Costs and Benefits of Labour Mobility between the EU and the Eastern Partnership Partner Countries

Country report: Ukraine

Tom Coupé
Hanna Vakhitova

EuropeAid/130215/C/SER/Multi

CASE CEU IZA LSE Enterprise

ENPI - Costs and Benefits of Labour Mobility between the EU and the Eastern Partnership Partner Countries

UKRAINE COUNTRY STUDY

Tom Coupe
Hanna Vakhitova

Kyiv

February 15, 2013

This country study is part of the project entitled *"Costs and Benefits of Labour Mobility between the EU and the Eastern Partner Partnership Countries"* for the European Commission (Contract No. 2011/270-312, tender procedure EuropeAid/130215/C/SER/Multi). The study was conducted under the direction of Luca Barbone, CASE project director.

Contents

List of Figures

List of Tables

List of Acronyms

EAP – Economically Active Population (employed, self-employed or unemployed and actively looking for a job people)
EAS – Economic Activity Survey
ETF – European Training Foundation
FDI – Foreign Direct Investment
FEG – Foundation for Effective Governance
GDP – Gross Domestic Product
HBS – Household Budget Survey
IDSR – Institute of Demography and Social Research of the National Academy of Sciences of Ukraine
ILO – International Labour Organisation
IOM – International Organisation for Migration
MFA – Ministry of Foreign Affairs of Ukraine
MLSP – Ministry of Labour and Social Policy of Ukraine
NASU - National Academy of Sciences of Ukraine
NBU – National Bank of Ukraine
NGO – Non-governmental organization
PF – Pension Fund of Ukraine
R&D – Research and Development
SE – Small Enterprise(s)
SES – State Employment Service of Ukraine
SSS – State Statistics Service of Ukraine
ULMS – Ukrainian Longitudinal Monitoring Survey
UN – United Nations
WB – World Bank
WEF – World Economic Forum

Executive summary

Ukraine is a migration-intensive country, with an estimated 1.5-2 million labour migrants (about 5% of the working-age population). Slightly over a half of these migrants travel for work to the EU. This study discusses the impact of this large pool of migrants on both the sending and receiving countries. It also assesses how liberalisation of the EU visa regime, something that the EU is currently negotiating with Ukraine, will affect the stream of Ukrainian labour migrants to EU countries. Our study suggests that the number of tourists will increase substantially, whereas the increase in the number of labour migrants is unlikely to be very large. We also suggest that the number of *legal* migrants is likely to increase, but at the same time the number of *illegal* migrants will decline because currently only a third of migrants from Ukraine have both residence and work permits in the EU, while about a quarter of them stay there illegally.

Over the last 20 years Ukraine has experienced market-oriented political and economic reforms, although they have not been as thorough as in other Eastern European countries. Many of the reforms were late or incomplete and did not achieve the expected results. For example, privatisation is generally believed to be a process whereby an inefficient owner (the state) is replaced by a more efficient one (private). In Ukraine, this was the case for the majority of small and medium enterprises. However, very few private owners of large enterprises have increased enterprise efficiency to the expected level by introducing new technologies; instead, they have mostly relied on ties with the government and cheap labour and energy as their main competitive advantages.

Compared to other European countries, unemployment in Ukraine may seem moderate. However, having a stable job in Ukraine does not guarantee a stable income, since wage arrears, unpaid leave and labour hoarding are common practices of Ukrainian enterprises and were extensively employed during the 1990s and to a lesser extent during the last economic crisis. In addition, registered unemployment is much lower than actual unemployment as people do not rely on the State Employment Service but tend to look for a job on their own; often this job is in another region of Ukraine or abroad. The low official unemployment figures can further explain the absence of large-scale programmes to fight unemployment, such as retraining, micro-loans for small business, public works, and so forth.

Various surveys show that the labour market skills mismatch is a substantial problem in Ukraine, and this problem has three aspects. First, the number of people with a university diploma has grown much faster than the number of jobs requiring a university degree. Hence, over half of all employees have a job for which they are, at least formally, overqualified, and there is a deficit of skilled blue-collar workers. Second, curricula offered by higher educational institutions tend to respond to the demands of students (who, in turn, want to study fields that offer higher salaries,

such as finance) rather than to labour market needs. Therefore, only about a third of Ukrainians are employed in jobs that correspond to their field of study. Third, firms complain about the quality of the labour force: often, graduates of professional schools and universities lack the skills and knowledge that firms require. This happens because universities and colleges tend not to consider the needs of modern enterprises when developing curricula, and because it is possible to bribe one's way to a diploma without obtaining real knowledge. In addition, knowledge of the older cohort is often obsolete, and they frequently lack the skills needed by firms today (foreign languages, computer skills). Therefore, many new university graduates and older workers with higher education migrate in order to find jobs corresponding if not to their professional ambitions then at least to their salary expectations. Despite this, the share of people with higher education among migrants is lower than in the Ukrainian population. Note also, while people with higher education are more likely to find a job in Ukraine (Kupets, 2006), the returns to education are lower in Ukraine than in most other European and CIS countries (Coupe and Vakhitova, 2011).

Since about 90% of labour migrants find a job on their own without assistance from the state or private employment agencies and because many migrants travel on a tourist visa and work illegally, it is very hard to provide accurate estimates of the number of labour migrants. In fact, the only way to evaluate the extent of migration is through surveys. The only nationwide comprehensive survey of labour migrants was performed in spring 2008 by the State Statistics Service (referred to in the text as the SSS-2008 survey). A smaller scale survey, only in eight oblasts, was performed in 2001. Other migrant surveys have included up to 2,000 people (a representative sample) and yielded only qualitative conclusions. In the absence of accurate data there is much speculation about the actual number of labour migrants; some politicians say that 5 to 7 million Ukrainians work abroad. However, the SSS-2008 survey and other surveys suggest that most probable estimates are 2.3-2.8 million people with *some* migration experience and 1.5-2 million working abroad *at any given moment in time*.

Since the end of the 1980s we can define three types of migration from Ukraine – ethnic migration (1970s until the first half of the 1990s), petty trade migration (which peaked in the middle of the 1990s) and labour migration (from the late 1990s until the present). This study mostly focuses on labour migration.

Between 2001 and 2008 the top-five destination countries for Ukrainian migrants remained basically the same. In 2001 Ukrainians mostly migrated to Russia, the Czech Republic, Poland, Italy and Portugal, while in 2008 – to Russia, Italy, the Czech Republic, Poland and Hungary. The introduction of visa-free travel to Hungary for people living near the border in 2007 increased the number of short-term trips made by Ukrainians to Hungary. The choice of destination country for a migrant is defined by (1) the sector of employment (construction for the majority of countries, agriculture for Poland, household service for Italy); (2) expected earnings; (3)

geographic proximity and language (people from the Western regions primarily head to the EU and people from the East to Russia); (4) presence of friends/relatives in a country; and (5) visa barriers (often overcome with the help of intermediaries). Distance from home and visa issues also help determine the duration of stay in a host country and the frequency of travel.

About 70% of Ukrainian migrants do not have work permits in the destination countries. The share of migrants working illegally in a country is defined by (1) the ease of entry into a country; (2) the probability of migrant detention, which depends on the primary sector of employment; and (3) the existence and development of a "black" market for labour migrants in a country. If it is easy to get into the destination country, many people will enter illegally. It is also easier to detect illegal immigrants who work in industry than those employed in agriculture or household service.

There is evidence of "brain waste" among Ukrainian migrants (Kupets, 2011, 2010). About 80% of specialists experience occupational downshifting when taking a job abroad, while skilled and unskilled blue-collar workers mostly find similar occupations in a destination country. Our focus group study participants also noted that foreign work experience is often seen as a negative rather than a positive factor by employers in Ukraine.

In addition to brain waste, migration has other impacts on Ukraine – both at the macro and micro level. First, migration worsens the already bad **demographic** situation; migrants usually delay childbearing, and if a migrant is a mother, she may choose not to have additional children, thus lowering the overall birth rate. Second, migration affects **unemployment** in Ukraine, although the relationship is complex. Migration eases unemployment pressure by taking "idle" workers out of the country. However, not all Ukrainian migrants are employees. Over 15% are either employers or self-employed. If they had opened a business in Ukraine and hired workers, employment in Ukraine would have increased. At the same time, even if they stay abroad, migrants can indirectly provide work for Ukrainians because there is an entire migrant-servicing infrastructure (transport, money and goods transfer, etc.). Third, **remittances** constitute over 2% of GDP and are spent on everyday consumption, purchase of durables and housing; the increased demand for these goods increases their prices and provides revenue for the respective firms. 12% of migrant households spend remittances on education, increasing demand for university services. Fourth, migrants use **social security and health care systems** financed from the Ukrainian state budget without paying taxes and social contributions in Ukraine. Ukraine is trying to solve this problem by signing bilateral agreements with destination countries, but these agreements work only for people who are officially employed (about a third of all migrants). Fifth, there is evidence of an adverse impact of migration on **family** members left behind, especially children. Migrants often experience family breakup and loss of their traditional role in the family, and children of migrants have a higher than average probability to develop depression or engage in deviant behaviour.

The Ukrainian government's primary concern is immigrants – registration and residency or refugee status of immigrants. Regarding labour migrants, the government has signed international agreements regulating some employment issues (with CIS and nine other countries) and pension provision (with CIS and eight other countries). However, in practice agreements on employment do not work because of the complicated procedures for job/employee search[1]. Both potential migrants and employers prefer to look for - a job/employees without the assistance of intermediaries. Agreements on pension provision work only for employees with pension contributions foreseen by their labour contracts – a small fraction of all migrants. The protection of the rights of Ukrainians abroad is also of concern. Our focus group participants could not remember any case when a Ukrainian embassy/consulate had helped a citizen in need. Instead, there is a large number of NGOs operating both in Ukraine and abroad, which help labour migrants; they provide information on job search and living conditions abroad, help to solve legal issues, and offer psychological and sometimes material help to return migrants. The only government body dealing with return migrants is the State Employment Service (SES), which is subordinate to the Ministry of Labour and Social Policy (MLSP). Return migrants can enter a general SES retraining programme (which trains about 200,000 people per year). The MLSP also publishes a list of agencies licensed to help migrants find employment abroad.

Various surveys of migration intentions show that about 15-20% of the population would like to permanently emigrate (about half to another CIS country), and about 25% of the population would be willing to temporarily work abroad. Of course, *willingness* does not always translate into actual *readiness*; only half of the respondents eager to work abroad are actually planning to go. Our experts believe that a visa-free regime would not generate a large increase in the flow of labour migrants to the EU. However, focus group participants thought that the necessity of obtaining a visa and inability to take family with them were considerable obstacles to repeat migration, and if those obstacles were removed even those who currently do not plan to migrate would rethink their decision.

Our analysis suggests that to prevent an uncontrolled inflow of migrants if visas are no longer required, the EU has to retain a system of labour permits. The procedure to obtain such a permit should be easy and lower the cost of obtaining legal employment relative to illegal employment. This would decrease the share of illegal migrants and make migration more circular, with shorter average duration of migration trips. This would be beneficial for both EU employers, adding flexibility to the labour market, and migrants themselves who would be able to spend more time with their families.

[1] Foreign employers send vacancies to their national Ministries of Foreign Affairs, which then send lists of vacancies to the Ukrainian MFA, which then distributes the information among potential migrants

Introduction

a. Motivation

Although the share of migrants in the world population in the second half of the 20th century was constant at about 3% of the world population, the number of migrants has been growing and currently stands at about 215 million people[2]. Thus, migration has become an important factor in economic development.

Migrants influence both the sending and the receiving countries, and this influence has been widely discussed in the literature (for example, Ratha et al, 2011 or Ortega and Peri, 2009). For sending countries, migration means lower pressure on the labour market (lower unemployment), inflow of funds (remittances), and – depending on the institutions – either brain drain (outflow of specialists) or brain gain (higher incentives to study for those who remain, better skills of returning migrants). For destination countries, migrants lower labour costs and displace some native workers (although more often they take on the jobs that local people are unwilling to perform), and highly skilled migrants employed in appropriate jobs increase the Research and Development (R&D) potential of the country. However, migrants also bring their own, often very different, culture to their destinations, and this may worsen the social environment there.

Ukrainian migrants constitute over 1% of migrants in the world, which is higher than the share of Ukrainians in the world population (about 0.7%). Hence, Ukraine is a migration-intensive country, and the main destinations are Russia and the EU. In some European countries, such as Portugal or Italy, Ukrainian migrants have recently started to comprise a considerable share of local employment.

The governments of EU countries agree that they will not be able to support their aging populations without immigration. In this respect, Ukrainian migrants are a valuable resource.

About 70% of Ukrainian migrants have declared that they are willing to return to Ukraine rather than migrate permanently. This attitude increases their attractiveness as temporary or seasonal workers.

On the other hand, factors that stimulate Ukrainians to migrate (low salaries, high unemployment and poor human rights protection in Ukraine) are unlikely to disappear in the near future. Hence, there is concern among Europeans that cancelling the visa regime with Ukraine, which is currently being negotiated, will induce uncontrolled mass immigration of Ukrainians into the EU.

[2] UN Population Division

Our study suggests that this anxiety is excessive. Local experts stress that visa-free travel will first of all increase the number of Ukrainian tourists going to the EU, while the number of migrants will not increase substantially; as one expert said, "everybody who wants to work abroad, does so already, albeit illegally." However, migration will likely become more circular; migrants will travel to Ukraine more often, and those illegally staying in the EU for many years will have a chance to go home without the fear of prosecution. Moreover, one expert noted that illegal immigration is possible first of all because of the existence of the "black" labour market in EU countries. Easing the visa regime will be beneficial for both migrants, who will be able to spend more time with their families, and the EU countries, where illegal employment will decrease.

This study briefly reviews the main economic developments of the last 20 years and identifies the main push and pull factors of migration. Since CIS countries have a common background (the USSR), many results of the analysis for Ukraine are likely to apply to other former republics too.

b. Sources

Since data on migration were scarce, the early Ukrainian literature is mostly descriptive, sometimes supported by the results of small-scale surveys or focus-group studies. A comprehensive migrant survey was performed by the State Statistics Service in April-May 2008 (hereafter SSS-2008 survey), and most of the recent migration literature is based on the results of that survey.

The international literature on Ukrainian migration is rather limited. The main trends in Ukrainian labour migration are discussed in International Organisation for Migration (IOM) reports (the latest issued in 2008). The World Bank's "Migration and Remittances Factbook" (2011) provides some recent data, and the European Training Foundation (ETF) reports on the Ukrainian labour market and migration, present the results of representative surveys of potential and return migrants performed in 2006-2008.

Our report makes extensive use of information from papers by Ukrainian authors (O. Malynovska, I. Prybytkova, E. Libanova and others), mainly at two institutions, i.e. the Institute of Demography and Social Research (IDSR) and the Institute of Sociology of NASU. The former institution regularly conducts various demographic surveys and projections. The latter institute conducts the annual survey "Monitoring of Social Changes in Ukrainian Society", which investigates various aspects of Ukrainian household behaviour and beliefs, including a few questions on migration. The only econometric study based on the SSS-2008 survey is Kupets (2011), who investigated the effect of migration on brain gain/waste. Research by H. Lehmann (2005, 2010), Kupets (2005, 2006), and Coupe and Vakhitova (2011) provides a useful insight into labour market issues such as job-employee matching, the duration of unemployment, and returns to education.

Our study has also benefited from the assistance of a number of migration experts: Mark Hanbury, Labour and Facilitated Migration Project Manager at the International Organisation for Migration; Iryna Deshchytsia, manager of the programme "Migration Today" of the Open Ukraine Foundation, and Rostyslav Kis, chief lawyer and manager of migration projects at the International Charitable Foundation "Caritas Ukraine". Expert opinions are cited throughout the text (in italics) to support our findings. We have also benefited from a focus group discussion with return labour migrants. The focus group included eight migrants aged 22-39, all with higher education, who had worked in the United States, Germany, the United Kingdom, Denmark, and Ghana. The opinions of experts and labour migrants illustrate and support our findings.

c. Brief description of the socioeconomic development during the last 20 years

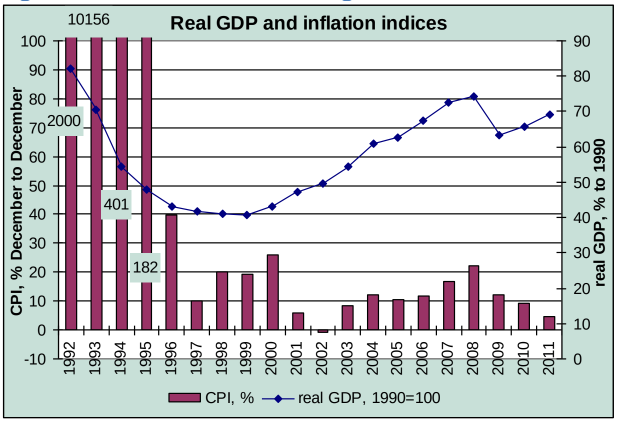
For a better understanding of the starting conditions of the economic transition in Ukraine, we need to remind the reader about the main features of the Soviet economy – state monopolisation of production, controlled wages and prices resulting in hidden unemployment, a constant deficit of consumer goods and monetary overhang[3] respectively; absence of private enterprises (small private business was allowed only in the second half of the 1980s); and state control not only over all types of social life but also of many aspects of private life, for example, the institution of registration, aka *propiska*. In the planned economy, enterprises had no need to market their products, and after 1991 many companies found out that their products were not needed anywhere. Likewise, universal employment and centrally defined salaries provided no incentives for workers to compete by working harder, improving their qualifications, and so forth. Overall, the Soviet economy was very inefficient, and its people had no economic incentives to work. In the middle of the 20th century economic incentives were replaced by fear and later by state subsidies; these subsidies took the form of full employment and free medical and educational services paid for by revenues from exports of oil and other raw materials. When oil prices fell and the revenue source for these subsidies dried up, the Soviet economy collapsed.

[3] After the collapse of the Soviet Union and price liberalization, this monetary overhang disappeared and people lost money from their savings accounts. This greatly undermined people's trust in the banking system, which was slowly regained only in the 2000s. Still, many people prefer to keep their savings in cash. A GfK survey performed in 2010 showed that 53% of Ukrainians keep their savings in cash at home, 19% have current or savings accounts with banks, 3% buy land and 2% other property. (http://tsn.ua/groshi/bilshist-ukrayinciv-zberigaye-zaoschadzhennya-pid-matracom.html). The volume of savings "under the mattresses" may reach $60 billion (http://news.finance.ua/ua/~/2/0/all/2012/02/17/269788), while the volume of household bank deposits is a little over $41 billion, of which 93% are shorter than 2 years (http://www.bank.gov.ua/files/3.2-Deposits.xls#'3.2.4.1'!A1). Absence of long-term savings is one of the factors undermining long-term investment, together with high interest rates and poor institutional environment (high political risks).

After the breakup of the USSR, the newly emerged independent states had to fulfil numerous political and economic tasks. These included: (1) creation of a new government system and development of legislation for new mechanisms of state operation; (2) introduction of their own currencies and banking systems; (3) economic liberalisation and the introduction of market mechanisms for economic regulation; and (4) implementation of the rule of law to fight growing crime and protect individual and business rights.

These were not easy tasks for Ukraine, because the new government consisted of the "old" elite with no knowledge of the market economy, and ordinary people were (and many still are) used to state paternalism. At the beginning of the 1990s, the dissolution of economic ties between Ukrainian enterprises and plants in other former republics and the absence of small business led to an economic downturn that was deeper than in other transition economies. The downturn was accompanied by hyperinflation (Figure 1). Since Ukraine was the centre of heavy industry in the USSR, it had, and still has, many mono-towns - settlements whose economy is dominated by a single large enterprise (usually a mining combine, chemical plant or a steel mill). Hence, when that enterprise had to cease operation or to shutdown, its employees had no other alternative but to migrate.

Figure 1 GDP and inflation during transition



Source: State Statistics Service data

Another large pool of potential migrants emerged when numerous R&D institutes employing thousands of people with higher education were no longer financed; many of these institutions serviced specific industries or even specific enterprises (often for military purposes) and were financed from the central budget of the USSR. Like many other enterprises, after 1991 these institutes found out that there was no market for their products. Hence, they suspended operations and their staff either switched to other jobs (mainly less skilled ones) or emigrated.

The Ukrainian government tried to introduce some market reforms[4]. However, because of the Soviet legacy (no experience with a market economy and a high level of corruption) the reforms remained either unfinished or badly implemented and did not lead to the desired results. Thus, instead of an increase in production efficiency and/or inflow of FDI, **privatisation** led to the development of oligarchs – wealthy

[4] An overview of recent economic and political developments can be found in the UN Common Country Analysis for Ukraine – 2010.

businessmen with close connections to the government and preferential treatment[5] from state institutions. Instead of modernisation and development of privatised enterprises, these oligarchs made cheap energy[6] and labour their main competitive advantage and took their profits out of the country.

Although the **land** of large agricultural enterprises ("collective farms") was distributed among villagers, agricultural land still cannot be traded because of the absence of laws on the land market and on the land registry. Hence, farmers cannot receive long-term loans collateralised by their land plots. Instead, they are forced to take annual loans collateralised by future harvests; these loans provide barely enough money to finance current sowing needs. In many villages there have been few jobs since the liquidation of collective farms and villagers are engaged mainly in subsistence farming. It is not surprising that many of them prefer to migrate and find a job elsewhere – either in a nearby city/town or abroad.

The rapidly aging population has undermined the stability of the solidarity **pension** system introduced in the 1960s: since 2004, the annual Pension Fund deficit has been about 2.5% of GDP. To cope with this problem, in 2004 a law introduced a three-level pension system (solidarity level, compulsory accumulative level and voluntary accumulative level). However, the second level will start working only "from the year when the Pension Fund has zero deficit"[7], which is unlikely to happen soon. Very few people participate in the third level of the pension system since they do not trust the domestic financial system enough to make long-term savings. The absence of long-term pension savings leads to a deficit in long-term loan funds. With low salaries and housing prices that skyrocketed during the 2004-2008 boom, the purchase of one's own house becomes impossible for the vast majority of people. Hence, many migrants go abroad to earn money so that they can buy their own flat or house.

One of the very few successful reforms was the introduction of a simplified taxation regime for **small enterprises** in 1998. This measure allowed many people to become self-employed, as the main advantage was not tax rate reduction but rather the simplification of accounting, which is very burdensome in Ukraine[8]. Despite this reform, overregulation and high levels of corruption undermine private

[5] One example of such a preferential treatment is the custom duty on imported cars; it was set at 25% to "support" the Ukrainian producer of low-quality but comparatively expensive cars. After joining the WTO in 2008, Ukraine lowered this duty to 10%.
[6] Up to 2005 the price of Russian gas for Ukraine was $50 per 1000 cubic meters (m^3); currently it is about $400 – higher than in some Western European countries.
[7] The law of Ukraine #3668-17 "On Legal Measures to Reform the Pension System" ("Про заходи щодо законодавчого забезпечення реформування пенсійної системи") adopted on 08.07.2011.
[8] According to the "Doing Business-2012" report, in Ukraine a firm has to make on average 135 tax payments per year spending 657 working hours – these indicators are the worst and 9th-worst in the world respectively. http://www.doingbusiness.org/reports/global-reports/~/media/FPDKM/Doing%20Business/Documents/Annual-Reports/English/DB12-Chapters/Paying-Taxes.pdf

entrepreneurship in Ukraine[9]. Thus, indicators of small enterprise (SE) development in Ukraine are lower than in other Eastern European countries (Table 1).

