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UKRAINE

EDUCATION, TRAINING AND EMPLOYMENT
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KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT (SEPTEMBER 2018–AUGUST 2019)

The year 2019 was marked by presidential and parliamentary elections in Ukraine. The presidential election was held on 31 March and 21 April, in a two-round system. Volodymyr Zelensky, a leader of the Servant of the People Party, won in the second round with 73.22% of the votes. In July 2019, in the parliamentary elections, his party secured an absolute majority, winning 124 seats, while the opposition platform won 101.

In 2019 the reform process in education and training continued. The focus has been on developing new educational standards based on the framework Law on Education (2017) and the objectives of the New Ukraine School. The law introduces the National Qualifications System (NQS) and describes tasks of the National Agency for Qualifications (NAK). The Statute of the NAK was adopted in December 2018. The establishment of NAK is in progress, and it will require additional measures to be put in place in order to become operational and perform in accordance with its mandate.

Decentralisation in education is ongoing. To further support the decentralisation process, with a particular focus on regional vocational education and training (VET) development, in April 2019 the Cabinet of Ministers approved new provisions that aim to improve functioning of the Regional VET Council.

On 12 June 2019 the Cabinet of Ministers adopted the Concept for the Implementation of the National Policy in the field of Vocational Education, 'Modern Vocational Education', for the period to 2027. The objective is to carry out a systemic VET reform with three basic priorities: decentralising governance and financing of VET, quality assurance, and developing public–private partnership.

The Action Programme of the Government of Ukraine, which was proposed in October 2019, specifies under Objective 1.3 that school graduates should have a wide choice of institutions in which to acquire quality vocational education with further employment opportunities. Targets have been set to increase the percentage of school graduates choosing the vocational education path after secondary school, the target being at least 45%.

Another crucial strategic document for VET development is the Concept of Dual Training, which was adopted in September 2018. It is aimed at combining work and learning in VET and higher education, as well increasing the youth employment rate.

In September 2018 the Cabinet of Ministers adopted a new procedure for the registration and reregistration of unemployed persons and for keeping records of jobseekers. Employment centres have started the active implementation of jobseeker profiling to minimise the risk of long-term unemployment and also to provide social support based on case management. In 2018 the State Employment Service (SES) introduced new web platforms for career guidance and career development and 'My job: consulting network', greatly facilitating the provision of support to jobseekers.

1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

Ukraine's population is shrinking: in 2018 it was 42.2 million, approximately 3.1 million less than in 2013. The United Nations World Population Prospects estimates that the population will decline by more than 15% by 2050¹. Ukraine ranks among the 30 'oldest' countries in the world in terms of the share of the population aged 60 and above. This share was 21.8% in 2015 and is projected to grow to 25.0% by 2025. Ukraine is also among the top five countries whose populations are shrinking most rapidly². The relative size of the young population (age 15–24) decreased from 16.7% in 2013 to 13.2% in 2018.

According to the United Nation Population Division, in 2017 the international migrant stock included 4.9 million Ukrainians, a similar figure to the one for 2010. The Internal Displacement Monitoring Centre reports that there were 800 000 internally displaced persons (IDPs) in Ukraine at the end of 2018, and 12 000 IDPs have made some progress in finding durable solutions to their situation³. The current internal displacement crisis in Ukraine arose from the armed conflict triggered in March 2014 by Russia's annexation of Crimea, an autonomous republic of Ukraine, and the subsequent proclamations of independence by the Donetsk and Luhansk regions in eastern Ukraine. The economic impacts associated with this crisis amounted to approximately USD 1 billion for the entire period 2014–2017, representing an annual average of 0.14% of the country's pre-crisis gross domestic product (GDP)⁴.

In 2018 poverty continued to decline and real wages continued to grow. Real wages increased by 12.5% and after four consecutive years of decline, pensions also increased by 22.2% in real terms. As a result, poverty (consumption per capita below USD 5.5/day in 2011 PPP (purchasing power parity)) declined to 4.0% in 2018, down from 4.9% in 2017 and 6.4% in 2016⁵.

GDP increased by 3.3% in 2018, while investment growth slowed. The increase in GDP was driven by a strong harvest, with the agricultural sector growing by 7%. Sectors dependent on domestic demand also grew strongly, with domestic trade, the financial sector and construction growing by 3.7%, 12.4% and 7.2%, respectively. At the same time, manufacturing grew by only 0.6% and transport by only 1.1%. Investment growth slowed to 14.3% in 2018, from 18.0% in 2017, as a result of the slow pace of reforms, election- and conflict-related uncertainties, and the high cost of borrowing⁶.

The economic perspective varies across the regions of Ukraine, as the relative size of their economies differs widely. For example, the GDP of Kyiv is 10 times that of the Sumy and Khmelnytsky regions. The government is committed to introducing new approaches to regional development. In general, the

¹ United Nations Department of Economic and Social Affairs, *World Population Prospects, Key findings and advance tables*, 2017 revision, United Nations, New York, 2017:

https://esa.un.org/unpd/wpp/Publications/Files/WPP2017_KeyFindings.pdf.

