



# SOCIAL SUPPORT FOR LOW-INCOME FAMILIES: SYSTEM WEAKNESSES AND RECOMMENDATIONS FOR ITS IMPROVEMENT

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The research was based on 2023 data and was conducted at the request of the Ministry of Social Policy of Ukraine with the financial and expert support of the United Nations Children's Fund (UNICEF), to identify gaps in the system of providing state assistance for low-income families and to find possible ways to meet their needs.

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# KEY CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the research, we outlined the following key conclusions:

- 1. Households that are on the poverty line do not receive the necessary support.** Currently in Ukraine, the subsistence minimum does not take into account modern socio-economic challenges. The reason is its connection to a number of payments that are financed from the state budget. Therefore, raising the subsistence minimum level to current prices would automatically require an increase in expenditures on payments related to this amount. The understated level of the subsistence minimum causes insufficient state assistance to ensure the basic needs of low-income families. In addition, the current mechanism for calculating the total family income often excludes from the circle of assistance recipients those persons who formally have a slightly higher income level, but actually cannot ensure a decent standard of living.
- 2. Cash payments, regardless of their size according to current legislation, cannot satisfy the basic needs of low-income families.** International experience indicates the need to support families not only through cash payments, but also through temporary housing rental. It is also important to provide support in crisis situations in the form of one-time compensations, as well support in satisfying priority needs such as purchasing essential items or clothing.
- 3. The introduction of basic social assistance will significantly improve the level of support for low-income families.** The consolidation of five different social benefits and changing the assignment mechanism will increase the level of support for people who already receive assistance, and expand the range of recipients who need it. This will reduce the share of low-income families with children outside of state support and allow them to avoid extreme poverty, provided there is sufficient financing from the state budget<sup>1</sup>.
- 4. Three times more funds are allocated to housing benefits and subsidies than to state social assistance for low-income families.** This approach significantly limits the ability of low-income families to spend money on needs that may be priority for them, for example housing search, nutrition or healthcare.
- 5. Children from low-income families require enhanced support.** The presence of a child affects the increase in the amount of assistance, and a child from a low-income family has the right to free meals. In other cases, the current system of support for low-income families does not actually take into account the needs of children, if they do not have special status and are simply low-income.

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<sup>1</sup> UNICEF highlights that several universal programmes will be merged into a means-tested programme, and in results the number of recipients will be substantially reduced. On the positive side, this will reduce the dispersion of benefits dependent on social standards

In order to improve the level of support for low-income families, we developed the following recommendations:

- 1. Introduce targeted instruments for supporting the needs of low-income families.** It is necessary to ensure the provision of funds that can be used to purchase food or essential items in authorized stores, as well as subsidies for housing rental and stimulating energy efficiency. Housing benefits and subsidies should be provided as an additional option to the basic assistance for people with low-income levels.
- 2. A basic value should be applied instead of the subsistence minimum, which is currently a key element in assistance assignment.** The introduction of a basic value is a necessary step in the process of updating calculation indicators. Currently, it is almost impossible for low-income families to receive social assistance if they do not have several representatives from vulnerable socio-demographic groups, such as children or people with disabilities. However, in the proposed model of introducing basic social assistance, the basic value coefficient for children under 6 years is 100%, and for children over 6 years-70%, which accordingly affects the payment amount. The costs of maintaining children aged 6 and 7 years hardly differ, but due to the start of school education, the need for additional support for children from six years even increases. At the same time, the size of the basic value should be reviewed annually taking into account inflation. In this regard, the size of the base amount should be reviewed annually, taking into account inflation. In this regard, it is also advisable to review the proposed coefficients for applying the basic value.
- 3. Review the approach to the support system for children from low-income families according to their basic needs.** For example, one could introduce partial or full compensation for childcare services for low-income families, as care is a basic need for all families with children. Support should also be provided for education, safety, access to sports and cultural development.
- 4. Ensure support for low-income families in crisis situations.** Families may need state support immediately, without waiting for payment for a month or a six-month period of reducing the average monthly income to the established limit for receiving the right to assistance. To avoid a life-threatening situation for the family due to lack of funds, the state should ensure the purchase of essential items or clothing, as well as reimbursement of transport costs in crisis situations. This is especially relevant in times of war, when property may be damaged or completely destroyed anytime.
- 5. Optimize assistance assignment mechanisms for the low-income families.** If there are able-bodied persons in the family, assistance assignment should not be suspended for a certain period after employment, as deprivation of monetary payment can be a barrier to further job search. It is necessary to introduce an interdepartmental register of low-income families for transparency and to avoid duplication of various assistance from the state, local self-government bodies, NGOs and international donors. Optimization of assistance programs should be aimed at creating conditions and stimulating these families to independently improve their financial situation.

