self-employment and online platform work. Currently, the minimum wage legislation and employment protection legislation do not apply to freelancers. However, the use of the simplified taxation system protects freelancers under the assumption of long enough payment of the single social contribution. In this way, the respective private entrepreneur is eligible for maternity leave payments from the Social Insurance Fund, and active and labour market policies by the State Employment Centre (if the person cancels their registration). During the COVID-19 lockdowns, the payment of partial unemployment benefits was also extended to individual entrepreneurs under the STS.

At the same time, there is an ongoing debate about the tax regulation of companies and online platforms providing ride-hailing services (Uber, Uklon, Bolt). According to the published draft law, all taxi or quasi-taxi drivers will have to purchase a permit to be eligible to provide driving services to clients[63]. This draft law was welcomed by Uber, Uklon, and Bold and strongly criticised by the ordinary licensed taxi companies. The latter claim that the law is more beneficial for online platforms, even though most of their drivers currently work informally on these platforms too. In particular, the law requires all drivers to purchase the permit to work as drivers on online platform driving services, but it does not impose any requirements on drivers or their cars. At the same time, licensed taxi companies have stricter requirements for their drivers.

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[61] Verchovna Rada Ukrajiny (2018). ЗАКОН УКРАЇНИ Про валюту і валютні операції. Офіційний Вебпортал Парламенту України. Retrieved from: https://zakon.rada.gov.ua/laws/show/2473–19#n70, Art. 4
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MAIN CHALLENGES AND OPPORTUNITIES

Given the advantages of platform work and the contexts of the current labour market and skills development in Ukraine, platform work can bring significant **opportunities**.

Firstly, attempts to address issues such as the oversupply of graduates, the lack of graduate-level jobs and resulting skills mismatches in Ukraine could benefit from integrating the use of international freelancing platforms. These platforms can offer new, open job markets for these qualified workers, often with rather competitive salaries. Meanwhile, in the face of persistent unemployment levels nationally, on-location work platforms provide employment opportunities for the lower-skilled workforce in cities.

Secondly, despite quite a wide pool of relevant skills, companies in Ukraine still note the lack of necessary skills in the workforce to fill vacancies. Some of the existing research on platform work, in turn, suggests that platform work brings improvements in terms of skills acquired through using them and in the development of new skills necessary in the traditional labour markets. This improves opportunities for finding employment in the future.

Thirdly, like most other EaP countries, Ukraine suffers from a general **outward migration and brain drain**[64], particularly of workers from the IT industry[65]. Opportunities for highly skilled and well-paid work for foreign clients without leaving the home country (through platform work or other types of outsourcing) could contribute significantly to addressing these issues[66]. New local businesses based on innovation and supported by public policies, including freelancing intermediary platforms, constitute an enormous opportunity for Ukraine to strengthen its role as a regional ICT hub.

However, the further development of platform work in Ukraine as an option for accessible employment opportunities also faces a number of challenges.

Although digitalisation is recognised as a crucial trend with an influence on the labour market both now and in the future, **connectivity** remains the key future challenge for the expansion of the digital platform labour economy. Compared to the EU countries, as well as other countries of the EaP region, the percentage of the population using the internet is also notably smaller in Ukraine[67]. Most of the internet users – and therefore the platform workers – are concentrated in cities rather than rural areas. Platform work will only become an effective employment option if the issues of connectivity and the digital divides in terms of digital skills are addressed. Therefore, the governmental digitalisation programme to develop the ICT infrastructure and digital skills should support overcoming this challenge.

In addition, successful platform workers need a **range of occupational skills** and personal competencies acquired through formal education and training prior to commencing working life in the

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[67] World Bank Data.

platform economy[68]. Workers with ICT specialist skills have the best chances of succeeding in international freelance work marketplaces, and the oversupply of Ukrainian university graduates in the fields of business, administration, law, and education needs to be redressed.

Finally, to secure the highest-paid platform jobs in international marketplaces requires a good command of **English**. As of 2020, Ukraine was classified in the English Proficiency Index as a country of moderate proficiency[69]. Strengthening the foreign language curricula would open up more opportunities on international online labour markets for a broader demographic profile of workers.

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