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UKRAINE HUMAN CAPITAL CHARTBOOK

MAY 2025

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Executive Summary

Ukraine's population in early 2025 is estimated at approximately 37.9 million*. This includes 10.3 million pensioners, 3.4 million persons with disabilities, over 4.6 million of internally displaced persons (IDPs), and about 1.4 million veterans. Since 2021, the population has declined by more than 3 million, and the number of children by 0.8 million. Falling birth rates and a high death rate are worsening the demographic situation.

Pressure on the pension system is increasing due to the decrease in ratio of employed to pensioners, who are simultaneously declining with slightly different pace. Between 2021 and 2025, the number of pensioners fell by 7.1% to 10.3 million, while employment declined even more sharply—by 10.6% to 10.5 million—bringing the ratio of workers to pensioners down to 1:1. Due to low pension levels, more older people remain in the labour market: the share of working pensioners rose from 24% to 27%.

War has a profound demographic and social impact, leading to a rise in IDPs, veterans, and people with disabilities. These groups face heightened vulnerability and require enhanced social assistance measures, particularly to support their reintegration into the labour market. Only 20% of veterans who applied for a job were hired, and about 16% of people with disabilities are employed, and 40% of them do not need adaptation - this opens up opportunities for government and business to cooperate on integration.

The unemployment rate decreased from 21.1% in 2022 to 11.5% in early 2025, yet the labour market remains unbalanced due to a shortage of labour skills mismatches, mobilization, and migration. The only sector showing growing employment is public administration and defence (+27%), driven by large-scale mobilisation into the Defence Forces. Production sectors employment (mining, manufacturing) is decreasing quicker than that of social sectors (education, health). The integration of IDPs, persons with disabilities, and veterans remains slow.

Following a spike in expenditures in 2022, social protection expenditures has declined, mainly due to the low subsistence minimum — which in 2024 was almost three times lower than actual needs ($73 vs. $199). While this reduces budgetary costs, allowing government to increase capital investments, it deepens the gap between state assistance and the real needs of the population, especially of vulnerable groups such as IDPs, veterans, and people with disabilities.

Between 2022 and 2024, reforms were implemented in the areas of social insurance, child protection, veteran support, and inclusive economic development. In 2025, further measures are expected: gender budgeting, the introduction of a basic social assistance scheme to replace multiple benefit types, revised approaches to calculating special pensions, improved employment support for persons with disabilities, a new Labour Code, and steps toward deinstitutionalisation. These changes aim to improve spending efficiency and align with EU standards.

**According to UN estimates from World Population Prospects 2024, the population also includes individuals residing in the temporarily occupied territories of Ukraine, which is acceptable for the long-term forecasting*

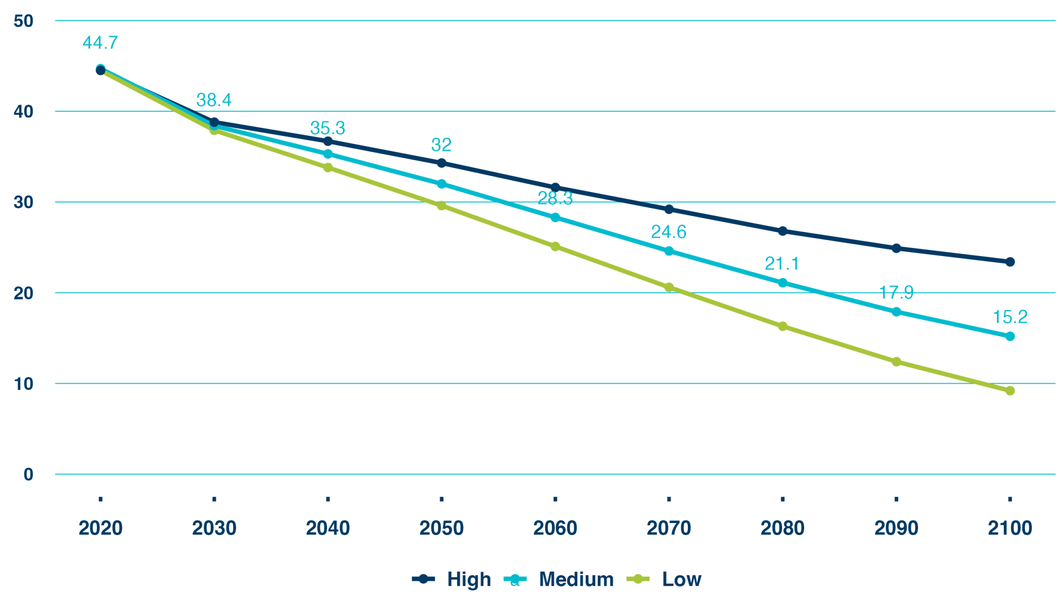
Ukraine's demographic outlook has been further worsened by Russia's full-scale aggression, reinforcing the need to strengthen social policies for inclusion, well-being, and reintegration

With current demographic trends, Ukraine’s population will decline rapidly, breaking the age ratio, policy actions required

Ukraine’s population declined **from 44.3 to 37.9* million (-7.6%) in 2021-24**, mainly due to significant emigration of **6.9 million**** and net negative between birth and death rates (CIA estimates), which reinforces the UN’s medium scenario*** unless policy measures are taken, with Ukraine’s population **decrease by 2050 to 32 million.**

Starting in 2070, the old-age (60+) population will exceed the working-age (18-59), with **11.1 million vs. 10.9 million**, indicating a critical level of population ageing and significant pressure on pension, health and social support system.

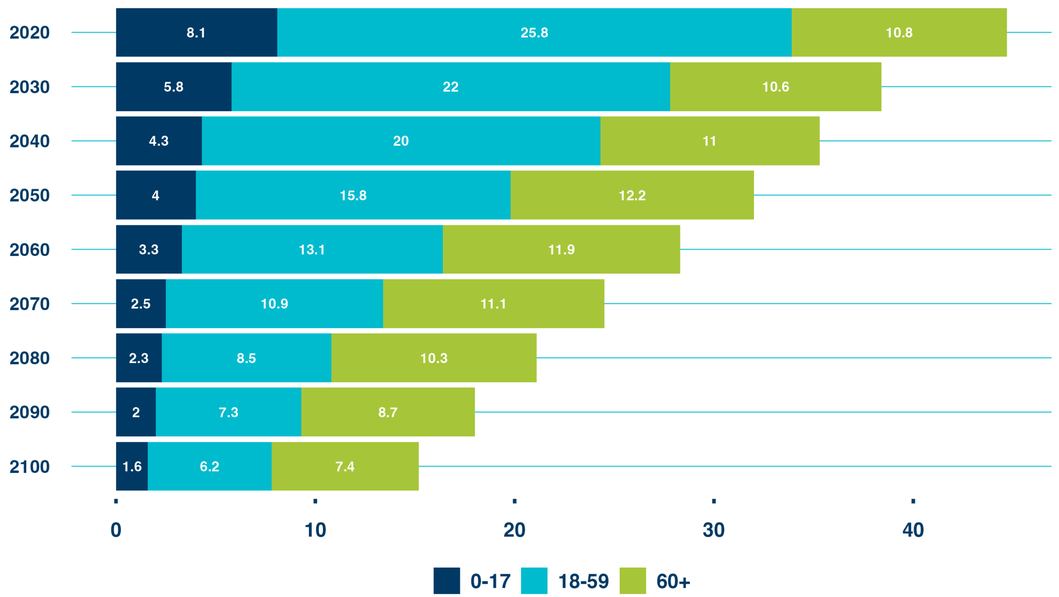
Scenarios of Ukraine's Population, mn



Source: UN, KSE Institute

Ukraine's Population by Age Group, mn

in Medium Fertility Variant



Source: UN, KSE Institute

** According to UN estimates, the population also includes individuals residing in the temporarily occupied territories of Ukraine. Estimates by the Institute for Demography and Social Studies, NASU, as of July 2024, estimate the population at 35.8 million, including 31.1 million residing in government-controlled territories*

*** UNHCR, figures represent an estimate, and potential further movements cannot be factored for the time being for all countries*

****The medium fertility variant assumes a gradual increase in fertility rates from 1.0 to 1.5 children per woman, yet still below the replacement level (≈2.1)*

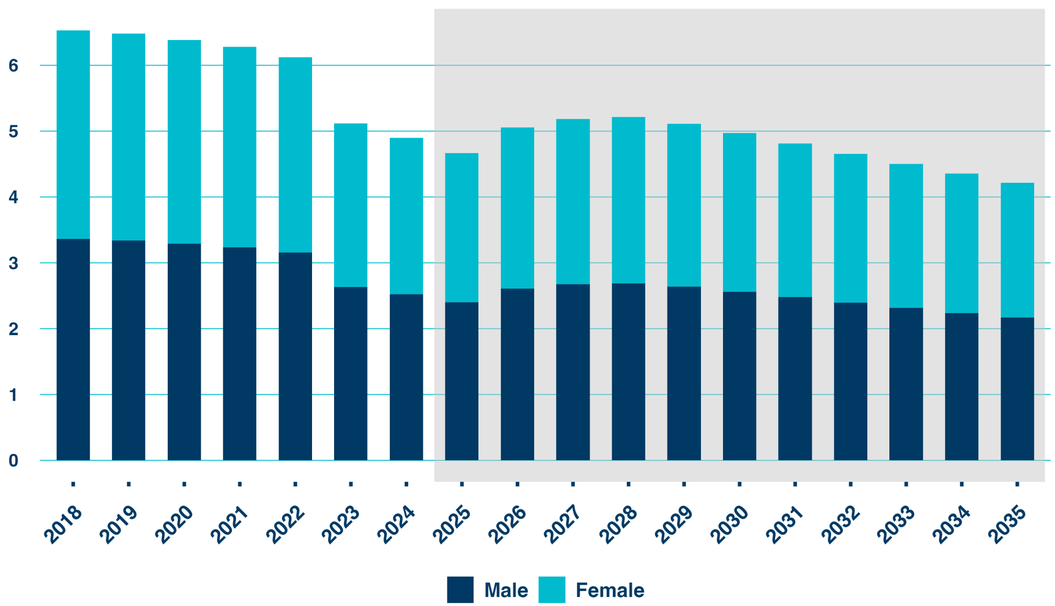
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Post-war migrant returns will boost the number of children and youth, but persistently low birth rates will continue to distort the age pyramid - first signs will be among 0-14 year olds' decline

The number of children (0-14) and youth (15-24) declined from **6.5 million to 1.4 million (-21.5%)** and **from 4.2 million to 1.1 million (-26.4%)** between 2018 and 2023, respectively.