Table 1 Some indicators of small enterprise (SE) development in Ukraine

	1998	*2000*	*2005*	*2007*	*2010*
Number of SE per 1000 population	35	44	63	76	63
Share of SE in total sales, %	11.3	8.1	5.5	18.1	14.2
Share of SE in employment, %	12.9	15.1	19.6	23.7	25.5

Source: State Statistics Service data

Migrants tend to be more active and entrepreneurial than the rest of the population. In Ukraine, only 5.7% of people aged 15-70 are entrepreneurs (ULMS-2007), but among Ukrainian labour migrants 5% are employers and 11.4% are self-employed (SSS-2008). Certainly, EU countries have much more favourable business climate than Ukraine, which may partly explain the greater share of entrepreneurs among migrants. However, to become a migrant, one has to have some strains inherent in entrepreneurs, such as ability to work hard and to take risks.

d. Recent economic developments

The Ukrainian economy is very open; its exports are over 50% of GDP. Ferrous metals form the main export category – its share in exports was 42% in 2001, and is currently still over 30%. Hence, the Ukrainian economy is very sensitive to the world price of steel and to developments in the world economy in general[10].

The economic crisis of 1998 led to an over 100% devaluation of the Hryvnia, which, together with low salaries and low energy prices, has made Ukrainian steel very competitive on external markets. From 2000 the Ukrainian economy was growing until the 2008 financial crisis. However, inflation remained high, partly because the Hryvnia was pegged to the USD: to prevent Hryvnia appreciation and preserve the competitiveness of Ukrainian exports, the National Bank of Ukraine (NBU) bought foreign currency flowing into Ukraine as export revenues and FDI and issued respective amounts of Hryvnia.

[9] Unlike other Eastern European countries, Ukraine has not gone far along the road of reforms. For example, in the "Doing Business" rating it went down from 124th in 2006 to 152nd in 2011, the main obstacles being connected to the government (registration, getting permissions, paying taxes etc). Hence, the shadow economy is thriving – up to 50% of GDP by some estimates (http://www.cipe.org/blog/2009/12/08/shadow-economy-in-ukraine-nearly-50-of-gdp/).
[10] It is probably the economy that is most dependent on the price of steel - http://tyzhden.ua/Economics/48675.

Figure 2a. The nominal and real wage; minimum wage

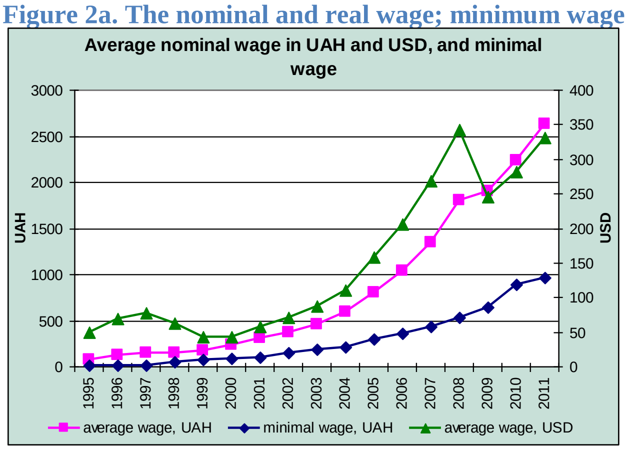
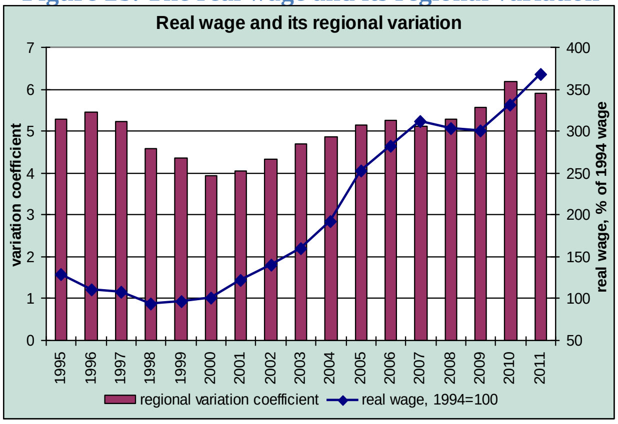


Figure 2b. The real wage and its regional variation



Source: State Statistics Service, NBU data

Because of its export dependency and export structure (mostly goods with low value added), during the last crisis the Ukrainian economy experienced one of the steepest declines in GDP in the region (14.4% in 2009), and its currency depreciated by 56% in the last quarter of 2008. Despite nominal wage growth, real wages fell and their USD equivalent fell even more (Figure 2a). Besides, variation of wages between the regions is rather high with the highest wages in Kyiv and industrialized Eastern oblasts and the lowest wages in agrarian Western and Nothern oblasts (Figure 2b[11]).

Although the share of the service sector in the economy has been growing (Figure 3a), the share of industry remains high. Ukrainian industry consists mostly of heavy industry; it largely uses technologies and equipment built during Soviet times, which tend to be extremely energy- and labour-consuming[12]. The structure of employment has changed in line with the value added (Figure 3b): the share of people

Figure 3a. Change in the structure of the economy

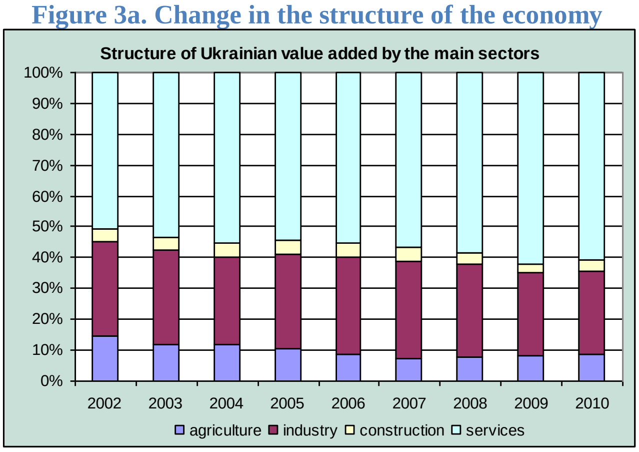
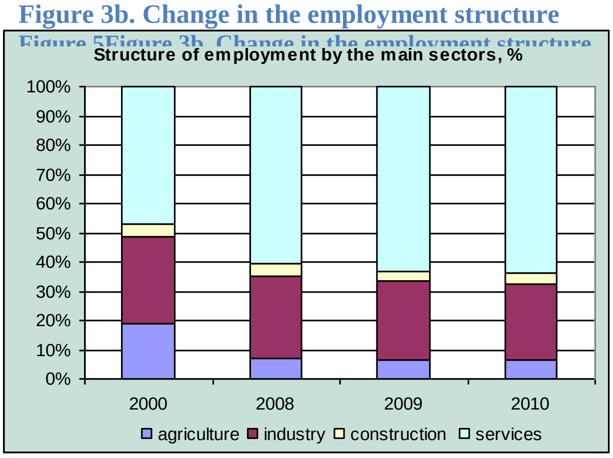


Figure 3b. Change in the employment structure



Source: State Statistics Service data

employed in agriculture fell from 19% in 2000 to 6% in 2010[13] while the share of

---

[11] Regional variation coefficient is average wage for Ukraine divided by standard deviation of wages by regions.
[12] For example, Ukrainian metallurgy compared to European uses three times more energy, 3.6 times more sand, 161 times more water and 3.6 times more labour. However, when energy was cheap, nothing was done to increase the efficiency of production (http://tyzhden.ua/Economics/48675).

service sector employment grew from 47% to 64%. The share of construction workers remained unchanged.

The major difference between labour markets in Ukraine and other Eastern European countries is that, during the severe economic downturn in the 1990s, workers avoided massive layoffs. Instead, they were sent on unpaid leave, working hours were reduced, and/or wage arrears accumulated (Lehmann et al, 2005). Official unemployment remained low (Table 2), concealing the real picture and justifying the absence of retraining programmes. While workers were officially employed (but unpaid) and waiting for their enterprises to revive, they looked for temporary means to support their families. One of these was small-scale trade, either within Ukraine (e.g. buying vegetables in a village or town and selling them in Kyiv) or abroad (buying cheap consumer goods in Poland, Turkey, Romania or China and selling them in Ukraine)[14]. Labour migration started in the second half of the 1990s and largely replaced petty trade by the second half of the 2000s.

Table 2 Some indicators of small enterprise (SE) development in Ukraine

	Population aged 15-70, thousand people	Level of economic activity, % of population 15-70	Employment level, % of population 15-70	ILO unemploy-ment, % of EAP* aged 15-70	Official unemploy-ment, % of EAP* aged 15-70	Official employment as % of ILO unemploy-ment
1995	37 647	67.9	64.1	5.6	0.6	11%
1998	36 632	70.8	62.8	11.3	4.0	35%
2000	36 125	63.2	55.8	11.6	5.2	45%
2005	35 821	62.2	57.7	7.2	4.0	56%
2008	35 383	63.3	59.3	6.4	2.7	42%
2009	34 993	63.3	57.7	8.8	3.1	36%
2010	34 618	63.7	58.5	8.1	2.1	25%
2011	34 437	64.3	58.6	7.9	2.3	29%

* Economically active population
Source: State Statistics Service data

From Table 2 we infer that the level of economic activity has remained pretty stable during the last decade, while unemployment has declined by almost a half, although grew by a third during the recent economic crisis. The practice of unpaid leave, reduced working weeks and wage arrears also returned in this period; for example, wage arrears increased by 78% during 2009.

Compared to some European countries, unemployment in Ukraine may seem rather low, but note that the unemployment benefit is about UAH 500 ($60) per month, which is less than a half of the minimum wage and subsistence level, and paid for only six months after registration with the State Employment Service (SES).

[13] This caused massive migration of the rural population to cities/towns, mostly unofficial and, therefore unreflected in the official statistics. Many of the rural dwellers, especially from the Western region, become labour migrants; this change will be discussed at length below.

[14] Another important means of survival was cultivation of the six-acre land plots given to the majority of urban dwellers at the beginning of the 1990s. People grew vegetables to support themselves. Some even lived there in small houses while letting their flats for rent.

Unemployment differs considerably by region: for example, in 2011 in some Central and Western oblasts it exceeded 10%, while in Kyiv it was 5.6%. We also infer from Table 2 that the share of unemployed people registered at the SES has been falling since 2005, when it reached a peak of 56%, which means that Ukrainian citizens tend not to rely on this service in their job search. This is not surprising, since almost a third of vacancies registered with the SES in 2011 offered a salary lower than the subsistence level, and only in 5.6% of vacancies did the offered salary exceed the regional average[15].

e. Push and pull factors for migration

The lack of jobs or of decently paid jobs in Ukraine is the main push factor behind migration (Table C5 in Appendix C). In the SSS-2008 survey, 60% of migrants indicated that low salary in Ukraine was the main reason for migration, while 38.7% of migrants named the inability to find a job as the main reason. Only 1% of migrants named other reasons for moving to work abroad.

The survey performed for the European Training Foundation in 2008 (ETF-2008 survey) also found job and income to be the main reasons for migration (about 70% of the sample of return migrants and 55% of the sample of potential migrants). Other reasons were much less common. Three percent of both returning and potential migrants named studying abroad as their migration purpose.

Very similar reasons for migration were found in the survey of people aged 18-35 “Youth of Ukraine – 2010”. 72% of respondents named low salaries and 28% the low chance of finding a job (or a job matching their expertise) in Ukraine. The third most important factor for young people was the desire to earn money for own housing (12% of responses)[16]. Since the beginning of the economic crisis the banks have almost stopped issuing mortgage loans, and most young people do not have enough savings to buy a flat/house. Renting housing is problematic for young people also because the rent for a modest apartment is about double the average wage. So many young people are forced to live with their parents or to migrate to earn money for their own accommodation.

About 10% of potential migrants in the ETF survey (2008) indicated that they “don’t like to live in Ukraine” or “there is no future here”. This share corresponds to the share of young people (9.5%) stating that they would like to become labour migrants because of the “lack of social and political protection of citizens in Ukraine”[17]. This result may be a warning sign of discontent for the Ukrainian elite, which has built and continues to develop a system of social promotion based on factors other than personal merit and professionalism.

[15] http://www.dcz.gov.ua/control/uk/statdatacatalog/list.
[16] The numbers in this survey do not add up to 100% because respondents could choose two answers from a list.
[17] Survey “Youth of Ukraine – 2010”

Pull factors for migration mirror push factors – migrants look for the opportunity to earn decent money. Some labour migrants plan to earn enough money to pay for a "big thing", such as housing or education and then return to Ukraine for good. Others understand that there will not be good employment opportunities for them at home in the near future, migrate seasonally, and view their earnings as a salary.

Those wanting to migrate to the EU, USA or Canada also named a desire to live in a "more civilised" country as a reason for migration. For highly educated individuals (scientists, researchers), migration provides better career opportunities. Finally, the presence of friends or relatives in another country is an important factor in the choice of destination.

f. Some information on relations with the main destination countries- EU and Russia

Figure 4a. Geographic structure of goods exports

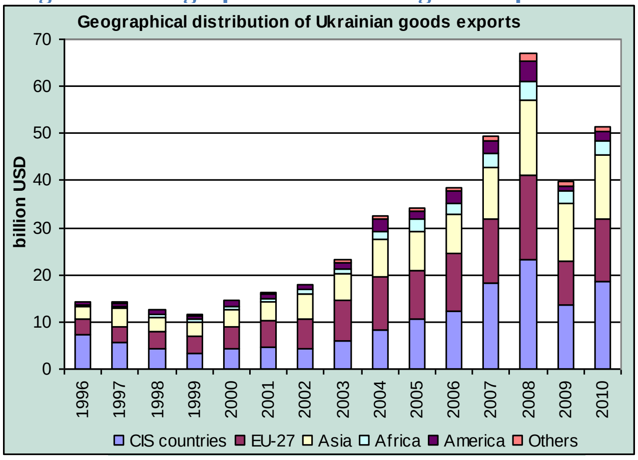
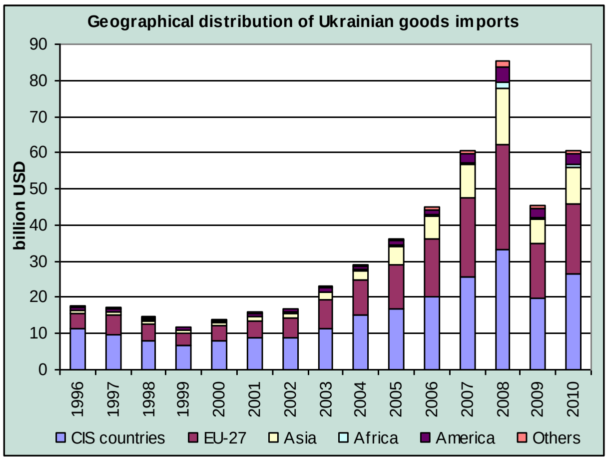


Figure 4b. Geographic structure of goods imports

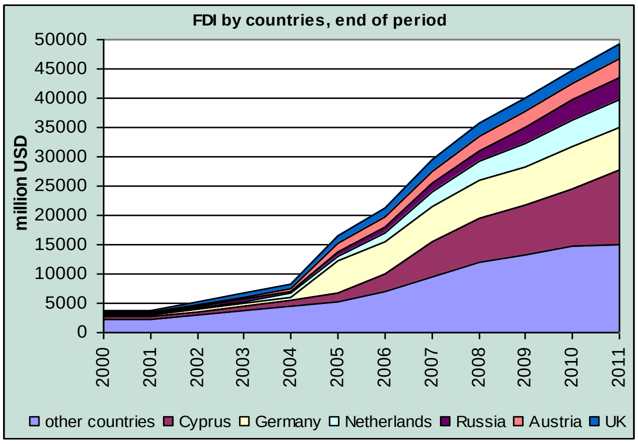


Source: State Statistics Service data

About half of Ukrainian migrants go to Russia, while the rest go to the EU. Both destinations are important trade partners of Ukraine. Russia is the largest individual trade partner. The share of Ukrainian exports going to the EU-27 was 23% in 1996, then peaked at 38% in 2003 and fell to 25% in 2010 after the 2008 crisis. Export dynamics to CIS countries (mostly Russia) were the opposite: their share was 50% in 1996, declining to 22-24% in 2002-2004 and growing to 36% by 2010. The situation with imports is different. While the share of imports from the EU has remained fairly stable at 33-37% from 1996 to the present, the share of imports from Russia declined from 63% in 1996 to 44% in 2010. Supplies of oil and gas (which constituted over 60% of imports from Russia) remained rather stable over time, while consumer goods were gradually replaced by products from Asian countries. The geographic structure of Ukraine's external trade is shown in Figures 4a and 4b.

Foreign direct investments from the EU and Russia to Ukraine (Figure 5) are hard to compare since it is not always possible to find out which investments are genuinely foreign. For example, most of the FDI from Cyprus is primarily Ukrainian capital that fled the country[18]. The same can be said about a large part of investment from the Netherlands, Switzerland and the UK and possibly also about some part of FDI from Russia. FDI from other European countries can be traced to a few big purchases[19]. Taking into account the uncertain and constantly changing legal environment and the unfavourable business climate, it is no surprise that investors from developed countries are not in a hurry to invest in Ukraine. Russia recently became the largest foreign investor in Ukraine, if we do not take into account the Kryvorizhstal deal. Russian capital includes shares in Ukrainian banks, oil refineries, metal producers and a number of enterprises in the energy sector. One of the most desirable objects for Russian investors is the Ukrainian gas pipeline system, which so far remains state property.

Figure 5. FDI inflow to Ukraine, cumulative



Source: State Statistics Service data

Ukrainians can travel to Russia and other CIS countries (except Turkmenistan) visa free. However, Russia has a 90-day limit of stay without registration; if a person wants to stay longer, he or she needs to register with the Russian authorities, which is a rather burdensome procedure. Because of these regulations, labour migrants working in Russia usually travel home every quarter. Recently, Russia proposed that Ukrainian migrants buy “labour patents” so that they can stay in Russia longer[20].

To travel to the EU, Ukrainians need a visa. However, Ukraine is currently negotiating a simplified or visa-free regime with the EU. The terms of cooperation with the EU are defined by the 1998 “Partnership and Cooperation Agreement between the EU and Ukraine” and the 2005 “EU-Ukraine Action Plan Regarding the Introduction of a Simplified Visa Regime for Ukrainian Citizens”. In 2007, Ukraine signed an agreement on readmission with the EU. Since May 2005 Ukraine has unilaterally cancelled short-term entry visas for citizens of the EU. This visa-free regime also applies to citizens of the United States, Canada, Japan, Switzerland, and

[18] Since early 1990s large Ukrainian businessmen used Cyprus and other offshores, such as British Virgin Islands, to hide their profit from taxation and to reduce transparency of their financial-industrial groups.
[19] For example, three quarters of FDI from Germany represent the purchase in 2005 of the Kryvorizhstal steel mill by Mittal Steel (which was registered in Germany), while about 60% of FDI from Austria was in the form of the purchase of two Ukrainian banks in 2005 and 2007. FDI from Italy, France and Sweden almost entirely comprised purchases of Ukrainian banks by banking institutions from these countries in 2006-2008.
[20] http://tyzhden.ua/News/31186

European Economic Area countries, which includes Norway and Iceland. In response, the EU simplified the visa regime for Ukraine: it reduced the number of documents needed for visa application, fixed the price of consular services at EUR 35, and introduced free visas for some categories of Ukrainians (i.e. students, scientists). As a result, the number of Schengen visas received by Ukrainians in 2008 grew to 1.2 million, which is a 134% increase compared to 2007. About 40% of these visas were issued free of charge. The number of application rejections fell from 12% in 2007 to 4.5% in 2008, and the number of issued multi-entry visas increased[21].

g. Data discussion.

Finding an accurate estimate of the number of (labour) migrants from Ukraine is rather problematic. State Statistics Service data, also reported by the UN Population Division[22], include only registered migrants, i.e. people who have officially informed the Ministry of Internal Affairs on their relocation or found a job abroad through a licensed agency. These people comprise less than 10% of all labour migrants, according to SSS-2008 survey data. The Border Service provides data on the number of border crossings, which of course includes not only labour migration but all types of trips.

Hence, the extent of the total labour migration can only be estimated from survey data. The only comprehensive survey of labour migrants was conducted in April-May 2008 by the State Statistics Service (SSS-2008 survey). This survey was part of the regular Household Budget Survey (HBS) and the Economic Activity Survey (EAS) and covered about 22,000 households in Ukraine, of which over 1,300 had at least one member with some labour migration experience. Another large survey was conducted by the State Statistics Service in 2001, but it covered only eight oblasts in Ukraine (the SSS-2001 survey). Other surveys that dealt with migrants were conducted by different NGOs and research institutions on samples of 1,000-2,000 people; these surveys do not allow an estimation of the total number of labour migrants but provide some insight into their motivation and social characteristics. For this reason, the data we use in our paper are mostly from the SSS-2008 survey. The list of surveys that covered labour migrants in one way or another is provided in Appendix A.

The Ukraine Longitudinal Monitoring Survey (ULMS-2007) is another high quality representative household survey. It includes over 6,000 individuals, of whom about 150 indicated that a foreign country had been the location of their previous workplace. It is hard to make any inferences about labour migration on the basis of this survey because of the small sample of migrants.

---

[21] Discussion in the Parliamentary Committee on legislative support of a visa-free regime between the EU and Ukraine on May 19th 2010. (Законодавче забезпечення безвізового режиму між Україною та Європейським Союзом: матеріали слухань у Комітеті Верховної Ради України з питань європейської інтеграції), cited in Malynovska (2011).

[22] http://esa.un.org/MigFlows/MigrationFlows.aspx

Chapter 1. Labour Market developments

a. General indicators of labour market activity

In an international context, the Ukrainian labour market does relatively well when compared to other markets in the Ukrainian economy. According to the 2011-2012 Competitiveness ranking of the World Economic Forum (WEF), Ukraine is 61st in terms of labour market efficiency and 51st in terms of higher education and training, as compared to 82nd overall out of 142 countries (Table 3).

Table 3 Ukraine's ranking on the Global Competitiveness Index and its sub-indices

	Rank	Score
GCI 2011–2012	82	4
Basic requirements (400%)	98	4,2
Institutions	131	3
Infrastructure	71	3,9
Macroeconomic environment	112	4,2
Health and primary education	74	5,6
Efficiency enhancers (500%)	74	4
Higher education and training	51	4,6
Goods market efficiency	129	3,6
Labour market efficiency	61	4,4
Financial market development	116	3,4
Technological readiness	82	3,5
Market size	38	4,5
Innovation and sophistication factors	93	3,3
Business sophistication	103	3,5
Innovation	74	3,1
Source: http://www3.weforum.org/docs/WEF_GCR_Report_2011-12.pdf, pp. 15-22		

Registered unemployment in Ukraine has never been very high since independence, around 1-5%; currently it is around 2.5%. At the same time, unemployment by the ILO definition is substantially higher[23] – about 6% in 1995, 11% in 2000, and 6% in 2008; the recent financial crisis pushed unemployment back up to 8%. In an international perspective these are reasonable levels of unemployment. At the same time, many rural dwellers have no other job except their subsidiary farming. If they are counted unemployed the rate would be go up considerably. Also, a substantial part of the unemployed are long term unemployed (Kupets, 2005[24]). Over time, the

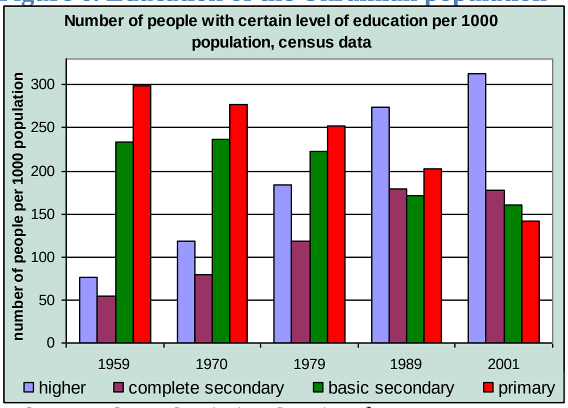
[23] The registered unemployment figure includes only unemployed people registered with the State Employment Service. The number of unemployed people by ILO methodology is derived from quarterly EAS and includes people who simultaneously satisfy three conditions: do not have a job, have been actively looking for a job during the last four weeks and are ready to start working within the next two weeks. It also includes people expected to start working within the next two weeks, those waiting for reply from an employer and studying in the SES retraining programme.
[24] http://www.iza.org/conference_files/SUMS2005/kupets_o1065.pdf

gender gap in unemployment has remained fairly small, with men being unemployed slightly more often than women[25].