# INTRODUCTION

**The financial situation of Ukrainian families significantly deteriorated as a result of Russia's full-scale invasion.** The war has made families with children particularly vulnerable to economic and social challenges. During 2022, the poverty rate in Ukraine increased from 5.5% to 24.2%, and the share of children who found themselves below the poverty line increased from 43.2% to 65.2%. The poverty rate of households with children is higher compared to households without children<sup>2</sup>. According to the World Bank data as of August 2024, the number of Ukrainians living below the poverty line has increased by 1.8 million since 2020, which represents about 23% of the country's total population. Another 3 million people could have found themselves below the poverty line if international partners had not intensified their support efforts<sup>3</sup>.

**In Ukraine, the existing social protection system cannot fully respond to the challenges faced by low-income families.** In 2023, 183 thousand families with 316.3 thousand children (on average 1.73 children per family) received state social assistance to low-income families. This also included 46.6 thousand large families with 175.9 thousand children (on average 3.8 children per family)<sup>4</sup>. With the growth of inflation and the freezing of social standards, the poverty level will increase, and thus the number of vulnerable families will only grow. There is a need to change ineffective existing approaches to social protection, as available resources for supporting low-income families are insufficient.

**Existing social support mechanisms are unable to significantly improve the situation of low-income families.** The present model of social protection still depends on instruments introduced during the times of the Ukrainian Soviet Socialist Republic. This means that the state focuses not on specific needs of people, for example, due to their financial situation, but on their special status or belonging to a certain group (for example, the status of a single mother (father), but not all persons who raise children on their own need assistance from the state). The lack of real low-income persons needs monitoring, as well as the use of irrelevant socio-economic indicators is the reason for the insufficient assistance amounts for the low-income. The average monthly allowance per low-income family in 2023<sup>5</sup> was UAH 5,498.7. In 2024, the assistance amount increased by 30% and amounted to 7,147.9 UAH per family<sup>6</sup>. If a family consists of four people, then this is 1,787 UAH per person per month. It is likely that this amount is insufficient to solve priority problems related to the family's material vulnerability.

**At the request of the Ministry of Social Policy of Ukraine (hereinafter – Ministry of Social Policy), the KSE Institute analytical team, with the financial support from the United Nations Children's Fund (UNICEF), prepared the study 'Social Support for Low-Income Families: System Weaknesses and Recommendations for Its Improvement'.** The research is relevant due to the need to reform the social support system, which currently does not sufficiently consider individual family needs, especially during wartime, as well as the imperfection of the procedure for assessing financial status when making decisions about assistance assignment. Within the framework of the study, we analysed the national experience of supporting low-income families in 2021-2023 and proposed recommendations for its further reform.