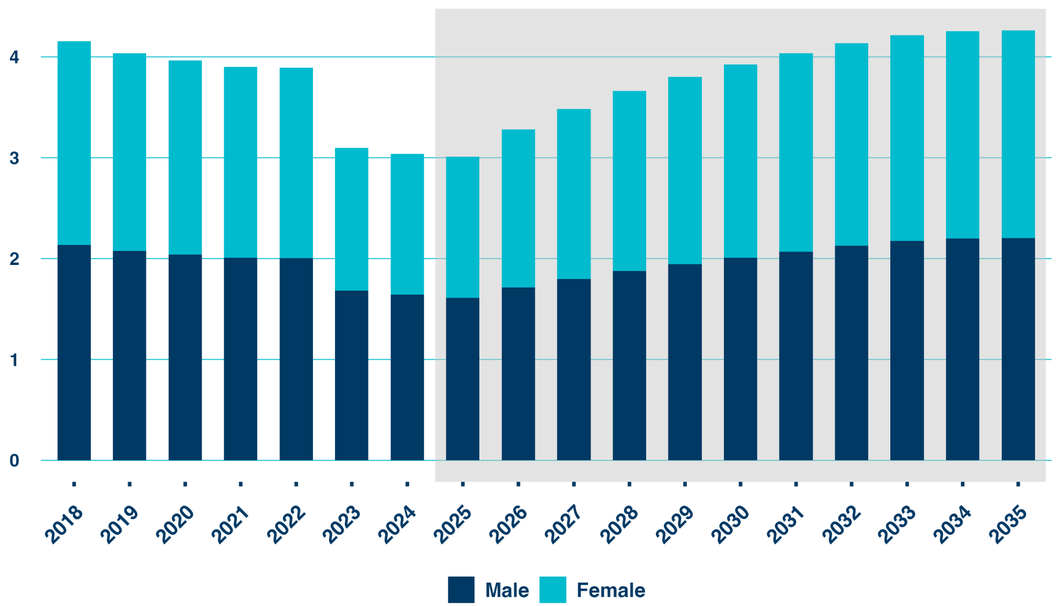
Projected dynamics over 2025-35* are different mainly due to migrants' return throughout first post-war years and the transition of children to youth, but total (0-24) will reach its post-war maximum of **8.9 million in 2029** and then only decline to **8.5 million in 2035.**

Estimation of the Child Population (0-14 y.o.), mn



Source: up to 2022 - SSSU, 2023 and beyond - Institute of Demography

Estimation of the Youth Population (15-25 y.o.), mn



Source: up to 2022 - SSSU, 2023 and beyond - Institute of Demography

** Ptoukha Institute for Demography and Social Studies of the National Academy of Sciences of Ukraine (Institute of Demography) forecast as of mid-2023*

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Population ageing is putting growing strain on the pension system. Engaging pensioners to labour force is crucial to preserve life quality

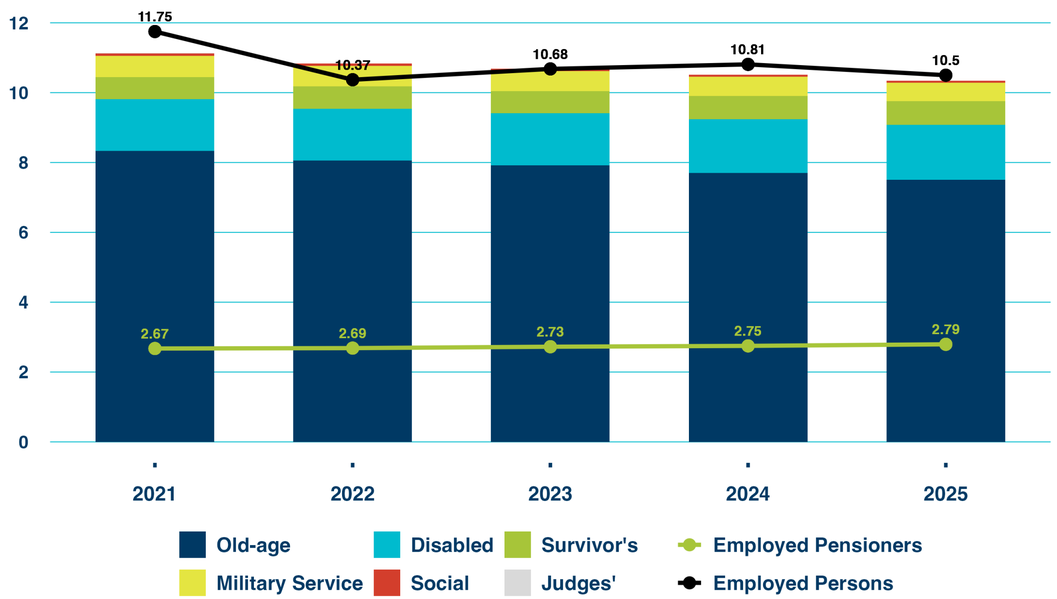
With **73%** of pensioners receiving old-age pensions, the **7.1%** decline in total numbers (2021-25) stems mainly from a longer required contribution period for retirement at age 60 — from 28 to 32 years during this period.

The ratio of employed persons to pensioners is **~1:1**, while almost **1 in 4 pensioners continues to work**, with just a small increase of 119,000 new working pensioners.

Between 2021-25, military service pensions* rose from **$175 to $268**, while other categories (pensions for old-age, disability, survivors) remained stable — keeping Pension Fund (PFU) pressure only slightly higher, but with upward risk post-war**.

Structure of Pensioners, Employed Pensioners and Employed People, mn

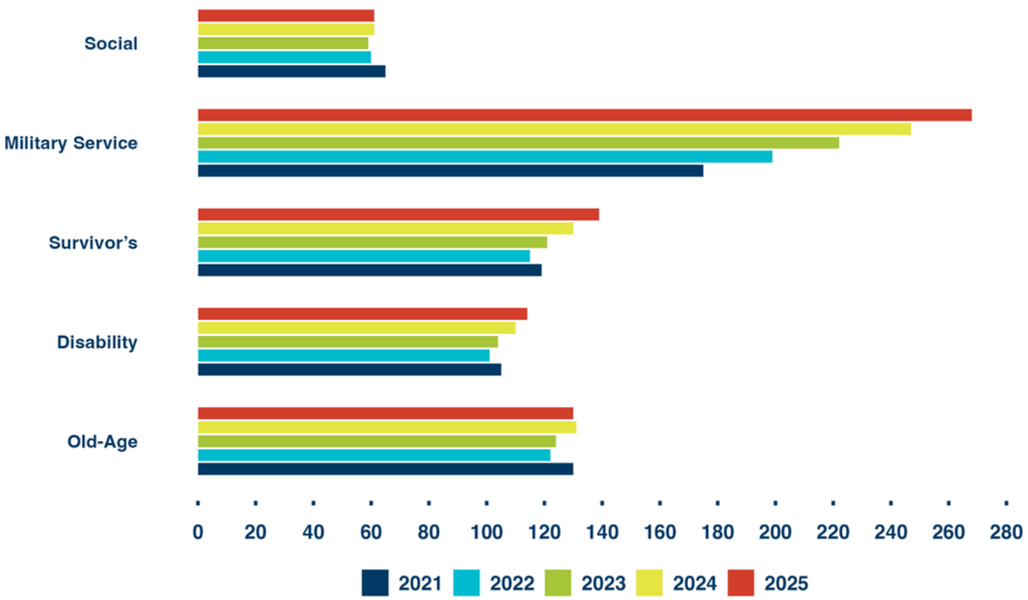
as of 01.01



Source: PFU, KSE Institute

Average Pension Amount by Type, $

as of 01.01



Source: PFU, KSE Institute

** Military service pensioners are retired career servicemen receiving long-service pensions. This type of special pension does not apply to all current defenders of Ukraine, but only to professional military personnel with qualifying service*

*** The judge's pensions (less than 0.1% of all pensioners) remained high with minor fluctuations, but didn't change the pressure on Pension Fund much due to the low number of receivers*

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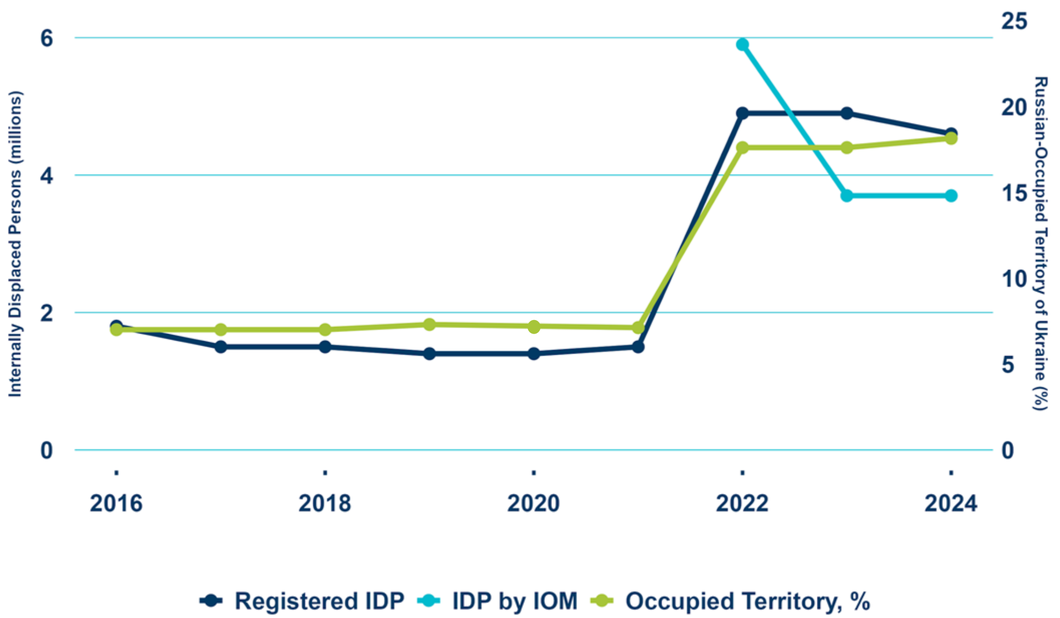
The number of Internally displaced persons increased proportionally to occupied territories; they require efforts on re-integration and housing

In 2024, the number of registered IDPs decreased by **5.8% to 4.62 million**. **More than 1.3 million** IDPs still reside in the Eastern regions, after the jump **from 1.5 to 4.9 million** in 2022, on par with occupied territories increase **from 7% to 18%.**

The actual number of IDPs is **950,000** lower than the official figure*, as many do not deregister after returning home or moving abroad. This underlines the importance of updating IDP registers for effective reintegration and targeted assistance policies.

