

PIN's Livelihood and self-reliance needs assessment report



July 2023

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1 INTRODUCTION

As part of its country strategy for 2023-2025, PIN, in complement to its humanitarian, preparedness and early recovery assistance, will support the local authorities, civil society organizations, communities and conflict-affected individuals to **mitigate and address the war's longer-term socioeconomic impacts**; and to support an empowered participation in recovery and reconstruction processes, including through durable solutions and contributing to community stabilization, cohesion and inclusion.

PIN aims to **build strong foundations to support resilience, self-reliance, good governance, social cohesion and durable solutions in Ukraine**.

Self-reliance is understood as the level of independence that is necessary for a dignified life. This independence encompasses many different aspects of agency, including personal and economic empowerment, the ability to choose and shape one's lives, and the opportunity to provide for themselves and their families. The economic situation is also extremely important for dignity. UNHCR describes self-reliance as *'the social and economic ability of an individual, a household or a community to meet essential needs in a sustainable manner and with dignity'*.

Consequently, **livelihood is seen as a key mean to ensure protection and social inclusion** of vulnerable people in Ukraine.

The link between Livelihood and protection is understood here as a means to provide a minimum standard of living for people whose income is low because of the war (i.e. displacement, inability to work outside of home, age or disability condition), allowing them to enhance their self-reliance and to avoid adopting coping strategies that could lead them deeper into poverty or increase their vulnerabilities. As such, it is intended to help people whose livelihoods are affected, without them having to rely mainly on social assistance. In addition, by providing protection assistance, including psychosocial support to people engaged into restored livelihood, we ensure that they do not have only the means and the opportunities, but that they also have the motivation and the resilience to go through that process.

As part of its nexus strategy, one of PIN's specific outcomes is that Conflict-affected communities have improved access to integrated livelihood and community-based protection enhancing social inclusion and cohesion

To achieve this, based on the country-wide needs assessment, complemented by various additional focus group discussions and secondary data analysis; and in coherence with its country strategy, PIN aims to:

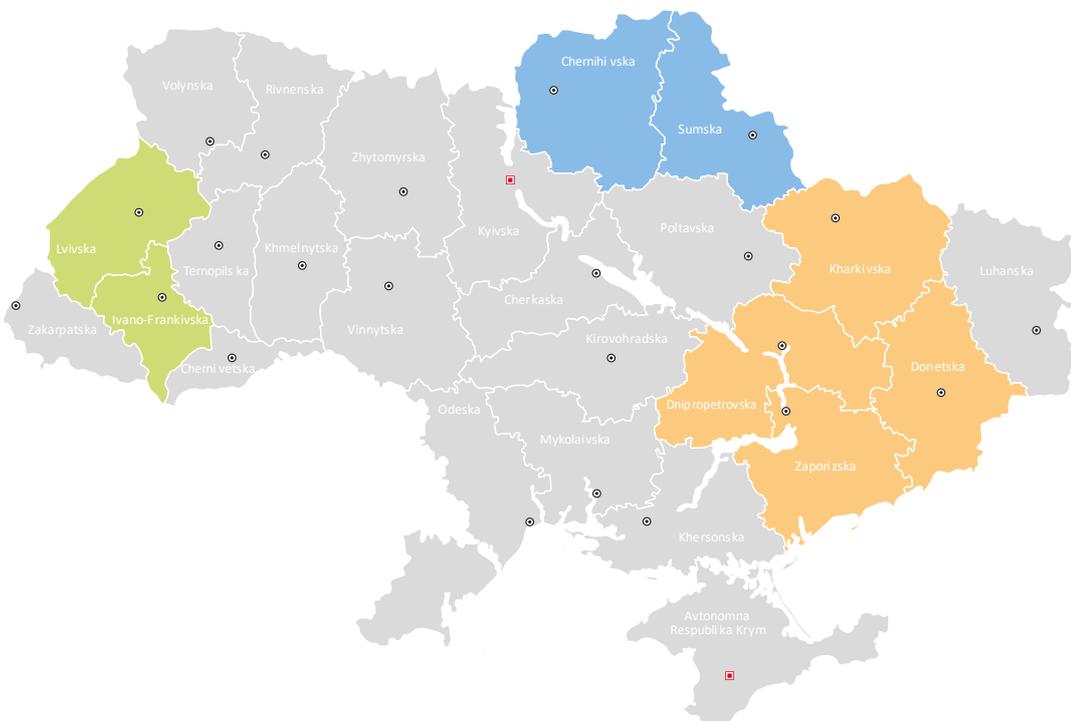
- 1) **Enhance IDPs and host communities' access to livelihood means and opportunities and self-reliance and reduce social inequalities**
- 2) **Facilitate their protection:** protection and livelihoods are closely intertwined, even more for IDPs and returnees, with the aim to regain a sense of dignity, safety and human security and to support their resilience

- 3) **Support the integration of IDPs into host communities and strengthen social cohesion**
- 4) **Promote durable solutions** for IDPs and conflict-affected populations

2 Objectives of the Livelihood NEEDS ASSESSMENT

The main objective of the assessment was to identify the key access constraints to livelihood and the main self-reliance opportunities for the vulnerable socio-economic groups to enhance their protection, social inclusion and social cohesion at community level.

3 LOCATIONS



Dnipropetrovska, Kharkivska, Zaporizhska, Donetsk:

- High number of returns of economically active adults to the places of origin, including from other oblasts within Ukraine (e.g., Kharkivska oblast)
- High concentration of economically active displaced populations (e.g., in Dnipropetrovska), which implies the necessity of people’s livelihoods restoration
- Influx of people and the markets affected by war-time economy result in increased demand in various sorts of services: car repair services, hairdresser’s, bakeries, cafes, sewing workshops, building enterprises, etc.



