

Poverty & Equity Brief

Europe & Central Asia

Ukraine

October 2023

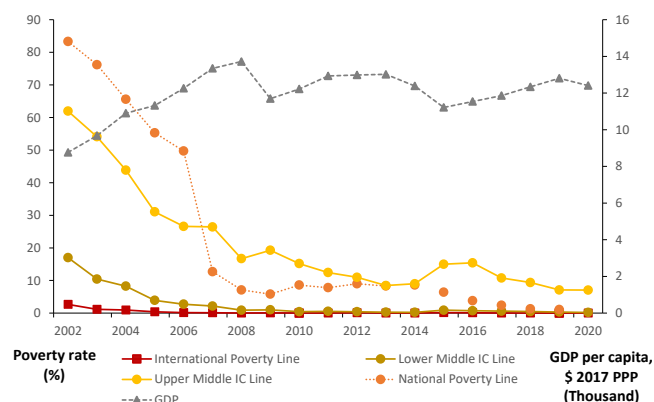
Russia's invasion of Ukraine, which started in February 2022, has caused large-scale losses of human life, severe damages to infrastructure, and the displacement of millions of people. By the summer of 2023, approximately 5 million people have been displaced within Ukraine and 6 million Ukrainians have been displaced to neighboring countries. As of August 13, 2023, more than 26,000 civilian casualties were recorded. Ukraine's economy contracted by 29.1 percent in 2022. The ILO estimates a loss of 2.4 million jobs in 2022 from the pre-war employment of 15.6 million, and national surveys indicate that one-third of the respondents who had worked before the war were still not employed by late 2022. Income in the private sector took a hit while public sector income might have been shielded. With external budgetary support and despite enormous challenges, the Government of Ukraine continued to maintain essential services and pay civil servants. Payments of social transfers and cash assistance for internally displaced populations helped to mitigate even further declines in living conditions.

While the exact magnitude is challenging to assess, the economic contraction and rising inflation due to the war have likely increased poverty significantly. Households suffered loss of jobs and income in the private sector, lower agricultural income, loss of purchasing power, loss of assets, and in some cases loss of primary breadwinners. Inflation reached 20.2 percent in 2022, with food price inflation of 26.6 percent. High food and fuel inflation hurt families, particularly the poor. Access to energy was severely constrained during the 2022-2023 winter due to power outages as a result of Russian attacks on energy infrastructure. Access to services has been adversely affected, particularly in areas heaviest hit by the fighting. Poverty in Ukraine (measured as consumption below the global US\$6.85 per person per day line in 2017PPP) is estimated to have increased from 5.5 percent in 2021 to 24.1 percent in 2022, pushing more than 7 million people into poverty, setting back 15 years of progress. Poverty rates in the occupied territories and those most affected by the war have likely increased even more. Ukraine's economy is showing signs of a possible small recovery in 2023, given revived energy supply and steady external assistance that has supported public consumption, but this is highly uncertain depending on the intensity and duration of the war. Poverty is expected to remain elevated.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	706.1	1.6	2020
International Poverty Line 18.5 in Ukrainian hryvnia (2020) or US\$2.15 (2017 PPP) per day per capita	12.7	0.0	2020
Lower Middle Income Class Poverty Line 31.4 in Ukrainian hryvnia (2020) or US\$3.65 (2017 PPP) per day per capita	81.0	0.2	2020
Upper Middle Income Class Poverty Line 59 in Ukrainian hryvnia (2020) or US\$6.85 (2017 PPP) per day per capita	3,116.8	7.1	2020
Multidimensional Poverty Measure		1.7	2020
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		4.13	2015-2020
INEQUALITY			
Gini Index		25.6	2020
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.01	2015-2020
GROWTH			
Annualized GDP per capita growth		2.04	2015-2020
Annualized Consumption Growth per capita from Household Survey		4.12	2015-2020
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		4.07	2015-2020

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of October 2023, and Global Monitoring Database for the rest.

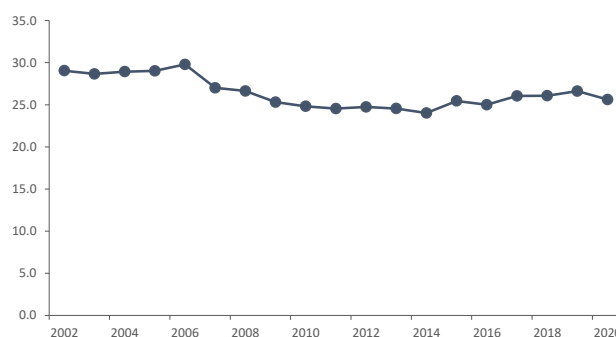
POVERTY HEADCOUNT RATE, 2002-2020



Source: World Bank using HLCS/ECAPOV/GMD

INEQUALITY TRENDS, 2002-2020

Gini Index



Source: World Bank using HLCS/ECAPOV/GMD

KEY INDICATORS

Distribution among groups: 2020	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures: 2020	(% of population)
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	100	N/A*	37	63	Monetary poverty (Consumption)	
Rural population	100	N/A*	46	54	Daily consumption less than US\$2.15 per person	0.0
Males	100	N/A*	39	61	Education	
Females	100	N/A*	41	59	At least one school-aged child is not enrolled in school	N/A
0 to 14 years old				N/A	No adult has completed primary education	1.6
15 to 64 years old				N/A	Access to basic infrastructure	
65 and older				N/A	No access to limited-standard drinking water	0.0
Without education (16+)				N/A	No access to limited-standard sanitation	12.4
Primary education (16+)				N/A	No access to electricity	0.0
Secondary education (16+)				N/A		
Tertiary/post-secondary education (16+)				N/A		

Source: World Bank using HLCS/ECAPOV/GMD

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Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

The national poverty estimates in Ukraine are produced by the State Statistics Service of Ukraine (UkrStat) based on the Household Living Conditions Survey (HLCS), conducted quarterly. The survey includes a wide range of questions on household incomes, expenditures, and living conditions. The latest available survey data is for 2020. The poverty rates are published annually on the State Statistics Service of Ukraine website (<http://ukrstat.gov.ua/>). The most recent ones are for 2020.

The World Bank's international poverty rates are based on an absolute threshold that reflects how the world's poorest countries define a minimum threshold of living standards, adjusted for purchasing power parity (PPP) and for national inflation. The poverty lines of \$3.62 and \$6.85 per person per day in 2017 PPP reflect the typical national poverty lines of lower and upper middle income countries, respectively. The multidimensional poverty index describes the share of people who are considered multidimensionally deprived, that is, if they fall short in at least one dimension (monetary poverty, lacking education or basic infrastructure services) or in a combination of indicators.

The official poverty rate is measured as the share of the total population residing in households with monthly incomes per capita below the statutory Subsistence Minimum (SM). The SM is an administrative measure set based on policy decisions and therefore has no constant purchasing power, meaning that poverty measures are not comparable over time. Recently, UkrStat began publishing poverty rates based on the actual (i.e. inflation-adjusted) SM, which produces poverty rates comparable through time. The World Bank also estimated a Cost of Basic Needs poverty line that can be used to monitor poverty trends. Overall, the proliferation of poverty lines is confusing, and the Government of Ukraine should be encouraged to move to one accepted poverty line with constant purchasing power. Access to anonymized microdata is an issue in Ukraine, and lacking clear data access and dissemination policies results in lengthy discussions to obtain case-by-case access to data.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.