IDPs, mn and Occupied Territories, %

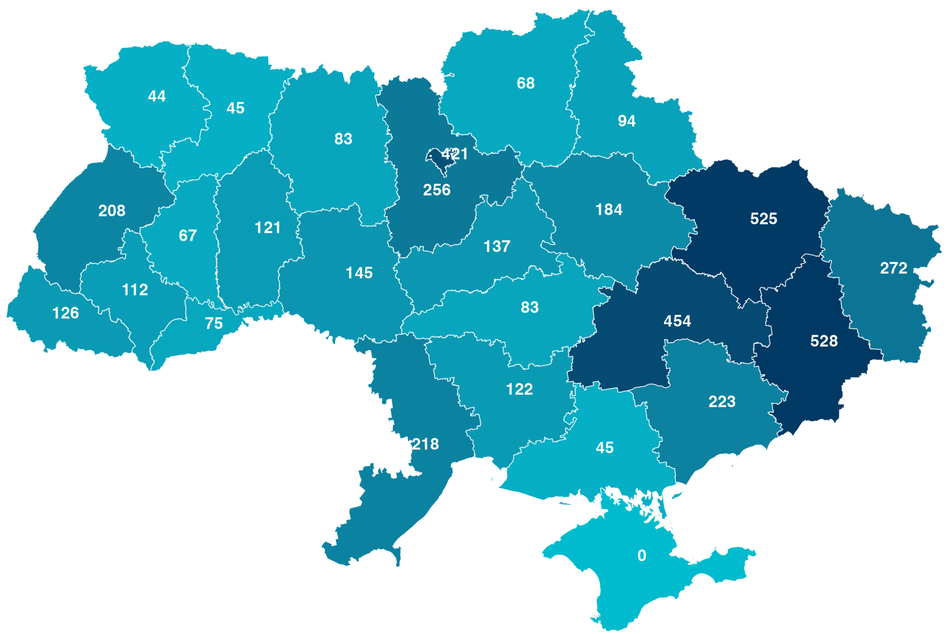
as of December



Source: Ministry of Social Policy, UN, CNN, KSE Institute

IDP by Oblast, thsd

as of 31.12



Source: Ministry of Social Policy, KSE Institute

** According to IOM estimates*

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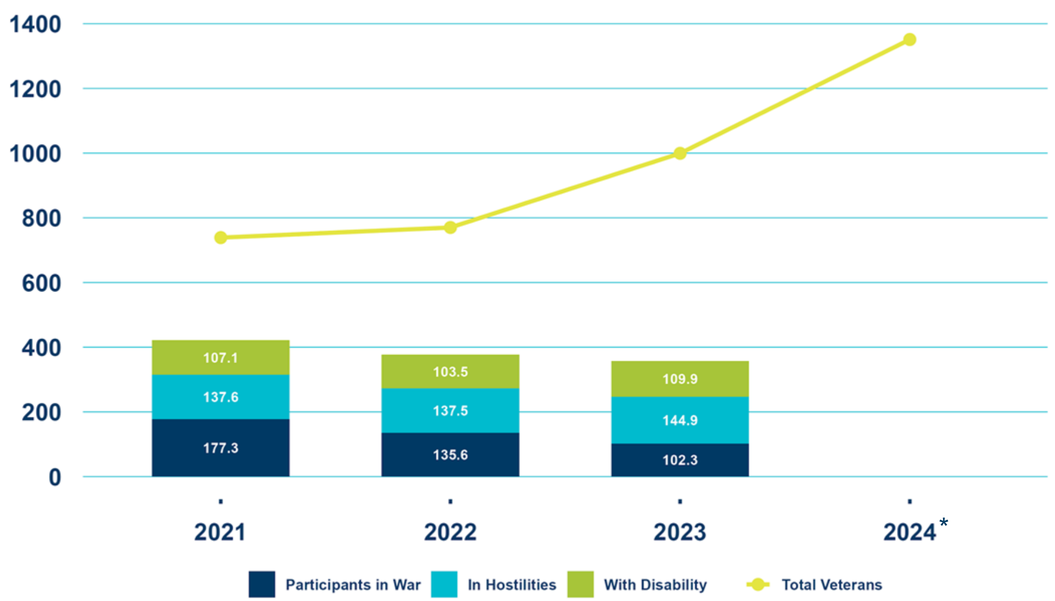
Share of veterans and their families will increase up to 15%, which require special focus on health issues and reintegration into civilian life

The projected number is **4-5 million** veterans and their families by the end of hostilities, if the war finishes in the end-2025.

In 2024, there are **1.35 million** veterans in Ukraine, of whom **66% are under 40**, indicating a change in the age structure, and requires a rethinking of veteran policy with a focus on the comprehensive integration of young veterans into civilian life.

The uneven distribution of veterans between regions is already creating asymmetries in the burden on social systems; the ability of communities to integrate and support veterans will be a critical prerequisite for their sustainable socio-economic development.

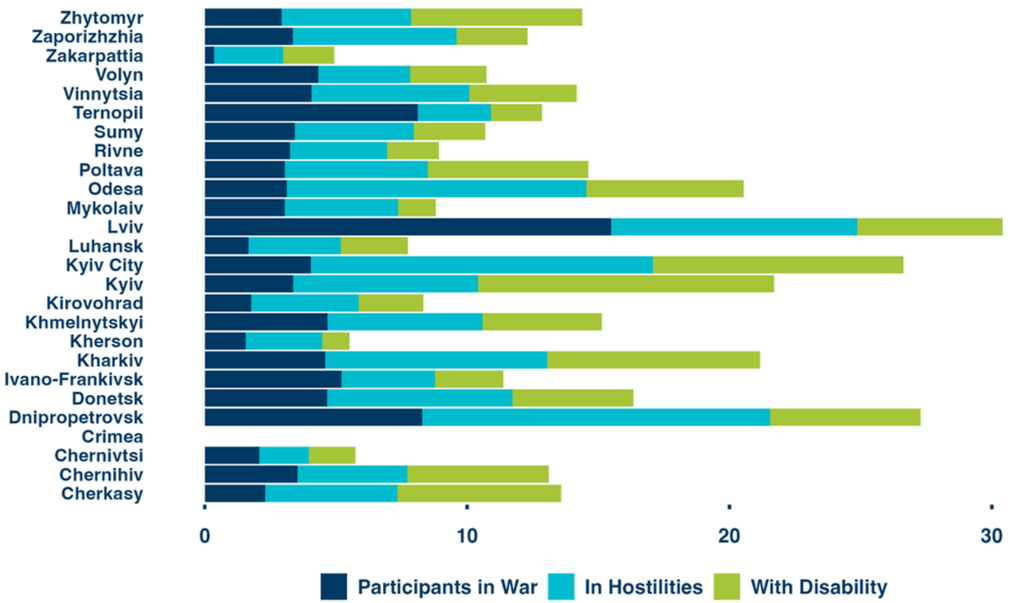
Distribution of Veterans Receiving Pensions and Total Number of Veterans, thsd



Source: Ministry of Veteran Affairs, KSE Institute

Veterans Receiving Pension by Oblast, thsd

as of 01.01.2024



Source: SSSU, KSE Institute

** Data on veterans' pensions for 2024 will be available in July 2025*

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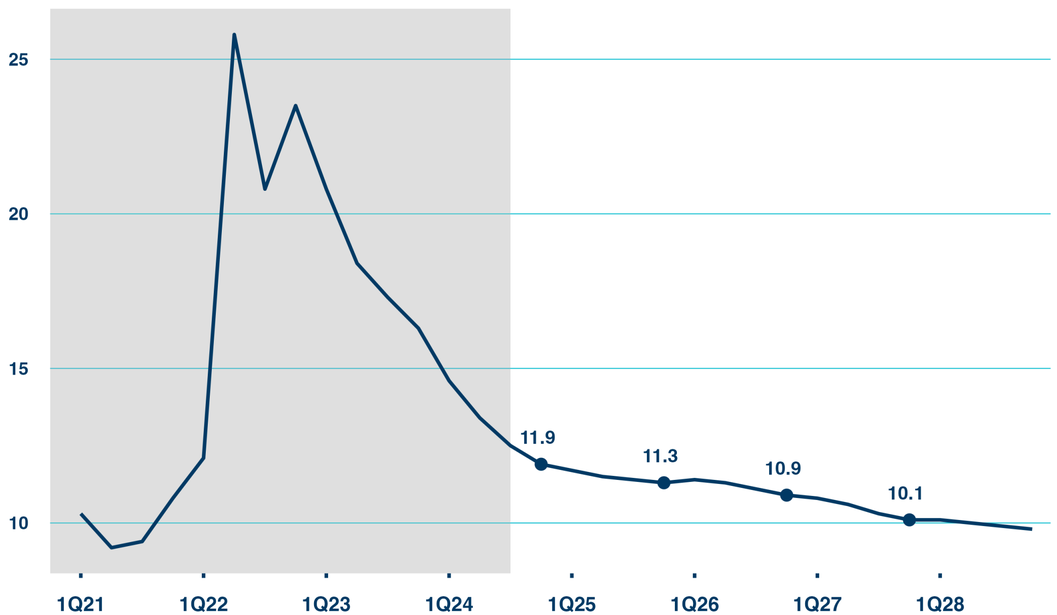
Growing concerns over labour shortages and fiscal sustainability are reshaping the postwar recovery agenda – calling for stronger social support systems and a strategic shift toward productivity-led growth

Enterprises are facing difficulties finding labour, especially qualified workers, leading to wage increases to compete in the shrinking market

Unemployment surged to **25+%* in 2022** driven by structural mismatches caused by large-scale migration and occupation amid heterogeneous regional production structure. Currently, situation settles and unemployment steadily declining to **11.5% as of early 2025.**

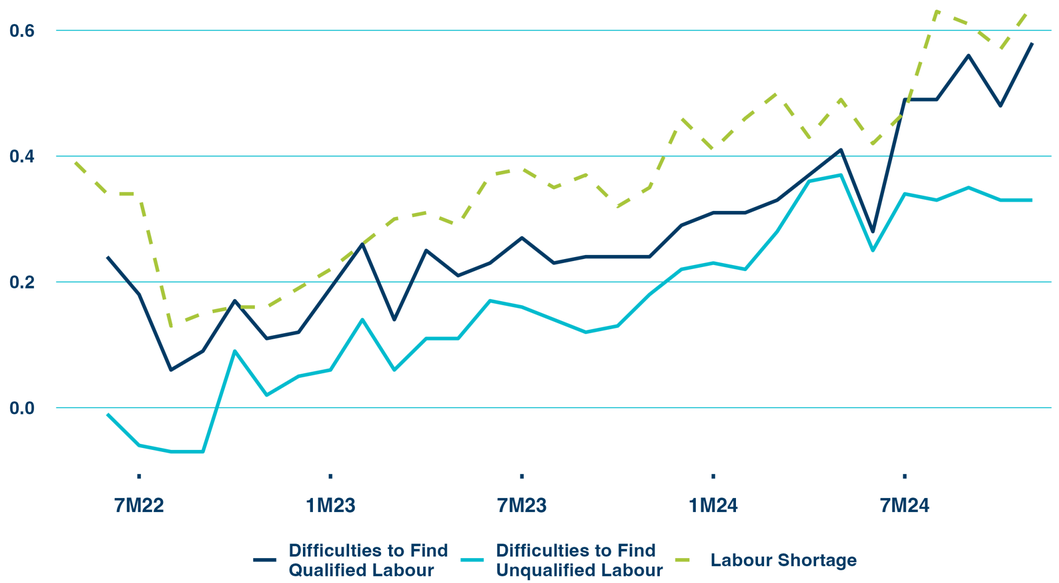
Labor shortages are intensifying: **in 2024, 63%** of businesses reported difficulties with recruitment, according to the Institute for Economic Research and Policy Consulting, dominated by qualified labour shortages, leading companies to compete for available resources by constantly raising wages above inflation.