Lvivska and Ivano-Frankivska:

- Effective coordination in relocation of enterprises and cooperation with business - according to statistics, since the beginning of the full-scale invasion, up to 300 enterprises of various sizes have moved to the western oblasts, under the patronage of the Cabinet of Ministers.
- The presence of enterprises relocated from Kyiv, Kharkiv, Donetsk, Dnipropetrovsk regions.
- Continuous influx of people from eastern and southern oblasts



Sumska and Chernihivska:

- High number of local businesses have been affected during occupation or market chains were disrupted due to loss of access with East/South. Many enterprises (communal, commercial) have left (relocated to Kyiv or western regions) or planning to leave the area esp bordering Russia due to constant shelling causing high level of unemployment
- A shortage of working-age men (due to mobilization and evacuation) has led to a high demand for so-called “male specializations” like welding, mechanics, woodcutting, and especially truck driving
- IDPs and returnees are coming back to their place of origin
- Feeling of security had increased in the hromadas out of 0-30 km zone from the border



4 TARGET GROUP

Although the assessment will confirm the target group, it is envisaged to have a specific attention on the **vulnerable socio-economic groups including:**

- **IDPs from 2022**
- **Returnees:** the ones who come back from abroad and the ones who were displaced within Ukraine and came back to their original area of residence
- Vulnerable people from the **host communities**

In a transversal way, within those 3 main groups, the following sub-groups have been considered, depending on the context:

- People having to work from home due to the war consequences (disability, security, men avoiding conscription)
- People who require re-qualification
- People whose enterprises were suspended
- People who look after children/HH disabled members
- People whose enterprises were suspended
- The minorities' representatives (ethnic/religious/gender/age/etc)
- People who should work remotely (PwD/limited by security conditions/men avoiding conscription)
- Youth

- Veterans (especially in the coming years)
- People close to pension age
- Etc.

5 METHODOLOGY

The assessment has been based on a consultative process involving the participation and contribution of PIN's program team (livelihood and protection), local authorities of the selected hromadas, selected members of the host communities and of the IDPs present in those locations, national and international organizations and private sector representatives.

The assessment through desk review, KII and FGDs focused on the target group, their constraints and the opportunities. KIIs were done by phone.

The questionnaires have mainly considered qualitative data.

Gender, Age and Diversity have been integrated throughout the assessment and every question should have disaggregated data as much as possible. Intersectionality of needs will be integrated and as much as possible crossed analysis.

10 to 12 persons were invited for the FGDs. Out of these 10 to 12 people, the assessment team ensured to have one FGD with IDPs, one FGD with conflict affected population and one with returnees.

Out of FGD group, the proportion between males – 50% and females - 50%. The presence of people with disabilities during FGD will be considered and the group shall be composed of 50% youth and 50% adults.

At least 3 FGDs per settlement at minimum * 2 settlements/oblast = 6 mixed FGDs at minimum per oblast.

At least 4 KIIs per settlement at minimum * 2 settlements/oblast = 6 KIIs at minimum per oblast (with at least 1 from authorities, 1 for NGOs/CSOs, 2 with SME)

6 MAIN BARRIERS, NEEDS AND OPPORTUNITIES RELATED TO LIVELIHOOD AND SELF-RELIANCE IN UKRAINE IN 2023

PIN conducted a country-wide needs assessment in May-June 2023 with the main objective to identify the key access constraints to livelihood and the main self-reliance opportunities for the vulnerable socio-economic groups to enhance their protection, social inclusion and social cohesion at community level.

This exercise has been completed with a large secondary data analysis and the inclusion of relevant findings from additional Focus Group Discussions (through the PDM FGDs). This chapter will summarize the main findings.

6.1 Monetary poverty context and economic situation

Ukraine is showing resilience in the face of the ongoing war, but the **impact on social protection and livelihoods remains very large**.

According to the World Bank, the incidence of **monetary poverty** in the country could return to levels observed 16 years ago, pushing more than 7.1 million Ukrainians below the poverty line and almost 3.7 million people into a state of “vulnerability to poverty.” The poverty has increase from 5.3% in 2021 to 44% in 2022. **These very large losses stem from the loss of jobs and household income from wages**, higher poverty, related increased expenditures under existing means-tested social programs, and additional needs for programs such as survivor’s benefits or programs related to disability.

Ukraine's economy is estimated to have shrunk by 33 per cent in 2022 compared to the previous year (IMF, December 2022), with a GDP decrease by 29-30% in 2022 (ACAPS 2023) and will likely stagnate in 2023 and 2024. The national bank of Ukraine improved its economic growth forecast for 2023, from 0.3% to 2.0%. The world bank expects 0.5% GDP growth in 2023, however the current IMF forecast projects its 3.0% decline. 2023 budget includes a deficit of 23 billion and the Government of Ukraine is relying on external funding to cover most of its social spending. Exports decreased by 24% in 2022 (ACAPS 2023), primarily due to the Russian Black Sea blockade, as well as tax income at a time when increased defense spending is drastically increasing government spending. In 2022, Ukraine's economy lost most of its industrial capacity and energy infrastructure and shrank by 29.1%. The devaluation of the Ukranian hryvnia and increase in inflation have been driving up prices. From the beginning of 2023, inflation has been declining faster than expected. In April 2023, consumer price growth slowed to 17.9% year-over-year. **The long-term prospects will depend on the length and intensity of the war, as well as the country's ability to finance reconstruction**, "the estimated cost of which has risen to \$411 billion. While all sectors have been impacted, the main economic losses have been seen in the agricultural and industrial sectors.

