

UKRAINE

Country fiche

October 2018



Key policy developments in education, training and employment

The Medium-Term Priority Action Plan of the Government until 2020, approved in April 2017, foresees an overall focus on human capital development. To form sufficient resource foundation for key initiatives implementation, on January 31, 2018, the Government approved a draft law "On Amendments to the Budget Code of Ukraine". The emphasis is placed on ensuring high quality and affordable secondary education, development of vocational training, ensuring quality in higher education and providing new opportunities for science financing.

In September 2017, the framework law on Education was approved. It endorses the concept of the 'New Ukrainian School'¹ and introduces a compulsory 12-year secondary education system, bringing Ukrainian education closer to common modern practices. The new system will be implemented from September 1, 2018, for primary education, from September 1, 2022, for basic secondary education, and from September 1, 2027, for specialized secondary education.

In May 2018, **the Ministry of Education and Science adopted the Modern Vocational Education: Reform Concept for Vocational Education in Ukraine** that was elaborated in a close collaboration with key stakeholders. It determines the goal, objectives, ways of development as well as the key components of the modern vocational education system.

The Association Agenda foresees a functioning 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 was adopted on the development and approval of occupational standards.** The list of professions with State significance has been approved and was further expanded in February 2018.

In January 2018, the **Ukrainian government presented a roadmap for developing digital economy and society for the years 2018-2020.** The new strategy envisions a transition from a resource-based economy to high-tech production with efficient processes and higher GDP growth through the introduction of ICT. The focus, which is also in line with New Ukraine Scholl approach, foresee digitization of education and stimulation of digital transformations in education.

In January 2018, a draft concept and draft statutes for the National Agency for Qualifications were developed and were discussed in the Interdepartmental Working Group. In June 2018, stakeholders reached an agreement on a final draft that is now awaiting endorsement of 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 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 (DCFTA), came into force on 1 September 2017 as 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 ETF is actively working with the EU to support development of a comprehensive EU assistance programme for VET in Ukraine to be part of the 2018-20 EU programming cycle. It is foreseen that by the end of 2018 the design of the first substantial intervention in the sector of VET and skills in Ukraine will be completed.

¹ The New Ukraine Schools: Conceptual Principles of Secondary School Reform, MoES, 2016.

1. Key demographic and economic characteristics

Ukraine's population is shrinking and stood at 42.4 million in 2017 (approximately 3.5 million less than in 2012). The World Population Prospects estimates that the population will decline by more than 15% by 2050.² Ukraine ranks among the top 30 oldest countries of the world by share of the population aged 60 years and above. Their share was 21.8% in 2015, and it is projected to grow to 25% by 2025. Ukraine is also among the top five countries whose populations are shrinking most rapidly.³ The relative size of youth population (age group 15-24) decreased from 17.4% in 2012 to 14% in 2017.

Due to the deterioration of the economic situation in Ukraine, triggered by the military conflict, and devaluation of income earned by Ukrainians in real terms, **there has been an increase in the scale of labour migration of Ukrainians.** According to the study conducted under the project of International Migration Organization (IOM) (2014-2015), about 700,000 Ukrainian citizens were working abroad. Increased labour migration has been accompanied by a growing reorientation of flows from east (to Russia) to west (to 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 European Union and its Member States have jointly contributed over EUR 399 million in humanitarian and early recovery aid to the most vulnerable since the beginning of the conflict. This includes the European Commission's humanitarian aid of EUR 88.1 million provided to all affected people, including refugees in Russia and Belarus, and delivered according to humanitarian principles of humanity, neutrality, impartiality and independence.⁴

Poverty remains above pre-crisis levels, but declined slightly in 2017 due to the modest economic recovery and wage and pension growth. Real wages grew significantly by 19 % in 2017 in part due to the sharp increase in public sector wages. This, together with growth of pensions, led to a decline in moderate poverty (World Bank's national methodology for Ukraine) to an estimated 24.5 % in 2017 from 26.7 % in 2016, but up sharply from 14.1 % in 2013. The poverty rate (under \$5.5/day in 2011 PPP) is estimated at 5.7 % in 2017.⁵

GDP grew by 2.5% in 2017 and 2.3% in 2016, a weak recovery since 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 (FDI) remained weak at 2.1% of GDP in 2017 compared to 5% on average before the crisis.⁶ Investor confidence has been affected by the slow pace in adopting key reforms and by delays in completing the reviews of the International Monetary Fund (IMF) program in light of macroeconomic vulnerabilities and uncertainty surrounding the 2019 elections.⁷