Unemployment Rate, %



Source: SSSU, Info Sapiens, KSE Institute

Recruitment Challenges Indices



Source: IER, KSE Institute

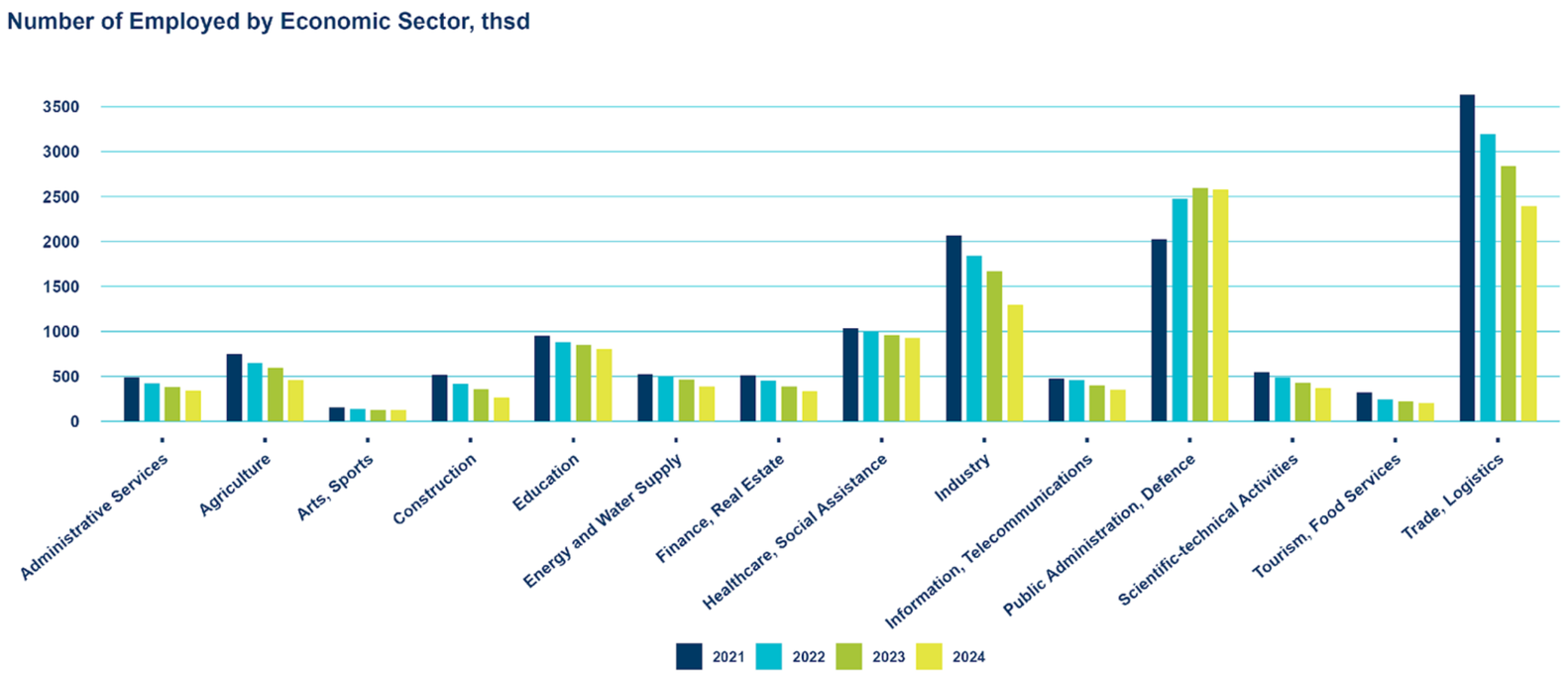
** National Bank of Ukraine estimates based on Info Sapiens surveys, it's different from a view of other organizations, used mainly because State Statistic Service of Ukraine (SSSU) halted the publication of unemployment rate estimates based on ILO methodology*

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Defense sector sees increase in employment, marginal decline in social sectors, rapid one in production sectors

The number of employees* in public administration and defense **increased by 27%**, reaching **2.6 million**, while their share in total employment rose **from 14.4% in 2021 to 23.8% in 2024** – reshaping the structure of the labour market.

Employment in industry sectors declined by **37%**, while in the social and healthcare it was only **11%**, reflecting a critical drop in overall economic productivity. Trade and logistics remains the largest employers but have lost **over 1.2 employee throughout 2021-24**.



Source: PFU, KSE Institute

** PFU data reflect the number of insured persons by type of economic activity based on reporting from the State Tax Service on paid social security contributions (SSC)*

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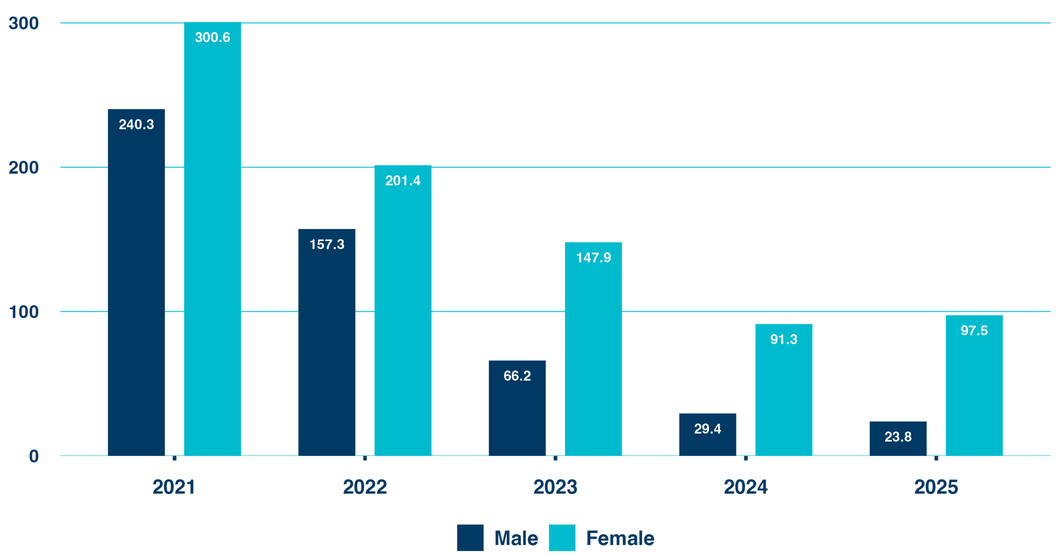
War deepens gender imbalances in the labour market — men avoid formal employment due to mobilisation risks, while gender norms still shape occupational choices

In Jan 2025, registered unemployment rose for the first time since the full-scale invasion – driven entirely by women (**+6.8%**), while male unemployment dropped (**-19%**), reflecting widespread avoidance of formal employment due to mobilisation risks.

Women have become markedly more active and adaptive in the labour market: their share among job centre clients rose f**rom 55.5% in Jan 2021 to 80.4% in Jan 2025**, and they participate in training over five times more often than men.

Registered Unemployed by Gender, thsd

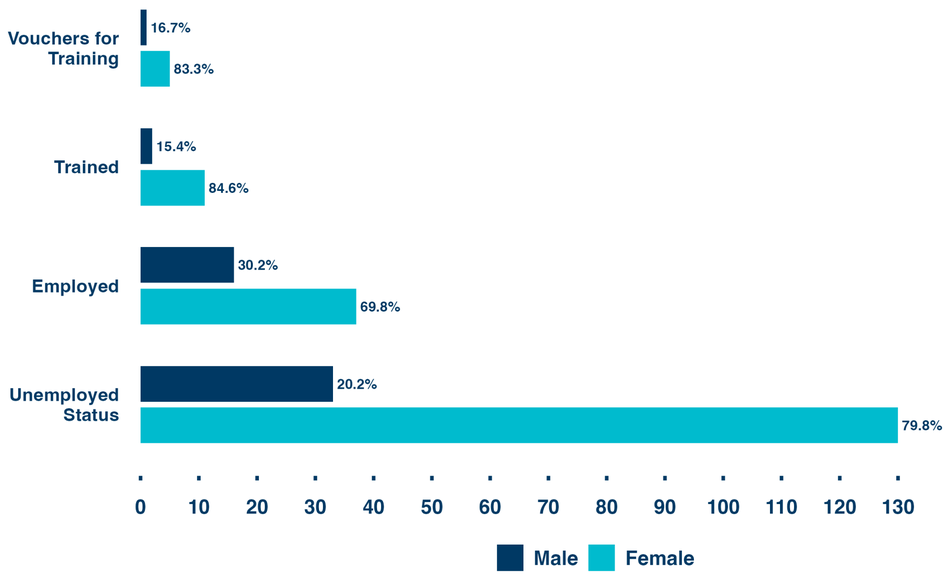
as of 01.01



Source: SESU, KSE Institute*

Gender Structure of the Unemployed and Recipients of Employment Services, thsd/%

in January-March 2025



Source: SESU, KSE Institute

** State Employment Service of Ukraine (SESU)*

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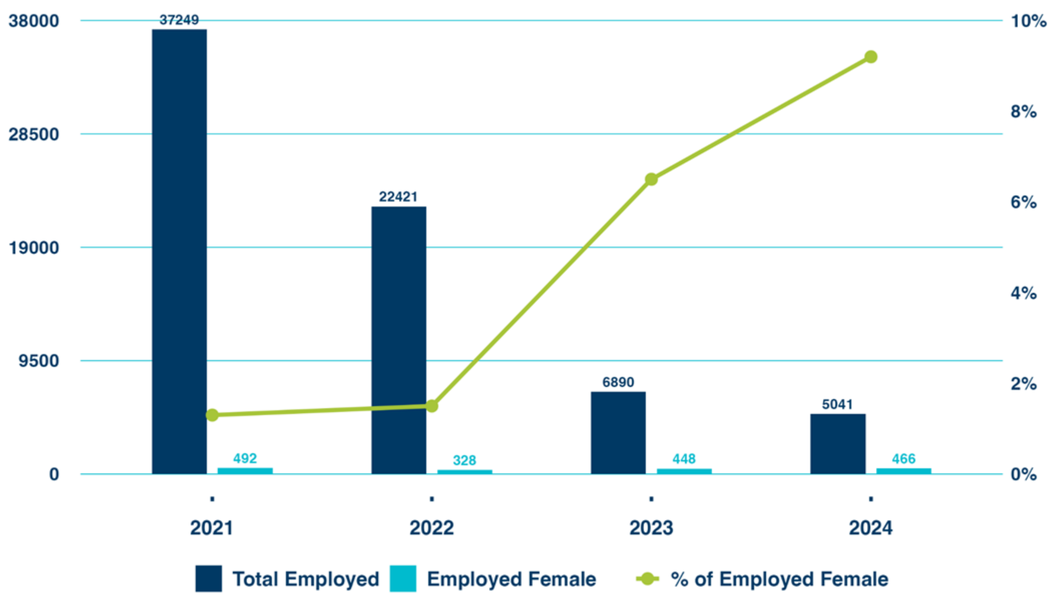
Share of women in traditionally male roles is increasing, but not yet closing the gap

The share of women employed in traditionally male occupations increased from **1.3% to 9.2%,** mainly due to a decrease in male employment **from 37,249 to 5,041**, while the number of women remained relatively stable.