While the unemployment rate and the labour force participation rate have been fairly stable over time, the size of the Ukrainian labour force has been shrinking (Table 2) because of the demographic crisis in Ukraine. The population decreased from 51.6 million in 1990 to 45.6 million in 2011 due to the low birth and high mortality rates and because of labour emigration. In 2010, the dependency ratio in Ukraine was 40% (666 people younger or older than the working age[26] per 1000 working-age people), and people older than the working age formed two-thirds of the dependency ratio. According to the Demographic Forecast – 2006, by 2050 the share of people older than 60 will reach (under different scenarios) 28% to 40% of the population; currently the elderly comprise 25% of the population. By the average forecast scenario, in 2050, 1,000 working-age people will support 727 dependents.

b. The educational composition of the labour force

Figure 6. Education of the Ukrainian population



Source: State Statistics Service data

The average level of education in Ukraine has been growing (Figure 6). From an international perspective in terms of education and training, Ukraine does not look that bad. Enrolment rates in education are high, and the quality of maths and science education is good. Ukraine's general rank on education quality according to the World Competitiveness Report is 62 out of 142 countries, which is below the ranking of many developing countries but higher than other CIS countries. However Ukraine ranks low on the quality of its management schools (Table 4).

Table 4 Main indicators of the Ukrainian education system

Indicator	*Score/%*	*Rank*
Secondary education enrolment, gross %*	94.5	48
Tertiary education enrolment, gross %*	79.4	7
Quality of the educational system	3.8	62
Quality of math and science education	4.6	36
Quality of management schools	3.4	116
Internet access in schools	4.1	70
Availability of research and training service	3.8	88
Extent of staff training	3.3	117
Source: World Competitiveness Report 2011-2012		

Education in Ukraine does not translate easily into success in the labour market. Ukraine has always had and still has low returns to education compared to other transition countries (Coupe and Vakhitova, 2011) – an extra year of education is

[25] The numbers in this paragraph are from the ILO labour statistics database (http://laboursta.ilo.org)
[26] Working age is 15-55 for women and 15-60 for men.

estimated to increase salary by about 5%, which is below the average return in other transition countries of about 7.5%.

Another feature of the Ukrainian labour market is a considerable mismatch between the qualifications and education of candidates and the needs of employers. For example, the World Bank Ukraine "Labour Demand Study" (2009)[27] reports an oversupply of white-collar workers and a deficit of blue-collar, especially skilled, ones. Fedorenko (2008) reports that the number of students in colleges and universities was more than five times higher than the number of students in technical and vocational schools, while in the Ukrainian job market only 20% of vacancies require university degrees and 80% of vacancies require other levels of skill. Empirical evidence on the labour market skill mismatch is found in Table 5, which presents "applications per vacancy" for various professions. Note that these are official data, and as was shown in Table 2, less than a third of unemployed people register with the State Employment Service. Since SES offers mostly low-salary jobs, higher-educated people are less likely to register with it. Therefore, Table 5 data probably underestimate the number of applications for higher-skilled vacancies.

Table 5 Number of applicants per vacancy by sector of employment

	2001	*2005*	*2008*	*2010*	*2011*
Total	**11**	**5**	**10**	**9**	**8**
Police and armed forces	-	3	7	14	8
Higher-level government staff	4	4	12	19	408*
Heads of firms and institutions	11	4	8	8	8
Professionals (with academic education)	8	3	5	5	5
Technical staff (operators of complicated machines such as airplanes, atomic stations etc.; IT)	14	5	6	7	7
Technical services specialists (secretaries, accountants etc.)	43	9	12	14	16
Employees in trade and services (salesmen, HoReCa staff etc.)	26	10	13	10	12
Agricultural workers and fishermen	29	18	53	32	35
Skilled workers with instruments (e.g. locksmiths)	4	2	6	5	4
Skilled workers with industrial machines (operators)	8	4	12	14	12
Simplest professions	31	12	14	10	10

* this is explained by the low number of vacancies – only 1, while the number of applications was only 25% higher than annual average for the 2001-2011.
Source: State Employment Service (registered) data

Table 5 shows that people with academic education, together with skilled workers, experience the lowest labour market competition, suggesting that higher education provides a competitive advantage in job searches. Indeed, as shown by Lehmann et al (2010), workers with high school and college education are less likely to be displaced or quit jobs than less educated workers. Kupets (2006) finds that higher education significantly increases the employment hazard rate.

This finding is supported by the ETF report "The Transition from Education to Work in EU Neighbouring Countries" (2007). The authors showed that while 26% of Ukrainian graduates were unemployed two years after graduation, for university graduates this share was just 14%. A higher chance of employment, however, does not

[27] http://siteresources.worldbank.org/UKRAINEEXTN/Resources/WB_Book_Report_labour_demand_EN_prew.indd.pdf

imply that university graduates get a job that corresponds to their qualifications[28]. The ULMS-2007 survey shows that more than one-third of Ukrainians perform a job that either requires a different level of education or a different field of education[29]. The mismatch gets worse over time. In 2010 the survey "Ukrainian Society: Monitoring of Social Changes" showed that over 52% of people were doing jobs that did not correspond to their education and/or professional level.

On the other hand, a university diploma is not always a sign of a higher productivity; there are many universities that provide low-quality education, and corruption is widespread in higher education institutions[30]. Universities are not very responsive to the needs of the labour market. Universities develop programmes in response to students' demands; currently many students want to study in fields that promise higher salaries, such as finance or law, even though demand for labour in these fields is low. As a result, almost 50% of young people (aged 14-35) work in a field other than their field of study (Fedorenko, 2008) while firms cannot find the employees they need. Currently, there is a deficit of IT specialists and programmers (android, Java, C++), sales managers, engineers, accountants and doctors and overproduction of economists and lawyers, although highly qualified specialists of these latter professions are always needed. However, the highest share of first-year students in 2011 started studies in law, economic theory and finance - 31% of entrants compared to 20% of freshmen who entered into engineering faculties. There is also high demand for skilled blue-collar workers - locksmiths, turners, and millers, decorators and plasterers, cooks and drivers.

Various business surveys show that the lack of appropriately skilled workers is one of the main obstacles to enterprise development. For example, in the 2009 BEEPS survey, 43% of managers stated that an inadequately educated workforce was a major or a very severe obstacle to company growth[31]. Although the number of people with higher education in Ukraine has grown since independence, many university graduates lack the skills needed by the labour market and they have to work either in other fields or in positions for which they are (at least formally) overqualified.

Chapter 2. Migration developments

a. Stocks and flows of migrants

Six million is frequently cited as the number of Ukrainian migrants in the world. This figure is provided by the World Bank and based on the national censuses of different

[28] If you look through vacancies on any of the job-related web-sites, you will see that a university degree is routinely required even for low-skill positions, such as secretaries or salesmen.
[29] Ukraine Country Economic Memorandum. Strategic Choices to Accelerate and Sustain Growth. WB report No. 55895-UA, August 31, 2010
[30] See The FEG Competitiveness report for Ukraine for a discussion on the quantity and quality of higher education in Ukraine.
[31] http://www.ebrd.com/pages/research/analysis/surveys/beeps.shtml

countries. This is an overestimate of the number of labour migrants from Ukraine since it most probably includes permanent migrants (i.e. the foreign-born population). There are many people born in Ukraine and living in other former Soviet republics, Israel, Germany, and the United States, but the majority of these people are citizens or permanent residents in these countries, while labour migrants are *Ukrainian citizens* working abroad. The actual number of labour migrants inferred from different surveys is discussed in detail below.

Table 6 presents the answers to migration-related questions from the survey "Ukrainian Society: Monitoring of Social Changes"[32]. Based on the data from Table 6, we calculated that the number of people with *some* migration experience has been stable since 2002 at about 2.3-3.0 million. This is comparable to estimates from larger migration-focused surveys.

Table 6 Migration experiences of the Ukrainian population, % of respondents

	2002	2004	2005	2006	2008	2010
Do you or your family member have a temporary labour experience abroad?						
Yes	10.1	11.8	12.1	15.7	13.7	13.5
No	88.9	88.1	87.4	83.9	86.1	85.9
No answer	1.0	0.1	0.6	0.3	0.2	0.6
How many times did you go abroad for temporary employment?						
None	-	-	91.7	89.5	89.9	91.6
Once	-	-	3.4	4.7	4.2	3.3
Twice	-	-	1.7	2.2	1.5	1.4
Three times	-	-	0.8	1.1	0.8	0.4
More than three times	-	-	2	2.2	3.3	2.2
No answer	-	-	0.3	0.3	0.3	1.1
People who have had some labour migration experience	-	-	7.9	10.2	9.8	7.3
*Estimated number of labour migrants, millions**	*1.8*	*2.0*	*2.1-2.6*	*2.7-3.3*	*2.4-3.2*	*2.3*
Do you plan to work abroad during the next year?						
Yes	6.9	5.7	6.3	6.1	6.2	6.2
No	92.7	94.3	93.6	93.6	93.7	92.9
No answer	0.4	0.3	0.1	0.4	0.1	0.9

Source: http://www.i-soc.com.ua/institute/smonit_2010.pdf, p.587
* The number of people with some migration experience, calculated using data on the total number of households and the population aged 15-64.

The first attempt to evaluate the extent of labour migration at the national level was the study "Life Paths of the Ukrainian Population"[33] performed by the State Statistics Service in eight oblasts of Western Ukraine and Donbas in March 2001 (SSS-2001 survey). This survey showed that in 2000, 380,000 people (3.2% of the working-age

.[32] A description of the survey can be found at http://www.oca.com.ua/arc/ukrmonit.pdf; the latest survey data are at the IS site http://www.i-soc.com.ua/institute/smonit_2010.pdf.
[33] Results reported in "External Labour Migrations of Ukrainian Population" edited by E. Libanova and O.Poznyak, 2002 ("Зовнішні трудові міграції населення України", за ред. Е.М. Лібанової, О.В. Позняка. – К.: РВПС України НАН України, 2002)

population) from these oblasts worked outside Ukraine, which was 70-times higher than the official number (5,579 people). An additional 95,000 people were involved in petty trade. Based on these figures, the total number of migrants in Ukraine at that time was about 2.3-2.7 million (10% of the working-age population)[34].

Other estimates of the number of labour migrants are similar to the estimates presented above. For example, Malynovska et al (2005) cite the following numbers:

- The Ministry of Foreign Affairs (MFA) based on consulate data estimated the number of labour migrants at about 2 million (2002)[35], of which about 300,000 worked in Poland[36], 200,000 each in Italy and the Czech Republic, 150,000 in Portugal, 100,000 in Spain, 35,000 in Turkey, 20,000 in the United States, and about one million (and during seasonal peaks three million) in Russia.

- Experts at the Ministry of Labour and Social Policy estimated labour migration at 2.5-3 million by comparing the number of Ukrainians employed, studying, unemployed, and so forth reported in the "Economic Activity of Population" surveys with the total number of people in Ukraine. "Missing" people were thought to be migrants. However, these data may include some people working in the shadow sector in Ukraine[37] and thus overestimate the number of migrants.

- According to data from the survey "Ukrainian Society: Monitoring of Social Changes", 12% of households have some experience working abroad. Assuming that only one person from each household went abroad, the number of migrants is estimated at 2.1 million. However, in some households there are 2-3 migrants; taking this into account, 2.3-2.8 million people have some labour migration experience[38] (Table 6).

After 2005, the number of labour migrants decreased somewhat due to the improved economic situation in Ukraine. The SSS-2008 survey estimated the total number of people who worked abroad in 2005-2008[39] at 1.5 million (5.1% of the working-age population) and suggested that the number of people with *some* migration experience (e.g. those who had worked abroad before 2005 or as petty traders) may be 2.5-2.7 million. The European Training Foundation survey performed by GfK in 2006-2008

---

[34] Malynovska, 2011. http://www.niss.gov.ua/content/articles/files/Malin_migraziya-dace3.pdf
[35] These numbers were also reported by a Ukrainian ombudswoman in her speech in parliament on April 2nd 2003, verbatim at http://static.rada.gov.ua/zakon/skl4/3session/STENOGR/02040303_28.htm .
[36] See http://www.eui.eu/Projects/METOIKOS/Documents/2010-04-29-FirstMeeting/METOIKOS%20Poland%20Ukraine%20presentation%20at%20Meeting%201.pdf for a review of issues concerning Ukrainian migrants in Poland.
[37] By the estimates of the State Statistics Service, the informal sector of the economy employs over 20% of its labour force (about 4.5 million people), and over a third of these people are younger than 35 (Fedorenko, 2008).
[38] This implies that the number of people working abroad *at any given moment in time* is lower – perhaps, 1.5-2 million.
[39] The survey did not include Ukrainians who left before 2005 and did not return until the time of survey.

(hereafter the ETF survey) estimated the number of return migrants to be 3.2% of the Ukrainian population (p.33), which also produces an estimate of 1.5 million of migrants. Sushko, Parkhomenko and Starodub (2005)[40] arrive at a similar conclusion.

From our analysis of the existing data we can conclude that the estimate of 5-7 million labour migrants from Ukraine cited by some politicians[41] is an exaggeration[42]. About 2.5-3 million[43] seems the most plausible estimate of Ukrainians who have *ever* worked abroad, and 1-1.5 million (3-4% of working-age population) is the most probable estimate of Ukrainians working abroad *at any given moment in time*.

b. Destinations and how they changed over time

Existing studies of migration[44] usually distinguish three types of migration since the break-up of the Soviet Union (similar patterns observed in all former republics):

1) ethnic migration – end of 1980s through to the first half of the 1990s;
2) petty trade migration – peaking in the mid-1990s;
3) labour migration – starting in the late 1990s and lasting to the present.

The first type of migration was mostly permanent while the other two types are temporary. We consider these three types of migration in turn.

i. Ethnic migration.

The demographic policy of the Soviet Union was characterised by two features: a ban on emigration[45] and a “mixing” of peoples (assimilation)[46]. The last process was accomplished by deportations and voluntary relocation of people from the European

[40] Olexandr Suchko, Natalia Parkhomenko, Andriy Starodub. Ukrainian Labour Migration to the EU countries in the Mirror of Sociology. (Олександр Сушко, Наталія Пархоменко, Андрій Стародуб. Українська трудова міграція до країн європейського союзу у дзеркалі соціології. Інформаційно-аналітичне видання.) Center for Peace, Conversion and Foreign Policy of Ukraine, Institute of Public Affairs, Warsaw, Kyiv, PAUCI, 2005. http://old.pauci.org/file/KJoC3YBaYoA_.doc .

[41] See, for example, materials from the Parliamentary hearings “State and problems of legal and social status of modern Ukrainian labour migration” on Nov. 17th 2004, verbatim at http://static.rada.gov.ua/zakon/skl4/par_sl/sl171104.htm .

[42] These estimates may be based on the figure of 6.1 million migrants reported, for example, in “Migration in Ukraine. A Country Profile 2008” IOM edition. This is a World Bank estimate based on the Ukrainian-born population in other countries. This number refers more to permanent emigrants (diaspora) rather than to temporary labour migrants.

[43] The figure of two million migrants, of whom 36% are female, was reported by O.Khomra from the National Institute of International Security at the Parliamentary hearings in 2004: http://static.rada.gov.ua/zakon/skl4/par_sl/sl171104.htm .

[44] E.g. Shulga (2002). http://www.i-soc.com.ua/institute/book_shulga_full.pdf, Abazov (2009) and others.

[45] In the 1970s ethnic Germans and Jewish people and their families were granted the right to emigrate to their motherland. However, they had to obtain an emigration permit through a rather long and complicated procedure. Nevertheless, during 1970-1979 over 81 thousand Jewish people and over 3,000 Germans left Ukraine. http://www.niisp.gov.ua/articles/79/, http://ukr-tur.narod.ru/istoukrgeo/allpubl/antropos/istoglmigr.htm.

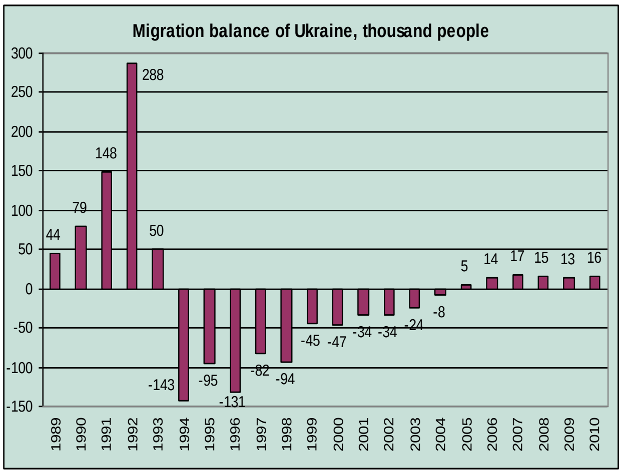
[46] The freedom of movement was also limited by other means – mandatory registration (*propiska*), without which a person could not get a job, or compulsory assignment of graduates into their first workplace (*raspredelenie*). For more detail see Abazov (2009).

part of the USSR to its Asian parts – the "reclaiming" of Siberia, the Far East, and Kazakhstan prairies. Therefore, liberalisation and the later break-up of the USSR led to massive ethnic migration flows both within and outside the former USSR. During the late 1980s and through the beginning of the 1990s, many ethnic Jews, Germans, Greeks, Bulgarians, Poles and others emigrated, respectively to Israel, Germany[47], Greece, Bulgaria, Poland, and some other countries. But a much larger stream of migration occurred *between* the former USSR republics, as people returned to places of their origin or ran away from armed conflicts that had erupted in some of the newly established states[48]. Ukraine saw an inflow of Crimean Tatars, Georgians, Armenians, Azeris and others. However, the largest inflow was of ethnic Ukrainians.

At the end of 1991 the Ministry of Statistics of Ukraine surveyed [permanent] immigrants in order to find out the reasons for immigration. According to this survey, 70.8% of immigrants arrived from Russia, 6.4% from Moldova, 4.7% from the Central Asian countries, 4% from Belarus, 3.6% from Georgia, 3.4% from Azerbaijan, 3.3% from Kazakhstan, and 2.2% from the Baltic States. Over 12% of immigrants stated ethnic conflict in their native country as the reason for their immigration to Ukraine[49].

Emigration from Ukraine began in 1970 after the legal ban on emigration was lifted. However, due to the complicated emigration procedure, during the 1970s only a little over 80,000 people emigrated from Ukraine, and emigrants were mostly Jewish or German, heading for Israel and Germany, respectively. In 1987 emigration restrictions were further relaxed, and during 1987-1997, 562,000 people left Ukraine, of which 311,000 headed to Israel, 113,000 to the United States, and 60,000 to Germany[50].

Figure 7. Migration balance for Ukraine



Source: State Statistics Service data

Figure 7 presents the migration balance (immigrants minus emigrants) for Ukraine; these are official data so they reflect permanent registered migration only. In the first half of the 1990s the migration balance of Ukraine was positive because of the repatriation process. However, in 1994 the balance

[47] Germany had a special repatriation programme that allowed former Soviet citizens (ethnic Germans) to receive German citizenship rather easily.
[48] During the 1990s there were armed conflicts in Moldova (Transnistria) and Georgia (Abkhasia), a conflict between Armenia and Azerbaijan, and war in Chechnya.
[49] http://migrocentre.ru/publ/pdf/transform.pdf p. 77
[50] ibid, p. 79

became negative for economic reasons[51]. In the most recent years the net inflow into Ukraine has become slightly positive again, mostly because of immigration from Asian countries.

Table 7 presents changes in the ethnic composition of the Ukrainian population between the two last censuses[52], which occurred mostly because of migration processes. Below we briefly describe the migration history of the main ethnic groups of Ukrainian population during the 1980s – 1990s.

Table 7 National composition of the Ukrainian population

	Number in 2001, thousands of people	Share in total population (%)		Change in the number of people between 2001 and 1989, %
		2001	*1989*	
Ukrainians	37 541.7	77.8	72.7	+0.3
Russians	8 334.1	17.3	22.1	-26.6
Belarusians	275.8	0.6	0.9	-37.3
Moldavians	258.6	0.5	0.6	-20.3
Crimean Tatars	248.2	0.5	0	+530
Bulgarians	204.6	0.4	0.5	-12.5
Hungarians	156.6	0.3	0.4	-4
Romanians	151	0.3	0.3	+12
Poles	144.1	0.3	0.4	-34.2
Jewish people	103.6	0.2	0.9	-78.7
Armenians	99.9	0.2	0.1	+180
Greeks	91.5	0.2	0.2	-7.1
Tatars	73.3	0.2	0.2	-15.6
Roma	47.6	0.1	0.1	-0.7
Azeris	45.2	0.1	0	+22.2
Georgians	34.2	0.1	0	+45.3
Germans	33.3	0.1	0.1	-12
Hahauses	31.9	0.1	0.1	-0.1
Others	365.7	0.7	0.4	-16.1
Total	**48,240.9**	**100**	**100**	**-6,2**

Source: Census data http://2001.ukrcensus.gov.ua/results/general/nationality.

ii. Ukrainians.

The return of Ukrainians to their country of origin began at the end of the 1980s, and peaked in 1990 when 150,000 people of Ukrainian origin (76.9% of the total number of immigrants) arrived in Ukraine[53]. During 1992-1998 about 634,000 Ukrainians returned to Ukraine (43.5% of all immigrants for that period) while 446,000 Ukrainians emigrated (32.5% of emigrants from Ukraine). Hence, during 1992-2000 the number of Ukrainians in Ukraine increased by 190,000 people[54]. Generally, Ukrainians constituted the largest share of emigrants from republics of the former USSR to other countries of the world (Malynovska, 2004b).

[51] In 1994, Ukraine saw the largest GDP decline over the transition period of -23%; and in 1993 inflation exceeded 10,000%. In addition, at that time some EU countries and Israel had relatively loose immigration policies, allowing people who had even distant relatives of Jewish or German origin, for example, to acquire respective citizenship rather quickly. Hence, many people used this opportunity to emigrate to a more economically developed country.
[52] http://lib.kma.mk.ua/pdf/metodser/87/75.pdf, http://www.migrationinformation.org/Profiles/display.cfm?ID=365
[53] http://i-soc.com.ua/institute/pb_08.pdf, p.11
[54] http://migrocentre.ru/publ/pdf/transform.pdf, p. 78

iii. Russians.

Russians comprised the second largest group of immigrants and the largest group of emigrants from Ukraine. 562,000 Russians arrived to Ukraine between 1992 and 1998, and over 70% of them came from Russia. During the same period about 760,000 Russians left Ukraine, mostly to Russia[55].

iv. Jewish people.

Until the end of the 1980s, Jews emigrated mostly to Israel, but during the 1990s the majority of them started to relocate to other developed countries (the United States and Germany). At the same time, the stream of Russians and Ukrainians emigrating to Israel increased. For example, in 1997, 39% of emigrants to Israel were Jewish, 29% were Ukrainian and 22% were Russian, while in 1996 the respective percentages were 50, 24 and 20. In 2002 only 23% of emigrants to Israel from Ukraine were Jewish[56]. Overall, during the 1990s over 350,000 people left Ukraine for Israel.

v. Crimean Tatars.

A programme for repatriation of Crimean Tatars deported in 1944 was adopted in 1989[57]. By the end of 1991, 100,000 Tatars had returned to their original places of living, and this process later intensified. In 1988 there were 17,000 Tatars in Crimea, and by 1989 - 38,000; by the beginning of 1992 their number had grown to 158,000 and by the end of 2001 to 248,000[58], making Tatars the third largest ethnic group in Crimea and the fifth largest in Ukraine (Table 7).

Table 7 shows the ethnic composition of Ukrainian residents (citizens) based on 1989 (2001) census data. We see an increase in the share of Ukrainians and a decrease in the share of Russians because of the repatriation process described above. The increase in the share of Armenians, Azeris and Georgians occurred because many refugees from armed conflicts in these countries settled in Ukraine.