6.2 Unemployment situation

The largest share of losses comes from the permanent loss of jobs and workers. A confirmed by DFS Ukraine in its report of May 2023¹, the National Bank of Ukraine forecasts that the **national unemployment rate will remain high** (above 26%) throughout 2023, in line with International Labour Organization (ILO) estimates that employment in 2022 dropped by 15.5 percent (2.4 million jobs) below the pre-war level. National surveys report that only 67 percent of those who were employed before the war still have a job. **Only about 40 percent of people work as they used to before the war**. Estimates indicate that between 2.4 and 4.8 million jobs have been lost because of the conflict in Ukraine. Two-thirds of the Ukrainians who fled the country hold a tertiary level of education and nearly half were previously employed in high-skilled occupations. The **unemployment rate is**

¹ <https://datafriendlyspace.org/content/uploads/2023/05/DFS-Ukraine-Situation-Analysis-March.pdf>

geographically uneven because the conflict caused displacement and relocation of businesses away from the southeast.

Unemployment levels remain high with IDPs in general, rural populations in areas heavily impacted by the conflict and those living in or returning to newly liberated areas facing the most challenges in finding employment. This is either due to a lack of relevant vacancies or just an overall lack of employment opportunities. A lack of suitable jobs (matching IDP or Returnee's skills and qualifications), responsibilities for caring for other household members and language were cited as barriers to work.

6.3 Main sources of income

These negative economic developments drive a wide range of humanitarian consequences and needs.

Only a third of the **returnee households** in the South (34%), East (36%) and North (38%) regions reported **salary as main source of income** and an even smaller proportion of IDP households have access to income from employment. Many returnee households **rely on sources other than salary** as their main income although this varies widely between macro-regions. In the central region, 75% of returnees report salary as the main income source. This drops to 64% in the west, 63% in Kyiv and down to 38% (North), 36% (East) and only 34% in the South. Overall, 48% of returnees report salary as their main income with a further 21% reporting their main income is a pension. For Non-displaced households, 45% report salary as their main income and 29% a pension; this perhaps reflects that fewer older persons who were displaced have returned home (or were displaced in the first place). A UNHCR survey covering IDPs which asked respondents to cite their top three sources of income in the last month found that only 23% cited salary as one of their sources of income, with government assistance (77%), support from NGOs (57%), pensions (34%) and savings (24%) being cited by a higher proportion of respondents (UNHCR27/02/2023, IOM 16/02/2023).

Humanitarian-provided cash assistance has remained at the same level since February 2022, with rising prices that mean that the gap between available assistance and the minimum required living income is growing. However, multipurpose cash assistance remains necessary in 2023, to ensure that the livelihood newly gained income is not used for addressing the most immediate basic needs.

The estimated needs in the social protection and livelihoods sector amount to US\$41.8 billion over 10 years. Many people have lost their sources of income and heavily rely on **support from the state and humanitarian actors**. When it comes to **social assistance**, a wage subsidy program aimed at encouraging employers to hire IDPs was introduced in March 2022. In 2022, Ukraine spent around UAH 159 billion (US\$4.3 billion) on **social assistance**. This includes Guaranteed Minimum Income (GMI), HUS (Housing Utility Subsidy), child and family benefits, disability and care benefits, benefits to IDPs, etc. However, the dependence of the Government of Ukraine on foreign money to cover its

social assistance programme in particular, because of a large budget deficit, could further undermine the wellbeing of already vulnerable people such as elderly and people with disability.

6.4 Local and SMEs Economy

Ukraine’s micro, small and medium enterprises (MSMEs), which employ over 7 million people and are crucial for economic sustainability at the local level, are the hardest hit and require support with equipment, space facilities, internet, etc, as confirmed by PIN needs assessment conducted in June 2023. The economic impact on unoccupied and frontline regions has been huge with many businesses forced to either close, reduce their activities or relocate to safer parts of Ukraine. Although there are some signs of economic recovery many barriers to businesses remain, especially in areas close to active conflict.

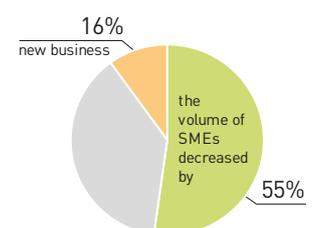
In terms of employment by economic activity, the refugee outflux is likely to have had a disproportionately adverse effect on the workforce of Ukraine’s wholesale and retail trade, education, and health and social services sectors, in which nearly 40 per cent. of previously employed refugees were working prior to February 2022. Surveys show that by the end of 2022, about 32% of all SMEs were not operational, an improvement from about 50% at the peak of the fighting. It allowed for the return of about 165,000 jobs to the SME sector.

Findings from a nationwide UNHCR survey found that IDPs from large cities (which often had a significant industrial sector), faced difficulties in accessing employment in western oblasts where the economy was more focused on the service and agriculture sectors. In addition, some of those displaced from the east spoke predominantly Russian, making language barrier to employment in predominantly Ukrainian speaking areas.

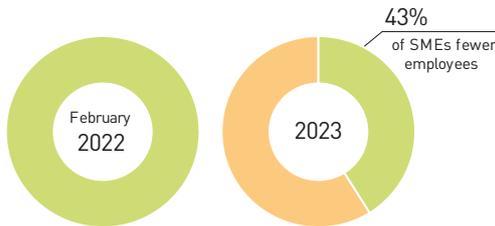
As per PIN needs assessment of July 2023, the main profitable and competitive sector in the occupied territories of Sumi, Kharkiv and Zaporizhia oblasts and areas under frequent shelling (Chernihiv, Dnipro Oblasts) is the agricultural sector, that has been harshly impacted by the mining of the lands and saw a reduction of finished good’s prices although the ones for fuel, seeds, agrochemicals, animal feeding and veterinary drugs increased. Lack of manpower and destruction of the infrastructure were also reported. The metallurgical sector was also impacted. For the SMEs related to these sectors, the impact was even more significant due to the lack of sufficient working capital to quickly restore their business in case of damage or necessity to cover unplanned expenses.