The share of female managers in newly created sole proprietorships has increased by **13%** since 2022, but gender segmentation in the choice of business sector remains.

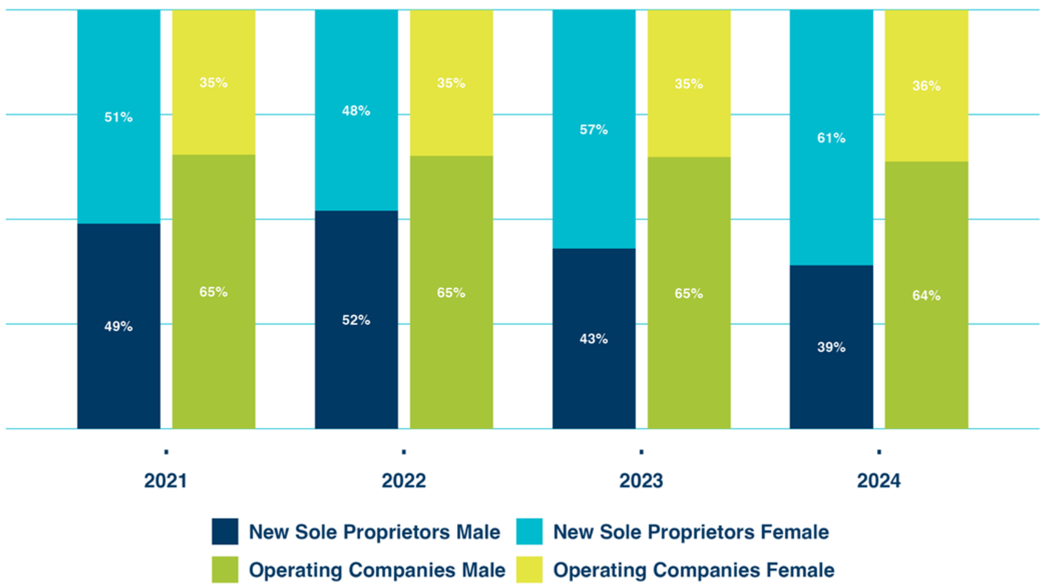
In the total number of operating companies, the dynamics of women's integration into leadership positions is slow.

Employment of Female in Traditionally "Male" Professions, units/%



Source: SESU, KSE Institute

Gender Profile of Private Business, %



Source: SSSU, Opendatabot, KSE Institute

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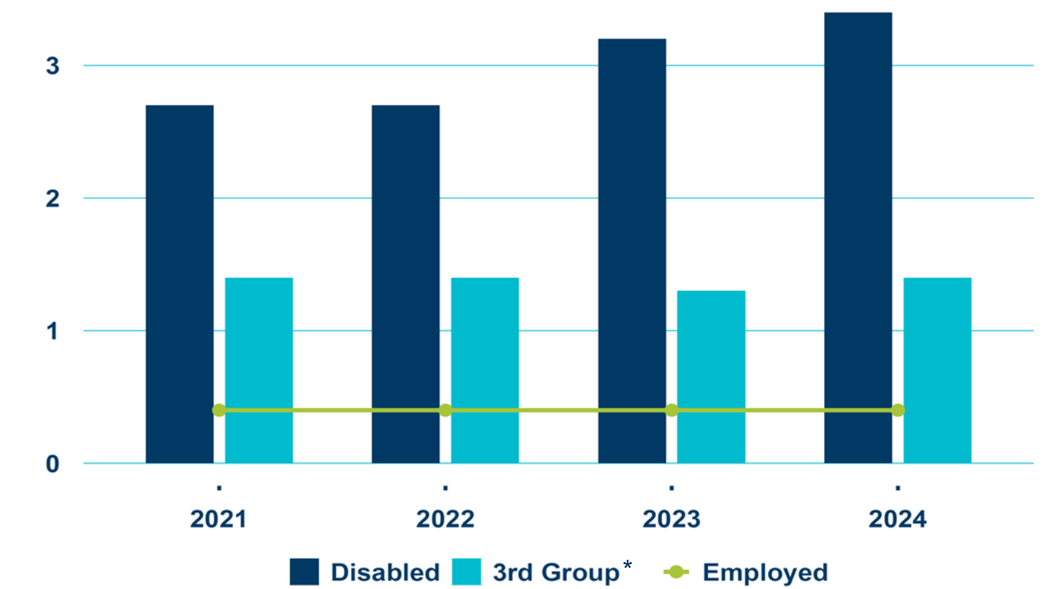
Inclusion of people with disabilities in the labour market, with ~40% not needing special workplace adaptations, will improve living standards and reduce labour shortages

The share of people with disabilities grew **from 2.7 million in 2021 to 3.3 million in 2024**, while **~40%** of them do not need special workplace adaptations*. It indicates a potential for their greater inclusion through employer incentives and government policy, amid only **~16%** of vacancies marked available for people with disabilities.

Employment and training services must be improved as only **6%** of people with disabilities used them **in 2024**.

Number of People with Disabilities and Their Status on Labour Market, mn

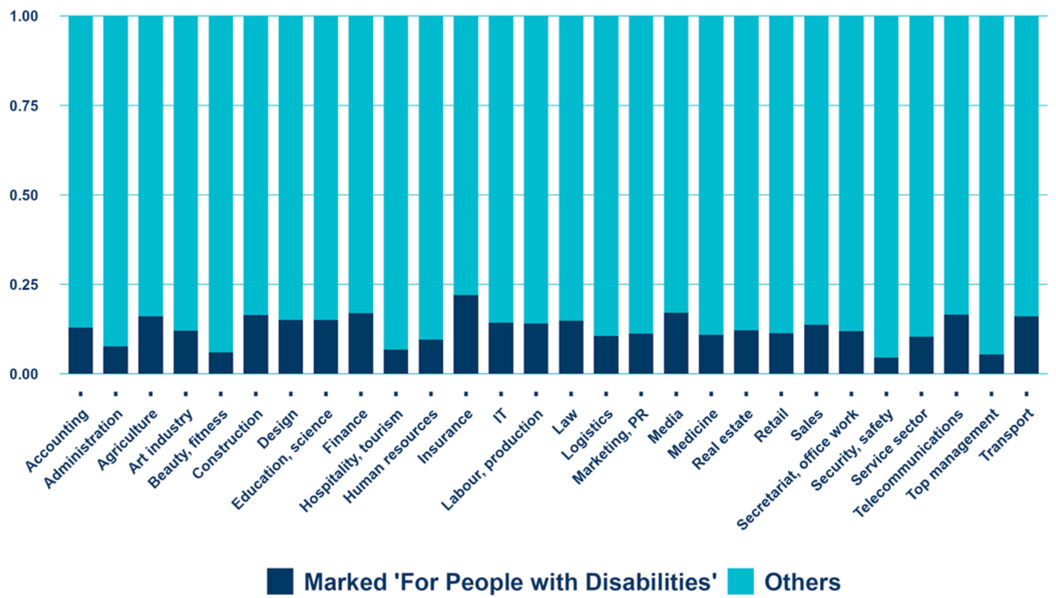
**People with 3rd group disabilities do not require special workplace adaptations*



Source: Social Security of Ukraine Population, Ministry of Health, PFU, KSE Institute

Share of Vacancies for People with Disabilities by Sector, %

as of March 2025



Source: Work.ua, KSE Institute

**The third disability group is assigned to individuals with moderate health impairments that limit their ability to work but still allow them to be employed under adapted or lighter working conditions*

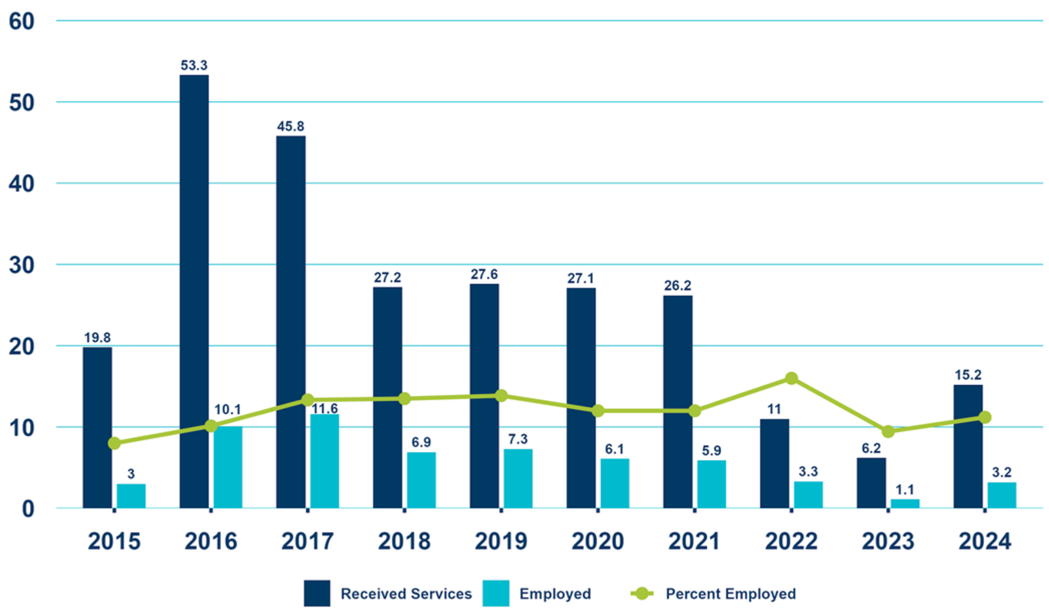
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Veterans reintegration and support is needed for the economy; private and government sector cooperation is vital

The low employment rate of veterans (**~20%**) reflects both the difficulties of adapting to civilian life and the limited effectiveness of institutional support. Cooperation with companies, which are already responding to staff shortages by investing in veterans, could improve both the quality of life of veterans and the labour shortage, but the proportion of vacancies is still low, at an average of **5%** across sectors.

Support for veterans is scattered, coordination of the state, business, and initiatives such as the KSE Veterans Office is needed.