<sup>2</sup> Child poverty: forecast assessments of war's impact on households with children, analytical note, February 2023 (with support from the UN Children's Fund Representation in Ukraine), <https://cutt.ly/3rv1BXEC>

<sup>3</sup> The World Bank In Ukraine, 2024, <https://www.worldbank.org/en/country/ukraine/overview#1>

<sup>4</sup> According to information from the National Social Service of Ukraine in response to public requests

<sup>5</sup> Report on the implementation of budget program passport 2501540 "Support for Low-Income Families" for 2023. - Ministry of Social Policy of Ukraine

<sup>6</sup> The same

# RESEARCH METHODOLOGY

**The study ‘Social Support for Low-Income Families: System Weaknesses and Recommendations for Its Improvement’ was conducted in the format of a desk research.**

During the preparation process, regulatory and legal acts of Ukraine, budget programs of the Ministry of Social Policy were analysed, as well as the volumes of state budget expenditures on social protection and support for low-income families, namely: reports on the implementation of 2501030 budget program passport ‘Payment of certain types of assistance, compensations, monetary provision and payment for services to certain categories of population’ for 2021<sup>7</sup> and 2022<sup>8</sup>; reports on the implementation of budget program passports 2501130 ‘Measures for social protection of children, families, women and other most vulnerable categories of population’ for 2021-2022, 2501540 ‘Support for low-income families’ for 2023<sup>9</sup> and 2501540 ‘Support for low-income families’ for 2024<sup>10</sup>. Statistical collections of the State Statistics Service of Ukraine ‘Social Protection of the Population of Ukraine’ in 2021<sup>11</sup> and 2022<sup>12</sup>, information provided by the National Social Service of Ukraine, other open sources and studies were also used. Special emphasis was placed on the needs of children raised in low-income families. Within the framework of comparative analysis, international experience of supporting low-income families was studied, as well as common and distinctive features in comparison with domestic practice were identified.

**The research hypothesis is that the existing social support system for low-income families in Ukraine does not significantly affect their financial situation and does not cover basic needs.** Due to the current mechanism for determining eligibility criteria for assistance assignment, many families in need of financial support may not receive it. At the same time, due to the connection to the legally established subsistence minimum, the amount of assistance itself may be insufficient and ineffective in meeting the basic current needs of low-income families.

**The purpose of the study is to analyze gaps and develop recommendations for comprehensive reform of the social support system for low-income families.** To achieve this objective, we identified and analyzed the advantages of the existing social support system for low-income families in 2021-2023. Based on the results, we formulated conclusions that are reflected in recommendations for improving the mechanism of providing support to low-income families.

**To achieve the research objective, a number of tasks were defined. The completion of each can be considered as research stages:**

- determine who the state considers a low-income person/family;
- analyze existing types of support for low-income families and their targeting;
- determine the amount of state budget expenditures on payments to low-income families and trends in the amounts of these payments;
- identify gaps in the system of low-income families support (insufficient funding, payments related to single mother status, etc.);
- model and compare the amounts of financial support for low-income families using examples

<sup>7</sup> Ministry of Social Policy of Ukraine, Report on the implementation of the budget program passport for 2021, 2022, <https://www.msp.gov.ua/news/22019.html>

<sup>8</sup> Ministry of Social Policy of Ukraine, Report on the Implementation of the Budget Program Passport for 2022, 2023, <https://www.msp.gov.ua/news/22702.html>

<sup>9</sup> Ministry of Social Policy of Ukraine, Report on the Implementation of the Budget Program Passport for 2023, 2024, <https://www.msp.gov.ua/news/23586.html>

<sup>10</sup> Ministry of Social Policy of Ukraine, Passports of Budget Programs for 2024, 2024, <https://www.msp.gov.ua/news/23452.html>

<sup>11</sup> State Statistics Service of Ukraine, Children, Women and Family in Ukraine, 2022, [https://ukrstat.gov.ua/druk/publicat/kat\\_u/2022/zb/10/zb\\_djs\\_2022.pdf](https://ukrstat.gov.ua/druk/publicat/kat_u/2022/zb/10/zb_djs_2022.pdf)

<sup>12</sup> State Statistics Service of Ukraine, “Social Protection of the Population of Ukraine,” 2023, [https://ukrstat.gov.ua/druk/publicat/kat\\_u/2023/zb/10/zb\\_szn\\_2022.pdf](https://ukrstat.gov.ua/druk/publicat/kat_u/2023/zb/10/zb_szn_2022.pdf)



of families consisting of representatives of different socio-demographic groups;

