

BI-MONTHLY REPORT ON THE MAIN TRENDS IN EMPLOYMENT AND ENTREPRENEURSHIP

June-July 2023

Government policies and legislation

By Decree No.568 dated 6 June 2023, the Cabinet of Ministers of Ukraine amended the Procedure for Providing Employers with Compensation for Labour Costs for Employment of Internally Displaced Persons (IDPs) due to Hostilities during Martial Law in Ukraine¹. The document clarifies the following:

- a business that was established after the full-scale invasion can receive reimbursement for the employment of IDPs;
- reimbursement is provided to the employer for the employment of IDPs who received the status after the introduction of martial law;
- control over compliance with the terms of the programme is being strengthened, from now on, Employment Centres will monitor the employment of employees under these terms.

The Government introduced a programme to encourage businesses to hire IDPs in April 2022. The programme aims to accelerate the adaptation of people who were forced to move from dangerous regions² and increase employment among the population. For each employed IDP, the state pays reimbursement to the employer in the amount of the minimum wage (UAH 6,700) for 2 months. In 2022, more than 10,000 entrepreneurs took advantage of the programme and almost 18,000 IDPs were hired.

The Ministry of Reintegration of the Temporarily Occupied Territories of Ukraine has presented a **Draft Law on Ensuring the rights and freedoms of IDPs**³. The current law was adopted back in 2014 and does not currently meet the challenges of a full-scale war: the scale and speed of internal displacement has increased dramatically. The purpose of the new law is to ensure the social stabilisation of IDPs through their social protection, adaptation and integration into communities. The draft law assigns a significant role in working with IDPs to (i) the institution of the Commissioner for IDPs, (ii) Coordination Centers for Civilian Support, and (iii) IDP Councils.

Cabinet of Ministers Decree No. 740 of 28 June 2022 on Certain Issues of Protection of the Rights of Deportees and IDPs approved the Regulation on the Commissioner for IDPs⁴. The Commissioner is an official of the Ministry of Reintegration whose main task is to participate in the formation and implementation of state policy on IDPs and citizens of Ukraine who have left their place of residence, to promote the exercise of their rights and freedoms and to create conditions for the voluntary return of such persons to their abandoned place of residence or integration at a new place of residence. In particular, it is responsible for informing IDPs about employment opportunities in the respective localities and facilitating their employment; taking measures to promote education for IDPs and citizens of Ukraine residing in the temporarily occupied territory, etc.

According to the Minister for Reintegration of the Temporarily Occupied Territories, **Civilian Support Coordination Centers were established in all regions of Ukraine** in June. They are starting to function and their task is to provide support and assistance to the population affected by the war, namely veterans, families of military personnel, children, IDPs, PwD, and the elderly and to ensure effective cooperation between state authorities, local governments, NGOs and international partners in the area of social protection and human rights. The organizational infrastructure will include coordination centers at regional military administrations and resilience centers in local hromadas. According to the **Decree no. 558 dated 5 June 2023 of the Transcarpathian Regional Military Administration**⁵ such Coordination Centre for Civilian Support was established. The main task of this Center is to provide assistance to civilians affected by the war. It is primarily about adapting and improving the living conditions of the population, addressing social protection issues, vocational training, housing,

¹ Cabinet Ministers of Ukraine (2023, June 6). Decree No.568 on Amendments to the Procedure for Providing Employers with Reimbursement of Labor Costs for Employment of Internally Displaced Persons as a Result of Hostilities during Martial Law in Ukraine. <https://zakon.rada.gov.ua/laws/show/568-2023-n#Text>.

² This applies to the territories where military operations are (were) conducted or territories temporarily occupied by Russia. The list of such territories is approved by the relevant Decree of the Ministry of Reintegration of the Temporarily Occupied Territories of Ukraine No. 309 dated 22 December 2022 and is periodically updated.

³ Ministry of Reintegration of the Temporarily Occupied Territories of Ukraine. (2023, August 12). The new draft law on IDPs is a response to the challenges of a full-scale invasion. <https://minre.gov.ua/2023/08/12/novyi-zakonoprojekt-pro-vpo-vidpovid-na-vyklyky-povnomasshtabnogo-vtorgnennya/#>.