² <https://www.unian.info/society/2371260-ukraine-enters-top-30-nations-with-oldest-population.html>

³ <http://www.internal-displacement.org/sites/default/files/2018-05/GRID%202018%20-%20Figure%20Analysis%20-%20UKRAINE.pdf>

⁴ IDMC, *Unveiling the cost of internal displacement*, February 2019: <http://www.internal-displacement.org/sites/default/files/publications/documents/201902-economic-impact-cost-estimates.pdf>

⁵ World Bank, *Ukraine Economic Update*, May 2019: <https://www.worldbank.org/en/news/press-release/2019/05/23/ukraine-economic-update-spring-2019>

⁶ World Bank, *Ukraine Economic Update*, May 2019: <https://www.worldbank.org/en/news/press-release/2019/05/23/ukraine-economic-update-spring-2019>

reforms are aimed at enhancing the capacity of local authorities to perform complex policymaking and service-delivery functions, notably in healthcare and education; devise long-term economic development plans; and increase revenue-generating activities at local level. The Ministry of Regional Development regularly monitors the decentralisation process for different sectors using a list of 14 indicators. Based on the latest decentralisation monitoring report (August 2018), steady progress has been made on almost all indicators⁷.

Ukraine has taken several steps to improve its business environment and has moved up a few places in the World Bank Doing Business Report, to 71st place out of 190 economies in 2019⁸. The country ranked 81st out of 137 countries in the 2017–18 World Economic Forum Global Competitiveness Index⁹; 54th out of 118 economies in the 2018 Digital Readiness Index¹⁰; and 43rd out of 126 countries in the Global Innovation Ranking 2018¹¹.

The EU provides significant support to Ukraine in its efforts to ensure a stable, prosperous and democratic future for all its citizens, and has pledged a EUR 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 (Objective 5) under Sector 2: Economic development and market opportunities.

2. EDUCATION AND TRAINING

2.1 Trends and challenges

Ukraine has one of the highest rates of public spending on education in the world. Between 2013 and 2017 budget financing for education shrank from 7.2% to 6.0% of GDP. This decline brought Ukraine closer to international benchmarks, though spending on education remains among the highest in the world. Since independence the number of students in school has declined by 41%, from 7.1 million to 4.2 million. However, over that same period the number of schools declined by only 11% and the number of teachers fell by just 5%. This means that Ukraine now has one teacher for every nine students, resulting in one of the smallest average class sizes in the world. Maintaining such small classes is a key reason for Ukraine's high level of spending¹².

The population's level of education and training attainment is high. In 2017 only 2.0% of the active population had primary education or lower, 45.1% had secondary education and 52.9% had

⁷ Ministry of Regional Development, *Monitoring the decentralisation reform process*: <https://storage.decentralization.gov.ua/uploads/library/file/302/10.08.2018.pdf>

⁸ World Bank Group, *Doing Business 2019*: <https://www.doingbusiness.org/en/reports/global-reports/doing-business-2019>

⁹ World Economic Forum, Insight Report: *The Global Competitiveness Report 2017–2018*: <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>

¹⁰ Cisco, Country Digital Readiness, 2018: https://www.cisco.com/c/m/en_au/digital-readiness-index.html,

¹¹ World Economic Forum, The Global Innovation Index, 2018: https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2018.pdf

¹² <https://www.worldbank.org/en/news/opinion/2018/09/12/why-ukraines-education-system-is-not-sustainable>

completed or were in tertiary education. Enrolment in primary education is almost universal (the rate was 99.88% in 2014), and is also high in secondary education (96.79% in 2014)¹³.

In recent years higher education has become considerably more important in Ukraine's education system, with participation increasing to the highest levels in Europe. This has raised concerns about the sustainability and quality of the system, and about the employability of graduates. At the same time, the demand for VET is low and the number of VET graduates continues to decline. In January 2019, 253 900 students (61.95% of them men and 38.05% women) were enrolled in VET schools subordinated to the Ministry of Education and Science (MoES); the number of teaching staff was 33 900, including 14 800 senior masters and masters of vocational training. There are more than 3 000 unfilled vacancies for teaching staff in VET¹⁴.

The Ukrainian VET system consists of a large number of VET institutions of varying organisational types: VET schools; VET high schools; VET centres; lyceums; colleges; VET institutions that are divisions of higher educational institutions; training centres at penitentiary institutions; vocational schools for social rehabilitation; VET schools at penal colonies; and others. According to the most recent data from the MoES, as of January 2019 there were 754 VET institutions, of which 158 were VET high schools and 326 vocational lyceums¹⁵.

The higher education system in Ukraine offers two types of studies: academic studies at universities, academies and institutes; and applied studies, primarily at colleges, or occasionally at universities, academies and institutes that are either public (state or community) or private. The rate of participation in lifelong learning is very low, standing at 0.8% in 2017 and 2018.