Table 7 also shows that between 1989 and 2001 the Ukrainian population declined by over 3 million, and almost a half of that loss was due to migration; the other half occurred because of a fall in fertility and a rise in the death rates of middle-aged

[55] ibid, p. 79

[56] Malynovska, 2004b. http://www.strana-oz.ru/?numid=19&article=918

[57] The Decree #192 "On the Immediate Measures Related to Return of Crimean Tatars to the Crimea" ("О первоочередных мерах по решению вопросов, связанных с возвращением крымских татар в Крымскую область"), issued by the Soviet of Ministers of the Ukrainian Socialist Republic on August 16th 1990. In 2002 and 2006 the Ukrainian government adopted "Programmes for Resettlement of Crimean Tatars and Peoples of Other Nationalities That Returned to Crimea for Full-time Residence" for 2002-2005 and 2006-2011, respectively. These programmes foresaw the construction of housing and social infrastructure for returnees. However, they were constantly underfinanced (as were the majority of similar programmes in Ukraine). http://islam.in.ua/3/ukr/full_news/10815/visibletype/1/index.html

[58] http://migrocenter.ru/publ/pdf/transform.pdf, p. 81

males. Demographic loss due to migration was even worse when we take into account that migrants are mostly young and middle-aged, i.e. the most economically and reproductively active members of society[59].

By the end of the 1990s emigration lost its ethnic character. At the beginning of the 1990s Jews constituted over 60% of emigrants, but in 2002 their share did not exceed 15%. In contrast, the share of Ukrainians among emigrants in 2002 was over 50% as compared to 14.8% in 1991, and the share of Russian emigrants grew from 10.4 to 15.4% between 1991 and 2002[60].

vi. Petty trade migration.

During the economic crisis of 1992-1994, many enterprises stopped or suspended operations[61], and a large number of Ukrainians became involved in so-called “shuttle” trade in order to survive. They went to Poland, Hungary, Romania, Turkey or China to buy cheap consumer goods and sell them on Ukrainian markets. By some estimates, their number peaked in 1993 at 1.5-2 million people (Gerasimenko and Poznyak, 2004). In 2001, the estimated number of petty traders was 350-700 thousand (Complex Demographic Survey - 2006). About 50-60% of these traders were female. Shuttle traders mostly viewed their activity as temporary; only 38% of them did not have permanent employment in Ukraine. Over 40% of shuttle traders went abroad during weekends or vacations, and about 14% managed to buy goods for sale while on business trips connected to their main employment (Gerasimenko and Poznyak, 2004). In 2008 the number of petty traders was estimated at 400-450,000[62], which is not very different from the 2001 estimates.

vii. Labour migration.

By the end of the 1990s Ukrainians had switched from petty trade to labour migration. This process is well illustrated in Malynovska (2004a)[63], who compared the results of the two surveys performed in 1994 and 2002 in Kyiv, Chernivtsi and the village of Prylbychi (Lvivska oblast)[64]. Each survey included 350 households (about 460 individuals) randomly selected by the same methodology. A comparison of the

[59] Complex Demographic Survey in Ukraine (2006) – Libanova et al.
[60] Malynovska, 2004b. http://www.strana-oz.ru/?numid=19&article=918
[61] At the same time, they did not layoff workers but placed them on unpaid leave or reduced their working hours instead. Wage arrears became very common, so employment did not guarantee income. Hence, petty trade became a temporary solution for many people to support their families. Another source of survival was the six-acre land plot given to people at the beginning of the 1990s.
[62] Leh and Angelko, 2008. http://www.nbuv.gov.ua/portal/chem_biol/nvnltu/18_4/127_Lech_18_4.pdf
[63] http://www.flad.pt/documentos/1256642168A6dXX1yn5Uq83QL7.pdf
[64] A detailed description of the results of these two studies can be found in the book by Pirozhkov, Malynovska and Khomra “External Labour Migration in Ukraine: Social-Economic Aspect” (С. Пирожков, Е. Малиновская, А. Хомра. “Внешние трудовые миграции в украине: социально-экономический аспект.” Киев, НИПМБ, 2003, 134 с.), http://demoscope.ru/weekly/2004/0149/biblio02.php.

results of the two surveys shows very clearly how the nature of migration changed between 1994 and 2002:

1) The share of migrants from rural areas considerably increased, as information about migration opportunities became available to them.
2) The list of destination countries expanded from 17 in 1994 to 26 in 2002; migration to Romania and Turkey decreased considerably as petty trade faded out, while migration to Germany, Portugal and Italy increased. The main destination countries – Russia and Poland – remained the same.
3) The share of male migrants increased from 54% to 66% since construction and agriculture, where the majority of migrants are employed, required mostly male workers. The average age of migrants rose from 33.6 to 35.7 because of the greater involvement of women over 45 in migration; most of them were employed in domestic service.
4) The share of people with higher education decreased from 52% to 26%, while the share of secondary-educated people rose accordingly. This probably reflects the greater demand for educated people within Ukraine and an increase in the share of villagers among migrants[65].
5) The share of migrants formally employed in Ukraine fell from 70% to 35%, suggesting that migration changed from a temporary solution to support their families during crisis times to the primary form of employment for people.
6) In 1994, over 51% of trips lasted less than 7 days, while in 2002 64% of trips were for a month and longer. Twenty percent of these trips lasted over six months, illustrating the switch from "shuttle trade tours" to labour migration.

During the 2001-2008 period, the most significant change in destination was the high growth of labour migration to Italy and Portugal. This change was due to the high demand for Ukrainian workers in these countries and the relative ease with which one could get a visa and/or find a [usually illegal] job there.

The official employment of Ukrainians by country is presented in Table 8; estimates of MFA and Caritas Ukraine experts are shown in Table 9. We see that the official number of migrant workers to each country, presented in Table 8, is much lower than the expert estimates. This happens because Ukrainians abroad usually work unofficially, if not illegally. For example, according to the SSS-2008 survey, only 8% of labour migrants had found a job abroad through agencies and 1.8% through various NGOs; these numbers are reflected in the official statistics. Other people searched for a job on their own (over the Internet) or through informal channels (relatives, friends). According to the same survey, only 32% of migrants were legally employed abroad, 23% did not have any legal status in the destination country, and 39% had only temporary registration.

[65] According to the 2001 census data for people over 10 years old, 18% of urban dwellers had higher education compared to just 6% of villagers; secondary-educated people constituted 70% in urban and 72% in rural areas, and 12% and 21% of people in urban and rural areas respectively had primary education or less.

Table 8 Number of Ukrainian workers officially employed abroad by country

	1996	*1998*	*2000*	*2004*	*2006*
Total	11816	24397	33735	45727	61204
CIS countries	1843	1651	1478	2635	2267
Russia	1821	1508	1474	2150	1851
Moldova	21	143	1	8	–
Other countries	9973	22746	32257	43092	58937
Great Britain	119	748	2720	5110	6693
Greece	4929	7317	11362	10367	11678
USA	75	379	337	718	345
Czech Republic	343	6225	3501	375	454
Slovakia	59	230	479	239	307
Hungary	17	2	34	–	69
Turkey	37	258	462	243	533
Poland	610	208	81	7	63
Israel	287	261	514	206	13
Spain	–	57	148	745	599
Portugal	–	–	58	43	n/d
Italy	–	73	63	442	525
Cyprus	2418	1188	4343	11206	17271
Germany	141	644	1363	873	1906
Switzerland	–	933	353	804	610
Japan	142	6	153	588	184

Source: Libanova et al (2007), p.186 (State Statistics Service data)

Table 9 Estimates of the total number of labour migrants by country, thousands of people (share of all migrants in parentheses)

Country	*SSS-2001 survey*[†]	*MFA estimates*[*]	*Caritas Ukraine*[**]	*SSS-2008 survey*
Russia	744 (37.2%)	1 000 (50%)	> 2 000 (50%)	598 (47.3%)
Poland	374 (18.7%)	300 (15%)	> 450 (11.3%)	82 (6.5%)
Czech Republic	338 (16,9)	100-200 (~7.5%)	150 (3.75%)	151 (11.9%)
Hungary	50 (2.5%)	n/d	n/d	47 (3.7%)
Italy	170 (8.5%)	200 (10%)	500 (12.5%)	187 (14.8%)
Spain	n/d	100 (5%)	250 (6.3%)	40 (3.2%)
Portugal	76 (3.8%)	150 (7.5%)	75 (1.75%)	36 (2.9%)
Turkey	n/d	35 (1.7%)	n/d	5.3 (0.4%)
USA	n/d	20 (1%)	~500 (12.5%)	18,2 (1,2%)
Slovakia	40 (2%)	5 (0.25%)	n/d	1.1 (0.07%)
Great Britain	n/d	n/d	~70 (1.75%)	11.8 (0.8%)
Belarus	34 (1.7%)	4 (2%)	n/d	12.8 (0.9%)
Greece	44 (2.2%)	3 (0.15%)	75 (1.75%)	8.6 (0.6%)
Total	**~ 2 000**	**~ 2 000**	**~ 4 000**	**~ 1 500**

[†] Survey "Life paths of Ukrainian population"; estimation using percentages of migrants reported in http://www.confeu.org/assets/files/Employers_are_in_warning_of_labour_migration.pdf, assuming the total number of migrants is two million.
[*]Cited by Malynovska (2005).
[**] Cited by I.Markov (2008) http://www.dcz.gov.ua/control/uk/publish/article?art_id=112715&cat_id=4713800

Table 9 shows that the most popular destinations for Ukrainian labour migrants are Russia and the Eastern European countries (Poland and the Czech Republic), although in the last 7-10 years Southern European countries – Italy and Portugal – have become very popular destinations.

c. Composition of migrants by education, occupation, legal status, duration of trips and other relevant factors by destination

i. Seasonality of migration (average duration of trips by country)

Figure 8a Average number of trips in 2005-2008

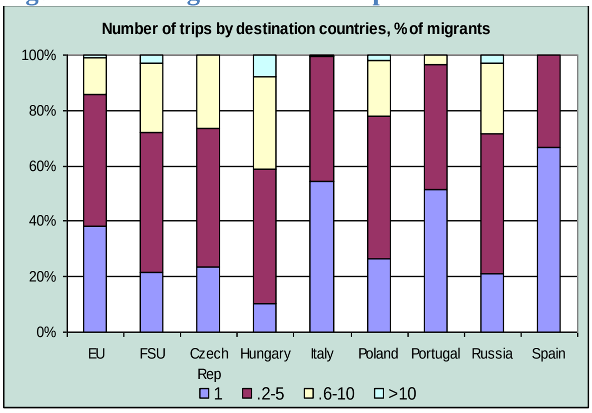
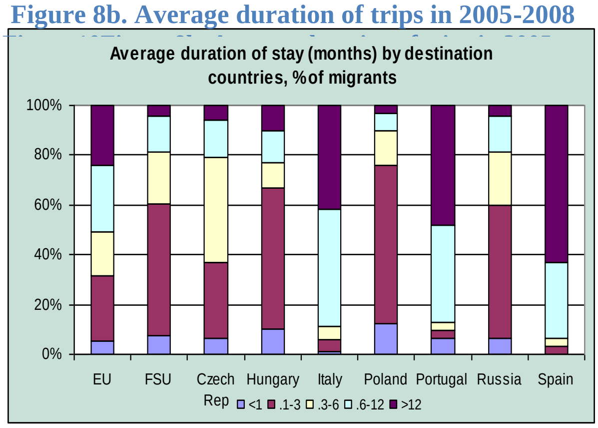


Figure 8b. Average duration of trips in 2005-2008



Source: SSS-2008 survey data

The proximity of destination countries and visa issues matter for the duration of stay and frequency of trips to these countries. If travel costs are lower and a person is sure (s)he will be able to go back to his/her destination after visiting home, (s)he would prefer shorter trips to longer ones[66]. For example, over 50% of migrants who went to Spain, Italy or Portugal made just one trip during 2005-2008, whereas 34% of migrants going to Hungary made monthly trips. Over 70% of migrants going to Poland, the Czech Republic and Russia[67] made several trips during 2005-2008 (SSS-2008 survey). In 2000, when Ukrainians did not need visas to enter Poland, about 40% of them went there for less than a month (presumably, there also were many petty traders among these people at that time). In 2008 this share decreased to 13%. Ukrainians did not go to the Czech Republic as often, and when they did it was for a longer period of time (SSS-2001 survey). The situation was similar in 2008 (Figures 8a and 8b). Figures 8a and 8b show that Poland is the country to which migrants made the shortest and most frequent trips, while trips to Spain were the longest and rarest. In general, trips to countries in the FSU (mainly Russia) were shorter and more frequent than trips to the EU.

ii. Illegal migration

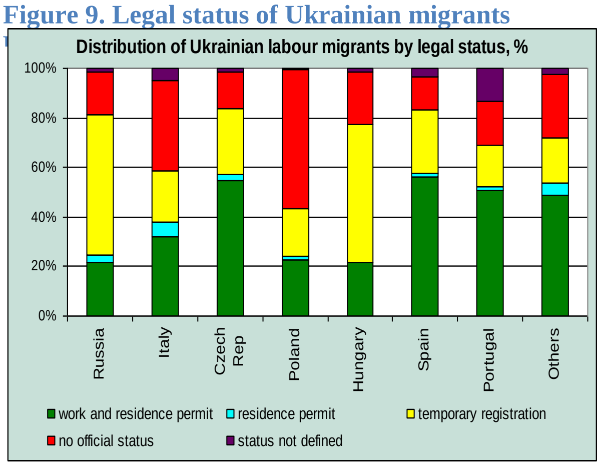
---

[66] In countries where it is hard to get a visa, people live illegally for years and are unable to visit their families. See, for example, http://www.dw.de/dw/article/0,,15343643,00.html.

[67] In Russia, a person can stay for 90 days without registration; hence, many migrants travel home from there every three months to avoid the registration procedure.

Only 32% of Ukrainian labour migrants have work and residence permit in destination countries, while about a quarter have no official status (Figure 9). The highest share of illegal migrants among all migrants is in Poland (56%) because it is still easy to cross the border illegally into Poland. A high share of illegal migrants also work in Italy; migrants there are mostly employed in households, and it is harder to detect them. The highest share of legal migrants works in the Czech Republic, Spain and Portugal, which probably reflects the efforts of the governments in these countries to legalise labour migrants.

Figure 9. Legal status of Ukrainian migrants



Source: SSS-2008 survey data

The share of illegal migrants also depends on the main sectors of their employment – low-skilled workers are employed mostly in construction, agriculture and households and are employed illegally. For example, a survey conducted in 2003 for the National Institute for International Security Problems disclosed that 38% of illegal migrants from Ukraine were employed in construction, 15% in trade and 14% in households[68].

iii. Sectorial and educational distribution of migrants by country

Table 10 shows the distribution of labour migrants by professional groups and their occupation abroad. We see that the highest share of migrants are qualified workers, followed by workers in the simplest professions and trade and service specialists. Although there is a deficit of blue-collar workers in Ukraine, wages offered to them here are rather low, as explained in Section 1. Therefore, they prefer to migrate.

Table 10 also shows that migrants generally experience occupational downshifting when they move abroad. Only about 23% of professionals find an equivalent position abroad, while the same is true for 71% of qualified workers, 62% of workers in the simplest professions and 59% of trade and service specialists. The sectorial distribution of emigrant employment has not changed much since 2000. About 52% of Ukrainians work in the construction sector, followed by 16.4% in households.

[68] S. Pirozhkov., O. Malynovskaya, A. Khomra, "External labour migrants in Ukraine. The social and economic aspect", Kyiv 2003, p. 45.

Table 10 Distribution of migrants by occupation in Ukraine and abroad

Occupation in Ukraine →	Profes-sionals, engineers, technical staff (35.2%*)	Trade and services specialists (13,6%*)	Qualified agricul-tural workers (1,3%*)	Qualified workers with instruments (12,6%*)	Workers with industrial and transport equipment (12,6%*)	Simplest professions (24,7%*)	Total, %
Occupation abroad↓	**6.0**	**16,5**	**1,5**	**37,9**	**4,9**	**33,2**	**100,0**
Professionals	22.9	4.4	-	3.3	5.7	1.4	7.8
Trade and services specialists	21.8	58.5	14.3	7.9	9.4	9.2	18.3
Qualified agricultural workers	0.3	-	13.7	-	3.7	1.5	1.4
Qualified workers with instruments	15.7	2.2	52.5	71.2	17.7	21.9	34.2
Workers with industrial and transport equipment	7.7	-	-	0.3	22.8	3.8	5.6
Simplest professions	31.6	34.9	19.5	17.3	40.7	62.2	32.7
Distribution of migrants by industry in the host countries, %							
Agriculture	3.3	0.5	8.3	2.1	4.5	81.3	**8.5**
Industry	6.4	-	8.1	32.4	25.1	28	**5.5**
Construction	3	0.1	-	68	2.4	26.5	**51.6**
Trade	9	80.4	-	8.1	-	2.5	**8.1**
HoReCa	9.7	68.5	-	-	-	21.8	**2.9**
Transport	30,9	-	-	5.5	63.6	-	**2.9**
Other firms	42.5	29.4	5	-	1.1	22	**4.2**
Households	0.6	41.8	0.7	-	-	56.9	**16.4**

* Share of people in this occupation out of the total employed population of Ukraine
Source: SSS-2008 survey

Figure 10a. Distribution of migrants by employment sector

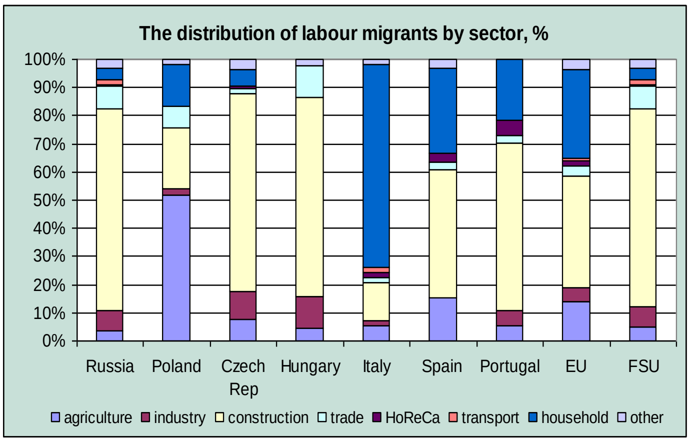
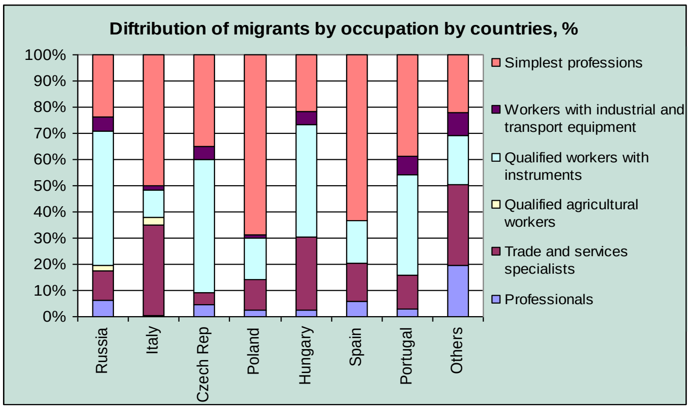


Figure 10b. Distribution of migrants by occupation



Source: SSS-2008 survey data

The main employment sectors differ substantially by country (Figures 10a and 10b)[69]. While construction employs a rather large share of migrants in every country, its share is especially high in Russia, the Czech Republic and Hungary. In Italy, as mentioned above, the main sector employing Ukrainian migrants is housekeeping and in Poland it is agriculture.

The distribution of migrants by sector corresponds to their distribution by occupation, as shown in the Figure 10b. The highest share of migrants of the simplest professions is employed in Poland, Spain and Italy, and the highest share of professionals is employed in Romania, Germany, Norway and Turkey.

Table 11 Earnings of migrants by employment sector

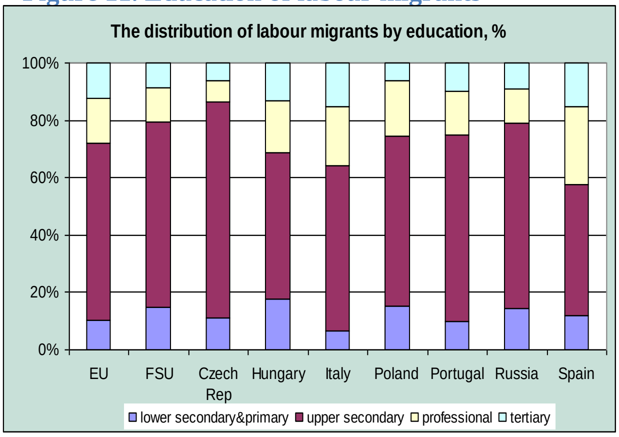
	Share of migrants earning this amount (USD) per month, %				average wage of a migrant, $	average wage in Ukraine, $
	<250	251-500	501-1000	>1000		
Total	**3.9**	**20.5**	**41.9**	**33.7**	**817**	**265**
Agriculture	5.3	32.7	39.1	22.9	709	145
Industry	2.4	27.5	43.1	27	768	308
Construction	2.5	15.5	49.5	32.5	838	294
Trade	11.5	40.5	35.2	12.8	391	218
HoReCa	1.9	23.2	34	40.9	856	187
Transport	1.2	48	30.5	20.3	664	343
Other sectors	17.6	18.1	36.9	27.4	709	-
Households	1.2	12.8	26.2	59.8	994	-
Source: SSS-2008 survey						

The distribution of migrants by occupation and industries is shown in the first row of Table 10 above. In Table 11 we present reported earnings of Ukrainian labour migrants by industry. We see that on average reported earnings of migrants are three

[69] Here HoReCa stands for "Hotels, Restaurants, Cafeteria", "EU" includes all EU countries to which Ukrainian migrants surveyed in 2008 traveled (23 total), FSU – countries of the former Soviet Union (mostly Russia, with a small contribution of Belarus and Turkmenistan).

times higher than the average wage in Ukraine. Over 75% of migrants earned $500 or more per month. The highest monthly earnings were observed in the Hotel/Restaurant/Cafeteria sector (perhaps, because of tips) and in households.

Figure 11. Education of labour migrants



Source: SSS-2008 survey data

Figure 11 shows the educational composition of labour migrants by destination. The EU attracted a larger share of people with higher education than the FSU – possibly because more educated people were more likely to be able to afford the higher migration cost to the EU (language knowledge, visa issues, for example).

Italy and Spain attracted the highest share of people with tertiary education; these were mostly middle-aged women working in households. The Czech Republic, Poland and Russia attracted the lowest number of university graduates. This was probably connected with the low-skilled job opportunities provided by the latter three countries and also by the relatively low migration cost to these countries. Hungary had both the highest share of migrants with lower than secondary education and the third-highest share of tertiary-educated people. This phenomenon can be explained by the high share of young migrants to this country, many of whom are presumably still studying.

Among females the education level was considerably higher than among males: almost 40% of women had higher or unfinished higher (professional) education, while the same was true for 27% of men. This can be explained by (1) higher share of females with higher/unfinished higher education in the general population (33% vs. 27% for males); (2) higher average age of female migrants and lower share of students among them; (3) and higher probability for men with higher education to find a job in Ukraine.

iv. Regional distribution of migrants

The regional distribution of migrants within Ukraine is also not uniform. We define the migration-intensive regions as those where migrants constitute over 3% of the population; these regions are highlighted in bold in Table 12.

On the aggregate scale, migrants from the Western region constituted 57.8% of Ukrainian labour migrants, while 18.8% of migrants originated from the East, 9.2% from the Centre, 8.9% from the South, and 5.7% from the North.