⁴ Cabinet of Ministers of Ukraine (2022, June 28). Decree No.740 on Certain Issues of Protection of the Rights of Deportees and IDPs approved the Regulation on the Commissioner for IDPs. <https://zakon.rada.gov.ua/laws/show/740-2022-%D0%BF#Text>.

⁵ Transcarpathian Regional Military Administration (2023, June 5). Decree No.558 on the Coordination Centre for Civilian Support. <https://carpathia.gov.ua/npas/pro-koordynatsiyni-tsentridtrymky-tyvilnoho-naseleennia>.

employment counselling, psychosocial, medical and legal support. Working groups on relevant areas were established accordingly.

In view of the large number of IDPs, some communities have established IDP Councils to assist with their integration and the work of local authorities to ensure the rights and interests of IDPs. To regulate the activities of such councils, **the Cabinet of Ministers adopted the Decree on Approval of the Model Regulation of the IDP Council**⁶. The main tasks of such councils are to facilitate social protection of IDPs, their employment, housing, psychosocial, medical and legal assistance, etc. The Council will consist of 18 members, 9 of whom are IDPs, 6 representatives of the authority under which the Council is established, and 3 representatives of NGOs involved in the protection of IDPs' rights. In addition, the Resolution recommends that: regional, city, and district military administrations establish IDP councils by 1 September 2023.

On 20 July 2023, the Committee on Social Policy and Veterans' Rights considered the analysis of the practice of applying **Law No. 2179-IX "On Amendments to Certain Legislative Acts of Ukraine on the Functioning of the National Qualifications System"**⁷. It confirmed the positive development of the national qualifications system, which created opportunities for Ukrainians to confirm professional qualifications obtained outside the formal education system and to find employment in more vacancies in demand during the war in a particular industry. As an effect of the Law, professional standards are elaborated and approved by the developer of such a professional standard, which can be, among others, an employer. This legislative innovation is important because it is the business that knows what skills, knowledge and competencies its employees should have. In addition, professional standards are now tied to the tariff system of remuneration, which will have a positive impact on the salaries.⁸

Since the entry into force of the Law, additional **vocational qualification centers** have been established where people can confirm their professional qualifications obtained through non-formal or informal education, and a number of new full and partial qualifications have been granted. As of July, 31 qualification centers for 148 unique professional qualifications have been established and are already operating in 12 regions of Ukraine and Kyiv city⁹. A number of companies also received the right to assess the qualifications of employees for further certification and employment. In addition, the Government has approved a list of jobs that do not require a person to have a professional or partial professional qualification. These are the professional jobs that require a minimum amount of knowledge to perform simple tasks, including using hand tools. Thus, the Law creates conditions for facilitating employment of the country's population, which applies not only to cases where a person has a professional qualification, but also to cases where there is no such qualification. Starting from March 2023, all professional standards to be developed in Ukraine will include the level of the National Qualifications Framework, which has been benchmarked against the European Qualifications Framework. This means that a favorable climate is being created for European business investment in Ukraine during and after the war.

Decree No.553 dated 2 June 2023¹⁰ of the Cabinet of Ministers of Ukraine approved the procedure for providing the State Employment Service with the information necessary to organise the employment of persons with disabilities (PwD). According to Art. 18 of the Law of Ukraine No.875 "On the Fundamentals of Social Protection of Persons with Disabilities in Ukraine" from 21 March 1991, enterprises, institutions, organisations, individuals which employ hired labour are obliged to allocate and create jobs for the employment of PwD, including to provide special workplaces, to create working conditions for such persons, taking into account individual rehabilitation programmes, and to provide other social and economic guarantees provided for by Law.

Draft Law on Amendments to the Labour Code of Ukraine (registration No. 8244) prepared in July 2023 for the second round of reading provides for the harmonisation of national labour legislation with the provisions of Council Directive 2001/23/EC of 12.03.2001 on the protection of employees' rights in the event of the transfer of enterprises/business structures to other owners. If the relevant Law is adopted, the seller and the acquirer of the business are obliged to inform the trade union or other representatives of employees of the details of such transaction; legal, economic and social consequences of the sale of the business for employees, etc. in advance of the business transfer.