- study best international practices of supporting low-income families that may be relevant for implementation in Ukraine, and propose adaptation of the most effective ones;
- study the specifics of calculation and assignment of basic social assistance<sup>13</sup> as a possible alternative instrument to support low-income families;
- formulate conclusions and recommendations based on research results regarding support for low-income families, particularly about expanding state assistance instruments, improving the effectiveness of existing mechanisms, adapting international experience and ensuring a more flexible approach to assessing the needs of low-income families.

**The study employed both qualitative and quantitative research methods.** The qualitative method involved collecting and analyzing information from normative legal acts. As a result, it was identified how the state defines low-income families and the list of instruments for their support. The quantitative method included collecting information regarding the volume of budget fund distribution between different assistance instruments.

**The analysis of international experience in supporting low-income families includes practices from Europe, Canada, the United States, the Middle Eastern and Asian countries.** The research analyzed mechanisms for supporting for low-income families in the UK, Germany, France, Croatia, Lithuania, USA, Canada, Israel and Singapore. These countries have developed policies and support programs that may be useful for implementation in Ukraine. To search for information about ways to support low-income households in these countries, we used official websites of government bodies, national insurance institutions, as well as resources of international organizations.

**The conclusions and recommendations are based on a comparative analysis of domestic and international experience of social support programs for low-income households.** Recommendations contain models and approaches from other countries that are prospective for adaptation in Ukraine and aimed at improving effectiveness and ensuring more targeted and precise satisfaction of minimum needs of low-income families.

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<sup>13</sup> Draft Laws of Ukraine 'On Amendments to Certain Legislative Acts of Ukraine on Provision of Basic Social Assistance and Social Scholarships' and 'On Amendments to the Budget Code of Ukraine on Provision of Basic Social Assistance, Basic Social Assistance is a monthly benefit provided to a low-income family in cash in an amount that depends on the average monthly total family income and the property status of family members, [https://spo.fpsu.org.ua/wp-content/uploads/2024/05/1436-zk\\_do-1422-zk.pdf](https://spo.fpsu.org.ua/wp-content/uploads/2024/05/1436-zk_do-1422-zk.pdf)



# CHAPTER 1. PROBLEMS OF DEFINING AND COVERING LOW-INCOME FAMILIES WITH SOCIAL SUPPORT IN 2021-2023

The state defines low-income persons as a separate category whose income is lower than the established subsistence minimum level. The status of a low-income person is one of the factors that determine difficult life circumstances<sup>14</sup>. Ukrainian legislation separately defines low-income persons and low-income families. The amount of assistance to these categories depends both on the level of average monthly total income and the legally established subsistence minimum<sup>15</sup>.

*In Ukraine, there are two definitions of the concept of low income:*

- **low-income person** – a person whose average monthly total income for one quarter preceding the month prior to the month of applying for social services does not exceed two subsistence minimums for the corresponding category of persons<sup>16</sup>.
- **low-income family** – a family that, for reasons that are valid or beyond its control, has an average monthly total income lower than the subsistence level for a family<sup>17</sup>.

Ukrainian practice of providing social assistance for the low-income is partially similar to international practice. For example, in Lithuania, social assistance is assigned if the average monthly household income is lower than 1.1 VRP (Valstybės remiamos pajamos - state-supported income)<sup>18</sup>. VRP is a threshold indicator established by the government to determine eligibility for social support. This assistance is aimed at reducing income gaps and ensuring a minimum standard of living for those who find themselves in difficult financial situations. In Israel, additional income support is provided to persons whose income is lower than the minimum level, which is determined depending on family composition, applicant's age, health status and other criteria, and constitutes a fixed amount established by the state to ensure a minimum standard of living<sup>19</sup>. Additionally, in Israel<sup>20</sup> and Croatia<sup>21</sup>, the presence of household assets is also assessed when calculating guaranteed minimum compensation/payments. In Israel, an able-bodied family member who is self-employed or works part-time is required to register with the Employment Service to receive income support assistance and regularly report on their status<sup>22</sup>. If they refuse job offers or do not cooperate with the service, the right to assistance is suspended for two months.