The education and training system in Ukraine faces a number of challenges. The quality of education is the central problem for the education sector. The school infrastructure is very poor, with outdated classrooms and laboratories. There is a lack of modern equipment and quality textbooks. Modern, specialised laboratory equipment for science classrooms is available in only about 15% of schools, while the rest use technically obsolete equipment dating back several decades¹⁶. Moreover, the country's education system faces much deeper problems, namely outdated teaching methodologies and low levels of motivation among teachers.

The image and reputation of the VET system in Ukraine needs urgent attention. The solution requires a multi-faceted approach that includes adopting an effective performance management system, improving cooperation with employers, adopting a demand-driven approach, improving conditions for students and teachers, and further aligning policies.

2.2 Education and training policy and institutional setting

The Government of Ukraine recognises education as a fundamental right, and is committed to providing access to lifelong learning opportunities for every citizen and improving the quality of

¹³ <http://uis.unesco.org/country/UA>

¹⁴ ETF, Draft National Torino Process report, July 2019.

¹⁵ MoES data provided for the 2018–2020 Torino Process. Excludes the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the Anti-Terrorist Operation Zone; and includes Makeevsky VET school of social rehabilitation (Kirovogradsky region), as presented in the Draft National Torino Process report 2018–2020.

¹⁶ Ministry of Economic Development and Trade, *Sustainable Development Goals: Ukraine 2017*, National Baseline Report, 2017: http://www.un.org.ua/images/SDGs_NationalReportEN_Web.pdf

education. The Medium-Term Priority Action Plan of the Government until 2020 focuses on the development of human capital. The 2018–2020 road map for developing digital economy and society also concerns skills and VET development. It envisages the digitisation of education and the stimulation of digital transformations in various sectors including education, in line with the New Ukrainian School approach.

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

This law also establishes a new structure for the education system comprising pre-school education; complete general secondary education (four years of primary education, five years of basic secondary education and three years of field-specific secondary education); out-of-school education; specialised education; VET; pre-tertiary vocational education; higher education; and adult education, including at postgraduate level. Complete secondary education will be compulsory for everybody in Ukraine. The 12-year education system was introduced in September 2018 for primary education in around 100 pilot schools. It will be introduced from September 2022 for basic secondary education, and from September 2027 for specialised secondary education.

The Law on Education gives an important role to the National Qualifications Framework (NQF), lifelong learning and key competence-based education. It introduces the NQS, sector qualifications frameworks and partial qualifications. It also establishes tasks of the NAK, a collegial body supported by the government and social partners. The Statute of the NAK was adopted in December 2018. The establishment of the functional agency is in progress. It will have a number of tasks, including supporting legislative developments, developing and maintaining the registry of qualifications, coordinating the development of occupational standards, supporting the development of educational standards, accrediting qualification centres, overseeing the recognition and validation of non-formal and informal learning, and establishing the criteria for the recognition of foreign qualifications.

In 2019 the implementation of the New Ukrainian School reform process continued. The strategic document 'Competences Potential' ('Foundations of the State Standard') was adopted within the framework of the new Education Standard package. It is a key competence-based framework for the final, compulsory learning outcomes at the end of each education cycle (2nd, 4th, 6th, 9th and 12th grade), and by each subject area. The framework will guide the development of the state standard for each cycle of education beyond primary school (basic secondary, upper secondary profiled education, and VET – ISCED levels 2 and 3). Various types of guidelines being developed, including 'Guidelines for educators on the key competences approach in the New Ukraine School'.

Decentralisation is under way in education, including VET. Allocation of the state budget subventions for each region for VET is approved annually in the State Budget Law¹⁷. In 2018 the largest subventions for the modernisation of VET institutions were transferred to Kyiv region (UAH 12.9 million) and to Vinnytsia, Dnipropetrovsk, Lviv, Mykolaiv and Kharkiv regions (UAH 5.4 million for each). The shift of VET funding to the local level has caused a number of

¹⁷ <https://zakon.rada.gov.ua/laws/show/2696-19>

problems, as the regions were not prepared for this change. Although financial decentralisation has ensured an increase in local resources, local funds cover only about 60% of VET financial needs in the regions, according to the MoES. For VET institutions located outside regional centres, the local funding is even lower (currently covering only 45% of their needs)¹⁸.

As part of the decentralisation package for VET, Regional VET Councils were established in 2016 in all regions. These are advisory and consultative bodies that are within the regional state administrations and are in charge of preparing and implementing regional VET policy. Owing to the unsatisfactory performance of these councils, in April 2019 the Cabinet of Ministers approved new provisions for the Regional VET Councils¹⁹ that introduce improvements in their governance.

On 12 June 2019 the Cabinet of Ministers adopted the Concept for the Implementation of the National Policy in the field of Vocational Education, 'Modern Vocational Education', for the period to 2027. The objective is to carry out a systemic VET reform with three basic priorities: decentralising the governance and financing of VET, quality assurance, and the development of public–private partnership²⁰.