Table 12 Migration-intensive regions

Oblast	*Number of migrants, in 1000s*	*Population, 2008, in 1000s*	*% of migrants*	*Average wage, 2008, UAH*	*ILO unemploy-ment, 2008, %*	*Number of SE* per 1000 population*	*Region*
Cherkaska	**66.25**	**1 311.43**	**5.05**	**1459**	**8.2**	**55**	**Centre**
Chernihivska	22.53	1 130.52	1.99	1370	7.6	52	North
Chernivetska	**117.52**	**903.47**	**13.01**	**1402**	**8.4**	**50**	**West**
Crimea	41.36	1 968.21	2.10	1609	4.7	83	South
Dnipropetrovska	22.07	3 388.41	0.65	1876	5.1	71	East
Donetska	76.76	4 523.30	1.70	2015	5.7	55	East
Ivano-Frankivska	**95.01**	**1 381.44**	**6.88**	**1543**	**7.9**	**57**	**West**
Kharkivska	57.80	2 787.59	2.07	1679	5.3	83	East
Khersonska	25.43	1 104.02	2.30	1375	8.3	57	South
Khmelnytska	**62.79**	**1 346.64**	**4.66**	**1429**	**8**	**48**	**West**
Kirovohradska	8.03	1 035.13	0.78	1428	8	55	Centre
Kyiv	16.94	2 743.40	0.62	3074	3.1	258	North
Kyivska	9.54	1 733.57	0.55	1852	5.8	76	North
Luhanska	**82.64**	**2 346.15**	**3.52**	**1769**	**6.6**	**49**	**East**
Lvivska	**160.79**	**2 555.02**	**6.29**	**1570**	**7.6**	**79**	**West**
Mykolaivska	33.42	1 200.09	2.78	1621	8.3	71	South
Odeska	30.67	2 392.28	1.28	1633	4.5	88	South
Poltavska	16.13	1 520.01	1.06	1661	6.5	63	Centre
Rivnenska	**37.09**	**1 151.11**	**3.22**	**1523**	**8.8**	**46**	**West**
Sumska	25.09	1 192.10	2.10	1472	7.4	52	North
Ternopilska	**71.15**	**1 096.29**	**6.49**	**1313**	**8.8**	**44**	**West**
Vinnytska	46.05	1 666.81	2.76	1404	6.4	46	Centre
Volynska	**64.24**	**1 035.82**	**6.20**	**1380**	**8.3**	**47**	**West**
Zakarpatska	**238.84**	**1 242.01**	**19.23**	**1453**	**6.4**	**57**	**West**
Zaporizka	34.96	1 827.72	1.91	1812	6	77	East
Zhytomyrska	10.31	1 301.17	0.79	1404	8.7	51	North
Ukraine total	***1 473.44***	***45 883.68***	***3.21***	***1806***	***6.4***	***75***	**-**

* SE – small enterprises
Source: State Statistics Service, SSS-2008 survey, own calculations

Chapter 3. Evidence on the costs and benefits of migration

a. Macro level

i. Demography.

Since 1990 Ukraine has experienced depopulation, as have the majority of European countries. However, there is one substantial difference – together with a low birth rate, the high and increasing death rate is a substantial factor in this. In 2010 the death rate was about 50% higher than the birth rate and 25% higher than the death rate in 1990. The increase in the death rate was mainly due to the rise in the death rate of middle-aged men, who are more likely to die in accidents at work (coal miners, workers at heavy industry and chemical plants, at construction sites) or be killed by diseases caused by alcohol, smoking and drug use[70].

Migration also contributes to the depopulation of Ukraine. Between 1989 and 2001 over 1.1 million people emigrated from Ukraine (about a third of the total population decrease), and the majority of migrants were aged 20-49. As shown by the Institute of Demography and Social Research[71] (IDSR), migration decreased the percentage of people aged 25-29 by 6.8% for males and 4.9% for females and of people aged 30-34 by 3.7% and 2.1% respectively. Hence, migration reduced the share of the working-age population in favour of younger and older people. Table 13 shows the composition of the Ukrainian population with and without 1989-2001 migration, computed by the IDSR. Without migration average life expectancy would be 0.94 years higher than current life expectancy, and the demographic burden[72] on the working-age population would be 1.1% lower.

Table 13 Composition of the Ukrainian population with and without migration

Indicator	*Actual, 2001 census*	*Hypothetical, without 1989-2001 migration*
Share of people aged 60+, %	21,4	21,2
Demographic burden on the working-age population, number of people	713	705
Share of people aged 25-44, %	28.7	29.2
Share of women of child-bearing age (ages 15-49), %	26.0	26.1
Source: Complex Demographic Survey of the Institute of Demography; http://www.idss.org.ua/monografii/nandop1.pdf		

An indirect demographic effect of migration is lower fertility in migrant families that arises from three sources. First, with increased income child quantity may be substituted for child quality – for example, the majority of migrants want higher

[70] Complex Demographic Survey - 2006
[71] http://www.idss.org.ua/monografii/innovacii.pdf, p. 63
[72] Ratio of non-working age population to working-age population.

education for their children but they may realise that they will not be able to pay for the education of an additional child. Second, if a mother is a migrant and breadwinner, the opportunity cost of another child becomes prohibitively high. Third, when a family member migrates, his/her responsibilities are distributed between other family members, making them less able/willing to bear the cost of raising another child.

Another negative demographic consequence of migration is temporary migration becoming permanent migration: among people with labour migration experience the share of those willing to emigrate is about five times higher than among people who have never worked abroad; the intention to migrate permanently increases with the time spent abroad and is higher for migrants working in more developed Western European countries[73]. Malynovska (2011) showed that about 14% of migrants did not plan to return to Ukraine; for migrants in Russia this share was 5-10%. SSS-2008 survey data revealed that 17% of migrants who were abroad at the time of the survey did not plan to come back to Ukraine.

Migrants who intend to stay abroad for a long time usually try to bring their children with them. Usually children of migrants quickly assimilate, and the younger the child is, the easier it is for him/her to integrate into a foreign society[74]. Often, children of migrants attending a local school help their parent(s) learn the local language and socialise. A significant factor that turns temporary migration into permanent is that Ukraine does not automatically recognise diplomas or secondary school certificates issued in other countries. A person who has studied at a foreign university has to pass a long and costly nostrification[75] procedure.

> ***An expert****: "… for those migrating to study, the problem of recognition of diplomas received abroad remains very pressing - Ukraine does not acknowledge them, and this is a substantial demotivation factor for the return of young specialists to Ukraine. There is nothing attractive for them in Ukraine."*

A person with a foreign secondary school certificate cannot enter a higher educational institution in Ukraine; he or she has to obtain a Ukrainian school certificate by either studying one year at a Ukrainian school or taking exams without attending classes. To partially solve this problem, a distance-learning International Ukrainian school was created in 2007 (Malynovska, 2011). This school cooperates with 27 Ukrainian schools in nine countries (among them the Czech Republic, Portugal, Turkey, France, Greece, Italy, and Austria) and issues Ukrainian school certificates to the children of labour migrants studying abroad.

[73] Poznyak (2010)
[74] http://www.dw.de/dw/article/0,,15343795,00.html
[75] Acceptance of foreign university degrees as equal with native.

ii. Employment.

An estimate of the effects of labour migration on the domestic labour market was performed by the Institute of Demography and the Ukrainian Centre for Social Reforms in their "Complex Demographic Survey" (2006). This estimation was based on data from the SSS-2001 and from the Labour Force Surveys. Taking into account the share of migrants who are economically inactive (35%) or have opened their own business from the money earned abroad (about 6%), the share of migrants who have become employers and the average number of their employees (5), the authors concluded that in the absence of labour migration the unemployment level in Ukraine would be almost twice as high as the actual level. The main findings of the study are presented in the Table 14.

Malynovska (2011) cited another study by Kalitska (2008), who estimated that without migration the unemployment level in 2008 in Ukraine would have been 9.8% as opposed to the actual unemployment rate that year of 6.4%. However, if migrants who were self-employed or employers abroad (16.5% of migrants) opened their businesses in Ukraine and hired on average three workers each, the unemployment rate would fall to 5.6%, and if they hired on average five workers each, it would fall to 5.4%. Of course, not all migrants who were self-employed abroad can open a business in Ukraine since they do not know Ukrainian legislation and the peculiarities of doing business in Ukraine; they also lose social ties while working abroad, and business is more likely to succeed if the owner is well-connected in the community.

Table 14 Some labour market indicators in the presence and absence of migration, in 2004

Indicator	*Actual*	*Hypothetical (in the absence of labour migration)*
Population aged 15-70, million people	35,8	35,8
Economically active population, million people	22,2	23,8
Employed, million people	20,3	19,8
Unemployed, million people	1,9	4,0
Economic activity level, %	62,0	66,4
Employment, %	56,7	55,4
Unemployment, %	8,5	16,6
Source: Complex Demographic Survey, 2006, p. 163		

> ***An expert*** *on the problems which return migrants face: "[migrants] willing to provide entrepreneurial activity have business plans with poorly developed market study sections (being abroad, a person doesn't know whether services (s)he plans to provide will be demanded by the market at all), which leads to inefficient work and bankruptcy."*

Although migration lifts some pressure off the domestic labour market, it also has its negative effects. Malynovska (2011) noted that in the most migration-intensive regions there was a constant deficit of doctors and teachers, construction workers, welders, drivers, and oil industry workers, i.e. of specialists who can easily find a better-paid job abroad. For example, for the construction of the railway station building in Uzhgorod (the centre of the Zakarpattya) in 2003, workers from other oblasts had to be invited. Since the beginning of the 2000s in the industrial city of Luhansk there has been a large deficit of turners and electricians because of migration to Russia (Complex Demographic Survey – 2006).

Migrants are usually more active and entrepreneurial than other workers; according to the SSS-2001 survey, among people with migration experience, the share of self-employed was 1.5 times higher, and the share of employers was 30% higher than among the employed Ukrainians in general (Malynovska, 2004c).

On the one hand, migration lowers unemployment because of the outflow of "idle" workers. On the other hand, it takes out the most active part of the population in the most productive age group. Some of these people could have become entrepreneurs in Ukraine and thus increase employment there.

iii. Wages.

As far as we know, nobody has studied the impact of labour migration on wages in Ukraine. However, the effects are not likely to be substantial for the reasons listed in Section 1: because the number of good (well-paid) jobs is low, employers usually make "take it or leave it" offers to potential employees, and there is not much competition for employees. Recent wage growth has been mainly caused by the administrative increase in the minimum wage in response to inflation; the minimum wage only recently reached subsistence level.

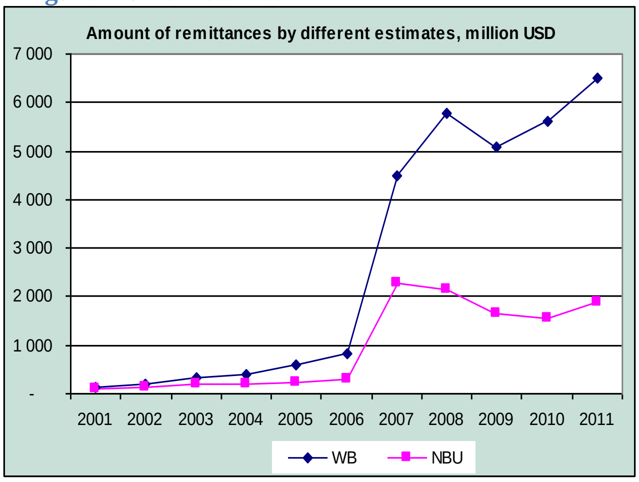
iv. Remittances.

A comprehensive discussion of the amount of remittances is provided in the United Nation's "Common Country Analysis for Ukraine – 2010"[76]. The general understanding is that it is hard to estimate the precise amount of remittances since about 50% of migrants transfer money unofficially (bringing cash while travelling home or sending cash through friends or relatives). The National Bank of Ukraine estimates both the amount of private money transfers and the amount of transfers from people working abroad (including unofficial transfers). The first amount is about three times higher than the second but close to the World Bank figure; the second amount is close to the estimate obtained from the SSS-2008 survey.

[76] http://europeandcis.undp.org/home/show/BF9A226A-F203-1EE9-BB3700B1931FC9F5

Both the World Bank and the NBU figures overestimate the amount of remittances received from labour migrants: these numbers include transfers from permanent migrants, payments to Ukrainians living in Ukraine but working for a foreign company, and transfers from abroad to non-citizens of Ukraine. On the other hand, the SSS-2008 survey figure is probably an underestimate of the true amount of remittances flowing into Ukraine due to a common and well-known income-underreporting problem among surveyed individuals. Assuming that the average amount of remittances (USD 2679) applies to all migrants and multiplying by the number of migrants (about 1.5 million), we obtain an estimate of $4 billion in transfers from labour migrants in 2007. Hence, we can conclude that the true figure is likely to be close to the average of the World Bank's remittance figure and the NBU's "remittances from people working abroad for more than one year" estimate[77]. This suggests that remittances amounted to over 2% of GDP in 2008.

Figure 12. Remittances



Source: SSS-2008 survey data

Table 15 The distribution of migrants by total remittances and destination country, %								
Sum of 2007 remittances, $	*<1000*	*1001-2000*	*2001-3000*	*3001-4000*	*4001-5000*	*>5000*	*Amount unspecified*	*Did not send remittances*
EU	15.6	14.4	9.3	7.9	6.9	6.1	19.3	20.6
FSU	10.6	13.7	6.5	4.4	7.9	8.2	24.9	23.7
Czech Republic	12.0	11.5	7.2	6.2	12.3	9.4	24.9	16.4
Hungary	17.3	5.8	6.6	1.1	3.7	2.1	22.6	40.7
Italy	17.5	20.4	9.8	10.7	7.6	5.4	19.5	9.1
Poland	14.2	12.4	10.0	3.3	1.2	0.7	14.1	44.1
Portugal	29.2	14.0	5.3	4.1	11.9	6.9	14.8	13.8
Russia	10.5	14.1	6.6	4.5	8.1	8.4	25.4	22.4
Spain	17.5	13.8	9.3	17.7	1.2	11.5	20.7	8.3
Source: SSS-2008 data on the amount of remittances transferred during 2007								

Although we cannot fully rely on the absolute numbers, we can clearly infer the trend in remittances both from the World Bank and the NBU figures. Between 2001 and 2011 remittances increased 22-fold, according to World Bank estimates and 46-fold according to NBU estimates, with a five-fold (eight-fold - NBU) jump between 2006 and 2007 (Figure 13)[78]. Both World Bank and NBU estimates show some decrease in the amount of remittances during the 2008-2009 crisis and a revival afterwards.

[77] In what follows we refer to the latter as the "NBU figure".
[78] Most probably, this jump was caused by an increase in the share of officially transferred remittances due to a reduction in tariffs at "Western Union". In 2004 the Antitrust Committee of Ukraine opened a case against the

Table 15 displays the distribution of migrants by destination country and annual amount of remittances sent home. We see that migrants working in Italy and Spain were the most likely to send remittances. Perhaps, because there was a large share of women in these countries, and migrants on average are older there, these migrants are more likely to have families that need support. But most importantly, immigrants send more remittances if they cannot return often to Ukraine to bring the money themselves.

v. Monetary aggregates.

The National Bank of Ukraine regulates the UAH/USD exchange rate; it tries to keep the rate sufficiently low to help exporters and at the same time avoid sharp downward movements in order to tame inflation expectations. During May 2005 – May 2008 the UAH/USD exchange rate was fixed at 5.05 to raise confidence in the Hryvnia. To keep the exchange rate fixed, the NBU had to buy dollars flowing into Ukraine and issue Hryvnias, increasing the monetary aggregates and thus keeping inflation at about 10%. Labour migrants also contributed to this process through remittances.

On the other hand, large purchases, such as houses (flats) or cars are denominated, and in the majority of cases concluded, in USD. Savings are also in many cases made in foreign currency (Section 1), so not all the money sent to Ukraine as remittances is exchanged for Hryvnia.

vi. Housing.

Remittance flows raise the demand for consumer goods, durables and housing in migration-intensive regions; the increase in demand contributed to the 2005-2008 housing bubble. Some migrants buy housing not in their native settlements but in regional centres or the capital, which speeds up the migration of youth to these cities/towns (Malynovska, 2011). Since 29% of migrant households spend remittances on housing (either on purchase, building or renovation) and 39% buy durables (SSS-2008 survey data), migration increased the demand for housing; construction and renovation services, as well as building materials, furniture, and other housing related goods and services. Table 16 shows that the rate of housing construction in the majority of migration-intensive regions (highlighted in bold) was higher than the Ukrainian average.

The large migration streams arguably contributed to the development of infrastructure that provides services to migrants, including mini-buses that transport

company and forced it to reduce the tariffs by 2-4-fold, depending on the destination country. The share of officially transferred remittances also increased when the government granted the Ukrainian Postal Service (Ukrposhta) permission to conduct foreign currency operations in 2006 (Malynovska, 2011).

migrants to and from destination countries and are used for transfers of remittances in the form of money and goods from migrants to their families. The market for private money transfers also largely developed in Ukraine because of the inflow of migrants' remittances. Finally, a number of intermediaries offering job search or visa services emerged, although few migrants use their services. According to the SSS-2008 survey, just 9.6% of migrants found a job through a private agency.

Table 16 Housing put into service, square meters, average for 2000-2009

Oblast	*All types of housing, per 1000 population*	*Individual housing*
Kyiv	438.7	92.4
Kyivska oblast	402.6	492.1
Ivano-Frankivska	**273.6**	**242.4**
Chernivetska	**250.6**	**183.4**
Odeska	241.3	216.4
Sevastopol	235.1	34.4
Zakarpatska	**210.9**	**239.4**
Lvivska	**208.4**	**345.7**
Ternopilska	**199.6**	**110.6**
Khmelnytska	**191.6**	**137.3**
Vinnytska	180.7	221.9
Crimea	175.9	190.7
Ukraine average	***173.4***	***165.0***
Volynska	**152.0**	**105.4**
Rivnenska	**148.7**	**119.9**
Poltavska	140.6	118.9
Khersonska	139.0	131.4
Zhytomyrska	134.3	143.0
Kharkivska	131.9	160.3
Sumska	124.0	91.1
Chernihivska	122.7	75.3
Cherkaska	**117.4**	**103.4**
Dnipropetrivska	106.7	242.7
Mykolaivska	106.3	71.6
Kirovohradska	95.9	80.4
Zaporizka	89.7	100.0
Luhanska	**86.6**	**179.4**
Donetska	73.9	226.4

Source: "Regions of Ukraine – 2010" (State Statistics Service data)

vii. Education.

There is no systematic evidence on the impact of migration on school performance of migrants' children in Ukraine. Since secondary education is compulsory, children of migrants attend schools; in principle, school directors and officials of district educational departments have to control whether all school-aged children in their district attend school. The Caritas Foundation report (2009) on the children of migrants suggests that in the absence of parents some of these children become more responsible and self-reliant and study well, so that they can find a good job in Ukraine. Others, in contrast, do not study in the absence of parental control, and the "easy money" they receive is spent in excess on alcohol, drugs, and gambling[79]. In addition, since they do not see their parents working and using their knowledge on a daily basis, they have fewer incentives to study because they see that it is possible to earn decent money in a job that does not require education. For example, a child may realise that her mother working as a housekeeper earns more than her schoolteacher.

There is limited evidence (Malynovska, 2011) that remittances have increased the demand for higher education in migrant-intensive regions. For example, in Ternopil oblast the number of graduates of higher educational institutions increased 3.6-fold between 1995 and 2011[80]. However, the supply of higher education services responded to demand from students rather than from employers. Many graduates could not find a job that matched their education and had to look for work in other regions, primarily Kyiv or abroad. Ternopil oblast, for example, has one of the highest unemployment levels in Ukraine; here over 40% of the unemployed are younger than age 35, and 36% of them have higher education. Danylyshin and Kutsenko (2005) cite estimates that every year about 10-12% of university graduates leave Ukraine.

viii. Brain drain/brain waste.

The brain drain from Ukraine started back in the 1970s when the USSR allowed the emigration of people of Jewish origin. Almost all people who emigrated before 1990 had a university education, and they became an important input into Israel's innovative leap[81]. At the beginning of the 1990s, when financing of numerous scientific-research institutes suddenly dried up, their employees had to switch to other activities. Some of them managed to find employment in business, some became petty traders or found other unqualified jobs (hence, losing their human capital), and many chose emigration. Between 1990 and 2000 the number of scientists (people performing R & D in specialised institutions) declined from 313,000 to 120,000, and by the end of 2011 their number was further reduced to 85,000 (Table 17).

By some estimates, in the 1990s Ukraine lost 15-20% of its intellectual potential due to emigration and the transfer of specialists into unqualified jobs[82]. To be fair, we need to note that probably migration contributes less to brain waste than the mismatch between the skills of graduates and available vacancies (Table C5 in

---

[79] http://www.dw.de/dw/article/0,,15785745,00.html, http://www.caritas.if.ua/uk/children-and-youth/robota-z-dtmi-trudovix-mgrantv.html
[80] http://www.ternstat.tim.net.ua/files/O/O4.htm
[81] See S. Roper, *Innovation policy in Israel, Ireland and the UK – an Evolutionary Perspective*. NIERC WP #47, January 2000.
[82] Кучинська, О. Вплив інтеграційних процесів на економічну активність населення, зайнятість та ринок праці. Економіка та держава. – 2006. – № 3. – С. 82-83, cited in the Complex Demographic Survey – 2006.

Appendix C). For example, Tykhonovych (2008) showed that only about a third of people work in their area of specialisation, while another 30% work in a related field, and the last third work in a field completely different from their education. He also showed that about half of employees do a job for which they are over-qualified.

Table 17 Some indicators of research and development activities in Ukraine

	number of R&D organizations	*number of scientists*	*number of doctors of science*	*number of candidates of science*
1991	1344	295010	8133	n/d
1995	1453	179799	9759	57610
2000	1490	120773	10339	58741
2005	1510	105512	12014	68291
2008	1378	94138	13423	77763
2010	1303	89534	14418	84000
2011	1255	84969	14895	84979

Source: State Statistics Service data

Although the number of candidates and doctors of sciences is growing[83], every year 1-2% of them leave Ukraine, and in recent years it is mostly young scientists (aged 30-40) who emigrate. (Complex Demographic Survey – 2006). The main destination countries of highly qualified specialists are Germany, the United States, Russia, Israel and Canada.

Scientists and other high-skilled specialists migrate for better-paid jobs abroad. For example, there are many Ukrainian maths and physics teachers in Polish schools, about 3,500 Ukrainian doctors worked in Libya before the armed conflict there, and pilots in African countries are almost exclusively Ukrainian and Russian (Complex Demographic Survey – 2006). Migration of IT specialists is also very intensive, as described by Gapova (2006).

Rather small part of labour migrants find a job abroad corresponding to their education and professional level. As shown in Table 10, only 22% of professionals and engineers occupied a similar position abroad, while 34% of them worked as skilled workers and 32% as unskilled workers. Among migrants possessing a trade or service sector profession, 58% worked in a similar position abroad, while the same is true for 71% of skilled and 62% of unskilled workers.

According to the ETF survey (2008), only 10.7% of return migrants worked abroad as professionals and 4% as medium or higher-level managers. About 35.5% of highly educated return migrants (and almost half of female migrants) found a job abroad as unskilled workers, and their share was even larger in EU host countries: 48.6% of

[83] We should take into account that some part of these graduates are “fake” candidates and doctors since in Ukraine there exists a strong dissertation-writing business, and some people receive a scientific degree for something they have not actually written. We cannot estimate the extent of this business but we can be rather confident that most emigrants are genuine scientists and not the worst in their fields.

medium and 40.5% of highly educated migrants returning from the EU had worked there as unskilled labour.

Baganha et al. (2004) reported that about a third of Ukrainian immigrants to Portugal had higher education, and the same share had professional education. However, 62% of Ukrainian migrants there performed less qualified jobs.

Because of this occupational "downshifting" which the majority of migrants experience, work abroad reduces their human capital (brain waste) rather than adds to it (brain gain), as Kupets (2011) found. Hence, return migrants usually occupy lower-skilled positions in Ukraine than people who never worked abroad (Kupets, 2010[84]).