The economic perspective varies across the regions of Ukraine, as the relative size of regional economies differs widely, for example, GDP in Kyiv is 10 times that of the Sumy and Khmelnytsky regions. **The Government is committed to introduce new approaches in the area of regional development.** In September 2016, the Cabinet of Ministers adopted the Action Plan for implementing the Concept of Reform of Local Government and Territorial Organisation of Power in Ukraine (No 688-p).⁸ Among the most important aspects of the reform is the voluntary amalgamation of municipalities to form larger units with a minimum recommended population threshold of 5,000 people.⁹ **In general, the reforms are aimed at enhancing the capacity of local authorities to perform complex policymaking and service delivery**

² World Population Prospects, Key findings and advance tables, Revision 2017, United Nations available at https://esa.un.org/unpd/wpp/Publications/Files/WPP2017_KeyFindings.pdf, retrieved at 17 July 2017.

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

⁴ European Commission: Humanitarian Aid and Civil Protection UKRAINE:ECHO Factsheet, http://ec.europa.eu/echo/files/aid/countries/factsheets/ukraine_en.pdf, February 2017

⁵ Ukraine Economic Update, World Bank, April 2018.

⁶ Ibid.

⁷ International Monetary Fund, Ukraine Country Report No. 16/319 available at <https://www.imf.org/external/pubs/ft/scri/2016/cr16319.pdf>; retrieved on 17 July 2017.

⁸ The document is available at, <http://www.kmu.gov.ua/control/uk/cardnpd?docid=249350402>; retrieved 18 July 2017.

⁹ European Committee of the Regions, Regional Development in Ukraine: Priority Actions in Terms of Decentralization, 2017, Catalogue number: QG-04-17-059-EN-N ISBN: 978-92-895-0910-7 doi:10.2863/872975

functions, notably in healthcare and education, to devise long-term economic development plans and to enhance revenue-generating capacities of local bodies. Ministry of Regional Development regularly monitors the decentralization process, using the list of 14 indicators, for different sectors that undergo decentralization. Based on latest decentralization monitoring report from August 2018, steady progress on almost all decentralization indicators is noted.¹⁰

Ukraine has taken several steps to improve the business environment and the country has moved up one place in the World Bank Doing Business Report to 76th place in 2018.¹¹ The country also ranks 81st out of 137 countries analysed in the 2017-18 World Economic Forum Global Competitiveness Index (World Economic Forum, 2017).¹² The major reasons commonly cited for the restricted growth of the private sector include corruption, low diversification of economy and exports, and low productivity levels. Ukraine ranked 130th out of 180 countries in the 2017 Transparency International Corruption Perceptions Index with score 30 out of 100, indicating a very high level of corruption.¹³

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 package for the next few years to support the reform process. The Single Support Framework for EU support to Ukraine 2018-2020 identifies Human Capital Development as a priority for cooperation (specific objective 5) under the Sector 2: Economic development and market opportunities, including private sector development and improvement of the business climate.

2. Education and training

2.1 Trends and challenges

The education and training attainment level of the population is high. In 2017, only 2% of active population (aged 15 – 70) had primary education or lower, 45.1% had secondary education and 52.9% had completed or were engaged in tertiary education. Gross enrolment rates in primary education are almost universal, at 99.88% and high in secondary education, at 96.79% (2014 data).¹⁴

In the recent years, **higher education has gained considerable importance in the education system of Ukraine**, as participation in higher education has increased to the highest levels in Europe, raising concerns about the sustainability, the quality of the system and the employability of graduates. At the same time, **the demand for vocational education and training (VET) is low and a number of VET graduates is continuously declining.** The share of enrolment in upper secondary VET stood at 30.1% in 2016. In 2016/17, the number of students in primary and secondary schools reached 3,846,000, in vocational schools – 285,800 and in higher education institution – 1,586,700 students.¹⁵

The Ukrainian VET system includes an extensive number of VET providing institutions having different status and belonging to different organisational types: VET schools, High VET Schools, VET Centres, Lyceums, Colleges, VET institutions that are divisions of Higher Educational Institutions, training centres within penitentiary institutions, vocational schools for social rehabilitation, VET schools within penal colonies and some others. According to the most up-to-date data provided by the Ministry of Education and Science there were 756 VET institutions at the end of 2017 (reduced by 19.6% compared with 2010), with 269.4 thousand