The regions that are less affected by the war (Ivano Frankivsk and Lviv oblasts) have the following profitable sectors: electricity, gas, steam and air conditioning, mechanical engineering, food industry, craft production, metallurgical work, coal, chemical industry, metal and plastic products, construction materials, agriculture, forestry and poultry. The petrochemical sector is the one that suffered the most.

According to the survey, the volume of SMEs has decreased by 55%, while the nature of the business has not changed. About 16% of

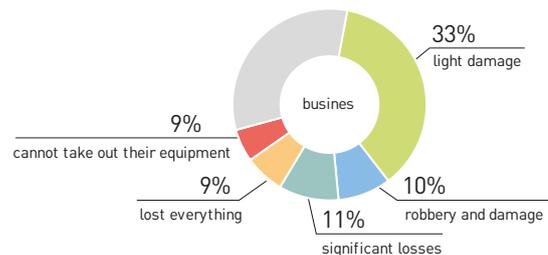


PIN’s assessment respondents started a new business after the full-scale invasion.



As of 2023, 43% of SMEs had fewer employees compared to February 2022. The main reasons are the partial closure of activities, men mobilization to the army, a large portion of women abroad, and the security situation.

Around 33% of the SMEs suffered light damage, such as broken windows and doors (with premises and equipment intact), robbery and damage to up to 10% of the equipment. 11% suffered significant losses (equipment damaged/taken away). 9% lost everything. 9% cannot take out their equipment to other locations due to the security situation or the occupation of the region and/or do not know about the condition of the premises and cannot visit it.



According to the authorities, the largest number of businesses that have started operating again since February 2022 are registered in Ivano-Frankivsk and Lviv regions. 30 businesses were relocated to Ivano-Frankivsk city and 63 in the oblast.

In the occupied territories and frontline areas, a much smaller number of businesses have restarted their activities, and when they did it concerned mainly the service and trade sectors.

There is no clear trend in statistics of business closures by region, but it is worth noticing that most businesses have reduced their capacity or reoriented their activities but continued to operate.

As we can see from above, although **local economies** are picking up in some of the heavily conflict affected areas, jobs are often only available in the service industry (shops/salons/hairdressing/cleaning). In contrast, in safer areas (Sumy or Chernihiv for example) there is a shortage of workers in typically “male specializations” such as welding, mechanics, woodcutting, and truck driving in part due to mobilization. The IOM GPS Returns report (round 12) indicated that the most conflict affected regions (the East and North) reported percentages higher than the overall average.

6.4.1 North

Main issues: In Sumy and Chernihiv regions which are under frequent shelling, the main problem after February 2022, is the constant shelling by Russia, which threatens local businesses and the safety of the population.

Main sectors: agriculture and forestry, agricultural processing, wholesale and retail trade and services. Agricultural enterprises and forestry suffered the most due to mined areas along the border, higher prices for fuel and agrochemicals, mobilization processes and mining of certain areas in these regions that were under occupation. Catering establishments were also closed due to the lack of financial means from the population. Due to the ban on visiting forests, the population lost their seasonal work picking mushrooms and berries.

Main problems of the population:

- Housing, destruction due to shelling and lack of housing for IDPs
- Employment
- Kindergartens (all closed in Sumy)
- Electricity and communication

6.4.2 East

Main issues: In Kharkiv and Dnipro, the main problems are constant shelling and unstable situation in terms of escalation of the hostilities.

Main sectors: coal mining, machine-building, chemical, food processing, woodworking industries, agriculture and retail trade in industrial/food and other goods. Agricultural producers lost part of their crops (shelling burning their production), and rocket attacks and artillery damaged and destroyed warehouses with their produce. The competitive sectors in Kharkiv region are trade, flour production and crop production. The most impacted sectors are grocery and industrial markets (some of which have been completely destroyed), small service businesses (coffee shops, barber shops, etc) and large enterprises that have partially or completely ceased operations. The biggest demand in the region is for construction materials. The purchasing power of the population has significantly decreased.

6.4.3 South

Main issues: ongoing hostilities, constant shelling and unstable situation

Main sectors: metallurgical industry, retail trade and private farms. Agriculture, transformer industry and enterprises that received raw materials from Donetsk region by shipping, as well as the trade sectors are the main impacted ones.

Main concerns from the population: constant fear of shelling and deterioration of the situation in the region, non-working kindergartens, inability to leave because of non-mobile relatives who cannot be left behind, lack of housing for IDPs and difficult emotional state.

6.4.4 West

Since February 2022, the region is hosting millions of IDPs.

Main sectors: retail trade, electricity, steam, air conditioning and gas supply, food, construction, metallurgical work, coal and light industry.

Main issues: For IDPs who moved to that region: lack of employment or difficulty to find a job, low wages, constant fear of being evicted from the collective center, high rent for

rented housing. For host communities: small number of vacancies (especially due to the high number of IDPs), mobilization and the inability to go working abroad.

USAID opened a youth resource center, which includes a photography school and Ukrainian and English language classes. IOM provides microgrants to businesses up to 4000\$ and grants for business creation up to 20,000\$. NGO “Youth development Center” implementing cultural projects, and creative spaces for youth.