The "brain waste" hypothesis is also confirmed by the results of the survey conducted in two Western oblasts of Ukraine (Bogdan, 2011). 46% of the people surveyed had higher education, and 89% had at least a secondary education. At the same time, only 8% of the surveyed people worked in a specialist position abroad while almost 80% performed either an unskilled job (in the simplest professions, trade and household service) or occupied a skilled worker position. Besides skill loss, returning migrants experience loss of social ties that could help them find a job in Ukraine.

According to the Global Competitiveness Report 2011-2012, Ukraine ranked 125th among 142 countries in terms of brain drain, which is below the majority of CIS countries. The majority of Ukrainian executives believe that the best and brightest workers leave the country to pursue career opportunities abroad.

Focus group participants noted that although work abroad provided them with some useful experience, such as knowledge of languages or Western corporate culture, for their job search in Ukraine this experience was useless and sometimes even harmful. On the one hand, Ukrainian companies were reluctant to hire people with labour migration experience, and on the other hand, returning migrants had higher expectations about labour market conditions and salaries than the majority of domestic firms could match.

ix. Health sector.

To make their stay in a host country shorter, migrants try to send home as much money as possible: about 95% of migrants spend less than a half of their earnings, and over 60% - less than a quarter (SSS-2008) - in their host country. Migrants tend to live in rather poor conditions and work long hours. In 2008, only 12% of migrants worked 40 hours per week or less while 58% worked 41-60 hours and 17% worked 61-

[84] http://www.nbuv.gov.ua/portal/soc_gum/naukma/Econ/2010_107/08_kupets_ov.pdf

80 hours per week (SSS-2008). In 2001, the average workweek of migrants was even longer - 56 hours on average; 50% worked over 60 hours per week, and 25% over 70 hours (SSS-2001). As such, in 2008 the labour conditions of migrants slightly improved.

Migrants abroad also have a very low level of social protection. According to the SSS-2008 survey, only 34.5% of migrants had a written labour contract, and among these migrants 52% had social insurance, 9.4% had paid vacations and 3.6% - paid sick leave, while 21% did not have any benefits. Less than a fifth of migrants have at least some social protection abroad.

Despite this, almost 60% of labour migrants described their labour conditions as "normal". An additional 12% complained about the adverse labour conditions, 10% about unexpected salary delays and reductions and 4.4% about unpaid overtime work. Note that working long hours and living (and sometimes working) in poor conditions can damage the health of labour migrants. Moreover, sometimes labour migrants engage in risky sexual behaviour in the destination country. For example, 78% of HIV-positive men registered in the Zakarpattya region are labour migrants[85]. This suggests that return migrants are more likely to need health care service than non-migrants of a similar age. Although labour migrants do not pay taxes in Ukraine, they use the domestic health care system, financed almost entirely from the state budget[86]. The introduction of a universal health insurance could solve this problem, but unfortunately there has been little progress with this issue[87].

x. Social security.

Employment abroad often deprives labour migrants of the right to receive a pension and other forms of social protection. While working abroad, people considered inactive in Ukraine do not contribute payments to the Pension Fund and Social Security Funds. Hence, migrants will receive a lower pension than they would receive if they had only worked in Ukraine, since the time abroad is not included into the pension calculation. Moreover, if a person's pension contribution period is less than 15 years, (s)he only has the right to the minimum, so-called "social" pension.

To avoid this problem, Ukraine recently signed several bilateral agreements (with Bulgaria, Estonia, Spain, Latvia, Lithuania, Slovakia, and the Czech Republic[88]).

[85] http://www.no-aids.uz.ua/index.php?option=com_content&view=article&id=215:--4-----------&catid=41:ofocijni&Itemid=59
[86] Although informal cash payments to doctors are very common.
[87] The numerous problems of the national health-care system are beyond the scope of this text. The main problem is that formally free (but full of informal payments), state medical system is poorly financed and often provides very low quality service. A universal health insurance scheme, perhaps with subsidies to the poorest, could attract more money to the system and improve service via the introduction of some elements of competition for customers into it. It could also solve the problem with migrants who would buy insurance for them and their families instead of just using the health service.
[88] IOM's "Labour Migration Assessment for the WNIS Region" (2006) provides a short description of agreements between Ukraine and various countries and their content (Annex 2).

According to these agreements, a migrant's contributions to the social security fund of a destination country can be partially transferred to Ukraine and at least somewhat compensate for the loss of pension benefits for that person in Ukraine (Malynovska, 2011). Since 2009, the time worked in Portugal is included in the tenure of Ukrainian citizens[89]. Of course, these agreements work only for legal migrants who are officially employed. According to the SSS-2008 data, only about a quarter of Ukrainian migrants had a written employment contract, and this share differed by employment sector. Employees of firms had a written contract in 60% of cases, while those employed in households had a contract only in 11% of cases. The distribution of migrants by country and the form of employment contract is presented in Table 18. We see that the highest number of migrants work without a written contract in the sectors where it is harder to detect them (households, construction, and agriculture). Countries with the highest shares of employment in these sectors (Russia, Poland and Italy) have the lowest share of migrants with written contracts.

Migrants who work in countries which have no agreements on pension contributions with Ukraine can sign a contract of voluntary pension insurance with the Ukrainian Pension Fund and transfer their contributions to the Pension Fund from abroad (for Ukrainians working in Ukraine, contributions to the Pension Fund are transferred automatically by employers). However, due to the lack of trust in Ukrainian state institutions, only about five thousand people have so far signed such agreements with the Pension Fund (Malynovska, 2011).

Table 18 Employment contracts of Ukrainian labour migrants

	Total, thousand people	*By the type of employment contract, %*				*Share of people working with a written contract by sector*	
		Written	Oral	No contract	Not defined	Sector	Share, %
Total number of migrant employees	1056.6	34.5	51.4	10.5	3.6	Agriculture	32,8
Russia	484.3	27.4	60.7	8.8	3.1	Industry	70,6
Italy	167.6	23.5	59.2	12.9	4.4	Construction	32,7
Czech Repub.	113.2	52	24.8	16.3	6.9	Trade	31,5
Poland	73.6	14.5	79.5	5	1	HoReCa	40,7
Hungary	30.4	68.1	12.8	19.1		Transport	83,7
Spain	38.5	52.2	18.7	16.9	12.2	Other firms	52,3
Portugal	34.6	40.7	46	5.8	7.5	Households	16,1
Others	114.4	59.4	30.9	9.4	0.3	Source: SSS-2008 data	

[89] http://news.finance.ua/ua/~/2/0/all/2010/02/28/188420

b. Household level

i. Impact on household well-being.

According to the SSS-2008 survey, about 7% of Ukrainian households receive remittances. Among these households 46% refer to themselves as middle-income and 40% as lower than middle-income. Another 12.2% of households believe that they are poor or very poor. We can compare these shares to the self-evaluation of household wealth in 2009 reported in Balakireva et al (2011)[90]. In this survey, 44% respondents considered their households to be middle-income, 35% as lower-than-middle-income and 17% poor (Table 19). 4% of households considered themselves richer than average in the general sample and just 1.6% in the migrant sample. Hence, households with migrants more often refer to themselves as middle-income or lower-than-middle-income rather than poor or rich.

Table 19 Distribution of households by share of remittances in total income and well-being

	Total, thousand	*By self-assessment of well-being, %*			
		Prospero us	Middle - income	Lower than average	Poor and very poor
Total number of HHs that received remittances	1 186	1.6	45.9	40.3	12.2
Among these households, the share of remittances in total income					
<25%	347.6	0.6	40.3	47.4	11.7
26-50%	304.6	1.5	49	41.5	8
51-75%	219.6	1.4	48.8	35.1	14.7
>75%	270.6	3.5	44.1	35.9	16.5
No answer	43.6	-	66.7	26.4	6.9
Total number of households who answered about their well-being	2 289.4	1	45.6	41.1	12.3
Households that had member migrant(s)	1 127.3	1.4	44.3	41	13.3

Source: SSS-2008 survey

These results confirm that migration from Ukraine tends to be pushed rather than pulled; labour migrants earn enough money to support their families but not enough to feel rich. Many of them admitted (SI-2008 study) that a salary of UAH 3,000-3,500 ($600-700 at the time of survey in 2008) would be enough to keep them from migrating.[91] Note, that the survey "Ukrainian Society: Monitoring of Social Changes" reported that the average income sufficient for a decent life in 2008 was UAH 2,556 ($506) per person[92] (Table C6 in Appendix 6).

[90] http://www.ukr-socium.org.ua/stok/Aktual/Monitoring_4_2011.pdf
[91] The average wage of a migrant in a destination country was $817.
[92] The lower desired income of the general population as compared to migrants can be explained by family composition – the majority of migrants are middle-aged and have children, who - among other things - need education, while a substantial share of the general population are pension-age people with modest needs.

SSS-2008 survey data showed that the majority of households spent remittances on everyday consumption (from 60% in the Central region to 85% in the East) and durables (from 36% of households in the Centre to 56% in the Northern region). The highest share of people investing remittances in housing lived in the Western region[93] (39% as compared to just 3% in the North and 7% in the East). On average, 12.4% of households (from 6% in the North to 19% in the South) spent remittances on education[94], on average 6.5% (but 16% in the East) on health, and about 10% (from less than 3% in the East and Centre to 12-14% in the West and North) saved the money they received as remittances. A rather large share of migrants (from 5% in the East to 20% in the South) used remittances to repay debts, some of which were made to enable migration abroad (to get a visa or illegal transportation, to "buy" a job, and so forth).

The ETF survey (2008) investigated the use of both remittances and savings that migrants brought with them when they returned home: about 50% of return migrants sent remittances to Ukraine, and 90% brought savings. 73% of families used remittances for everyday expenses and 58% used savings, 40% used savings (and 26% used remittances) to purchase durables, and 26% of families used savings (and 12% remittances) to buy housing, undertake construction or renovation. Savings were more likely than remittances to be used for investment (housing or durables) rather than everyday consumption. 16.6% of families used remittances (and 14.5% savings) to pay for education, which was more than the SSS-2008 survey showed – perhaps because the average education level of migrants in the ETF sample was higher than in the SSS-2008 sample (Table B1 in Appendix B). Only 3.3% of migrants' families invested remittances into their own business, but 8.7% of migrants invested their savings, suggesting that the migrant rather than someone else in the family was more likely to run the business (which again points at greater entrepreneurship of migrants).

Finally, 27% of families saved remittances and 25% saved the money brought by a migrant as savings. This share is more than twice as high as in the SSS-2008 survey. Perhaps, more educated migrants in the ETF sample earned more and thus could save more.

[93] If you go to Carpathian villages in the Western part of Ukraine you will see a lot of houses operating as private hotels offering a few rooms each. Sometimes the owners would also live in such a house, but more often they live in a separate house on the same land plot. Many of these houses were built with the help of money earned abroad, and now they bring some income to their owners in Ukraine.

[94] Although migrant parents themselves set other priorities for the use of money, according to the La Strada-Ukraine survey, 86% of migrants earn money for the education of their children, 72% for housing, and 69% for everyday consumption. (http://www.helsinki.org.ua/index.php?id=1244196670)

ii. Impact of migration on families and family members left behind.

According to the SSS-2008 survey, over 1.2 million households in Ukraine had migrant members: 84% had one migrant member, 14% had two migrant members, and 2% had three or more migrant members. About half of households with migrants had children.

Migrants experience family break-up more often than the average household (Kyzyma, 2011; Malynovska, 2011); for example, the average growth of the divorce rate for the period 1995-2009 was positive in six of 10 migration-intensive regions of Ukraine[95] and in just one of the remaining 16 regions[96]. The total average divorce rate for the same period declined from 3.8% to 3.2%.

Several studies (Tolstokorova, 2008, 2009; Caritas Ukraine[97], 2009, UNICEF 2009, and also surveys performed by the Ternopilska oblast employment service) have tried to investigate the effect of parent migration on children and family. They found the following effects:

1) Family ties between spouses and between parents and children weakened; there were about three times more divorced women among labour migrants than in the average household in Ukraine (although sometimes a divorce was the cause of migration, not vice versa). Households get used to living without a migrant member; they distribute his/her responsibilities among members left at home, and often a returning migrant has difficulty redefining his/her family role;

2) Children of migrant parents lack proper role models; they may have difficulties later in their lives establishing their own families; child neglect can be a problem. Although children of migrants are better dressed and have more pocket money than their peers, they often miss school, spend money on alcohol and drugs, or show other types of deviant behaviour in the absence of everyday parental supervision[98]. Upon graduation, they often do not want to look for a job and rely on remittances for support or hope to join their parent(s) abroad. Lyzun (2011)[99] notes that children of migrants often experience depression or emotional deprivation (especially in the absence of a mother), they have more problems with socialisation and psychological development. It is especially hard for the children of illegal migrants, who

[95] See table 12 for a definition of migration-intensive regions.
[96] Exact estimation of the impact of migration on divorces is hard to perform since the causes of divorces are not reported, and many divorces, especially among people in rural areas, are not officially registered.
[97] http://www.caritas-ua.org/index.php?option=com_content&view=article&id=220%3Am&catid=16%3Asi-&Itemid=1&lang=uk
[98] http://www.demoscope.ru/weekly/2006/0239/gazeta016.php
[99] http://www.nbuv.gov.ua/portal/soc_gum/pedalm/texts/2011_11/042.pdf

often do not know when their parents are going to come home and are not able to communicate with parents on a regular basis.

3) When a mother is a migrant and the breadwinner, the father's traditional role in the household and his authority are undermined.

4) When a migrant returns, (s)he experiences culture shock and loss of social relations (with friends, neighbours). (S)he is pushed to migrate again because adjustment to the home community is difficult.[100]. Usually migrants are used to living in a developed society and have difficulty readjusting to Ukrainian reality. Often, migrants try to move their family (or at least children) abroad.[101]

Additional indirect evidence on the adverse impact of migration on children is provided by the Social Services.[102] While families with migrants constitute about 7% of the total number of households in Ukraine, among the 180,000 "problem families" supported by Social Services, 12% are families with one or more migrant members.

> ***Expert 1***[103]*: "In regions of intensive labour migration, up to a quarter of children are raised in one-parent families. Referring to the Ternopil region, a survey indicates that 25.5% of schoolchildren have one parent working abroad, while 4.2% have both parents abroad*[104]*. This can have negative social consequences such as children lacking the guidance and support necessary during this pivotal transition period. According to the State Statistics Committee of Ukraine, the region of Chernivtsi has half of its migrants working in Italy, the majority being women. This adds a further gender dimension to the problem as women can face further distress caused by relational problems they have with their children and husbands on one side and with the local communities on the other, which often promote a stereotype of emigrated women as having a low standard of morality."*

> ***Expert 2****: "Today the most acute problem is the kids of labour migrants. We can divide them into those staying with one parent and those staying with grandparents, relatives or friends who actually become orphans with living parents, albeit rather financially secure. But this does not make them any happier. These are children who can buy a lot of things for themselves but are*

[100] According to the focus-group study performed by the Social Indicators Centre for the Open Ukraine Foundation, the main problems for return migrant are (1) a sharp contrast between life abroad and in Ukraine; (2) higher level of aggression and lower communication culture in the Ukrainian society; (3) social vulnerability of an individual, outrage of government officials and the police.
[101] http://www.umoloda.kiev.ua/number/264/186/9401/
[102] A network of Social Services financed from the State Budget and local budgets was organised in the middle of the 1990s to provide psychological and legal aid to children and families in need. Specialists from the Social Services work with troubled families (for example, where one or both parents are alcoholics), pregnant women intending to leave their child at an orphanage, street kids and so forth.
[103] These are opinions of experts named in the introduction (section "Sources") and cited throughout the text.
[104] Dovzhik B. "Experience and Proposals of the Oblast Employment Centre on Addressing Adverse Impacts of Labour Migration on the Labour Market"

missing the main ones – parental support, understanding and love…as a result, the number of drug addicts among this generation increases, they engage in asocial behaviour, lead a parasitic lifestyle, lose family values. This problem differs by migration destinations. Due to absence of visas to Russia, parents [working there] have more opportunities to come to Ukraine and see their children. As for Europe, parents who go there illegally cannot come back to Ukraine because they will not be able to go back to work there."

Expert 3 *on the main problems Ukrainian migrants face: "family break-ups leading to division of housing and property in courts… psychological problems caused by a loss of a family role (everybody has learned to live without a mother or a father taking his/her functions on themselves)… Return migrants have no idea about their life at home. They don't have a clear step-by-step plan, which causes a desire to migrate again".*

Chapter 4. Policy setting

a. The institutional setting for migration policies

Until recently, Ukraine did not have a clear migration policy[105]; the government body dealing with migrants has been reorganised several times during the last 15 years. For a brief history of the Ukrainian state bodies dealing with migration and migration legislation, one can read Jaroszewicz and Czerepka (2007). We list these state bodies below:

- The Ministry of Nationalities and Migration created in 1993 dealt with establishing ties with the Diaspora and with repatriation of Crimean Tatars, Ukrainians and people of other nations earlier deported from Ukraine.
- In 1995 the Ministry was reorganised into the State Committee on Nationalities and Migration.
- In 1996 the State Committee was merged with the State Department on Religion, the State Committee on Nationalities and Religion was created, and made responsible for granting refugee status.
- In 2002 the State Department of Citizenship, Immigration and Registration of Persons was created within the Ministry of Internal Affairs. In 2007, a State Migration Service was created, replacing the Committee on Nationalities and Religion. However, its responsibilities have not been properly defined, so it never actually worked until its liquidation in 2010.
- In January 2010 the Council on Labour Migration was created by the Cabinet of Ministers[106]. This is an advisory body, which includes representatives of 14 government bodies, the Parliament, the Ombudsman, trade unions and labour migrants' NGOs.
- The State Migration Service was created again in the summer of 2011[107].

Meanwhile, the functions of dealing with migration have been distributed among several bodies[108]:

- Ministry of Foreign Affairs (visa issuance, consular work, registration of Ukrainian citizens living abroad);
- Ministry of Internal Affairs (mostly registration of immigrants, dealing with illegal immigration);
- Ministry of Labour and Social Policy, which licenses agencies that help labour migrants find jobs abroad, helps the Ministry of Foreign Affairs in the

[105] It did not collect the data on labour migrants except for the 2001 and 2008 surveys.
[106] The Cabinet of Ministers decree #42 of 20.01.2010 "On Creation of the Council on Labour Migration of Ukrainian Citizens at the Cabinet of Ministers of Ukraine" (*Про утворення* Ради з питань трудової міграції громадян України при Кабінеті Міністрів України), http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=42-2010-%EF
[107] http://www.niss.gov.ua/public/File/2010_table/0922_dok.pdf
[108] See the IOM's "Ukraine Migration Country Profile-2008" for a diagram on state bodies and their migration functions.

development of international agreements on labour migrants and monitors labour migration;
- Border Service, which registers foreigners arriving in Ukraine and accepts applications for refugee status from illegal immigrants detained at the border.

The main legislative changes that have occurred since independence are as follows.
- In 1993 Ukrainians were allowed to freely leave and enter the country without the approval of the security service;
- In the same year the law "On Refugees" was adopted to regulate the status of refugees from the armed conflict in Transnistria;
- In 1994 the law "On the Legal Status of Foreigners" was adopted, granting foreigners the same rights as Ukrainians except for voting rights;
- In 1996 the first programme on counteracting illegal migration was adopted;
- The law "On the State Employment Policy for 2001-2004" views the fostering of legal labour migration of Ukrainian citizens as an integral part of employment policy;
- In 2003 a comprehensive "Programme on Migration Regulation for the Period 2003-2005" was adopted and then discontinued at the end of 2004 because of political changes;
- The first document addressing labour migration was the "Programme on the Securing of Rights and Interests of Citizens Working Abroad and of Children Adopted by Foreigners," adopted by the Cabinet of Ministers decree at the end of 2004;
- Finally, in 2011, after over 15 years of development, the "Concept of Migration Policy" was adopted[109] together with the "Action Plan on the Integration of Foreign Migrants into Ukrainian Society for 2011-2015" and the "Strategy of the National Policy on Reintegration of Returning Migrants."

Ukraine has signed a number of international agreements aimed at protection of labour migrants' rights. These documents can be divided into the following groups.

1) Multilateral documents
- The "Agreement on Cooperation in the Sphere of Labour Migration between CIS Countries" (1994) which recognised without verification diplomas issued in CIS countries and included tenure earned in one country into pension calculations in another country;
- The agreement "On Guarantees of the Rights of Citizens in the Sphere of Pension Provision" (1992) between 12 CIS states;
- "Convention on the Legal Status of Labour Migrants and their Dependents between the CIS States" (2008), not ratified;
- European Convention on the legal status of labour migrants.

[109] http://www.niss.gov.ua/public/File/2010_table/0922_dok.pdf

2) Bilateral agreements

- **Employment agreements** have been signed with Azerbaijan, Armenia, Belarus, Moldova, Russia, Poland, the Czech Republic, Slovakia, Lithuania, Latvia, Libya, Switzerland, and Vietnam. These agreements set the framework for cooperation, allowing people from one country to work in another country and putting the responsibility on the host country for accidents at a workplace. Agreements with Portugal and Libya (2003) stipulated the mechanisms for employment, labour agreement clauses, main requirements from candidates, and so forth. However, many migrants preferred to work illegally rather than engage in the lengthy procedure of official employment.
- **Agreements on pensions and social security** with CIS countries and also with Mongolia, Hungary and Romania were based on the territorial principle (i.e. pensions are paid by the state of residence of a person irrespective of the place of his/her employment). Agreements with Western countries have been based on the proportional principle (i.e. each country pays some part of their pension, depending on their tenure in that country). The total tenure of a person is found by adding the tenure in each country which signed such an agreement. Such agreements have been signed with Bulgaria, Estonia, Spain, Latvia, Lithuania, Slovakia, the Czech Republic and Portugal.

Ukraine has an action plan concerning the liberalisation of the visa regime with the EU, which includes the introduction of biometric passports, strengthening border security, and other things. The EU is also developing the "Blue Card" system to attract skilled migrants[110].

Some neighbouring states have tried to make legal entry easier for Ukrainians from their sides also. For example, Russia has proposed buying "labour patents" so that Ukrainians would not need to exit the country every 90 days[111]. Poland issued the "Karta Polaka"[112] to citizens of Polish origin from other states, which gives the right to freely obtain a Polish visa and work permit and grants some other privileges. In 2007, Ukraine and Hungary signed an agreement on visa-free travel (with special permits instead of visas for Ukrainians) for citizens of both countries living in border regions (up to 50 kilometres from the border line). In 2008, a similar agreement was signed with the Slovak Republic.

[110] http://www.europeanunionbluecard.com/
[111] http://tyzhden.ua/News/31186
[112] http://ru.wikipedia.org/wiki/Карта_поляка

b. The objectives of existing migration policies and possible future negotiations

An official letter from the Ministry of Labour and Social Policy of Ukraine to us[113] states that "Migration policy in Ukraine (as defined by the Concept of State Migration Policy) is aimed at provisions of effective state management of migration processes, the sustainable economic and social development of the country, the raising of the level of national security by the creation of conditions for the reduction of emigration, return and reintegration of labour migrants, repatriation of Diaspora Ukrainians and other people born in Ukraine, the prevention of uncontrolled migration processes and the liquidation of their consequences, the bringing of national legislation in line with international standards, the strengthening of social and legal protection of Ukrainian citizens who stay and work abroad, the creation of conditions for realisation of rights and legal interests of migrants staying in Ukraine…"

The Concept of State Migration Policy was adopted only in the middle of 2011, after over fifteen years of discussion in parliament and other state bodies. Hence, Ukraine never really considered migration policy to be a priority. Instead, it tried to control immigration while doing little for Ukrainians working abroad. For example, the State Migration Service has a "Plan of Integration of [Im]migrants into Ukrainian Society for 2011-2015" but nothing for emigrants.

To date, the only Ukrainian state body actively dealing with potential and return labour migrants in Ukraine is the State Employment Service of the MLSP, which provides some training courses for the unemployed including return migrants. The MLSP position has always been the same: focus on the situation in the country to reduce migration flows and stimulate current migrants to return and help return migrants to reintegrate into society. However, there are a number of NGOs that provide information to potential migrants on legal and other issues regarding foreign employment, help migrants' children, and provide some psychological and material help to return migrants (e.g. Caritas Ukraine, Open Ukraine Foundation and many others).