¹⁰ Report of the Ministry of Regional Development on Monitoring of the decentralization reform process; available at <https://storage.decentralization.gov.ua/uploads/library/file/302/10.08.2018.pdf>, retrieved 27 September 2018

¹¹ World Bank Group Doing Business 2018 available at <http://www.doingbusiness.org/reports/global-reports/doing-business-2018>; retrieved 19 July 2018

¹² 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>; retrieved 27 September 2018

¹³ Transparency International Corruption Perceptions index 2018 available at https://www.transparency.org/news/feature/corruption_perceptions_index_2017, retrieved 27 September 2018

¹⁴ <http://uis.unesco.org/country/UA>

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

students¹⁶, 37.5 thousand total pedagogical staff including 13.5 thousand teachers and 16.6 thousand practical trainers (masters).¹⁷

The higher education system in Ukraine includes two types of studies: academic studies carried out at universities, academies and institutes, and applied studies carried out primarily at colleges and 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 for the first time will participate in PISA 2018 cycle to assess the quality of the education outcomes. An OECD review was undertaken to identify integrity challenges and policy options for further reforms in education. Drawing upon 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 that is marked by trust, openness, and transparency.¹⁸

2.2 Education and training policy and institutional setting

The government of Ukraine recognises education as a fundamental right and is committed to provide an access to lifelong learning opportunities to every citizen and improve quality of education. The Medium-Term Priority Action Plan of the Government until 2020, which was approved in April 2017, focuses on human capital development. Actions plan for 2017 includes 615 detailed actions, which address key priority areas, where education is one of them. To form sufficient resource foundation for key initiatives implementation, on January 31, 2018, the Government approved a draft law "On Amendments to the Budget Code of Ukraine". The emphasis is placed on ensuring high quality and affordable secondary education, development of vocational training, ensuring quality in higher education and providing new opportunities for science financing.

The new framework law on Education (2017) endorses the concept of the 'New Ukrainian School' that has four main components: development of new modern education standards in secondary education that have a competence-based approach; revision of the national curriculum according to new education standards; introduction of the teachers' certification procedure and new certified programmes for enhancement of professional qualification; and systemic de-bureaucratization of the education system management and introduction of transparent and effective governance system.

This law also establishes the new structure of education system that includes pre-school education, complete general secondary education (primary education lasting four years; basic secondary education lasting five years and field-specific secondary education lasting three years), out-of-school education, specialized education, vocational education and training, pre-tertiary vocational education, higher education, and adult education, including postgraduate education. The complete secondary education will be compulsory for everybody in Ukraine. The 12-year system of education will be implemented from September

¹⁶ 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).

¹⁷ The last available information from the State Statistics Service of Ukraine refers to 31st December 2016 ([Statistical Bulletin "Продовження навчання та здобуття професії"](#)) and reports about 791 state-owned VET institutions (except those 53 VET institutions in Donetsk region and 60 in Luhansk region which are located in the antiterrorist operation zone) with a total students' population equal to 285.8 thousand, 787 out of which under the jurisdiction of the Ministry of Education and Science (MoES) and 4 subordinated to other authorities (Kyiv Regional Council – 1, Ministry of Social Policy (MoSP) – 2, and Ministry of Energy and Coal Industry of Ukraine – 1).

¹⁸ OECD (2017), *OECD Reviews of Integrity in Education: Ukraine 2017*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264270664-en>

1, 2018 for primary education, from September 1, 2022 for basic secondary education, and from September 1, 2027 for specialized secondary education.

In January 2018, the Ukrainian government presented a roadmap for developing digital economy and society for the years 2018-2020. **The new strategy envisions a transition from a resource-based economy to high-tech production with efficient processes and higher GDP growth through the introduction of ICT.** The focus, which is also in line with New Ukraine Scholl approach, foresees digitization of education and stimulation of digital transformations in education.

The development of the National Qualification Framework (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 (2016-2026) foresees a series of coordinated actions by different stakeholders to implement the NQF, 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 was adopted on the development and approval of occupational standards. The list of professions with State significance has been approved and further expanded in February 2018.