A set of policy measures have already been proposed, and these will be implemented in three stages. In the first stage (2019–2021) the plan is to adopt the Law on Professional (Vocational) Education and the Action Plan to 2027, to continue decentralisation and to launch a qualification centre network. In the second stage (2022–2024) the plan is to complete a transition to regional budget financing for VET institutions located in cities of oblast (regional) significance, to implement the NQF and NQS, to shift to key competence-based education programmes and standards, and to finalise the development of the internal quality assurance system. The expected results in the third stage (2025–2027) are an optimised VET schools network, completed preparatory work on the introduction of profile secondary education, the creation of a network of regional centres of excellence, and full-scale functioning of the internal and external quality assurance system. The responsibility for VET reform implementation is entrusted to the MoES on behalf of the government, as well as regional and city of Kyiv state administrations.

Another crucial strategic document for VET development is the Concept of Dual Training adopted by the Cabinet of Ministers in September 2018. It aims to combine work and learning in VET and higher education and to increase the youth employment rate. The implementation is planned in three phases: phase I – legislation and regulatory framework development (2018–2019); phase II – design of typical dual training models and delivery of pilot projects (2019–2020); and phase III – creation of dual training clusters (2020–2023). In the 2017/18 academic year the introduction of the elements of dual training was piloted in 52 VET institutions in 25 regions, covering 54 VET profiles. In 2018/2019 elements of dual training were implemented in more than 100 VET institutions.

The Action Programme of the Government of Ukraine, which was proposed in October 2019, specifies under Objective 1.3 that school graduates should have a wide choice of institutions in which to acquire

¹⁸ Office of Financial and Economic Analysis of Verkhovna Rada of Ukraine, *Current status of VET financing in Ukraine*, 2019: <https://feao.org.ua/wp-content/uploads/2019/01/profesijno-tehnichna-osvita.pdf>

¹⁹ <https://mon.gov.ua/ua/news/mon-proponuye-dlya-gromadskogo-obgovorennya-proekt-postanovi-kmu-pro-zatverdzhennya-tipovogo-polozhennya-pro-regionalnu-radu-profesijnoyi-osviti>

²⁰ <https://www.kmu.gov.ua/ua/npas/pro-shvalennya-koncepciyi-realizaciyi-derzhavnoyi-politiki-u-sferi-profesijnoyi-profesijno-tehnichnoyi-osviti-suchasna-profesijna-profesijno-tehnichna-osvita-na-period-do-2027-roku-i120619>

quality vocational education with further employment opportunities. Targets are also set for increasing the percentage of school graduates choosing a vocational (VET and pre-tertiary vocational) education path after secondary school, the target being at least 45%, including an increased percentage of graduates from vocational (VET and pre-tertiary vocational) education who found employment in Ukraine within six months and within one year of graduation, including within their occupational field (specialisation).

On 5 November 2018 the Federation of Employers of Ukraine and the MoES signed the Memorandum of Cooperation aimed at consolidating efforts in the development of VET and the provision of highly skilled professionals for the labour market, as well as the development of public–private partnership.

The Memorandum of Cooperation signed on 3 June 2019 between the MoES, Ministry of Social Policy (MoSP), Ministry of Youth and Sports, and the SES stipulates the creation of a monitoring system for higher education and VET graduates, including those who are self-employed. The system would allow the tracing of graduates' further career development and the collection of data on the quality of the education and training provision²¹. The document also sets out opportunities for the creation of careers centres in VET schools and higher education institutions.

Within the framework of the EU4Skills: Better Skills for Modern Ukraine project, the EU and some of its member states – Germany, Finland and Poland – will provide EUR 58 million to support vocational education reform in Ukraine. The funds will be spent on the modernisation of the VET infrastructure, the development of professional and educational standards, new training programmes, the retraining of teachers and management staff, the development of a multi-channel financing mechanism for vocational training, and the provision of access for people with disabilities to VET institutions. In July 2019 GIZ (German development agency) and KfW (German development bank) started to implement the project.

In September 2018 the Learning together project²² was launched, with bilateral support from Finland. The objective is to support the implementation of the New Ukraine School reform. It has national coverage and focuses on three policy areas: the development of teacher competences, education promotion, and educational environments. It will be implemented during the period 2018–2022, with total funding of EUR 6 million.

3. LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges

Ukraine's labour market faces multiple challenges, including an ageing labour force, low internal labour mobility, high informal employment and various types of skills mismatch, particularly high levels of over-qualification. It is characterised by structural deficiencies, regional disparities and a low activity rate that has been decreasing over recent years. Ukraine has one of the most rapidly ageing populations in Europe. This trend exacerbates employment challenges by reducing the number of people in the labour force. With the recent increasing trend of external labour migration, a third of

²¹ <https://mon.gov.ua/ua/news/proforiyentaciya-molodi-bilshe-roboti-zi-shkolyarami-centri-karyeri-u-vishah-ta-proftehah-rozrobka-metodmaterialiv-mon-minsoc-minmolodsport-ta-dsz-pidpisali-memorandum>

²² <http://www.fcg.fi/eng/news/2018/08/fcg-international-launched-a-four-year-school-reform-project-in-ukraine/>

which consists of young Ukrainians under 35, these factors could affect national security in the medium term. This diminishing pool of working-age people puts pressure on economic development and makes it difficult to maintain growth.