⁶ Cabinet of Ministers of Ukraine (2023, August 2023). Decree No. 812 on Approval of the Model Regulation on the Council on IDPs. <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-typovoho-polozhennia-pro-radu-z-pytan-vnutrishno-s812-40823>.

⁷ Verkhovna Rada of Ukraine (2022, April 1). Law of Ukraine No. 2179-IX on Amendments to Certain Legislative Acts of Ukraine on the Functioning of the National Qualifications System. <https://zakon.rada.gov.ua/laws/show/2179-20#Text>.

⁸ Press Service of the Verkhovna Rada of Ukraine. (2023, July 21). Thanks to the decision of the parliament, Ukrainians got the opportunity to recognize self-education, and businesses - to hire employees with partial qualifications. https://www.rada.gov.ua/news/news_kom/239282.html.

⁹ National Qualifications Agency (NQA). Information about the vocational qualification centers. <https://data.nqa.gov.ua/qualification-centers/>

¹⁰ Cabinet Ministers of Ukraine (2023, June 2). Decree No.553 on Particular issues of employment of persons with disabilities. <https://zakon.rada.gov.ua/laws/show/553-2023-n#Text>.

Draft Law on Amendments to Certain Laws of Ukraine on Proportional Calculation of Pensionable Service for Persons Who Worked Outside Ukraine (registration No. 94534). The draft law proposes to regulate the calculation of the insurance period of persons who worked outside Ukraine for the purpose of determining the amount of pension. This will affect about 1 million future pensioners. The provisions of the draft law apply to all citizens who found work during forced immigration. Upon returning to Ukraine and when granting a pension, the period of work abroad will be included in the total length of service. It is proposed to expand the list of mechanisms for receiving a pension, including by applying to consular offices.

Trends in the employment market and entrepreneurship development

According to the Human Impact Assessment¹¹, **60 percent of all surveyed households and 73 percent of IDPs reported that the work of their household members had been affected in one or more ways since the start of the war, primarily by job loss, salary cuts, and reduced working hours.** More than half of households surveyed reported a decrease in income (65 percent) – this was higher for IDP (74 percent). At the same time, respondents reported a decrease in access to paid work as a primary source of income.

Surveyed households indicated both high rates of unemployment and decreasing rates of paid work as a primary source of income. Approximately 39 percent of households had no members working. However, of households with working-age members (aged 18-59), 74 percent had at least one member working, while 26 percent had no members working. For households with at least one member employed, 79 percent were engaged in paid work, 21 percent in part-time or temporary work, and 11 percent in a self-owned business. From a gender perspective, **it was identified that household income from regular employment and pension were notably higher for households headed by men than households headed by women.**

Trends in the labour market in 2023 indicate a gradual recovery of small and medium-sized businesses and an increase in business activity, primarily in those sectors of the economy that are important to the country at war. One of the markers that best describes the presence of the above processes is the growing demand for workers in the relevant professions. The **top 10 professions** in terms of the number of available job offers on the Unified Job Portal¹² are as follows: *sales consultant; driver; sales manager; accountant; cook; engineer; doctor; freight handler, sewing machine operator, pharmacist.* In terms of vacancies submitted by employers directly to the State Employment Service, the largest number of vacancies was registered in Kyiv, Lviv, Dnipro, Odesa and Kyiv regions¹³.

Traditionally, the largest number of vacancies were submitted by employers in terms of occupation:

- *skilled workers* - 21% of all vacancies submitted (*sewing machine operator, electrician for repair and maintenance of electrical equipment, repair mechanic, plumber, electric and gas welder, wheeled vehicle repair mechanic, baker*);
- *workers in the maintenance, operation of equipment and machinery*- 16% (*driver, tractor driver, turner, petrol station operator, road worker, excavator operator, forklift driver, milling operator, machine tool operator, crane operator*);
- *trade and service workers*- 15% (*sales manager, cook, security guard, waiter, social worker, bartender, hairdresser, nurse, police officer*).