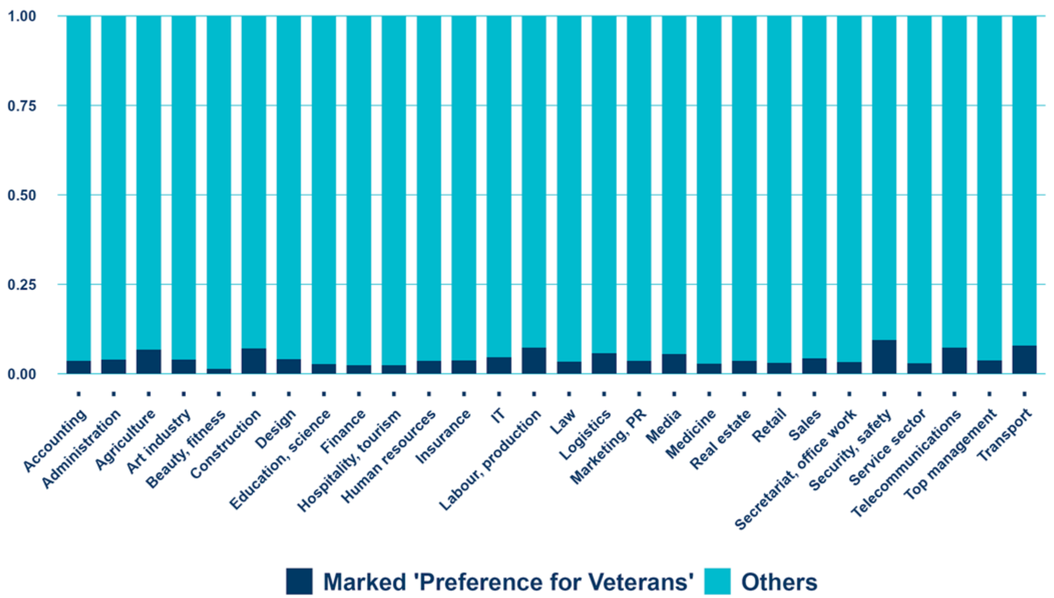
Dynamics of Veterans Applications and Employment Through Employment Centers, thsd/%



Source: SESU, KSE Institute

Share of Vacancies with "Veterans Prefered", %

as of March 2025



Source: Work.ua, KSE Institute

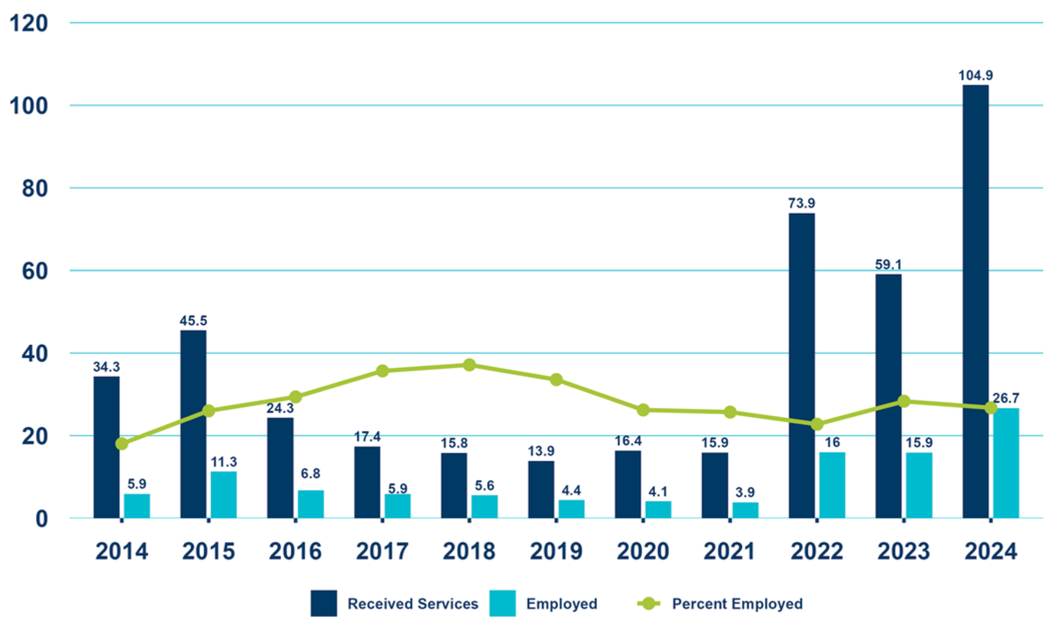
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IDPs will migrate if social support and working conditions do not meet basic needs, resulting in a loss of labour force

Only 7% of unemployed IDPs applied to employment centres in 2024, signalling the need for better accessibility, communication and trust in public services. The other reasons are regional infrastructure constraints, a limited labour market, and unwillingness for reskilling.

The state reimburses employers for hiring IDPs, with compensation **in 39% of cases**, but the mechanism is temporary and requires flexibility and regional adaptation due to significant discrepancies.

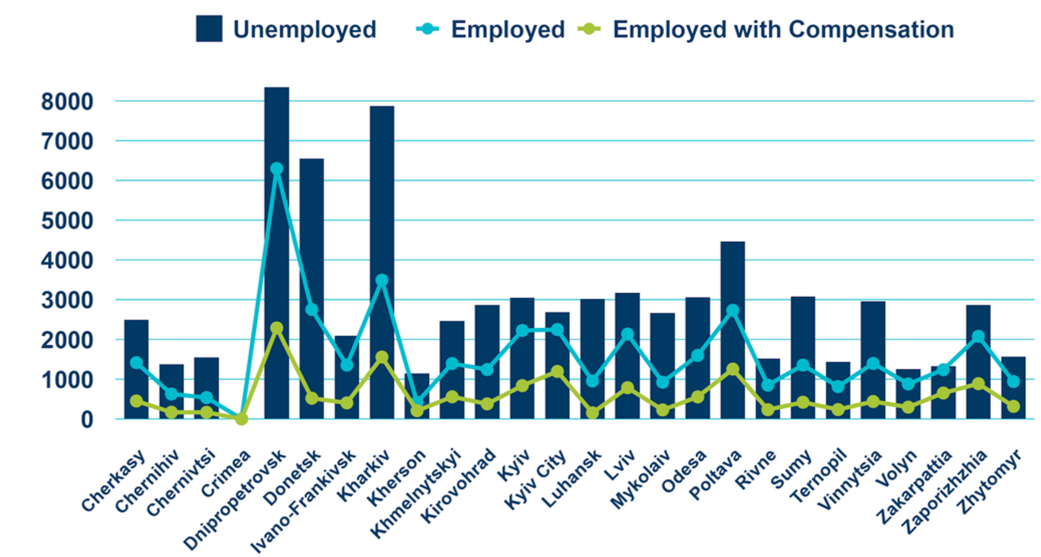
Dynamics of IDP Applications and Employment Through Employment Centers, thsd/%



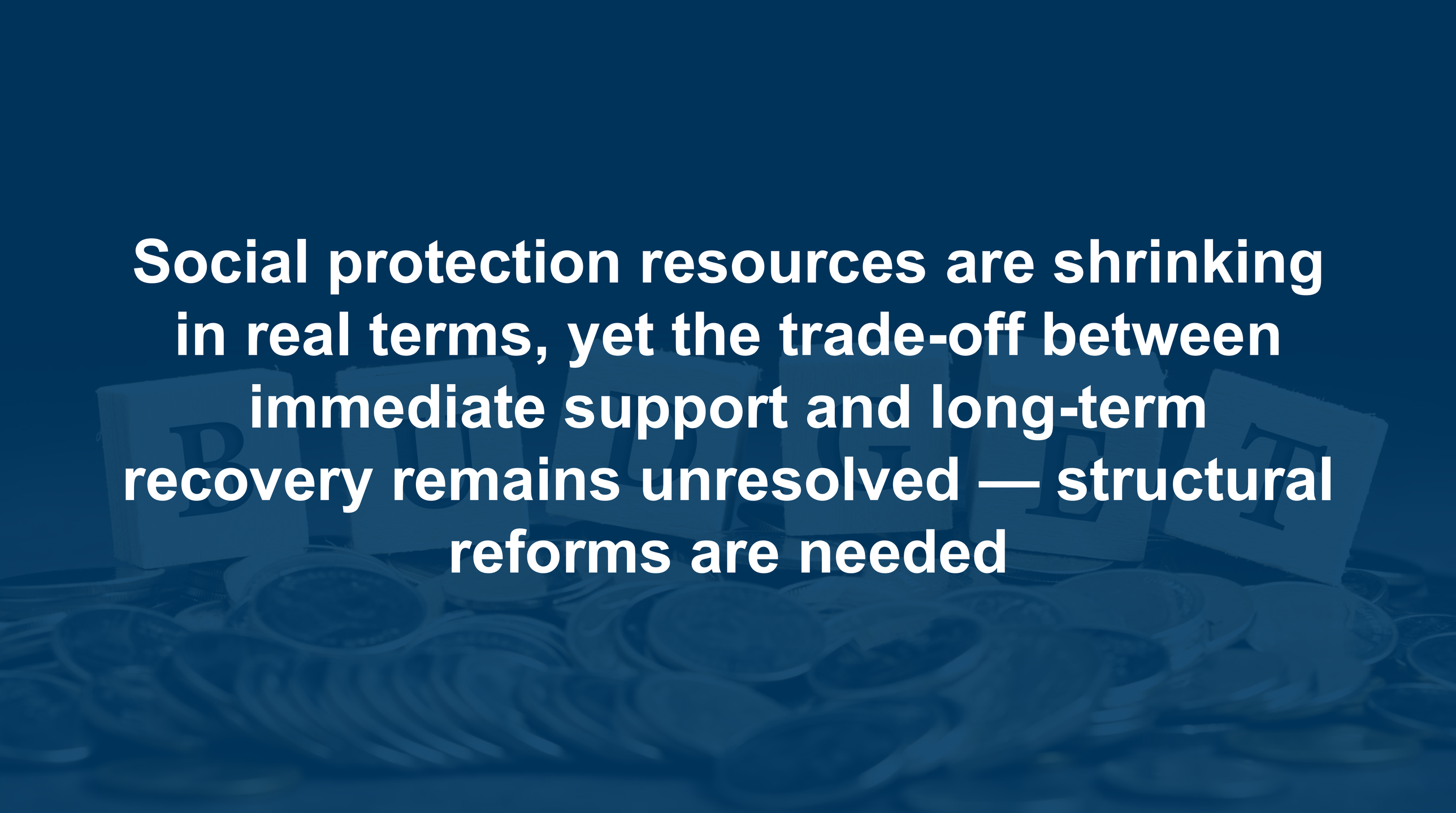
Source: SESU, KSE Institute

Employment of IDPs by Oblast, units

in 2024



Source: SESU, KSE Institute



Social protection resources are shrinking in real terms, yet the trade-off between immediate support and long-term recovery remains unresolved — structural reforms are needed

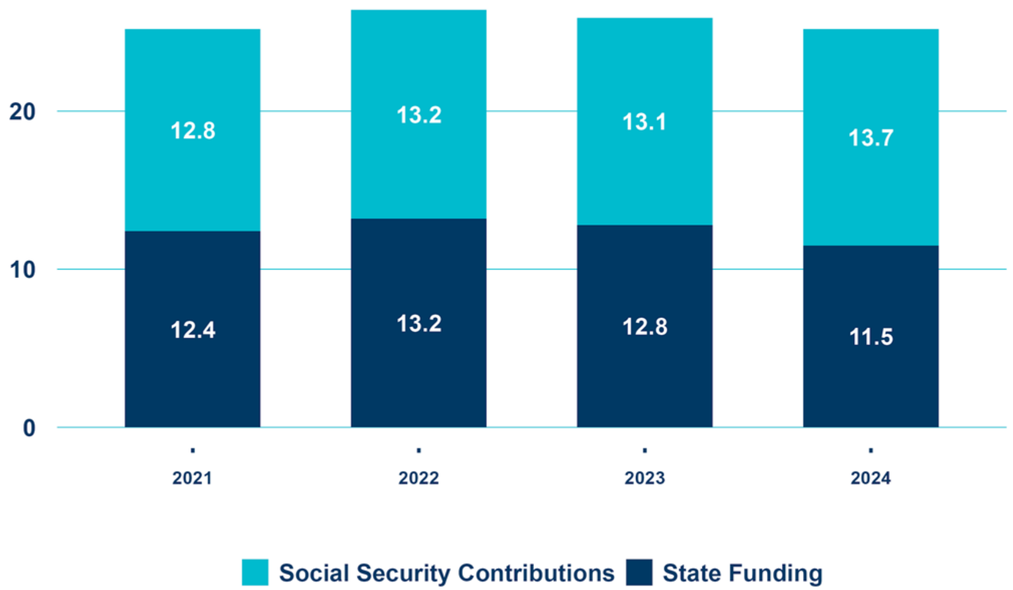
The social protection spending is declining as defence remains the top priority amid constant risks even in a post-war period

The share of social protection in the state budget declined **from 23% in 2021 to 10% in 2024–25**, while defense and security spendings soared **from 21% to 67%,** with army approaching **1 million** personnel that cannot be cut rapidly post-war.