The activity rate fell from 65.0% in 2013 to 62.6% in 2018 (69.0% for males and 56.8% for females). Activity rates for women in Ukraine have traditionally been lower than those for men. This is due to the longer overall duration of women's education, the fact that they manage household and childcare burdens, and the insufficient support provided to working mothers. The employment rate is also quite low and has been decreasing: it dropped from 60.3% in 2013 to 57.1% in 2018 (62.1% for males and 52.5% for females). The overall unemployment rate increased from 7.2% in 2013 to 9.5% in 2017, but declined slightly to 8.8% in 2018. The long-term unemployment rate increased from 1.5% in 2013 to 2.5% in 2017, then declined to 1.9% in 2018.

Although the youth unemployment rate (15–24) decreased from 23.0% in 2016 to 18.2% in 2017, and further to 17.9% in 2018, youth unemployment remains a significant problem. There is also a relatively high proportion of young people not in employment, education or training (NEETs). The NEET rate decreased from 16.2% in 2013 to 14.5% in 2018. The rate is higher for women than for men (17.8% and 11.3%, respectively, in 2018).

The restructuring of the economy has implications for the distribution of employed people by economic sector. The share of agriculture and industry in total employment has decreased, while employment in the services sector has increased. In 2018 services accounted for the majority of the labour force (60.8%), followed by industry (24.3%) and agriculture (14.9%). The self-employment rate is relatively low; it decreased from 18.1% in 2013 to 15.8% in 2018.

In 2018, 44% of unemployed individuals registered with the SES had higher education, 37% had vocational education and 19% had general secondary education. In terms of registered unemployment by occupational groups, equipment and machinery operators and maintenance workers are the largest group (19.9%), followed by trade and service sector occupations (15.1%), elementary occupations (14.1%) and top public officers and managers (13.2%)²³.

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 opportunities²⁴. Informal employment is also a serious challenge for the Ukrainian economy. According to national data, about 3.5 million people were employed informally in 2018. Informality is high in agriculture (42.9%), but also in wholesale and retail trade (18.2%) and construction (15.9%). Informal employment is most widespread among those aged 40–49²⁵. Widespread informal employment contributes to the violation of core worker rights such as job security, timely and reasonable remuneration, access to social security benefits, and employment based on skills and qualifications.

The political and economic context of Ukraine, coupled with its highly educated labour force, have made the country ripe for the development of digital labour platforms. According to various sources, in

²³ State Employment Service of Ukraine, Analytical and statistical information: Supply and demand on the labour market by profession and activity type: <https://www.dcz.gov.ua/analytics/68>

²⁴ <https://openknowledge.worldbank.org/handle/10986/25741>

²⁵ Informal employment by types of economic activity – data from the State Statistics Service: http://www.ukrstat.gov.ua/operativ/operativ2018/rp/eans/nzn_ved_2018_u.xls

the period 2013–2017 Ukraine occupied first place in Europe and fourth place in the world in terms of work on digital labour platforms, as measured by the amount of financial flows and the number of tasks executed on such platforms. Ukraine also ranks first in the world for IT freelancing. It is estimated that at least 3% of the Ukrainian workforce is involved in online work. Three quarters of online workers are informal. They are not registered with the authorities as self-employed, and are not paying social security contributions²⁶.

An important challenge affecting the labour market is the substantial mismatch between skills demand and supply. First, the labour market is facing a sizeable qualifications mismatch, with an over-supply of higher education graduates for the number of graduate-level jobs that exist. This forces many to work in roles for which they are highly over-qualified. According to the International Labour Organization (ILO) 2015 School-to-Work Transition Survey, 37.2% of young workers were assessed as working in mismatched occupations, with the majority in work for which they were over-educated (31.7%) rather than under-educated (5.5%)²⁷.

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

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

Fourth, the mismatch between skills supply and the requirements of modern jobs is widening. According to a World Bank study, 40% of companies in four key sectors (agriculture, food processing, information technology and renewable energy) report a significant gap between the skills their employees have and those they need in order to achieve their business objectives. They claim that the education system produces too few people with practical skills, the right kind or level of skills, up-to-date knowledge, a good attitude and self-discipline²⁸.