At the same time, the Employment Service database contains some **job offers with relatively high salaries**, for example: *computer software development specialist, software engineer, metal and alloy moulder, instrument fitter, agronomist, fashion designer, wood turner, milling machine operator, etc.* It should be noted that employers offer a high level of remuneration to highly qualified employees with work experience for performing complex tasks or for working in special conditions. Employers also **often require applicants to have such skills** as knowledge of a *foreign language, ability to work in stressful situations, flexibility, communication skills, mobility and adaptability.*

According to the State Employment Service, the number of IDPs willing to join the **education voucher programme** has increased. Since 1 June alone, 1353 applications have been received from IDPs, which is significantly more than since the beginning of the year. The introduction of the possibility to apply for a voucher online contributed to the improvement of statistics among IDPs. Currently, the professions and specialities that people choose to study are dominated by the labour

¹¹ IMPACT Initiatives and Centre for Sustainable Peace and Democratic Development (2023, June). Report. The Human Impact Assessment. <https://www.undp.org/ukraine/publications/human-impact-war-ukraine>.

¹² State Employment Service (2023). Unified portal of vacancies. <https://jobportal.dcz.gov.ua/>.

¹³ Press service of the State Employment Centre. (2023, July 18). What vacancies are currently relevant on the labor market?. <https://www.dcz.gov.ua/novyna/yaki-vakansiyi-ye-zaraz-aktualnymy-na-rynku-praci>.

sector. The most popular voucher types include *nursing, cooking, psychology, motor vehicle drivers, social work, electric and gas welding, private security, and tractor drivers*.

In June, **more than 31,000 new individual entrepreneurs were registered**, the highest number not only since the beginning of the war but also over the past 3 years. Since the beginning of the year, Ukrainians have opened almost 134,000 new businesses¹⁴. Retail remains the most popular area for starting a business. Over 38,000 new individual entrepreneurs started in this sector in the first half of the year. Computer programming, other individual services, wholesale trade, and restaurant business are next in the popularity ranking. Among the regions, Kyiv became the leader in terms of the number of newly created sole proprietorships. Over 19,000 new entrepreneurs were registered in the capital in the first half of the year. Dnipropetrovska and Lvivska Oblasts are in second and third place, with more than 10,000 sole proprietorships in each of them since the beginning of the year.

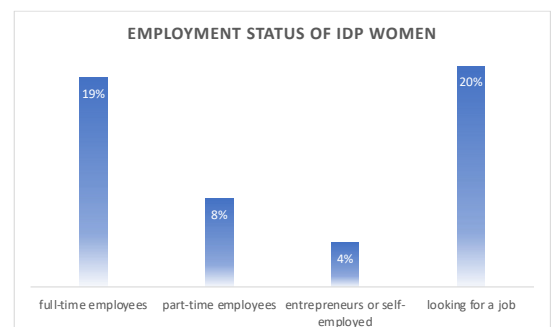
The State Employment Service is launching a **new free digital service, the My Profession Online Test¹⁵**, for those who are choosing a future profession; do not like their job; have a hobby but do not know how to make money from it; have graduated from school and do not know what to do next, etc.

In early July, **the Civil Service Reserve in the De-occupied Territories platform** (a project of the Ministry of Reintegration and the National Agency for Civil Service) was launched. The purpose of this reserve is to provide staff for regional military administrations and other government agencies that will resume work in the de-occupied territories. Motivated specialists of various specialities are recruited to the reserve. Civil service and local government specialists are in the highest demand. There is also a priority need for doctors and teachers. If necessary, retraining will be carried out. At the start of this campaign, there were more women among the applicants, but now men are also active. To be included in the personnel reserve, a person needs to apply on the website of the National Agency for Civil Service¹⁶.