6.5 Barriers to livelihood access

The invasion has had multiple negative impacts on Ukraine, including **damage and destruction to productive assets and critical infrastructure and supply chains disruptions**, amongst others. According to the survey, the main reasons for stopping businesses activities are:

- Supply of utilities
- Material supplies, disruptions in supply and production chains (devastation and destruction of warehouse facilities, difficulty in supply from abroad and Increased fuel price
- Outflow of labor and lack of qualified personnel caused by the displacement and the mobilization
- High local competition
- Mining territories
- Low consumer spending level
- Uncertainty and increased risks
- Inflation, additional costs and need for financial resources
- Security situation
- Lack of understanding about support programs (and access to it)
- Lack of daycare facilities
- Need of training
- Lack of opportunities for youth and pre-pensioners, for women (outside of heavy work)

The **damage and destruction to productive assets** may drive longer-term displacement, as businesses in conflict-affected areas take longer to recover and rehire workers.

6.5.1 Supply of utilities



Electricity cuts and access to water resulting from the targeting of critical infrastructure limit productivity, as well as income and employment opportunities. More specifically by region:

- In Dnipropetrovska Oblast, as per PIN’s report, there are only emergency outages due to shelling, but they are quickly restored.
- In Sumy, the main problem for the Novomykolayivka community is the lack of a centralized water supply of drinking water, which is delivered to the villages by water truck.

- Zaportizha city, has a problem with hot water supply. In the event of repeated power outages, not all businesses will be provided with generators, and there is a lack of generator for condominiums to pump water. In Korop village, there is a problem with the water supply system which needs to be expanded
- Problems with communication and electricity are still common in settlements closer to the frontline.
- Although the probability of power outage remains high for the fall 2023, SMEs are not ready for it, especially due to the additional financial means that are needed to have alternative energy sources.
- In general, there is a pulling factor related to the new electricity price caps for businesses which came into effect at the end of June 2023. An increase in electricity prices will lead to the selling of products or a decrease in business profitability.

6.5.2 Material supplies



More than half of SMEs interviewed by PIN during its needs assessment in June 2023, mentioned that they do not face currently a problem with the supply of raw materials for production or finished products. However, some barriers to supply were raised:

- Changes in supply chains
- Reduction in the number of suppliers due to stoppage/suspension of operations because of military operations (south, east)
- Increased delivery time
- Shortage of drivers (observed in Lviv and Ivano-Frankivsk regions due to fear of mobilization)
- Lack of certified raw materials for the food and cosmetics industry in the domestic market
- Lack of funds to provide production with raw materials and spare parts
- Administrative process and decision-making process

6.5.3 Lack of qualified personnel



All SMEs owners state that it is currently very difficult to find qualified specialists due to displacement, mobilization (or fear of it), and unwillingness to work, unwillingness to work for those who remain. Respondents see solutions such as providing training for new staff and encourage young people to start working.

6.5.4 High Competition from monopolists



For SMEs that have restarted their previous business in a new location due to displacement or because it was affected by the war in their usual location, the main problem is the high level of competition with the local businesses.

6.5.5 Mining of territories



As mentioned above, the agricultural sector is suffering the most from the heavy mining of lands as they cannot be cultivated but farmers still need to pay taxes.

6.5.6 Low consumer spending power of the population



In 2022, due to high inflation (26.6%) and a drop in consumer spending, some manufacturers experienced a decline in demand and problems with sales. The inflation index in Ukraine was 100.8% in January and 100.5% in May.

6.5.7 Lack of information about support programs from the Government or NGOs



16% of the respondents mentioned having a lack of knowledge of the existing grant and support schemes, from the Government and from NGOs.

6.5.8 Administrative process and decision-making



Were also mentioned the small number of programs for start-up entrepreneurs, lack of lending for newly created businesses, lack of sufficient knowledge on how to prepare and fill out document forms, bureaucracy, complexity of the application process and lengthy decision-making process. Even if a decision from the Diia program is positive, businesses face the problem of numerous inspections by the government agencies, including the Labor department, the employment center, the tax service and fire safety inspections. In addition, recipients of assistance must constantly report on the use of funds to various government agencies. Such bureaucratic models discourage businesses from applying for grants and aid.

6.5.9 Lack of daycare facilities



One of the most pressing problems for young people (especially for young women) is the lack of a sufficient number of kindergartens. This problem was mentioned in different regions (Ivano-Frankivsk, Zaporizha, Kharkiv). Private kindergartens have a limited number of groups and children per group (up to 10 usually) and charge high prices for their services. Municipal facilities are also full, often without shelter or in poor condition. IDP children can be admitted without waiting in line, but this causes social tensions between local population and IDPs.

6.5.10 Need of training



Was expressed the need of training on running a business, development of business plans, bookkeeping and legal services.

6.5.11 Legal environment



PIN's needs assessment report highlights that the business representatives are concerned by the following legal environment issues:

- Difficulty or inability to raise credit funds for business recovery or expansion. Respondents noted the inability to obtain a loan for new businesses (need of a good credit history, guarantor, high interest rates, etc). It is even more the case for the relocated businesses from the east (no possibility to confirm the profit for the year, their lower income affect the amount of the loan that could be granted, bank's refusal to grant loan due to the close geographical location to the combat zone, especially in Kharkiv and Zaporizha oblasts).
- Difficulty to obtain a fuel license
- Low level of awareness of changes in the tax authorities, as it takes time to study and constantly analyze the recurrent changes in the law. This is problematic as if you fail to reflect the changes, the business owner shall pay a fine
- Installation of a cash register. Small businesses are required to install PPO (as of Aug 2023), however there is lack of time to install it and lack of employees training on how to use it.

IDPs feel there are violations of employment rights related to their status who are denied permanent employment due to the risk of further displacement, change their residential area or terminate the contract at any time.