3.2 Employment policy and institutional setting

The Medium-Term Priority Action Plan of the Government to 2020 defines the government's main objectives and areas of activity for the period 2017–2020²⁹. It includes a goal to increase people's living standards and quality of life through sustainable economic growth, as well as promoting productive employment and reforming the labour market. The focus is on gradually increasing the level of employment by encouraging a shift from the informal to the formal sector, and on creating a system to support school-to-work transition and the lifelong learning system. It also aims to bring labour legislation into line with European standards, to adopt an active employment policy and to reform the public employment service by transforming it into a client-focused provider of a wide range

²⁶ ILO, Work on Digital Labour Platforms in Ukraine: Issues and Policy Perspectives, 2018: https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_635370.pdf

²⁷ https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_519747.pdf

²⁸ <https://openknowledge.worldbank.org/bitstream/handle/10986/25741/9781464808906.pdf>

²⁹

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

of services. This would include delivering training that meets the needs of the economy, and using innovative technology and approaches.

The Labour Code is currently the main legal act that governs employment relations for all workers in Ukraine. The code is outdated and overly rigid by international standards. Work has been under way on a new Labour Code since 2013, with the aim of reforming the country's entire labour relations system. The drafting process generated some controversial debate among different groups in society. The draft code was thoroughly reviewed by the ILO, which provided its detailed technical comments to the dedicated parliamentary committee in April 2016. In 2017 the draft code was submitted to Parliament for the second reading and included in the legislative agenda in early October 2017. However, it has not yet been adopted.

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

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

The local ('basic') employment centres register unemployed people and provide intermediary services. In September 2018 the Cabinet of Ministers approved a new procedure for the registration and reregistration of unemployed persons and for keeping records of jobseekers. The SES manages the unified information and analytical system, including a database of job vacancies. All companies in Ukraine are required to register job vacancies with the SES and use the vacancy database during recruitment. However, many companies do not do this, preferring other recruitment methods, including private sector services. In practice, the SES has access to only around 30–35% of labour market vacancies, and these are mainly low-paid jobs.

Employment centres promote modern forms of job seeking using the internet, such as video-resume database services, online interviews and psychometric testing in an automated work station, 'Profkonsultant' (vocational consultant). In 2018 the SES introduced new social e-services, in particular 'internet account (cabinet) for an employer' and 'internet account (cabinet) for a jobseeker (unemployed)' to facilitate jobseekers' interactions with employers and the SES.

The SES also provides career guidance services. In 2018 employment centres started the active implementation of jobseeker profiling to minimise the risks of long-term unemployment and also to provide social support based on case management. In 2018 the SES also introduced web platforms for career guidance and career development and 'My job: consulting network'. According to the SES, in 2018 over 30 000 people used SES services through these platforms. In 2018, 1.3 million young

people in education used career guidance services, including 80 000 higher education students, 64 000 VET students and 1.2 million general secondary education students³⁰.

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

In 2018, according to the SES, 147 300 jobseekers (unemployed) received vocational training (including 47 600 at the 11 SES vocational training centres); 263 educational institutions and 27 600 enterprises (organisations) were involved in cooperation, and 148 occupations were offered for the training and retraining of jobseekers. The employment rate for those who finished training in 2018 reached 96.1%³¹. To support youth entrepreneurship, employment centres held 488 events for 16 800 young people who were interested in becoming entrepreneurs³².

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

The ILO programme funded by Denmark (December 2017 to December 2022) is supporting further modernisation of the SES's services, enabling it to offer more effective and inclusive active labour market programmes. There is a strong skills component that aims to reduce skills mismatch by better aligning the skills of new labour market entrants with the demand from the private sector. The ILO and MoSP are implementing a joint project – Enhancing the labour administration capacity to improve working conditions and tackle undeclared work (July 2017 to June 2019) – under the framework of the EU–Ukraine Association Agreement. It supports core reforms in employment policy, the labour market, and social development and protection.

³⁰ Data of the State Employment Service of Ukraine. Analytical and statistical information. Supply and demand on the labour market by professions and activity types: <https://www.dcz.gov.ua/analytics/68>

³¹ <https://www.dcz.gov.ua/analytics/68>

³² ETF, Ukraine Torino Process report, July 2019 (draft).

STATISTICAL ANNEX - UKRAINE

Annex includes annual data from 2013, 2017 and 2018 or the last available year.