The law on Education also provides the establishment of the National Agency for Qualifications. In January 2018, a draft concept and draft statutes for the agency were developed and were discussed in the Interdepartmental Working Group. **In June 2018, stakeholders reached an agreement on a final draft that 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 line with the 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”, since March 2016, a process of establishing independent centres for the recognition of non-formal vocational learning outcomes and ensuring the objective assessment of the quality of the education of VET graduates is going on.

The image and reputation of the VET system in Ukraine requires urgent attention. The solution lies in a multi-faceted approach including the adoption of a good performance management system, improving cooperation with employers, adopting a demand driven approach, and improving conditions for students and teachers, and further alignment of policies. **Since December 2017 the key stakeholders in Ukraine have been engaged in developing Modern Vocational Education: Reform Concept for Vocational Education in Ukraine.** The process of extensive consultations with different stakeholders was led by the Ministry of Education and Science, which finally adopted the concept in May 2018. The concept determines the goal, objectives, ways of development as well as the key components of the modern vocational education system. The key measures foreseen in the concept are:

1. Decentralisation of governance and autonomy of VET institutions to undertake reforms at local level;
2. Modern competence-based content of vocational education oriented to education seeker’s needs, which ensures that VET qualifications are in line with the NQF and the National Qualifications System, and allows the individuals to select their own educational path to obtain professional qualifications;
3. Quality of vocational education guaranteed by an internal and external quality assurance system and independent centres for qualifications and learning outcomes assessment;
4. Effective network and new types of VET institutions that enable the implementation of the lifelong learning policy, including work-based learning;

5. New forms and methods of acquiring VET qualifications, including dual training;
6. Public-private partnerships to respond to the labour market demand and individuals' needs for new qualifications, and to introduce innovative technologies, new content and an environment for further innovation in vocational education;
7. Multi-channel sources of skills training funding to match the skills training supply and the labour market needs and to attract new investment projects in vocational education;
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. Creation of a modern educational environment enabling, accessibility, inclusiveness, gender-responsiveness, transparency, openness and innovation of the education.
10. Implementation of new forms and methods for career guidance, popularising vocational education, its potential and accomplishments, as well as career-building and individual professional growth and contributing to overcome gendered labour market segregation.

The ETF is actively working with the EU to support development of a comprehensive EU assistance programme for VET in Ukraine to be part of the 2018-20 EU programming cycle. It is foreseen that by the end of 2018 the design of the first substantial support intervention in the sector of VET - EU4Skills: Better Skills for Better Jobs in Modern Ukraine - will be finalised. It is planned to provide financing in the amount of approximately 50 million EUR from the European Neighbourhood Instrument. Support will be provided to the VET decentralization process, improvement of VET quality and modernisation of VET infrastructure.

3. Labour market and employment

3.1 Trends and challenges

Ukraine's labour market faces multiple challenges, such as aging labour force, low internal labour mobility, high informal employment and different types of skills mismatch, in particular high levels of over-qualification. It is characterised by structural deficiencies, regional disparities and a low activity rate that has been decreasing over the recent years. **Ukraine has one of the most rapidly aging 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 the third of which is represented by young Ukrainians under 35 years old these factors could affect national security in the middle-term future. **This diminishing pool of working-age people puts pressure on economic development and make it difficult to maintain growth.**

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 greater overall duration of women's education and the fact that they take care of household and childcare burdens, as well as insufficient support to working mothers. The employment rate is also rather 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 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 NEETs (not in education, employment, or training). The NEETs rate has been fluctuating over years. It increased from 17.1% in 2012 to 18.3% in 2016, but decreased to 16.5% in 2017. The NEETs rate is higher for young women than men (19.7% and 13.5% respectively in 2017).

The restructuring of the economy has implications on the distribution of the employed by sector of the economy. The share of the agriculture and industry in total employment has decreased, while employment in 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, the growth of employment was observed in the public administration and defence sectors, while, employment decreased in the sectors of financial and insurance activities and information and communication activities.¹⁹ Incidence of self-employment stood at 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.²⁰ **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 constitutes 22% of the total number of employed. Informal employment was concentrated in the agricultural sector (42.1%), the wholesale and retail trade and in construction sectors (19.6% and 16.1%, respectively). Men are more inclined to work informally (59%).²¹ **Widespread informal employment contributes to the violation of core worker rights** in such aspects as job security, timely and reasonable remuneration for work, access to social security benefits and employment of individuals according to their skills and qualifications.