Additionally, there are reports of difficulties in finding a job due to age and health restrictions, but such cases are rare among the respondents. Some respondents also mentioned the presence of fake job opportunities online, which can be dangerous.

77% of SMEs need financial assistance. Companies receive a minimum profit, which is enough to cover rent and wages.

6.6 Vulnerable socio-economic groups

The war is exacerbating pre-existing disadvantages of children, women, and elderly people, as well as people with disabilities. Many individuals in these groups were already extremely vulnerable prior to the war.

PIN's needs assessment report (June 2023) confirms that the most vulnerable socio-economic groups are pensioners, lonely elderly people, people with disabilities and IDPs. According to the respondents, the most useful for them would be:

- Humanitarian and financial assistance
- Repair of utility lines for IDPs
- Assistance in finding a job
- Development of the local economy which will provide job opportunities

- Training to raise people’s awareness of running a business, various training related to development of business plans, bookkeeping and legal services.

According to the interviews with the local authorities, around 5% of the IDPs in their areas live in collective centers. To encourage people to leave those centers, it is necessary to create new job opportunities and to help with employment. It was also mentioned the necessity to build up the social housing fund and to provide preferential mortgages to IDPs.

Therefore, the focus should be on the **rehabilitation of war-affected groups, such as veterans, IDPs, returnees, persons with disabilities, youth, elderly and women.**

6.6.1 War veterans

The Government of Ukraine estimates that the war will increase the number of veterans, who will need tailored, multi-sectoral support to return to civilian life at the individual level, community level, and societal level. This approach is critical for the reintegration of **war veterans** into society and could efficiently respond to the multidimensional challenges faced by survivors. It could include the restructuring and modernization of the respective benefits, as well as services to reintegrate veterans into civil life (e.g., psychological support, physical rehabilitation to improve functionality, social rehabilitation to ensure inclusion in the community).

PIN needs assessment of June 2023 confirms that veterans and family of military personnel are among the most vulnerable socioeconomic groups. The demobilized servicemen need help to quickly integrate into civilian life, wives of military personnel need help to increase their economic activity to provide for their families.

By February 24, 2022, 66% of respondents among war veterans had a job. Currently only about 22 are employed. Changes in their livelihood situation are related to injuries due to the war, loss of employment, and inability to travel abroad. Half of war veterans additionally have IDP status. Their sources of livelihood come from IDP payments, social disability payments, pensions and salaries for the ones who work. The risk of losing part of the pension payment or the disability pension while working officially has also been raised.

6.6.2 IDPs and returnees

More than a year after the large-scale Russian invasion of Ukraine, it is estimated that over **5.5 million displaced people have returned to their place of origin**, including one fifth from abroad (IOM DTM). The number of returnees is expected to rise, considering that among the country’s 5.3 million IDPs, almost 74 per cent have expressed their longer-term intention to return. Many of these people find themselves in precarious socio-economic conditions, mainly due to the lack of jobs and insufficient financial means. As mentioned by IREX, United Voices in Action, in its report of February 2023 “Attitudes, Challenges, and Opportunities for IDPs Integration in Selected Host Communities”, the main needs of IDPs are ✓ Employment (assistance in finding a job with decent wage), retraining (relevant to all

²https://www.irex.org/sites/default/files/IREX_Presentation_0702_Attitudes%2C%20Challenges%2C%20and%20Opportunities%20for%20IDP%20Integration%20in%20Selected%20Host%20Communities.pdf

communities), promotion of available jobs ✓ Supporting IDPs in starting their own business including training, consulting, providing financing for a start-up ✓ Psychological support: communities need more specialists, increasing their expertise; formation of a culture of visiting mental health professionals ✓ Increasing the number of places in kindergartens, creating extended day groups so that parents can go to work. To support their integration into the local labor market, efforts to relocate businesses, capacities of private and public employment services and skills training for IDPs (particularly on entrepreneurship) need to be supported. The most critical issues faced by the affected population upon return to the place of origin are lack of financial means, inability to find employment, destruction/damage to residential houses, as well as disruptions to the power/electricity systems. Other conflict-affected populations face similar needs.

As per PIN's needs assessment (June 2023), IDPs in Sumy, Zaporizha, Kharkiv oblasts primarily need assistance with housing, employment and financial assistance. The main sources of livelihood are IDP social assistance, pensions and salaries of employed persons. 22 % of the respondents currently receive a salary or live on the salary of their spouse.

In addition, IDPs who are in partially occupied/frontline regions (Sumy, Zaporizha, Kharkiv) and areas under frequent shelling (Chernihiv, Dnipro), are predominantly people who care for children or people with disability and whose businesses have been shut down. These persons have moved within the regions and do not travel far from homes due to transportation issues, waiting for de-occupation and return to their permanent place of residence. The main problems they face include:

- Lack of work opportunities
- Lack of functioning kindergartens (Sumy and Kharkiv)
- Transportation difficulties
- Fear of mobilization process
- Employers refusing to recruit IDPs due to their status, with the main argument being the frequent changes of residence
- Difficult mental condition (due to constant shelling and homesickness)
- Search for housing

IDPs in the regions less affected by the war (Ivano-Frankivsk and Lviv) have limitations related to:

- Loss of employment
- Social adaptation
- Rental housing
- Lack of work that would match the qualifications and normal salary level among vacancies in the market
- High competition and difficulty in starting/relocating a business
- As in other locations: financial support, training and vocational training

30% of all respondents have lost their jobs since February 2022. Unemployed returnees mention the lack of opportunities to work abroad, as before the war, and the low level of wages compared to Europe. They report problems with employment due to age, health, the need to care for family members, and the presence of fraudsters offering jobs.