	Indicator	2013	2017	2018	
1	Total Population (,000) ⁽¹⁾	45,372.7	42,414.9	42,216.8	
2	Relative size of youth population (age group 15-24, %) ^{(2) (*)}	16.7	13.7	13.2	
3	GDP growth rate (%)	0.0	2.5	3.3	
4	GDP by sector (%)	Agriculture added value	8.8	10.2	10.1
		Industry added value	22.7	23.4	23.3
		Services added value	56.2	50.9	51.3
5	Public expenditure on education (as % of GDP)	6.7	5.0 (2016)	M.D.	
6	Public expenditure on education (as % of total public expenditure)	13.9	12.4 (2016)	M.D.	
7	Adult literacy (%)	100 ⁽³⁾ (2012)	M.D.	M.D.	
8	Educational attainment of adult population (aged 25-64 or 15+) (%) ^{(4) (5) (8)}	Low	4.9	2.0	M.D.
		Medium	45.7	45.1	M.D.
		High	49.4	52.9	M.D.
9	Early leavers from education and training (aged 18-24) (%)	Total	M.D.	M.D.	M.D.
		Male	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	97.2	93.7 (2014)	M.D.	
11	Share of VET students in upper secondary education (ISCED level 3) (%)	31.0	30.3	M.D.	
12	Tertiary education attainment (aged 30-34) (%)	M.D.	M.D.	M.D.	
13	Participation in training/lifelong learning (age group 25-64) by sex (%) ^{(6) (2)}	Total	M.D.	0.8	0.8
		Male	M.D.	0.8	0.9
		Female	M.D.	0.8	0.7
14	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.	N.A.	N.A.
		Mathematics	N.A.	N.A.	N.A.
		Science	N.A.	N.A.	N.A.
15	Total	65.0	62.0	62.6	

	Indicator		2013	2017	2018
	Activity rate (aged 15+) (%) ^{(2) (5)}	Male	71.6	69.0	69.0
		Female	58.9	55.7	56.8
16	Inactivity rate (aged 15+) (%) ^{(2) (5)}	Total	35.0	38.0	37.4
		Male	28.4	31.0	31.0
		Female	41.1	44.3	43.2
17	Employment rate (aged 15+) (%) ^{(2) (5)}	Total	60.3	56.1	57.1
		Male	65.9	61.4	62.1
		Female	55.3	51.4	52.5
18	Employment rate by educational attainment (% aged 15+) ^{(2) (4) (5) (7)}	Low	30.0	16.7	15.5
		Medium	58.4	51.9	52.7
		High	69.2	66.1	67.3
19	Employment by sector (%) ^{(2) (5)}	Agriculture	20.0	15.4	14.9
		Industry	24.8	24.3	24.3
		Services	55.2	60.3	60.8
20	Incidence of self-employment (%) ^{(2) (5)}		19.1	15.7	15.8
21	Incidence of vulnerable employment (%) ^{(2) (5)}		18.1	14.8	14.8
22	Unemployment rate (aged 15+)(%) ^{(2) (5)}	Total	7.2	9.5	8.8
		Male	8.0	11.1	10.0
		Female	6.2	7.7	7.4
23	Unemployment rate by educational attainment (aged 15+) (%) ^{(2)(4) (5)}	Low	6.8	11.9	13.0
		Medium	7.6	10.7	9.9
		High	6.8	8.4	7.7
24	Long-term unemployment rate (aged 15+) (%) ^{(2) (5)}		1.5	2.5	1.9
25	Youth unemployment rate (aged 15-24) (%) ^{(2) (5)}	Total	17.4	18.9	17.9
		Male	18.2	20.3	16.9
		Female	16.3	17.0	19.3
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%) ^{(5) (6) (9)}	Total	16.2	16.5	14.5
		Male	13.1	13.5	11.3
		Female	19.6	19.7	17.8

Last update: 29/08/2019

Sources:

Indicators 1, 2, 8, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 - State Statistical Service of Ukraine

Indicators 5, 6, 7, 10, 11 – UNESCO, Institute for Statistics

Indicators 3, 4 – The World Bank, World Development Indicators database

Notes:

⁽¹⁾ (2015-2019) Data without the population of Autonomous Republic of Crimea and Sevastopol.

⁽²⁾ (2017-2018) Data without the population of Autonomous Republic of Crimea and Sevastopol and part of the conflict zone.

^(*) working-age population aged 15–70 is used in the denominator.

⁽³⁾ UIS estimation

⁽⁴⁾ LOW: General basic, primary and lower; MEDIUM: General secondary, professional-technical; HIGH: incomplete tertiary, (basic and full) tertiary;

⁽⁵⁾ Age range 15-70

⁽⁶⁾ 2013: Data without the population of Autonomous Republic of Crimea and Sevastopol;

⁽⁷⁾ 2013- ETF calculations on Ukrstat data

⁽⁸⁾ 2017: Data without the population of Autonomous Republic of Crimea and Sevastopol and part of the conflict zone.

⁽⁹⁾ Participation in education in the week prior to the survey is considered.

Legend:

N.A. = Not Applicable

M.D. = Missing Data

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, countries may report legal or registered residents.
2	Relative size of youth population (age group 15-24) (%)	This is the ratio of the youth population (aged 15-24) to the working-age population, usually aged 15-64 (74)/15+.
3	GDP growth rate (%)	Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
4	GDP by sector (%)	The share of value added from Agriculture, Industry and Services. Agriculture corresponds to ISIC divisions 1-5 and includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 3 or 4.
5	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 (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
6	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a percentage 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 (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
7	Adult literacy (%)	Adult literacy is the percentage of population aged 15 years and over who can both read and write with understanding a short simple statement on his/her everyday life. Generally, 'literacy' also encompasses 'numeracy', the ability to make simple arithmetic calculations.
8	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.