As far as labour migrants abroad are concerned, focus group discussions showed that migrants would rather rely on themselves or some migrant organisations in destination countries rather than on Ukrainian embassies, which are reluctant to provide help, especially for illegal migrants. In fact, one of the migrants said that without pressure from Ukraine (when the mass media tell a migrant's story and then turn to the Ministry of Foreign Affairs for comments), the consulates do not do anything. Hence, only about 300 thousand Ukrainians are registered with Ukraine consulates abroad (Malynovska, 2005).

[113] CASE Ukraine sent a letter (No 04-018/10) to MLSP with a few questions regarding Ukrainian policy towards labour migrants. The ministry responded with an official letter available upon request.

Chapter 5. Scenarios for future migration

The SSS-2008 survey only asked about migration plans within the next 6 months of 2008. 1.7 million people (about 3% of the population) were planning to make foreign trips in that period. Of them, 21% intended to find a job, 41% to visit friends and relatives, and 26% for tourism. Only 1.9% of respondents were planning to go back to work abroad, which points to the temporary nature of employment of labour migrants: with few exceptions, every time they go back to the host country after visiting home, they must look for a new job.

The results of a survey conducted in 2004 by the Democratic Initiatives Foundation and the Socis Centre (hereafter the DI-2004 survey)[114] revealed that intentions to become labour migrants are almost equal across the regions. In the Southern region of Ukraine (Odeska, Mykolaivska, Khersonska oblasts and the Crimea) 12.9% of respondents were willing to migrate, while in the South-Eastern region (Dnipropetrovska and Zaporizka oblasts) 12.5% were willing to do so. The Eastern (Donetska and Luhanska oblasts) and Western (Lvivska, Ternopilska, Chernovitska and Khmelnytska oblasts) regions had 11.2% and 11.8% potential labour migrants, respectively. The greater actual number of migrants in the Western region probably means they more often realise their aspirations to go abroad. According to the DI-2004 survey, 15.2% of Ukrainians were willing to permanently emigrate, while 23% wanted to become temporary labour migrants and only 2.7% were willing to study abroad. 25% of potential migrants lived in the Western regions of Ukraine, about 13-14% in each Northern (including Kyiv), Eastern and Southern regions and about 12% in the Centre. Over 30% of potential migrants lived in rural areas, and about 20% lived in cities of over 500 thousand inhabitants. The results of this survey showed that potential migrants more often were employed and referred to themselves as "middle class" rather than people who were not willing to migrate. Those unwilling to migrate included mainly pensioners, women looking after infant children and disabled people. A quarter of potential labour migrants were students of schools or universities. The main social and demographic characteristics of potential migrants from this survey are presented in the tables B2-B4 of Appendix B.

Another representative survey revealing intentions to migrate was performed in 2006-2008 by ETF on a sample of 1,081 people. About 27% of the sample answered "yes" to the question "Are you seriously thinking of moving abroad to live and work at the moment?", and about half of them were likely to migrate within the next six

---

[114] A representative sample of 1200 respondents was questioned. Reported in I. Prybytkova. *Migration and time: Ukrainian way* (in the "Post-Soviet transformations", pp 63-115). И. Прибыткова. *Миграции и время: украинский вариант развития*, в «Постсоветские трансформации: отражение в миграциях». Под редакцией Ж.А. Зайончковской, Г.С. Витковской. Центр миграционных исследований, Институт народнохозяйственного прогнозирования РАН. - М.: ИТ «АдамантЪ». - 2009. - 411 с. http://migrocentre.ru/publ/pdf/transform.pdf or http://i-soc.com.ua/institute/pb_08.pdf

months[115]. Migration intentions were higher for younger people (about 30% in the 18-29 age group and about 22% in the 30-40 age group). Education and field of study had no influence on migration intentions. About 52% of people *not* willing to migrate indicated that family was the reason they wanted to stay in Ukraine, which explains the higher share of potential migrants among young people. Among potential migrants, the primary reason for migration (42%) was “to improve living standards” with “to work for a higher salary” the second most important reason (14% of respondents). 3.6% would like to receive education abroad, and 1.3% would migrate to educate their children. The preferred destination country of potential migrants was Russia, followed by Germany, Italy, the United States and United Kingdom. The potential destination choice differed by education level: Russia attracted the lowest share of people with higher education, while the United States attracted the highest share.

The migration intentions of young people were described in the study “Youth and Youth Policy in Ukraine: Social-Demographic Aspects”[116] published by the IDSR in 2010. According to the survey “Youth of Ukraine – 2010”, about 20% of young people (younger than age 35) were planning to study[117] abroad, and about 45% were willing to find a temporary job in another country. About half of the potential labour migrants were willing to take any job, not necessarily related to their field of study or current employment. The willingness to take any job was higher for rural residents, for older and less educated people. About 22% of respondents were *actually* planning to work abroad, and 73% of them were doing this for financial reasons. Only 3.5% of respondents were planning to permanently emigrate from Ukraine.

General intentions to migrate were also revealed in the “Monitoring of Social Changes Survey” (Table C3 in Appendix C). From this table we can infer that in the 2000s about 15-17% of the population were willing to leave Ukraine, and of these people about half were planning to go to Russia. The share of people not willing to leave Ukraine grew from 58% in 2000 to 68% in 2008 and then declined to 64% in 2010.

Experts agree that cancelling visas will not substantially increase the number of labour migrants. However, it will decrease the number of illegal migrants.

> ***Expert 1.*** *State Statistics Committee of Ukraine research published in 2009 suggests that ‘labour migrations are of a periodic and seasonal nature,’ and there is no reason to think that a relaxation of the visa regime would alter this fact. In fact, it would likely encourage increased circularity thereby having a positive impact on the socio-economic development of Ukraine. As suggested in*

[115] Note that the share of migration intentions that are actually realised is relatively small – perhaps because going abroad requires considerable effort (finding a job, obtaining a visa) and cost (travel expenses and payments to middlemen who often help them find a job abroad).
[116] “Молодь та молодіжна політика в Україні: соціально-демографічні аспекти”, Kyiv-2010
[117] The most popular destinations for studying were the United Kingdom, the United States and Germany, for temporary employment – the United States, Russia and Poland.

Migration Policy Centre research of 2012, Consequences of Schengen Visa Liberalisation for the Citizens of Ukraine and the Republic of Moldova, 'experts foresee a temporary migration hump, with more bona fide visitors and possibly more temporary / circular workers,' and 'migrants who are already in the EU will travel more frequently to their home countries.'

Expert 2*: I think that liberalization of migration rules will not lead to a massive increase in labour migration. Those willing to work abroad already do this but illegally. And for many Ukrainians, labour migration often remains the only means of survival for their family.*

Expert 3. *Expecting visa liberalisation in the first place are not labour migrants but ordinary citizens [who want to travel to the EU as tourists]...The share of migrants who are willing to go abroad but cannot because of visa issues is very small...Even from the most problematic category of low-skilled migrants the majority realise their migration plans through intermediaries, who help both to find a job and to obtain a visa... The majority of labour migrants initiate the trip after knowing exactly where and how they are going and how they are going to obtain a visa...At the same time, the existence of the black labour market in destination countries allows migrants with tourist visas and illegal migrants to find a job already today, when the visa regime is unfavourable for Ukrainian citizens...A small increase in the number of migrants is possible right after the liberalisation, however, it will definitely be compensated by migrants who are willing to leave the destination countries but cannot because of fear of deportation. Migration will become more circular with a shortening of the migration cycle...For "professional migrants" the situation will not change, irrespectively of the visa regime. [They are either fully legalised and integrated into the foreign society or are in the process of legalisation. In any case they don't see themselves in Ukraine]. A positive moment can be their improved contacts with the family in Ukraine (periodical mutual visits).*

On the other hand, participants in the focus group said that they are more likely to work abroad if obtaining a visa is easier; they all agreed that it is easier to find a job when you are already in the host country, but the majority found their foreign jobs while they were still in Ukraine. Two of eight focus-group participants said that they were not going to repeat their labour migrant experience, while two others were going to migrate again under the current visa regime (one of them permanently). The rest of the participants said they might migrate if they were offered an interesting job and were allowed to take their family with them. Focus-group participants agreed that if it was possible to obtain a long-term rather than short-term visa more easily and migrants could take their families with them, then more Ukrainians would be willing to migrate.

The European destination is the most attractive for Ukrainian labour migrants; compared to Russia, it offers higher salaries and a more friendly environment (although some of the focus-group participants pointed at the negative attitude of Europeans towards labour migrants). Compared to the United States and Canada, Europe is closer to Ukraine and thus migrants can travel home more easily. The main obstacle for going to Europe is the language barrier.

We conclude from this focus group analysis that if the procedure for getting residency in the EU remains restrictive and the procedure for obtaining a temporary visa becomes easier, European countries are unlikely to see a huge increase in the number of Ukrainian labour migrants. Rather, people who would otherwise travel to Europe illegally and stay there for a long time as they try to become legal (by obtaining refugee status, marrying, and so on) will enter the EU officially and return home when their visa or labour contract expires because they will be able to go back whenever they find a new job or want to return to the old one. In other words, opening the door is likely to prevent people from sneaking through the window.

Summary

This paper has explored migration from Ukraine since independence, with a particular focus on labour migration, which has mainly taken place over the last 10-15 years. The data on migrants in Ukraine are scarce. However, several available surveys allow one to draw some inferences on the number of migrants and their main characteristics.

About 1.5-2 million Ukrainians (4-5% of the labour force) work abroad. The majority of migrants are men performing unqualified jobs in construction, agriculture and industry. In some countries, such as Italy and Greece, Ukrainian migrants are mostly female, working in the household sector or Hotels/Restaurants/Cafeteria. The education level of migrants is lower than of the Ukrainian population in general because people with higher education can more easily find jobs in Ukraine.

Push factors for migration in Ukraine are similar to the ones in other countries – low salaries and unemployment. In Ukraine, about a quarter of the population lives below the poverty line (Table C9 in Appendix C), and for families with children this share rises to a third. Besides, employment in Ukraine does not guarantee a decent level of income since salaries are low and wage arrears and unpaid leave are rather common. Therefore, the majority of migrants work abroad to provide their children with necessities – housing, education, and health care. About 70% of migrants' families spend remittances on everyday consumption.

Labour migration affects the Ukrainian economy in several ways. Most noticeably, it influences unemployment – on the one hand, it becomes easier for the remaining workers to find a job, on the other hand, migrants are more entrepreneurial than the average Ukrainian and if they remained in Ukraine and became entrepreneurs could provide jobs for others. Remittances from migrants exceed 2% of GDP, which is comparable to the average annual FDI inflow for the last 10 years. Unresolved problems remain in the social security and pension provisions of labour migrants, and also the reintegration of return migrants into Ukrainian society.

At the household level, migrants raise household prosperity through remittances. However, the absence of a family member has an adverse effect on the family as a whole and especially on children.

The Ukrainian government is mostly concerned with immigrants rather than emigrants. Although it has signed a number of international agreements concerning labour migration, their implementation remains poor. Only a third of Ukrainian labour migrants work legally. And Ukrainian citizens abroad tend not to feel themselves protected by the Ukrainian state.

About half of Ukrainian labour migrants work in EU countries. Since the EU is currently negotiating a visa-free regime with Ukraine, a question of interest for European authorities is the possible increase in the number of labour migrants after relaxing or cancelling visas. This study suggests that a large increase in migration is unlikely. Instead, after lowering visa barriers, illegal migration will be replaced by legal migration, migration trips will become shorter and migration will gain more circularity. This will be beneficial for EU as well as for labour migrants.

References.

1) Abazov, Rafis (2009). *Current Trends in Migration in the Commonwealth of Independent States*. UNDP, Human Development Research Paper # 2009-36.

2) Atamanov, Aziz, Luecke, Matthias, Mahmoud, Toman Omar, Mogilevsky, Roman, Tereshchenko, Kseniya, Tourdyeva, Natalia A., Uzagalieva, Ainura and Vitaliy Vavryshchuk (2009). *Income and Distribution Effects of Migration and Remittances: and Analysis Based on CGE Models for Selected CIS Countires*. Case Network Report #86. http://www.case-research.eu/upload/publikacja_plik/24413018_CNR_86_final.pdf

3) Baganha M., Marques J., Gois P. (2004). *The Unforeseen Wave: Migration from Eastern Europe to Portugal*. New Waves: Migration from Eastern to Southern Europe. – Lisbon.

4) Bogdan, Tetyana (2010). *Labour Migrants' Problems – Acute Policy Challenge for Ukraine*, Institute for Economics and Forecasting of NAS of Ukraine.

5) Brown, David J. and John Earle (2004). *Economic Reforms and Productivity-Enhancing Reallocation in the Post-Soviet Transition*. Centre for Economic Reform and Transformation, Heriot Watt University, DP 0404.

6) Brown, J. David and John S. Earle (2006). *The microeconomics of creating productive jobs: a synthesis of firm-level studies in transition economies*. World Bank Policy Research WP 3886.

7) Bykovets, V., Kurinko, R. and D. Marshaving (2007). *Activity of employers and their organisations to prevent unregulated external labour migration, counteract human trafficking and eliminate child labour*. (Діяльність роботодавців та їхніх об'єднань у попередженні неврегульованої зовнішньої трудової міграції, протидії торгівлі людьми та ліквідації дитячої праці: Навч. посібн.) – an ILO edition: http://www.confeu.org/assets/files/Employers_are_in_warning_of_labour_migration.pdf

8) Gunes-Ayata, Ayse (2008). *Challenges of Global Migration: the EU and its Neighbourhood*. KORA - Centre for Black Sea and Central Asia, METU - Middle East Technical University.

9) Christev, Atanas, Kupets, Olga and Hartmut Lehmann (2005). *Trade Liberalisation and Employment Effects in Ukraine*. Centre for Economic Reform and Transformation, Heriot Watt University, DP 0506.

10) Pirozhkov, S., Libanova, E., Vlasenko N. (2006). *Complex Demographic Survey in Ukraine*. Prepared by Ukrainian Centre for Social Reforms, published by the UN Population Fund, Kyiv.

11) Danylyshyn, B. and V.Kutsenko (2005). *The Innovative Model of Economic Development: the Role of the Higher Education*. (Данилишин, Б., В.

Куценко. Інноваційна модель економічного розвитку: роль вищої освіти. Вісник НАН України. – 2005. – № 9).

12) Dietz, Barbara (2007). *Migration policy challenges at the new Eastern borders of the enlarged European Union: The Ukrainian case*. Osteuropa-Institut Munchen, Wirtschaftswissenschaftliche Abteilung, Working Papers Nr. 267 http://www.oei-dokumente.de/publikationen/wp/wp-267.pdf

13) European Training Foundation (2010). *Labour Markets and Employability. Trends and Challenges in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine*. Report.

14) European Training Foundation (2008). *The Contribution of Human Resources Development to Migration Policy in Ukraine*, Working paper.

15) European Training Foundation (2009). *Black Sea Labour Market Reviews. Ukraine country report.*

16) Fedorenko, N. (2008). *Imbalances of the labour market and professional schools*. WP of the Institute of Sociology NASU (Федоренко, Н. *Дисбаланси ринку праці та професійної підготовки*. У збірнику наукових праць Інституту Соціології НАНУ №11 "Соціальні виміри суспільства"), Kyiv.

17) Gapova, E. (2006). *The Migration of Information Technology Professionals from Post-Soviet Region*. A chapter in *Migration Perspectives: Eastern Europe and Central Asia*, IOM, pp. 5-16.

18) Gerasimenko, G.V. and O.V. Poznyak (2004). *Gender Aspects of Labour Migration of Ukrainian Population*. IDSR publication. (Герасименко Г.В. та Позняк О.В. *Ґендерні аспекти міграцій населення України*. "Демографічні процеси". Інститут демографії та соціальних досліджень НАН України).

19) Gora, Marek, Kula, Grzegorz, Rohozynsky, Oleksandr, Rokicka, Magdalena and Anna Ruzik (2009). Social *Security, Labour Market and Restructuring: Current Situation and Expected Outcomes of Reforms*. CASE network Report 0090.

20) Handrich, Lars and Alexander Danzer (2007). *Should I stay or should I go? Ukrainian migration in international perspective*. IER policy paper W11. http://www.ier.com.ua/files/publications/Policy_papers/German_advisory_group/2007/W11_eng.pdf .

21) Heitz, V., Danilenko, A., Zhylynsky, M., Libanova, E. and O. Onishchenko. (2009) Social-Economic Stance of Ukraine: consequences for people and the state – national report. (Соціально-економічний стан України: наслідки для народу та держави. Національна доповідь. За ред. В. Гейця та ін.) NASU, Kyiv. http://www.idss.org.ua/monografii/nandop1.pdf

22) Jaroszewicz, Marta and Leszek Szerepka (2007). *Migration Challenges in the European Union's Eastern Neighbourhood*. Centre for Eastern Studies. Warsaw.

23) Jurajda, Stepan and Terrell, Katherine (2007). *Regional Unemployment and Human Capital in Transition Economies*. C.E.P.R. Discussion Papers # 6569.

24) Kindler, Marta (2011). *Risk and Risk Strategies in Migration: Ukrainian Domestic Workers in Poland*. http://labourarchive.blogspot.com/2011/10/ukrainian-domestic-workers-in-poland.html.

25) Klaveren, Maarten, Tijdens, Tea, Williams, Melanie Hughie and Nuria Ramos Martin (2010). *An overview of women's work and employment in Ukraine*. Amsterdam Institute for Advanced Labour Studies, WP 94.

26) Kupets, Olga (2010). *Employment Outcomes for Return Labour Migrants in Ukraine*. A NaUKMA edition (Наукові Записки НаУКМА, Том 107. Економічні науки).

27) Kupets, Olga (2006). *Determinants of Unemployment Duration in Ukraine*. Journal of Comparative Economics. Vol.: 34, issue 2, pp. 228-247.

28) Kupets, Olga (2011). *Brain Gain or Brain Waste? The Performance Of Return Labour Migrants In The Ukrainian Labour Marke*t. EERC Working paper No 11/06E.

29) Kyzyma, Iryna (2008). *Female Migration In Ukraine: Determinants And Consequences*. Presented at 2008 IAFFE summer conference. https://editorialexpress.com/cgi-bin/conference/download.cgi?db_name=IAFFE2009&paper_id=121 .

30) Lehmann, Hartmut and Norberto Pignatti (2007). *Informal Employment Relationships and Labour Market Segmentation in Transition Economies: Evidence from Ukraine*, IZA WP #3269. ftp://repec.iza.org/RePEc/Discussionpaper/dp3269.pdf .

31) Lehmann, Hartmut, Muravyev, Alexander, Pignatti, Norberto and Anzelika Zaiceva (2010). *Worker Displacement in Russia and Ukraine: A Comparative Analysis using Micro Data*. ESCIRRU Working Paper No. 24.

32) Lehmann, Hartmut, Pignatti, Norberto and Jonathan Wadsworth (2005). *The Incidence and Cost of Job Loss in the Ukrainian Labour Market*. Centre for Economic Reform and Transformation, Heriot Watt University, DP 0504.

33) Leončikas, Tadas and Karolis Žibas (2009). *Migration Trends 2006–2008. Soderkoping Process Countries*. EC-2009. www.soderkoping.org.ua

34) Libanova, E., Kurylo, I., Makarova O., Steshenko, V. and L. Cherepko, editors (2007). *Population of Ukraine: socio-economic problems of Ukrainian villages*. (Лібанова Е., Курило І., Макарова О., Стешенко В. та Черепко Л., ред. *Населення України: соціально-демографічні проблеми українського села*), published by the IDSR NASU, http://www.idss.org.ua/monografii/Naselennya.pdf .

35) Lyzun I. (2011). *Social Needs of the Labour Migrants' Children* (Лизун І.Ф. *Соціальні потреби дітей трудових мігрантів*.) Педагогічний альманах. – 2011, issue 11, pp. 244-248; http://www.nbuv.gov.ua/portal/soc_gum/pedalm/texts/2011_11/042.pdf

36) Malynovska O. (2004a). *International Labour Migration From The Ukraine: The Last Ten Years*. In the *New Waves: Migration from Eastern to Southern Europe* edited by M.I. Baganha and M.L. Fonseca, available at http://www.flad.pt/documentos/1256642168A6dXX1yn5Uq83QL7.pdf

37) Malynovska, O. (2004b) *Ukraine Without Barriers*. (Малиновская Е. *Украина без барьеров*) Отечественные записки. Киев. № 4, www.strana-oz.ru/?numid=19&article=918

38) Malynovska, O. (2004c). *Ukraine, Europe, Migration: Migration of Ukrainian Population in the Conditions of Expanding EU* (Малиновська, О. Україна, Європа, міграція: міграції населення України в умовах розширення ЄС.), Kyiv, Blank-Press.

39) Malynovska, O. (2010). *Migration policy of Ukraine: current stance and development perspectives*. (О. А. Малиновська. *Міграційна політика України: стан і перспективи розвитку*) National Institute of Strategic Research, http://www.niss.gov.ua/content/articles/files/Malynovska-79a87.pdf

40) Malynovska, O. (2006a). *Caught Between East and West, Ukraine Struggles with Its Migration Policy*, National Institute for International Security Problems, Kyiv. Available at http://www.migrationinformation.org/Profiles/display.cfm?ID=365

41) Malynovska, O. (2006b). *Migration and Migration Policy in Ukraine*. (*Миграция и миграционная политика в Украине)*. Published by the National Institute of International Security Problems, http://www.niisp.gov.ua/articles/79

42) Malynovska, O. (2011). *Labour migration: social consequences and ways of regulation* (*Трудова міграція: Соціальні наслідки та шляхи реагування. Аналітична доповідь*). Published by the National Institute of Strategic Research. http://www.niss.gov.ua/content/articles/files/Malin_migraziya-dace3.pdf

43) Malynovska, O., Petrova, T., Poznyak, O. and S. Chekhovych (2005). *Evaluation of situation in the domain of labour migration: Ukraine* (*Дослідження ситуації у сфері трудової міграції: Україна*). http://www.ilo.org.ua/DocLib/%D0%9F%D1%83%D0%B1%D0%BB%D1%96%D0%BA%D0%B0%D1%86%D1%96%D1%97/Migration%20Policy%20Study%20Final_2005.pdf

44) Maydanik I. (2010*). Ukrainian Youth on Foreign Labour Markets (I. Майданік. Українська молодь на ринках праці зарубіжних держав*). Published by IDSR NASU.

45) *Migration in Ukraine: A Country Profile,* IOM, October 2008

46) Oliynyk A.S., Koziarivska L.V. (2006). *Effects of the 2004 Personal Income Tax System Reform on the Shadow Sector in Ukraine*. Moscow: EERC WP #06/08.

47) Ortega, Francesc and Giovanni Peri (2009). *The Causes and Effects of International Labour Mobility: Evidence from OECD Countries 1980-2005*. UNDP Human Development Research Paper #HDRP-2009-06.

48) Pavlova, Olga and Oleksandr Rohozynsky (2005). *Labour Markets in CIS Countries*. CASE working paper No 311. Warsaw

49) Pignatti, Norberto (2010). *Labour Market Segmentation and the Gender Wage Gap in Ukraine*. DIW Berlin, German Institute for Economic Research ESCIRRU WP #17

50) Poznyak O. (2010). *The Population of Ukraine. Labour Migration in Ukraine*. (Позняк О. *Населення України. Трудова еміграція в Україні*.). An IDSR NASU publication.

51) Pribytkova, I. *Labour market of Ukraine and its migration potential in social dimension*. Retrieved from http://www.cenpo.ro/files/09%20Migration.pdf

52) Prybytkova, Irina (2003). *Labour Migrants in the Social Hierarchy of the Ukrainian Society: status positions, values, life strategies, style and mode of life (Трудові мігранти у соціальній ієрархії українського суспільства: статусні позиції, цінності, життєві стратегії, стиль і спосіб життя*). Соціологія: теорія, методи, маркетинг. – 2003. - № 1. - С.112-119.