In Ukraine, a mismatch between skills demand and supply remains substantial. First, labour market is facing a sizable qualification mismatch that is characterized by an oversupply of higher education graduates that has not been matched by the number of graduate-level jobs forcing many to work in roles for which they are highly over-qualified. Based on the ILO SWTS (2015), 37.2% of young workers were assessed as working in mismatched occupations, with the majority in work for which they are overeducated (31.7%) rather than undereducated (5.5%).²² Second, the structure of youth education according to fields of study remains unbalanced with the growing disparity between the shares of young students focusing their studies on the social sciences, business and law and those opting to study the natural and technical sciences. Third, there are shortages on the labour market, as there is a persistent need for skilled workers such as drivers, cooks, garment industry workers and construction workers. Fourth, the mismatch between skills supply and the requirements of modern jobs is widening. According to the World Bank study 40% of firms in four key sectors (agriculture, food processing, information technology, and renewable energy) report a significant gap between the types of 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, good attitude, and self-discipline.²³

3.2 Employment policy and institutional setting

The Medium-Term Government Priority Action Plan to 2020 defines the main objectives and areas of Government activity for 2017-2020.²⁴ The plan sets up a goal to increase people's living standards and to improve their quality of life as a result of sustainable economic growth. **The plan establishes a task of promoting productive employment and reforming labour market** with a focus 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 transition from school to work and a system of lifelong learning. It also envisages bringing labour legislation into conformity with European standards, adopting an active employment policy and reforming the public employment service by transforming it into a client-oriented provider of a wide spectrum

¹⁹ https://ukrstat.org/en/operativ/menu/menu_e/rp.htm

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

²¹ http://www.ukrstat.gov.ua/operativ/menu/menu_e/rp.htm

²² https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_519747.pdf

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

²⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/625352/ukraine-government-priority-action-plan-to-2020.pdf

of services, which organises training in accordance with the needs of the economy and uses innovative technology and approaches.

Currently, the Labour Code is the main legal act that governs employment relationships of all workers in Ukraine. The code is outdated and overly rigid by international standards. **Since 2013, the work has been carried out on a new Labour Code. It is envisaged that it will reform the whole system of labour relations in the country.** The drafting process created rather controversial discussions among different groups of the society. The draft code was thoroughly revised by the ILO, which, in April 2016, provided its detailed technical comments to the dedicated Committee of the Parliament. In 2017, the draft of the new Code was submitted to the Parliament for the second reading and included in the legislative agenda in early October 2017. Thus, there is a chance that in 2018 Ukraine may finally receive its new, modernised Labour Code.

Ministry of Social Policy (MoSP) is a principal body in charge of development and implementation of state policy in the field of labour and social policy, as well as employment and labour migration. The MoSP has important responsibilities for the policies on adult learning and vocational training, as well as for the policy on vulnerable youth including youth with disabilities, internally displaced youth and youth-orphans.

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

In 2017, the SES provided services to almost 1.1 million persons including 431 thousand young people, 410 thousand vulnerable persons, 42 thousand people with disabilities, 15 thousand displaced persons, and 44 thousand veterans of anti-terrorist operation in the East of Ukraine. As of the end of 2017, 354 thousand people were officially registered at the SES as unemployed that is 9% less than a year ago. The number of employers who collaborated with employment centres increased by 11% and amounted to 183,000 and the number of vacancies in the state employment service database increased by 10% to 1 million.²⁵

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

The local (basic) employment centres register the unemployed and provide intermediation and career guidance services to them. According to the law individuals registered in the SES as job seekers have an obligation to actively search for job and to participate in the events organised by the SES such as seminars, career days, days of open doors, as well as visit regularly the employment centre. The SES is also providing the following active labour market measures: support to employment of socially-protected employees, promotion of employment of persons with disabilities, promotion of employment of internally displaced persons, financial incentives for creation of new workplaces, facilitating labour mobility of youth, support to self-employment and entrepreneurship and public works.

