

# Ukraine

## Social policy specific situation

### Significant social trends

In 2017, the development of the social sphere was one of the key directions of the reforms in Ukraine.

The Ministry of Social Policy of Ukraine in 2017 ensured fulfilment of tasks in the social sphere defined by the Action Program of the Cabinet of Ministers of Ukraine, which are the following:

In Ukraine there is an active process of reforming the legislation in the social sphere. In particular, **the National Strategy for the Reform of the Institutional Care and Keeping of Children on 2017-2026**, as well as the plan for the implementation of its Phase I, was approved by the Cabinet of Ministers of Ukraine in August 2017. The purpose of the Strategy is to strengthen the protection of the rights of children, primarily in the education of the family, or in conditions as close as possible to the family.

Ukraine has been reforming pension system since October 2017, in order to ensure stability of the pension system, enhance protection of the most vulnerable groups and introduce a unified and fair approach to the calculation of pensions. As part of the pension reform, in October 2017 **the Law of Ukraine „On Amendments to Certain Legislative Acts of Ukraine on Increasing Pensions”** was adopted, which has been resulted in the following changes:

- previously assigned pensions were modernized and recalculated, based on the up to date average salary for 2014-2016. Earlier, about half of Ukrainian pensioners received pensions calculated on the basis of the average salary for 2007. This enabled to raise pensions for 10,2 million pensioners since October 2017.

- special pensions were cancelled (pensions of state employees, prosecutors, judges, scientists, teachers, healthcare workers, as well as a number of other groups, will be accrued based on general rules and principles), except for military personnel pensions;

- 15% tax rate for pensions of the employed pensioners was repealed;

- the mechanism of annual indexation (review) of pensions is determined, taking into account the increase of average salary and the inflation rate in the preceding years.

- the current retirement age is maintained, however length of qualifying period for pension was increased, flexible retirement conditions were established depending on the length of the insurance period. Eventually, by 2028, a pension qualifying period will gradually increase from 15 to 35 years.

The average pension on 07/01/2018 (UAH2562) is 35,7% higher compared to the same period in 2017.

## Strategy to overcome poverty

In order to reduce poverty gradually and to introduce new mechanisms for its prevention and overcoming social exclusion, the Resolution of the Cabinet of Ministers of Ukraine dated March 16, 2016 № 161-r approved the Poverty Reduction Strategy, which identified the main directions of poverty reduction for the period up to 2020. This Resolution provides for the annual development of Action plans for its implementation. The Resolution of the Cabinet of Ministers of Ukraine dated February 14, 2018 № 99-r approved the Action plan for 2018 on the implementation of this Strategy, which provides for the implementation of a set of measures aimed, first of all, at raising the size of cash incomes of the population from employment, attracting citizens to the labour market, providing targeted assistance and increasing the effectiveness of social support programs.

Monitoring shows that rising incomes for all segments of the population contributed to the improvement of the poverty situation. **For the first time since 2013, there has been a significant reduction in the level of absolute poverty.** The poverty rate for incomes below the actual subsistence level (according to the 9 months of 2017) decreased by 15,4 percent points (from 53,6% in 2016 to 38,2% in 2017). Among working people, the level of absolute poverty decreased by 18.9 percent points (from 44,2% to 25,3%).

In order to ensure effective state social support of the population, **the Program of housing subsidies has been improved** to increase the targeting of their provision and efficient use of funds.