	Description	Definition
		This is usually measured with respect to the highest educational programme successfully completed which is typically certified by a recognized qualification. Recognized intermediate qualifications are classified at a lower level than the programme itself.
9	Early leavers from education and training (age group 18-24) (%)	Early leaving from education and training is defined as 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 survey. Lower secondary education refers to ISCED 1997 levels 0-2 and 3C short (i.e. programmes with duration less than 2 years) for data up to 2013 and to ISCED 2011 levels 0-2 for data from 2014 onwards.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	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.
11	Share of VET students in upper secondary education (ISCED level 3) (%)	Total number of students enrolled in vocational programmes at a given level of education (in this case upper secondary education), expressed as a percentage of the total number of students enrolled in all programmes (vocational and general) at that level.
12	Tertiary education attainment (aged 30-34) (%)	Tertiary attainment is calculated as the percentage of the population aged 30–34 who have successfully completed tertiary studies (e.g. university, higher technical institution). Educational attainment refers to ISCED 1997 level 5–6 up to 2013 and ISCED 2011 level 5–8 from 2014 onwards.
13	Participation in training/lifelong learning (age group 25-64) (%)	Lifelong learning refers to persons aged 25–64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding those who did not answer the question on participation in education and training. The information collected relates to all education or training, whether or not it is relevant to the respondent's current or possible future job. If a different reference period is used, this should be indicated.
14	Low achievement in reading, maths and science – PISA (%)	Low achievers are the 15-year-olds who are failing level 2 on the PISA scale for reading, mathematics and science.
15	Activity rate (aged 15+) (%)	The activity rate is calculated by dividing the active population by the population of the same age group. The active population (also called 'labour force') is defined as the sum of employed and unemployed persons. The inactive population consists of all persons who are classified as neither employed nor unemployed.
16	Inactivity rate (aged 15+) (%)	The inactivity/out of the labour force rate is calculated by dividing the inactive population by the population of the same age group. The inactive population consists of all persons who are classified as neither employed nor unemployed.
17	Employment rate (aged 15+) (%)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group. Employed persons are all persons who worked at least one hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated.
18	Employment rate by educational attainment (% aged 15+)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group. Employed persons are all persons who worked at least one hour for pay or profit during the reference period or were temporarily absent

	Description	Definition
		<p>from such work. If a different age group is used, this should be indicated.</p> <p>Educational levels refer to the highest educational level successfully completed. Three levels are consider: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)</p>
19	Employment by sector (%)	This indicator provides information on the relative importance of different economic activities with regard to employment. Data is presented by broad branches of economic activity (i.e. Agriculture/Industry/Services) which is based on the International Standard Industrial Classification of All Economic Activities (ISIC). In Europe, the NACE classification is consistent with ISIC.
20	Incidence of self-employment (%)	The incidence of self-employment is expressed by the self-employed (i.e. Employers + Own-account workers + Contributing family workers) as a proportion of the total employed.
21	Incidence of vulnerable employment (%)	The incidence of vulnerable employment is expressed by the Own-account workers and Contributing family workers as a proportion of the total employed.
22	Unemployment rate (aged 15+) (%)	The unemployment rate represents unemployed persons as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed persons comprise those aged 15–64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work, i.e. had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months).
23	Unemployment rate by educational attainment (aged 15+) (%)	The unemployment rate represents unemployed persons as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed persons comprise those aged 15–64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work (had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months)). Educational levels refer to the highest educational level successfully completed. Three levels are consider: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
24	Long-term unemployment rate (aged 15+) (%)	The long-term unemployment rate is the share of unemployed persons since 12 months or more in the total active population, expressed as a percentage. The duration of unemployment is defined as the duration of a search for a job or as the period of time since the last job was held (if this period is shorter than the duration of the search for a job).
25	Youth unemployment rate (aged 15-24) (%)	The youth unemployment ratio is calculated by dividing the number of unemployed persons aged 15–24 by the total population of the same age group.

	Description	Definition
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The indicator provides information on young people aged 15–24 who meet the following two conditions: first, they are not employed (i.e. unemployed or inactive according to the ILO definition); and second, they have not received any education or training in the four weeks preceding the survey. Data is expressed as a percentage of the total population of the same age group and gender, excluding the respondents who have not answered the question on participation in education and training.

LIST OF ABBREVIATIONS

GDP	Gross domestic product
IDP	Internally displaced person
ILO	International Labour Organization
ISCED	International Standard Classification of Education
ISIC	International Standard Industrial Classification
MoES	Ministry of Education and Science
MoSP	Ministry of Social Policy
NEET	Not in education, employment or training
NAK	National Agency for Qualifications
NQF	National Qualifications Framework
NQS	National Qualifications System
PISA	Programme for International Student Assessment
PPP	Purchasing power parity
SES	State Employment Service
UAH	Ukrainian hryvnia (currency)
UIS	UNESCO Institute for Statistics
USD	US dollar
VET	Vocational education and training

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