In 2024, social security contributions (SSC) exceeded state expenditures by **19%**, largely due to military personnel payrolls.

Restraining nominal hryvnia social expenditures, accompanied with continuous “safe” devaluation of **up to 7% annually***, remains one of the only available tools to decrease real social spendings without overwhelming political pressure.

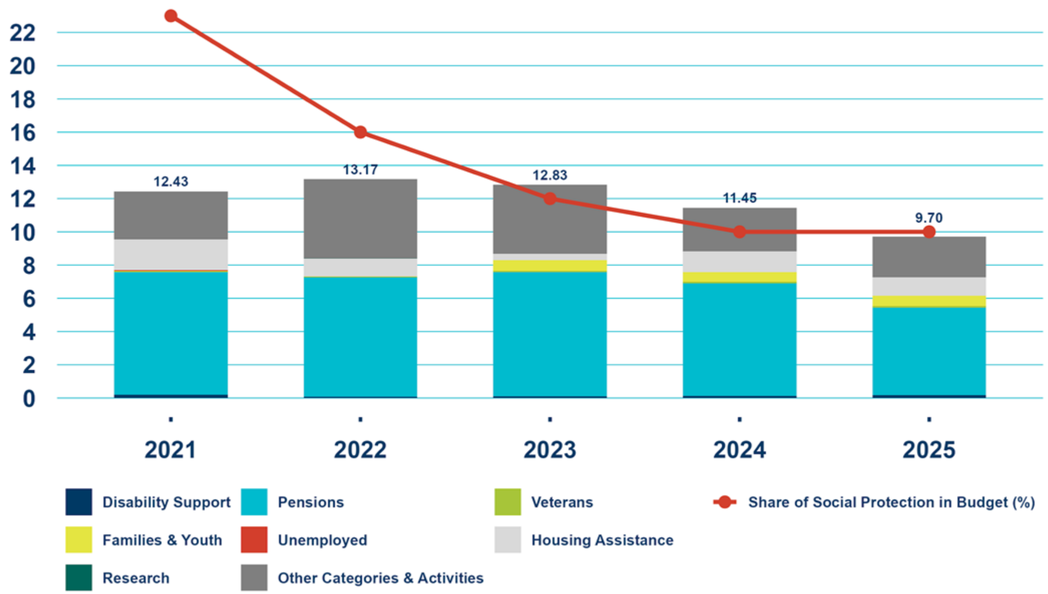
State Funding and Social Security Contributions, $ bn



Source: Openbudget.gov.ua, State Tax Service of Ukraine, KSE Institute

State Budget Expenditures on Social Protection and Social Security, $ bn/%

Planned for 2025



Source: Openbudget.gov.ua, KSE Institute

** Approximate number found through the Purchasing Power Parity (PPP) approach, that includes domestic inflation and the trade partners average. Taking the former to be 10% at max, as a level without significant risk of the inflation spiral and structural disbalances, and for the latter 3% as a combination of EU target of 2% and higher levels for countries like Turkey, China and others*

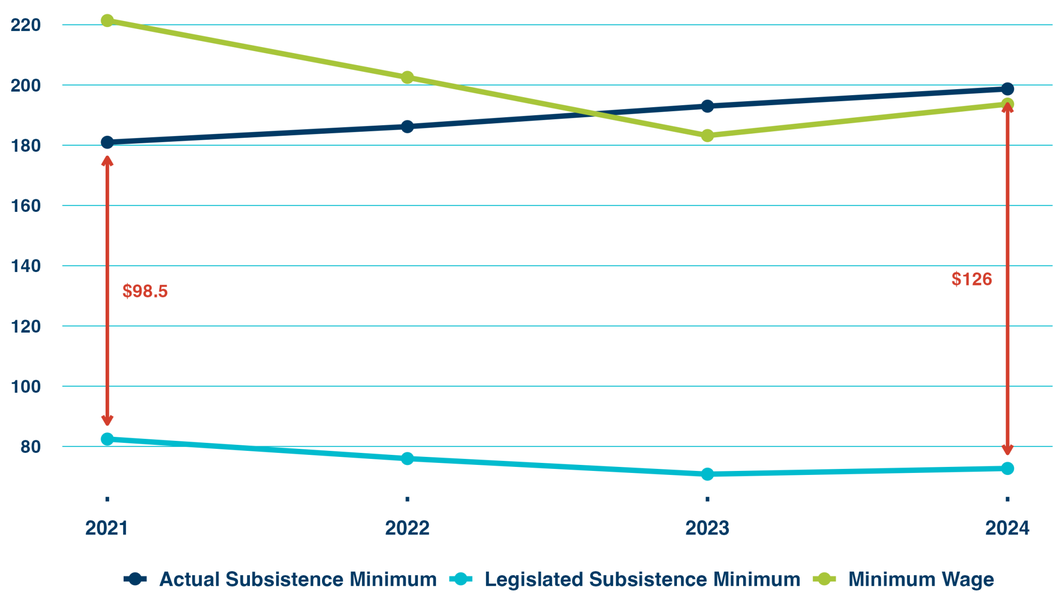
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Legislative social standards do not meet actual living costs

The legislated subsistence minimum was **~2.5 times lower** than the actual* in 2024, **$71 vs $193**. Social benefits are linked to the former, thus artificial constraint reduces budget expenditures, but gap is widening from **$98.5 in 2021 to $126 in 2024.**

In 2024, the minimum wage nearly matched the actual subsistence minimum (**$193.6 vs $198.7**), whereas in 2021 it exceeded it **by 22% ($221.4 vs $181)**, indicating a decline in its real purchasing power. The average wage, both by SSSU, PFU and work.ua**, has been growing and expected to continue***, achieving nearly **$600 in Q4 2024** by SSSU data**.**

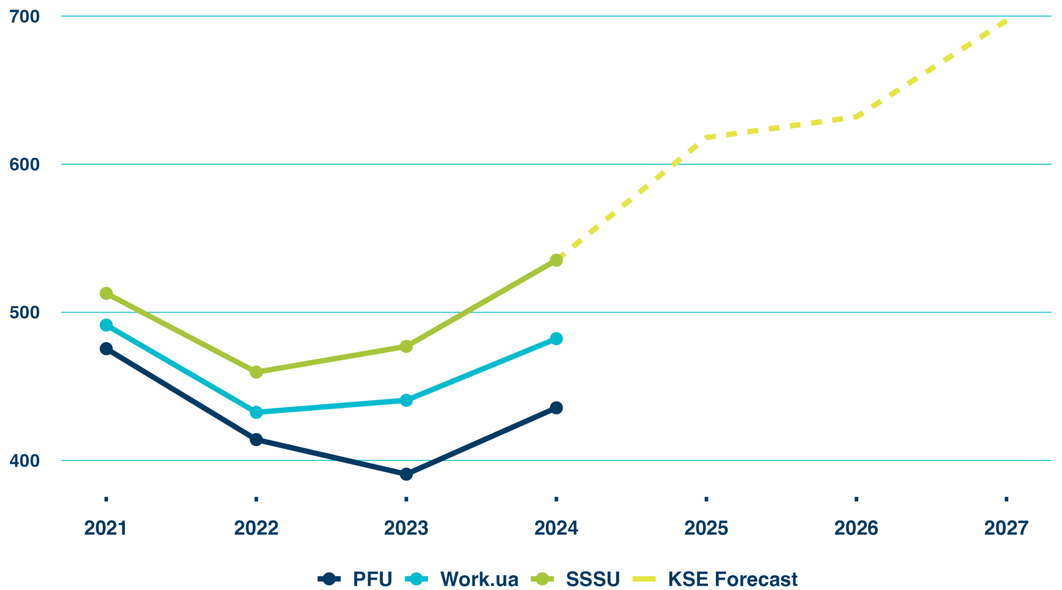
Subsistence Minimum and Minimal Wage, $



Source: State Budget, Ministry of Social Policy, KSE Institute

Average Wage by Different Sources, $

as of 31.12



Source: SSSU, PFU, Work.ua, KSE Institute

**The actual subsistence minimum is calculated monthly by the Ministry of Social Policy based on average consumer prices for food, non-food goods and services, as well as utility tariffs and mandatory payments, to monitor the real living standards of the population*
***One of the key job aggregators in Ukraine*
**** Ukraine Macroeconomic Handbook of KSE Institute*

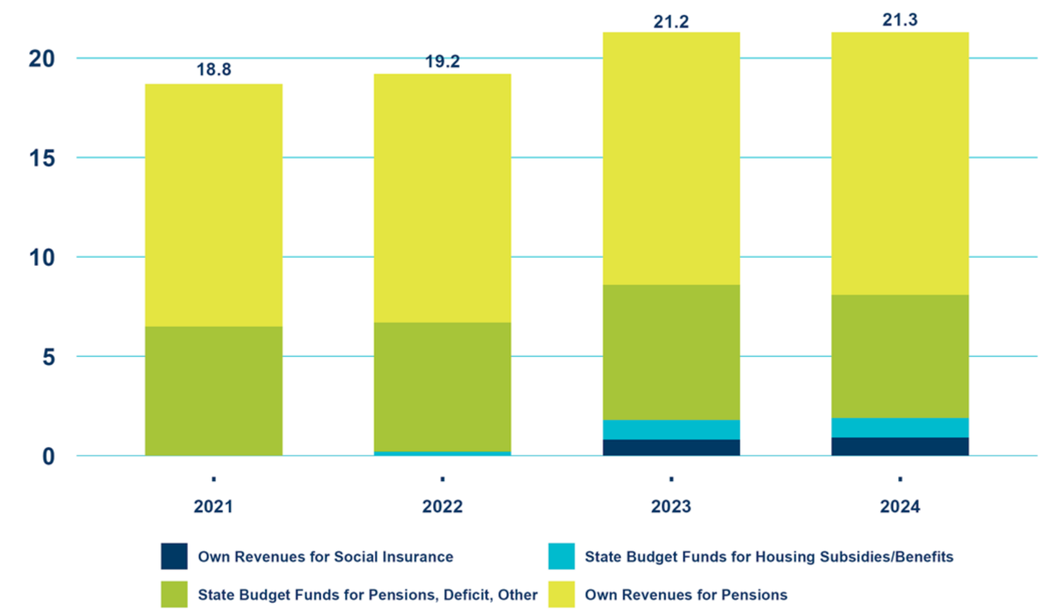
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In 2023-24, the Pension Fund has taken on the role not only of a pension institution but also of an administrator of social insurance payments and housing subsidies

Since 2023, the share of pensions in the Pension Fund's expenditures has dropped **from 98% to 89%** due to the assumption of new responsibilities for administering housing subsidies and social insurance payments.