In 2017, the process of reorganization of employment services was started with an aim to simplify access to the services by introducing new methods of work, such as electronic services for job search, online job interviews with unemployed and opening of the hotline of the SES. In 2017, the SES tested at

²⁵ ETF 2018, Mapping youth transitions to work in Eastern Partnerships Countries, Country Report, (forthcoming).

seven pilot employment centres new approaches to better integrate into the labour market people from vulnerable groups and women according to the methodology developed by UNDP. In 2018, the SES will start profiling of the registered unemployed and will introduce the case-management approach for vulnerable groups. The new ILO program funded by Denmark (December 2017 - December 2022) will provide support to further modernize the services of the SES enabling it to offer more effective and inclusive active labour market programmes. A strong skills component aims at closing the 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 for tackling skills mismatch problems has been recognised at the highest political levels. Currently the SES carries out the collection, processing, presentation and dissemination of administrative data on the demand and supply of workforce in the labour market, analyse the indicators of demand and supply, submit to the MoSP proposals on the prediction of the development of the labour market and take part in the development of the main directions of implementation of the state policy in the field of employment for the medium-term, as well as territorial programs of employment and their implementation. To improve labour market intelligence several normative documents, which define measures for the development skills anticipation system, have been adopted in the recent years. **The aim is to establish a system that will ensure development of the reliable labour market projections in the mid-term perspective.** In September 2017, the MoSP established a multi-stakeholder working group, in charge of skills anticipation and labour market forecasting.

In the framework of the EU-Ukraine Association Agreement, a project “Enhancing the labour administration capacity to improve working conditions and tackle undeclared work” is being implemented by ILO jointly with the MoSP (period from July 2017 to June 2019). It supports core reforms in the field of employment policy, labour market reforms, and social development and protection.

Statistical Annex - UKRAINE²⁶

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

	Indicator	2012	2016	2017
1	Total Population (000) ⁽²⁾	45453.3	42590.9	42414.9
2	Relative size of youth population (age group 15-24) (%) ⁽²⁾	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
		Score	4.0	4.0
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 (2011)	9.5	13.7
		Industry added value (2011)	29.1	27.1
		Services added value (2011)	61.4	59.2
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+) (%) ^{(2) (4) (5)}	Low	5.4	2.0
		Medium	45.6	45.5
		High	49.0	52.5
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.
		Mathematics	N.A.	N.A.
		Science	N.A.	N.A.
17	Participation in training/lifelong learning (age group 25-64) by sex (%) ⁽²⁾	Total	M.D.	0.9
		Male	M.D.	M.D.
		Female	M.D.	M.D.
18	Early leavers from education and training (age group 18-24) by sex (%)	Total	M.D.	M.D.
		Male	M.D.	M.D.
		Female	M.D.	M.D.
19	Activity rates by sex (aged 15+) (%) ^{(1) (2)}	Total	64.6	62.2
		Male	71.3	69.1
		Female	58.6	55.9
20	Employment rates by sex (aged 15+) (%) ^{(1) (2)}	Total	59.7	56.3
		Male	65.2	61.6
		Female	54.8	51.6

²⁶ Data update on 04/09/2018

21	Unemployment rates by sex (aged 15+) (%) ^{(1) (2)}	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+) (%) ^{(1) (2)}	Low ⁽⁴⁾	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) (%) ⁽²⁾	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+) (%) ^{(1) (2)}		22.1 ⁽⁶⁾	25.3	26.7
25	Long-term unemployment rate (aged 15+) (%) ^{(1) (2)}		1.6 ⁽⁶⁾	2.3	2.5
26	Incidence of self-employment (%) ^{(1) (2)}		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 (%) ^{(1) (2)}	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 ^{(1) (2)}		22.9	24.3	22.9
30	Proportion of people aged 15–24 not in employment, education or training (NEETs), by sex (%) ^{(2) (3)}	Total	17.1 ⁽⁶⁾	18.3	16.5
		Male	14.2 ⁽⁶⁾	15.4	13.5
		Female	20.0 ⁽⁶⁾	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, %) ^{(2) (7)}		M.D.	62.3	M.D.
35	The share of SMEs in employment (%) (excluding bank and budgetary institutions) ^{(2) (7)}		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:

⁽¹⁾ Age range 15-70

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

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

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

⁽⁵⁾ Data refer to the active population aged 15-70.

⁽⁶⁾ Data without the population of Autonomous Republic of Crimea, Sevastopol

⁽⁷⁾ 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)
16	Low achievement in reading, math and science – PISA (%)	The share of 15-years-olds failing 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	Employment rate represents persons in employment as a percentage

	15+) (%)	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 considered: 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 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.