The assessment also confirms that there is a lack of qualified employees, in all sectors and of man workforce.

6.6.3 People with disability

In 2022 alone, the number of **persons with disability** status increased by at least 130,000 (as of December 1, 2022). As per DFS Ukraine report of May 2023, Households with members over 60, those than contain a **member with a disability** and female headed households are also more likely to be affected, as, to a lesser degree are displaced households and rural households. Their heightened vulnerability is rooted in “inequitable social relationships to social ecologies that increase risks of harm.

As per PIN needs assessment (June 2023), the main sources of revenues for people with disabilities is social benefits and their main problem is to find a job due to disability.

6.6.4 Youth

As per PIN needs assessment (June 2023), since 2022, 75% of young people have changed their main means of livelihood, due to the inability to go abroad to work, loss of employment, birth of a child, and forced change of residence due to the hostilities/destruction of their house. There have been no changes, mainly for students who are still studying, not working and living with their parents.

They need support with employment, financial assistance to start/recover/develop their businesses, and additional training (marketing, consulting support for start-up entrepreneurs). In search of new livelihood opportunities, young people turn to local authorities, internet, relatives and employers' centers. Only 10% of the respondents received support in finding a job, and such help came from NGOs, employment centers, volunteers and local authorities.

6.6.5 Elderly

Some 25% of the **population is aged 60 or above** – the pension age in 2021 – resulting in an old-age (60+) to working-age (16-59) ratio of over 40%, higher than in most OECD countries paired with a low fertility rate and high outmigration for employment abroad. The **pensioner dependency** ratio is over 45%, due to early retirement as well as disability and survivor pensions. **Around 80% of single elderly Ukrainians, mostly women**, live below the official poverty line, with 90% of pensioners unable to pay for even basic medical needs despite having about five chronic diseases on average. Furthermore, the war is worsening the employment situation of women pushing them into the informal sector and exacerbating poverty risks. IOM estimates that 64% percent of the adult internally displaced population are female (OCDE 2022)³

As per PIN needs assessment (June 2022), about 30% of older people respondents lost their job after February 2022. 51% are currently employed, but all say that their income has decreased significantly. Their job search is mainly supported by the employment center.

³ <https://www.oecd.org/ukraine-hub/policy-responses/social-policies-for-an-inclusive-recovery-in-ukraine-506fcefb/>

People of pre-retirement age need more flexible employment, help with household chores, financial support, and help with (grand-)children (to be able to go to work).

6.6.6 Specific gender considerations

Of the 5.4 million internally displaced persons from the war in Ukraine, 55% were women and girls. The biggest group of IDPs were adult women aged 19 to 59, representing one third of all IDPs. To ensure that this recovery is sustainable, many stakeholders are now starting to underscore the importance of foregrounding gender equality and women's empowerment in these efforts. This means recognizing that the **damage caused by war is impacting women and girls differently than men and boys**, and it means acknowledging and reflecting their differing needs and priorities from the outset of reconstruction planning and implementation. Research to date across different international settings shows that in conflict and post-conflict situations, women often make up most of the population. They are also frequently the primary earners and caretakers for their families. In Ukraine, several reports have already confirmed the strain of the ongoing war on women, many of whom are having to care for children, the elderly, and other family members with disabilities or reduced mobility. The double burden of care work is real: with the destruction and closing of infrastructure such as health care facilities, schools, childcare, and eldercare centers, women's care burden is increasing. Simultaneously, women are also facing growing unemployment, especially in occupations often dominated by women, such as nursing and teaching. The lack of access to stable electricity supplies also has gendered implications, including having a severe impact on household activities, thus further increasing the strain of care work on women. It is then essential to target the different groups of women, such as women-headed households, women IDPs, and women with disabilities.

As per PIN needs assessment (June 2023), difficulties in accessing livelihood include job loss and lack of sufficient vacancies for women as the market is overcrowded with heavy labor professions, employers' reluctance to hire people with disabilities or people caring for disabled children, and a low number of offers for people of pre-retirement age. Other barriers to access of livelihood include poor health, sick children/grandchildren who need constant care, exacerbation of chronic diseases due to stress, and reluctance to travel abroad without men. Special considerations for women include increased stress due to forced displacement, and the need to care for children or older family members. Such stress factors cause deterioration of mental and physical health.

In situations of forced displacement and armed conflict, **individuals who are LGBTIQ+** have the same rights and basic needs as other displaced and affected persons. But even before the war, there had been instances of hate speech, discrimination, harassment and abuse of LGBTIQ+ people in Ukraine, based on their real or perceived sexual orientation, gender identity, gender expression and/or sex characteristics. These challenges often add numerous barriers to accessing humanitarian assistance and services such as safe accommodation, appropriate health care, gender-based violence (GBV) prevention and response services, education and livelihoods opportunities. – LGBTIQ+ people face

narrowing livelihood opportunities and financial difficulties on their way to relocate to safe areas. LGBTIQ+ IDPs may experience double discrimination due to their IDP status as well as sexual orientation. They may be fired from work once their sexual orientation or gender identity is revealed.

Finally, as mentioned in PIN's needs assessment report (June 2023), professionals with higher education and work experience cannot find a job in their specialty and need support.