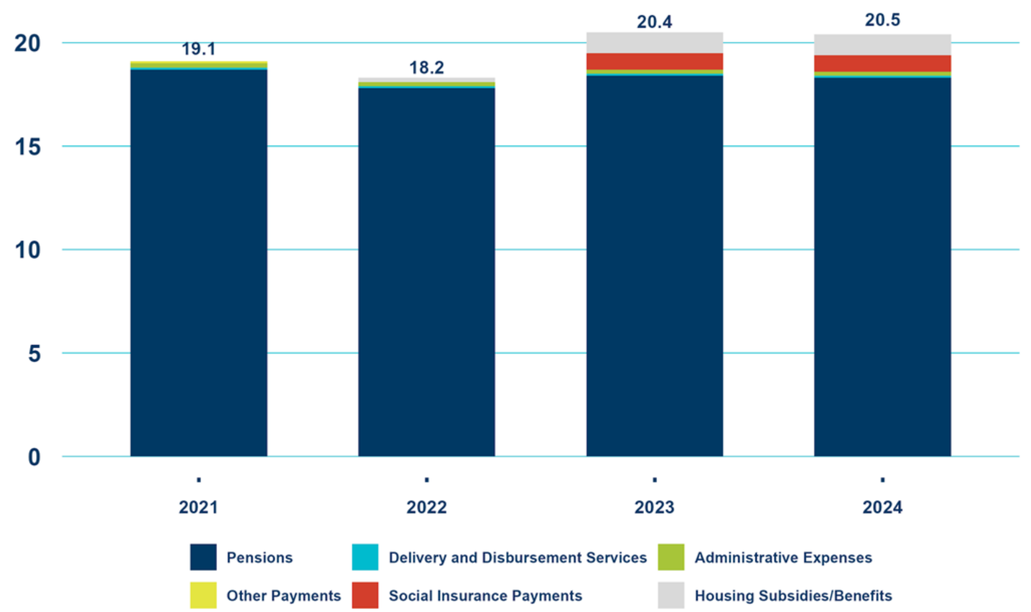
In 2024, **66.2%** of PFU revenues come from own sources (mainly SSC), **29.1%** from the state budget (for special and social pensions), and **4.7%** for housing and utility subsidies. Pension funding from the state budget remains a burden, so the government is reducing it: in 2023, the share was **32.1%**.

PFU's Revenues, $ bn



Source: PFU, KSE Institute

PFU's Expenditures, $ bn



Source: PFU, KSE Institute

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The Unemployment Fund is shifting from benefit payments to investing in retraining, upskilling, and entrepreneurship support

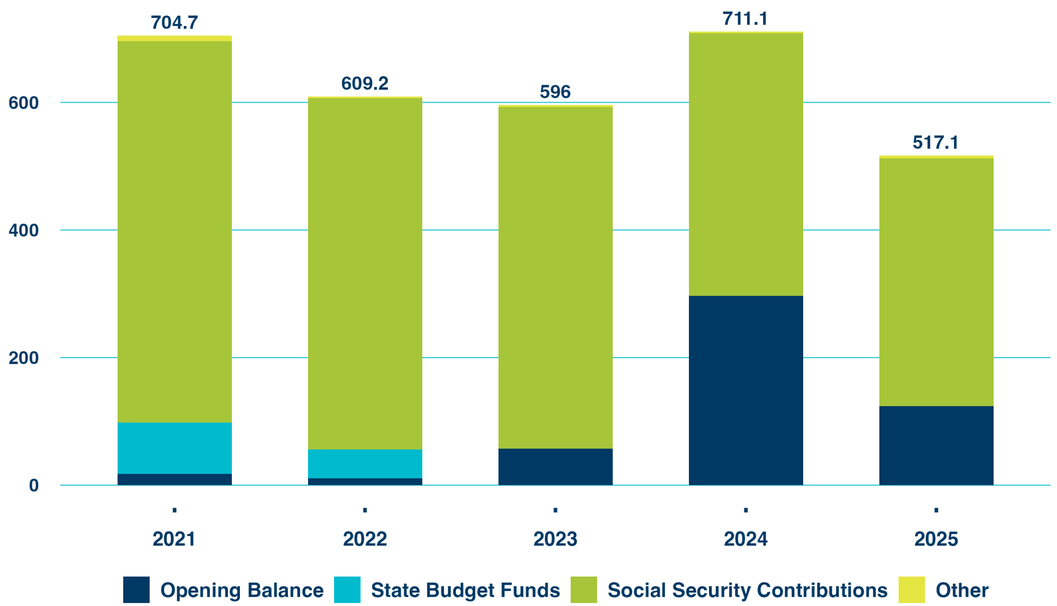
Starting from 2023, **99%** of the Unemployment Fund is financed via SSC – up from **11%** and **7%** state budget support in 2021-22, due to legislative changes.

In 2024, unemployment benefit spending fell by **over 50%** vs. 2021, while **$112.1 million** was allocated to business grants – signaling a shift to active labour market policies.

High starting balances in 2024–25, driven by rising SSC revenues, allowed the Fund to redirect **$249.1 million and $117.8 million** to the state budget for industrial park development.

Unemployment Insurance Fund Revenues, $ mn

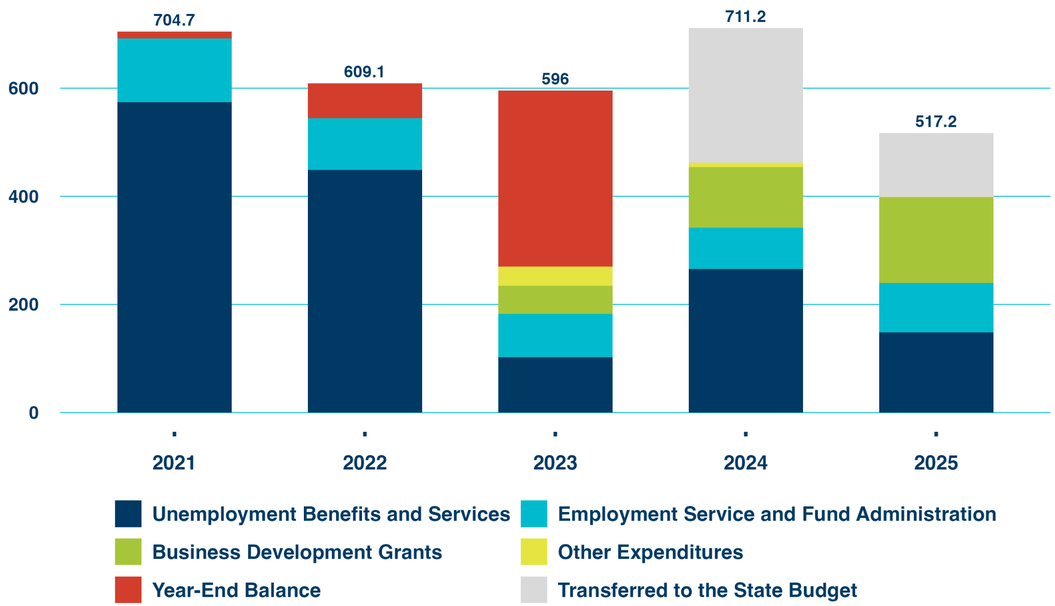
Planned for 2024 and 2025



Source: Resolutions of the Board of the Unemployment Insurance Fund and the Cabinet of Ministers of Ukraine

Unemployment Insurance Fund Expenditures, $ mn

Planned for 2024 and 2025



Source: Resolutions of the Board of the Unemployment Insurance Fund and the Cabinet of Ministers of Ukraine

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Ukraine focuses on achieving EU social policy requirements and reducing gap in labour force though involving vulnerable groups of population

Key Reforms: 2022–24 Snapshot

Title	Description	Implementation Period	Impact
Reorganization of the Social Insurance System	Abolishment of the Social Insurance Fund and transfer of its functions to the Pension Fund	January 2023	Estimated administrative simplification and annual savings of $55–82 million
Child Protection	Establishment of the State Child Protection Service	September 2023	Improved quality of child protection and enhanced support for communities in safeguarding children's rights
Veteran Reintegration	Introduction of the Veteran's Assistant Institute	June 2023	Support for the reintegration of over 20,000+ veterans
Enhanced Investment in Human Capital	Within the Ukraine Facility programme (€50 billion), approval of strategies for education, inclusion, rehabilitation, and demographic development	June 2023	Expected increase in birth rates, support for family-based care, and improved quality of life for older persons and persons with disabilities
Free School Meals	Provision of free meals to pupils in grades 1–4	October 2024	Improved access to nutrition for 1.6 million children; support for families and communities
Inclusive Economy	Grants and employment support for veterans, persons with disabilities, and IDPs	2022–24	Growth of entrepreneurship among veterans, persons with disabilities, and IDPs through grant and compensation programmes; over 2,000 veteran-owned businesses created

Expected Reforms in 2025

Title	Description	Implementation Period	Impact
Improved Targeting of Public Spending through a Gender Approach	Introduction of gender budgeting into the budget process to take into account the needs of different population groups	January 2025	Improved efficiency and transparency of public expenditures; reduced gender gaps in access to public services
New Mechanisms for Labour Market Integration of Persons with Disabilities	Introduction of mandatory social services to support employment of persons with disabilities	January 2025	Increased employment among persons with disabilities; reduced labour shortages
Increased Support for Vulnerable Groups	Introduction of a basic social assistance scheme to replace multiple benefit types	2025	Simplification of the benefits system and improved support for vulnerable categories
Revised Approach to Special Pension Calculation	Introduction of unified recalculation rules for recipients of special pensions, regardless of income or salary changes, with indexation under general rules	1 July 2025	Greater fairness and transparency in pension calculation; reduced disparities in benefit assignment
Adoption of a New Labour Code	Harmonisation of labour relations with EU standards	2025	Labour market formalisation, increased official employment, support for small business development
Fulfilment of EU Requirements in Social Protection and Employment	Labour reform, child care deinstitutionalisation, continued reform of social benefits and service delivery	2025	Alignment of social protection standards with EU requirements; enhanced quality of social services