IDP women

According to the **Research of the Economic Activity of IDP Women and Their Strategies regarding the Restoration of the Sources of Income** which was conducted by Info Sapiens in January-March 2023¹⁷:

- Overall 24% of Ukrainian employees lost jobs as a result of the full-scale war and among IDP women this rate is twice higher – half of the pre-war employees lost their jobs. Only 31% of IDP women are employed vs. 59% among IDP men and local men and 45% of local women.
- Specifically, 19% of IDP women are full-time employees, 8% work part-time, and 4% are entrepreneurs or self-employed; 20% of IDP women are looking for a job.
- The financial situation of IDP women is better in North and West regions of Ukraine and the main income recovery strategies of IDP women are the following:
 - a) Part-time jobs: the share of part-time employees among employed women increased from 14% to 26% while the share of full-time workers and self-employed decreased as a result of the full-scale war;
 - b) Remote jobs: 30% of IDP women work remotely vs. 15% of IDP men, 7% of local women, and 5% of local men;
 - c) Social security and humanitarian assistance payments (specifically, IDP payments).
- 44% of IDP women said that they need to find a job for income increase and 4% to start an entrepreneurial activity. IDP women look for work with a flexible schedule (41%), remote work (29%), and part-time employment (28%). Only half of IDP women look for full-time jobs (vs. two third of IDP and local men).
- The main problems with the job search for IDP women are the following: 1) the uncertainty regarding the place of living; 2) lack of vacancies and labour market misbalances; 3) household chores, taking care of children and other family members; 4) difficulties in commuting or lack of transportation; 5) the bad psychological state of IDP women; 6) discrimination; 7) absence of permanent Internet access; 8) insufficient knowledge of the English and Ukrainian language.



¹⁴ Opendatabot, analytical portal. <https://opendatabot.ua/analytics/fop-record-2023>

¹⁵ State Employment Centre. Career guidance and development platform. <https://myprofession.com.ua/>

¹⁶ National Agency of Ukraine on Civil Service. <https://reserve.nads.gov.ua/>

¹⁷ Info Sapiens Int LLC for German Society for International Cooperation Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (2023, April). Research of the economic activity of IDP women and their strategies regarding the restoration of the source of income https://www.sapiens.com.ua/publications/socpol-research/266/ISInt_IDPs_women_report.pdf

- The business potential among IDP women is three times lower than among IDP men: 5% of IDP women plan to start a business vs. 18% of IDP men. Among IDP women who would like to start their own business in sale sector, education, IT, and beauty industry as preferred sectors of entrepreneurship.
- The top barriers for IDP women for starting a business are lack of start-up capital for development (73%) and lack of knowledge and experience (50%, specifically on how to start a new business, accounting, and legislation); approximately a third of IDP women willing to change their profession or start their own business do not know how to start.

Youth

According to the Survey “**Best Employer 2022: Where Ukrainians Want to Work in Times of War and What Are Candidates' Current Priorities**” conducted by Ernst & Young Ukraine¹⁸:

- More than half of the respondents (61% of students) said that the war had made it harder for them to get the job they want.
- Almost 80% of young professionals face difficulties in finding a job. The main reasons cited by students include insufficient work experience, insufficient knowledge or skills, high competition in the labour market, and a limited number of vacancies in their field of study.
- For more than 5 years in a row, IT has remained the most attractive industry for both candidates with work experience and students. In addition to IT companies, both groups of respondents would like to work in fast-moving consumer goods industries (FMCG) and retail companies. In 2022, there was a significant increase in interest in employment in the public sector of Ukraine, namely in government agencies such as: The Office of the President of Ukraine, the Verkhovna Rada of Ukraine and the Armed Forces of Ukraine.
- (i) Opportunities for career and (ii) professional and personal growth (opportunity for self-realisation) are the most important criteria for students to choose an employer (78% and 70% respondents respectively). Young professionals also paid more attention to (iii) the willingness of companies to hire students (67%) and (iv) the availability of internship programmes (67%) which correlates with the aforementioned difficulties in finding a job. (v) Salary level is now as important as the two factors mentioned above (67%).
- Importantly, job seekers (58% of students) now prefer to work for a company that allows remote/relocated work.

¹⁸ EY Ukraine (2023, April). Survey “Best Employer 2022: Where Ukrainians Want to Work in Times of War and What Are Candidates' Current Priorities” https://www.ey.com/uk_ua/news/2023/04/best-employer-survey-2023