6.7 Impact on mental health and well-being

The difficulties associated with war, and returning home, create distress with consequences for people's mental health and psychosocial well-being and safe reintegration capacities. Lack of employment is driving down overall income levels and leaving many unable to afford their basic needs, with IDPs and returnees particularly affected, and **this situation reduces people's self-reliance and increases people's vulnerability to protection risks and adoption of negative coping mechanisms** (i.e gender-based violence, conflict-related sexual violence (CRSV), sexual exploitation and abuse (SEA) alcohol and substance abuse, human trafficking and other forms of exploitation). Trying to provide for families after losing a job negatively increases stress, anxiety, insomnia, generates mild or severe depression and overall affect people's mental health and psychosocial well-being. To address livelihoods-related stressors, which are commonly found among conflict-affected communities, international previous experiences show that the **integration of psychosocial support services to livelihoods support mechanisms are effective in strengthening people's mental health and psychosocial well-being, which can be critical for job/business retention and growth.**

As per PIN's needs assessment (June 2023), local authorities report the following protection consequences from the loss of livelihood:

- Loss of faith in Life
- Non acceptance of the current situation
- Decrease of interest for the cultural sphere
- Increase in the number of divorces
- Alcoholism
- Increase in the level of crime
- Antisocial Life
- Humanitarian aid dependency (related to the lack of willingness to do anything)
- Distrust of local authorities

6.8 Impact on the social inclusion and cohesion

Coexistence with other groups, including internally displaced persons (IDPs) and host communities, is also challenging due to already distressed social services, limited access to resources in areas of return, along with trauma, instability and anxiety over how communities may recover sustainably. Local authorities require support to address the

strain that population influxes are placing on housing, core public services, job markets, and social fabric.

PIN's needs assessment reports the following elements:

- Distrust of local authorities
- Coexistence with other groups, including internally displaced persons (IDPs) and host communities, is also challenging due to already distressed social services, limited access to resources in areas of return, along with trauma, instability and anxiety over how communities may recover sustainably
- 85% of the surveyed IDPs claim that integration in their community was successful and that they try to participate in local events and volunteer projects.
- Perception of inequality (from HC and from IDPs) and Discrimination was still perceived especially when it comes to job opportunities (lower salaries, no offers with locals being given the priority)
- 15% had issues with their integration

Main reasons for difficult integration:

- Lack of desire to be in contact with the local population
- Psychological consequences to the change of residence
- Barriers in terms of Ukrainian Language
- Cultural and economic differences
- Poor attitude of the authorities towards IDPs (mainly in Sumy)
- Aggression of residents
- Increased competition for locals, resulting in a more difficult attitude towards IDPs.

According to local authorities, 90% of them mentioned there were no significant issues with integration, that the attitude of HC was positive and that they try their best to support.

6.9 Impact on the access to housing solutions

Areas that were heavily impacted by ground operations or missile attacks have sustained severe damage to homes, social institutions and community infrastructure leading to reduced availability of services and housing. IDPs report that a lack of financial resources also prevents them from repairing damaged or destroyed residences.

7 RECOMMENDATIONS

Significant medium-to-long term employment and social priorities that existed even before the invasion must also be addressed in the context of war and reconstruction. For supporting the path towards an **inclusive recovery**, Ukraine needs **comprehensive social and employment strategies** to address the long-term needs of its most vulnerable citizens.

Furthermore, social inclusion also necessitates developing the capacities of local communities to support newcomers while ensuring that everyone has equal access to critical services including housing, health care, employment and livelihood opportunities and policy implementation mechanisms to facilitate **inclusive and cohesive societies**.

Restoration of jobs remains the key priority for recovery. Permanently lost jobs will not be restored as part of reconstruction efforts, as they were lost because businesses ceased to exist and because there was a direct loss of the workforce. The World Bank RDNA2 assessment estimates that about 10 percent (1.5 million) of all jobs may be lost permanently. Restoring these jobs would require additional efforts and costs through mobility grants, skilling programs, settling-in grants, or wage subsidies and other types of support for employers to re-establish production, markets, and supply chains, etc. Special programs are needed to bridge gaps created by geographical mismatches and changes in labor market needs due to structural change.

The context analysis confirms that **addressing mental distress as part of a holistic economic recovery programming** is critical to ensure that individuals have not only the means and opportunities to relaunch their livelihood but as well the capacity to ensure the continuity and further the sustainability of their businesses.

Considering **daycare alternatives** would ensure greater participation, especially of women, in the grant schemes.

The intervention would need to aim at ensuring that women are able to financially support themselves and people they are financially responsible for, thus **mitigating their risks of exploitation, abuse and GBV**.

Youth, while not being the most vulnerable target group, shall be considered as part of a broader youth empowerment program, to create a solid basis for the future generations.

From PIN's needs assessment, the following can be noticed:

For vulnerable socio-economic groups:

- Assistance in opening kindergartens/special centers for preschool children in Sumy and Kharkiv regions, and arrange shelters in the institutions
- Target financial assistance to families with young children to pay for kindergartens or have a program to reimburse the cost of maintaining children to preschool education institutions
- Raising public awareness on psychosocial support programs and provide PSS assistance
- Organizing professional retraining and/or business courses free of charge, with assistance in further employment or starting a business
- Organize activities for pensioners and pre-retirement people to engage in social life and to provide opportunities for additional livelihood
- Support with transportation issues (mainly in Kharkiv)

- Setting up collective centers/assistance with housing, especially in the temporary occupied territories/frontline and regions under frequent shelling. Funding or supporting the construction of modular towns/social housing.

For small businesses:

- Development and implementation of programs to inform business representatives about the process of State and NGO assistance and mechanisms for their participation
- Advising on the preparation and completion of forms for applying for assistance, supporting companies in obtaining grant funds.
- Simplify the application form for business representatives, reduce the time for reviewing the documents and provide feedback in case of refusal
- Cooperate with businesses to assist with the provision of social services/corporate responsibility.
- Provision of grants to provide companies with alternative energy sources
- Meet with the business representatives in the communities to identify specific needs and direct assistance to the concerned areas.