53) Prybytkova, Irina (2006a). *Transnational Labour Migration: Ukrainian Perspective*. Centre for International Relations, Reports&Analyses 5/06

54) Prybytkova, Irina (2006b). *Migration behaviour and the quality of life of the population in conceptual and empirical dimensions*. (*Миграционное поведение и качество жизни населения в Концептуальном и эмпирическом измерениях*). Published by the Institute of Sociology NASU, 2006. http://i-soc.com.ua/institute/pb_06.pdf

55) Ratha, Dilip, Mohapatra, Sanket and Elina Scheja (2011). *Impact of migration on economic and social development: a review of evidence and emerging issues*. World Bank Policy Research WP #5558.

56) Shulga N., (2002). *Great relocation: repatriates, refugees, labour migrants* (*Великое переселение: репатрианты, беженцы, трудовые мигранты*) published by the Institute of Sociology of NASU. http://www.i-soc.com.ua/institute/book_shulga_full.pdf

57) Solari, Cinzia (2008). *Between "Europe" and "Africa": Building the "New" Ukraine on the Shoulders of Migrant Women*. Berkeley Program in Soviet and Post-Soviet Studies, Institute of Slavic, East European, and Eurasian Studies, UC Berkeley. http://www.escholarship.org/uc/item/1ws054s5

58) Suchko, Olexandr, Parkhomenko, Natalia and Andriy Starodub (2005). *Ukrainian Labour Migration to the EU countries in the Mirror of Sociology*. (Олександр Сушко, Наталія Пархоменко, Андрій Стародуб. *Українська трудова міграція до країн європейського союзу у дзеркалі соціології. Інформаційно-аналітичне видання*) Center for Peace, Conversion and Foreign Policy of Ukraine, Institute of Public Affairs, Warsaw

59) Piotr Kaźmierkiewicz, Research Coordinator (2009). *The situation of migrants from Belarus, Moldova and Ukraine on the Labour Markets of Latvia, Lithuania, Hungary, Poland and the Slovak Republic*. EC Regional Report 2009. http://www.soderkoping.org.ua/

60) Tolstokorova, Alissa (2008). *Locally neglected, globally engaged: Ukrainian women on the move*. In: *Technologies of Globalisation. International Conference Proceedings* /Eds. Anderl, R., Arich-Gerz, B. & Schmiede, R. Technical University Darmstadt, pp. 44-61

61) Tolstokorova, Alissa (2009). *Costs and Benefits of Labour Migration for Ukrainian Transnational Families: Connection or Consumption?* Cahiers de l'Urmis, No 12: http://urmis.revues.org/index868.html, accessed 20/04/2010

62) Tykhonovych, V. (2008). *The Educational System and The World of Professions* (В. Тихонович. *Система освіти і світ професій та занять*). In the publication of the Institute of Sociology NASU "Social Dimentions of the Society", issue 11.

63) *Ukraine: extended migration profile*. Published by Ukrainian State Migration Service: http://www.dmsu.gov.ua/images/stories/files/Ukraine_Migration_Profile_EN_Final%202011.pdf

64) UNICEF, the Institute of Demography and Social Research NASU, Ukrainian Centre for Social Reform. *Poverty and Unequal Opportunities of Children in Ukraine. (Бідність та нерівні можливості дітей в Україні*), Kyiv-2009

65) Vollmer, Bastian, Bilan, Yuriy, Lapshyna, Iryna and Svitlana Vdovtsova (2010). *Ukraine Country and Research Areas Report*. Final Version. Centre on Migration, Policy and Society (COMPAS), Centre of Sociological Research (CSR).

66) Caritas Foundation (2009). *What and Who is Waiting for Migrants after Returning to Ukraine?* A Survey On The Situation and Needs of Returnees In Ukraine. Results Of ERSO II Subproject "Solidarity Net Ukraine", Establishment of an Instrument for Coordinated Sustainable Voluntary Return.

67) World Bank (2008). *Migration and Remittances Factbook 2008*, online database compiled by Dilip Ratha and Zhimei Xu, Migration and Remittances Team, Development Prospects Group, World Bank, Washington, DC, www.worldbank.org/prospects/migrationandremittances

68) World Bank, *Migration and Remittances Factbook 2011*. http://data.worldbank.org/data-catalog/migration-and-remittances

69) Yarova O. (2006). *The Migration of Ukrainian Women to Italy and the Impact on their Family in Ukraine*. In "Migration Process in Central and Eastern Europe: Unpacking the Diversity", Eds. Szczepanikova A., Canek M., Grill J. Published by Multicultural Centre Prague, p. 38-41.

70) Zimmer, K. (2007). *How Labour Migration is Changing Ukraine*, Transitions Online (TOL), Prague, Czech Republic.

71) Balakireva, O., Dmytruk. D and Y. Sereda (2011). *Social-Economic Well-Being of Ukrainian Poluation at the End of 2011*. (Балакірєва, О.М., Дмитрук, Д.А., Ю.В. Середа. *Соціально-економічне самопочуття населення України наприкінці 2011 р.*). publisher by the Institute of Economy and Forecasting NASU http://www.ukr-socium.org.ua/stok/Aktual/Monitoring_4_2011.pdf

Appendix A.

Surveys that cover labour migrants

1) **"Ukrainian Society: Monitoring of Social Changes".** Performed by the Institute of Sociology of the National Academy of Science of Ukraine (NASU) annually since 1992 on a representative sample of about 2,000 people. The survey covers a wide variety of opinions of Ukrainians on economic, political and social issues. A few questions are devoted to labour migration – specifically, migration experience and intentions. http://www.i-soc.com.ua/institute/smonit_2010.pdf, p.587
2) Surveys performed in 1994 and again in 2002 in Kyiv, Chernivtsi and a village of Prylbychi in Lvivska oblast. Each survey included 350 households with labour migrants (about 460 individuals) randomly selected by the same methodology. The results of the survey are described in Malynovska (2004a) and Pirozhkov, Malynovska and Khomra "External Labour Migration in Ukraine: Social-Economic Aspect" (С. Пирожков, Е. Малиновская, А. Хомра. Внешние трудовые миграции в украине: социально-экономический аспект. Киев, НИПМБ, 2003, 134 с.)
3) **SSS-2001.** "Life paths of the Ukrainian population". Performed by the State Statistics Service in eight oblasts of Western Ukraine and Donbas in March 2001. This survey is described in the book *External Labour Migration of Ukrainian Population* by Libanova and Poznyak ("Зовнішні трудові міграції населення України" за ред. Е.М. Лібанової, О.В. Позняка. – К.: РВПС України НАН України, 2002)
4) **ETF (GfK) Survey.** European Training Foundation survey performed by GfK in 2006-2008 questioned two samples of about 1,000 people each – one of return migrants and one of potential migrants. Return migrants were found by the "snowball" method, and "potential migrants" was a representative sample of the Ukrainian population. The results of these surveys can be found in the ETF report "The Contribution of Human Resources Development to Migration Policy in Ukraine", which can be found at http://etf.europa.eu/webatt.nsf/0/C12578310056925BC12574B90055DB51/$file/NOTE7WBHPM.pdf.
5) **SSS-2008.** In April-May 2008 the State Statistics Service (SSS) included a questionnaire on migration in two nationwide household surveys (the Household Budget Survey and the Labour Force Survey) and surveyed households with migrants and return migrants who had worked abroad for some time during 2005-2008. The survey included 22,000 households (48 thousand individuals) – a random representative sample of the Ukrainian population. The report can be found here: http://openukraine.org/doc/BK-MIGR-END.pdf.
6) **"Youth of Ukraine - 2010":** 1,800 respondents aged 15-34 from all regions of Ukraine were surveyed in April 2010. The survey contained a block of questions on migration intentions (results published in "Молодь та молодіжна політика

в Україні: соціально-демографічні аспекти", За ред. Е.М.Лібанової. — К.: Інститут демографії та соціальних досліджень ім. М.В. Птухи НАН України, 2010).

7) **DI-2004**. In February-March 2004 the "Democratic Initiatives" Foundation and the "Socis" Centre performed a survey on a representative sample of 1,200 people from all regions of Ukraine. The purpose of the survey was to find out the migration intentions of the population and the experience of people who had ever worked abroad. The results were reported in I.Pribytkova. *Migration and time* (И.Прибыткова. Миграции и время) published by the Institute of Sociology of NASU in 2008. http://i-soc.com.ua/institute/pb_08.pdf .
8) **SI-2008**. A focus group study "Investigation of Needs of Ukrainian Labour Migrants" (Дослідження потреб українських трудових мігрантів) was performed by the "Social Indicators" Centre for the "Open Ukraine" Foundation in 2008. 50 return migrants aged 18-63 took part in 6 focus-group discussions in Uzhhorod, Kharkiv and Ternopil.

Appendix B.

Table B 1 Characteristics of labour migrants from different surveys

Characteristics	National survey, 2001**	SSS survey, 2008	ETF survey, 2007, returning migrants' sample of 1014 people	Ukraine average, 2010 (2001)
Education				
Basic secondary (ISCED-2)	20.3	9.8	1.6	11.8*
Complete secondary (ISCED-3)	37.9	58.9	20.6	46.2*
Secondary professional/technical school (ISCED-4)	19.8	17.3	40.3	18.2*
Higher (ISCED-5/6)	12.6	13.9	37.5	20.8*
Age, %				
Since each survey has different age group distribution, ages are indicated in parentheses	31.3(<30)	15.3 (15-24)	13.3 (18-24)	15.4 (15-24)
	47.8 (30-54)	14.2 (25-29)	34.7 (25-34)	28.6 (25-44)
	20.9 (55+)	15.7 (30-34)	25.6 (35-44)	25.7 (45-64)
	-	43.9 (35-49)	19.1 (45-54)	-
	-	10.9 (55-59)	6.6 (55-64)	-
% of males	49.5[†]	66.5	58.7	46
% married	N/D	58,2	66	N/D
% have children	50-60[††]	N/D	67.6	38% of HHs have children
Average number of children per HH	N/D	N/D	1.5	1.3
The primary reason for migration	Unemployment	Low salary (60% of responses)	Job/income opportunities (53%)	-
% of return migrants that want to migrate again	25	30	30	-
% of people that never migrated but want to	4.8% of respondents	1.2% of working-age population	27% of respondents aged 18-40	-
Primary destination countries	Russia (37%). Poland (18.7%). Czech R.(16.9%)	Russia (48%). Italy (13%). Czech Republic (12%)	Russia (33%). Poland (12.4). Italy (9.2%)	-
Occupations	Construction. transport. agriculture (males). retail trade. services. household (females)	Construction (51.2%). households (16.4%). agriculture (8.5%).	Construction (30%). households (16%). agriculture (9%)	-
% worked illegally	N/D	23.6	20.1	-
% sent remittances	N/D	61.1	48.2	-

* % of people 15-70 who have respective education level, Economic Activity survey.
** "Life paths of the Ukrainian population"
[†] at the same time, in the age group of 20-49, males constitute almost 70%. In the older cohort women dominate ("grandmother" migration).
[††] only 6% of female migrants don't have children, while 8% have more than two children

Tables B2-B4 present characteristics of potential migrants, based on a survey performed by the Democratic Initiatives Foundation and the Socis Research Centre in 2004 (1,200 respondents, representative sample).

Table B 2 Demographic characteristics of potential migrants, % of respondents

	Total	Would like to go abroad				Would not like to go abroad
		To live permanently	To work temporarily	To study	For tourism	
Sex						
male	45.6	46.2	59.1	31.2	41.3	40.5
female	54.4	53.8	40.9	68.8	58.7	59.5
Age						
16-29	25.6	36.3	33.3	75	26.6	7.5
30-54	42.7	41.8	58.1	21.9	45.3	29.7
55+	31.8	21.9	8.6	3.1	28.1	62.8
Education						
primary/basic secondary	13.9	6.6	5	25	9.8	27.6
secondary	32.1	35.2	32.6	28.1	26	34.8
technical school	31.1	27.5	36.2	18.8	39.8	22.8
unfinished higher/higher	22.9	30.7	26.2	28.1	24.4	14.8
Family Status						
not married	19.4	28.6	24.7	56.2	17.4	9
married	61.8	54.4	62	43.8	67.6	60.4
unregistered marriage	1.6	1.6	1.4	-	1.5	1.5
divorced	6.9	9.9	7.5	-	5.8	6.9
widowed	10.3	5.5	4.4	-	7.7	22.2
Number of children						
1	20.5	26.4	27.6	28.1	22.6	8.4
2	9.3	6	15.4	6.2	10.1	5.1
3	0.4	-	0.4	-	0.3	0.9
4	0.1	-	0.4	-	-	-
5+	0.5	-	0.7	3.2	0.3	0.3
0	69.2	67.6	55.5	62.5	66.7	85.3

Table B 3 Occupation of potential migrants, % of respondents

	Total	Would like to go abroad				Would not like to go abroad
		To live permanently	To work temporarily	To study	For tourism	
Status						
employee	89.3	93.5	85.9	90.9	90.1	91.4
engineer (designer)	7.9	4.3	9.8	9.1	8.6	6.4
farmer on a rented land	0.4	-	0.6	-	-	-
employer, firm owner	2.4	2.2	3.7	-	1.3	2.2
Type of activity						
head/deputy head of a firm/organization	1.2	1.1	1.4	-	0.7	2.4
head of a division	4.5	5.7	3.6	-	6.8	2.4
qualified specialist with higher education	17.5	25.3	15.7	40	16.5	12.9
specialist with a technical education	20.2	13.8	17.9	20	26	20
technical staff (machine operator, laboratory worker, accountant)	11.1	13.8	9.3	10	8.9	12.9
qualified worker	32.1	32.2	37.8	20	30.2	31.8
unqualified worker	7	2.3	7.8	-	4.8	12.9
agricultural worker	3.1	2.3	2.9	-	2.7	3.5
armed forces, police, security	0.6	1.2	-	-	0.7	-
other	2.7	2.3	3.6	10	2.7	1.2

Table B 4 Potential migrants by employment status, % of respondents

	Total	Would like to go abroad				Would not like to go abroad
		To live permanently	To work temporarily	To study	For tourism	
Working	45.3	51.1	58.4	34.4	49.5	27.9
Of them by enterprise type, %						
a state or communal enterprise	44.3	40.9	43.6	36.4	46.9	46.2
army, police or security	1.3	2.2	-	-	2.5	-
rented firm	1	2.2	1.2	-	-	2.2
cooperative firm	0.7	-	1.2	-	1.2	-
collective farm	2.2	-	1.2	-	3.7	4.3
Ltd	15.3	16.1	12.9	9.1	16	19.4
private enterprise	27.8	34.4	30.7	36.4	24.2	21.5
joint venture/foreign firm	0.6	-	1.2	9.1	-	-
farm	0.4	-	-	-	-	-
self-employed	5.7	3.2	7.4	9	4.9	5.4
other	0.7	1	0.6	-	0.6	1
Not working	54.7	48.9	41.6	65.6	50.5	72.1
Of them by reason, %						
pensioners	49.8	28.1	20.7	-	47.9	48
disabled	4	9	1.7	-	3.6	12
studying	14.2	20.2	25	61.8	15.8	8
housewives	6.2	2.2	8.6	4.8	9.7	4
women in care of infant children	6.3	9	5.2	28.6	8.5	12
registered unemployed	5.2	7.9	8.6	-	4.2	12
not working and not looking for a job	14	22.5	30.2	4.8	10.3	4
other	0.3	1.1	-	-	-	-

Appendix C.

Tables C1-C8 are derived from "Ukrainian society: 1992-2010 sociological monitoring" based on the annual surveys conducted by the Institute of Sociology NASU.
Table C9 presents some poverty indicators for Ukraine, based on the State Statistics Service Household surveys.

Table C 1 Please define material status of your family in the last 2-3 months, %	2002	2004	2005	2006	2008	2010
Often not enough money for food, sometimes beg from door to door	3.1	1.7	1.4	0.5	0.8	1.5
Not enough food - sometimes we starve	9.6	5.9	4	4	3	3.9
Enough money only for food	49.3	42	41.3	35.5	32.6	36.4
Generally enough money for living	23.5	32.4	30.2	36.2	37.9	38.1
Enough money for living but we cannot save	11.6	13.9	14.4	15.7	20.7	15.9
Enough money for living and we can save	2	2.1	2.1	3.6	3.8	3.4
We live in prosperity	0.3	0.6	0.3	0.3	0.4	0.2
No answer	0.6	1.4	6.3	4.2	0.7	0.4

Table C 2 How would you characterise your household? %	2002	2004	2005	2006	2008	2010
Extremely poor	5.6	5.3	5.9	4.2	4.4	5.7
Poor	40.4	35.7	40.4	40.7	38.7	42.8
Average	52	57.1	52.9	53.6	56	50.8
Prosperous	1	1.2	0.6	0.9	0.5	0.7
Rich	0.1	0.1	0	0.1	0	0

Table C 3 Would you like to move out of your settlement? %										
	1994	1996	1998	2000	2002	2004	2005	2006	2008	2010
Yes	16.1	18.1	18.8	19.3	19.3	21.1	19.2	20.1	19.4	19.6
Hard to tell	18.8	18.4	21.6	21.7	25.1	20.9	20.1	16.8	18.2	16.6
No	64.5	63.4	59.4	59	55.2	57.8	60.6	62.6	62.4	63.7
No answer	0.6	0	0.2	0	0.3	0.2	0.1	0.5	0.1	0.1
If you decided to leave you current place of living, where would you go? %										
To another part of Ukraine	15.3	10.4	11.3	14.8	9.8	9.9	12.9	12.6	14.4	11.2
To Russia	12.7	13.3	9.7	7.2	10.5	10.3	8.1	7.9	9.6	8.3
To another FSU republic	1.1	1.2	1.4	1.8	0.6	1.1	0.6	1.6	0.8	1.2
Outside FSU	4.6	9.1	9.7	9.6	10.2	10.1	7.1	7	5.3	7.9
Don't know	12.8	12.3	15.9	17	19.8	18.4	17.1	16.9	16.3	18.3
I would not go anywhere	51.3	53.7	51.9	49.6	48.6	49.9	54.1	53.4	53.5	53
No answer	2	0	0.1	0	0.4	0.3	0.2	0.6	0.2	0.1

Table C 4 Would you like to open your own business (enterprise or farm)? %	2004	2005	2006	2008	2010
No/rather not	41.7	41.3	40.9	40.7	37.6
Yes/rather so	41.3	43.8	45.6	45.8	49.3
Hard to tell	16.7	14.8	13.5	13.4	13.1
No answer	0.4	0	0.1	0.1	0.1

Table C 5 In your settlement it is hard to find a job...%	2002	2005	2006	2008	2010
With your qualifications and sufficient wage	73.7	74.3	73.2	74.1	80.9
With your qualifications and insufficient wage	54.9	50.1	50	47.2	61.6
With sufficient wage but not your qualifications	65	63.3	61.6	60.1	72.4
Any job	55	46.5	43	38.8	57.4

Table C 6 How much money per person per month does your household need for a decent lifestyle?	1998	2000	2005	2006	2008	2010
UAH	357	486	1 204	1 425	2 556	2 942
USD	175	88	226	282	506	371

Table C 7 How would you evaluate your health? %

	1992	1994	1996	1998	2000	2002	2004	2005	2006	2008	2010
Very bad	1.9	5.8	6.5	6.1	4.3	5.4	4.4	4.1	4.5	2.4	3.1
Bad	15.4	25.8	24.7	28	22	25.6	21.6	20.8	21.8	18	18.5
Satisfactory	53.1	47.5	47.7	46.6	52	49.7	57.8	57.6	53.3	56.5	57.8
Good	25.5	16.5	18.8	17.2	18.3	17.5	14.4	15.6	18.1	21.1	17.8
Excellent	3.5	4.1	2.4	2.2	2.5	1.8	1.8	1.8	2.3	1.8	2.8
No answer	0.5	0.2	0	0	0.9	0.1	0	0.1	0	0.1	0.1

Table C 8 Table C8. What is your status at work? %	2002	2004	2005	2006	2010
Employer	1.5	1.6	1.1	1.7	1.9
Self-employed	8.6	6.3	5.7	6	5.2
Employee	45.1	43.3	41.8	42.7	40.8
Not working	–	43.5	45	43.6	48.8
Hard to tell	–	3.9	5.7	5.1	3
No answer	44.9	1.5	0.8	0.9	0.3

Table C 9 Poverty indicators for Ukraine

Poverty indicators	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Poverty threshold*	126	156	175	192	220	271	365	430	526	778	835	944
Extreme poverty threshold*	101	125	140	153	176	217	292	344	420	622	668	755
Subsistence level*	-	270	311	342	342	362	423	464	519	608	639	843
Share of population with total per capita income lower than subsistence level#, %	-	80.2	82,7	83,3	76,2	65,6	55,3	49,7	27,2	16,1	15,5	21,8
Ratio of income of the richest 20% to the poorest 20% of population	-	4.4	4,6	4,5	4,4	4,6	4,6	4,7	3,6	3,8	3,7	3,6
Extreme poverty level, %	14.4	13.9	14.9	13.7	13.7	14.2	14.4	14.8	13.8	13.6	13	11.2
Poverty depth, %**	23.3	23.8	25.0	23.9	22.9	24.0	23.8	23.8	23.1	23.4	22.3	20.9
Gini coefficient	28.5	29.3	30.3	29.9	29.8	30.2	30.6	30.9	29.1	30.1	29.3	27.3
Poverty level, %	27.8	26.4	27.2	27.2	26.6	27.3	27.1	28.1	27.3	27	26.4	24.1
Poverty level by household categories[118]												
HHs without children	17.8	17.8	17.8	16.9	18.4	18	17.7	19.3	19.4	19.7	19.6	15.7
- all members of working age	16.5	14.8	13.5	14.2	7.4	14.7	15.4	15.2	15.0	14.8	15.8	12.6
- all members of pension age	15.9	16.8	17	15.2	18.5	17.8	16.2	21.4	21.8	20.7	21.7	16.0
- all members older than age 75	25.5	26.5	22.2	25.2	25.4	26.9	22.7	28.9	28.9	29	29	23.6
- at least one unemployed member	29.5	27.9	27.0	26.2	17.8	30.7	31.1	35.2	32	35.9	35.2	28.0
Households with children	33.9	31.9	33.4	34.4	33.1	35.4	35.4	35.3	33.9	33.1	32	31.3
- one child	29.1	25.4	26.5	25.8	24.1	26.5	28.9	27.6	27.3	26.4	26.9	25.6
- two children	35.8	35.9	37.7	39.9	40.7	42.2	42.9	41.8	40.6	42	39.6	40.7
- three or more children	54.5	54.1	59.6	64.3	63.5	69.6	66	68.4	64.6	62.4	53.8	55.4
- four or more children	75.8	70.8	66.9	87.3	64.6	85.5	64.7	79.9	70.8	76.4	72.3	71.0
- children under age three	44.1	35.2	43.8	40.3	40.4	44.2	36.4	42	39.5	37.6	34.2	35.2
- all adults work	31.3	25.7	27.5	27.4	25	26.1	27.9	27.8	26.3	24.6	23.6	24.3
- some adults work	37.9	36.6	38.2	40.2	39.4	42.7	41.7	40.5	40.5	40.3	37.7	36.3

*UAH per month per head
** The difference between the poverty threshold and the income level of the poor population
# Subsistence level is defined by the parliament on the basis of a consumer basket of goods. Until recently it was higher than the minimum wage.
Source: http://www.fnpk.org.ua/index_web_files/Analitika_2011.htm, State Statistics Service data

[118] In 2011, there were 17 million households in Ukraine. Among these households, 64.7% had working members;50.1% of these households had one working person, 40.2% had 2 working persons, and 9.7% had 3 working persons. 62.2% of households did not have any children under the age of 18, 27.8% had one child, 8.9% had two children, and 1.1% had three or more children. In the average household there were 2.48 non-working people for each working person.