<sup>14</sup> Para. 5 Art. 15 of the Law of Ukraine "On Social Services" dated 17.01.2019 No. 2671-VIII, <https://zakon.rada.gov.ua/laws/show/2671-19#Text>

<sup>15</sup> Resolution of the Cabinet of Ministers of Ukraine "On approval of the Procedure for assignment and payment of state social assistance to low-income families" dated 24.02.2003 No. 250, <https://zakon.rada.gov.ua/laws/show/250-2003-%D0%BF#n9>

<sup>16</sup> Para. 5 part 1 Art. 1 of the Law of Ukraine "On Social Services" dated 17.01.2019 No. 2671-VIII, <https://zakon.rada.gov.ua/laws/show/2671-19#Text>

<sup>17</sup> Art. 1 of the Law of Ukraine "On state social assistance to low-income families" dated 01.06.2000 No. 1768-III, <https://zakon.rada.gov.ua/laws/show/1768-14#Text>

<sup>18</sup> Patiriu finansinių sunkumų (piniginė socialinė parama). - Lietuvos Respublikos socialinės apsaugos ir darbo ministerija, 2024, <https://socmin.lrv.lt/lt/veiklos-sritys/socialine-parama-kas-man-priklauso/patiriu-finansiniu-sunkumu-pinigine-socialine-parama/>

<sup>19</sup> Income Support. – The National Insurance Institute of Israel, <https://www.btl.gov.il/English%20Homepage/Benefits/Income%20Support%20Benefit/Pages/default.aspx>

<sup>20</sup> The same.

<sup>21</sup> Guaranteed minimum benefit. – e-Citizens. Information and Services, <https://gov.hr/en/guaranteed-minimum-benefit/714>

<sup>22</sup> Income Support. – The National Insurance Institute of Israel, <https://www.btl.gov.il/English%20Homepage/Benefits/Income%20Support%20Benefit/Pages/default.aspx>

In Ukraine, the average monthly household income is compared with the minimum subsistence level to determine the right to social support. Additionally, a property status assessment is conducted, which allows for more accurate determination of the level of needs<sup>23</sup>.

**The subsistence minimum is the main value for assigning social benefits, including for low-income families.** According to the Constitution of Ukraine, pensions, other types of social payments and assistance that are the main source for living must ensure a standard of living not lower than the subsistence minimum established by law. In Ukraine, the subsistence minimum is a monetary value of a set of food products sufficient to ensure normal functioning of the human body and preservation of health, as well as a minimal set of non-food goods and minimal set of services necessary to satisfy basic social and cultural needs of an individual. The subsistence minimum is determined by the normative method calculated per month per person, as well as separately for those belonging to main social and demographic population groups: for children under 6 years old; children aged 6 to 18 years; able-bodied persons; persons who have lost their ability to work<sup>24</sup>.

**In international practice, there is no unified standard for determining the subsistence minimum.** While Lithuania uses VRP as an analogue of the subsistence minimum to define household's right to receive assistance, Germany has a 'minimum social standard' that determines payment amounts for pensioners and unemployed. In the United States, although there is no unified national subsistence minimum, the concept of 'federal poverty level' is used for access to social programs. Some states establish their own indicators that reflect the cost of living. The UK has a "minimum income standard" that takes into account the needs of different social groups, including families with children.

**The established size of the subsistence minimum used for assigning assistance is understated, and therefore does not cover the minimal needs of low-income families.** The use of subsistence minimum (hereinafter - SM) has a number of significant weaknesses, as there are two different types of subsistence minimum: legislative and actual. Legislative SM is established in the law on the State Budget of Ukraine for the corresponding year, while actual is calculated by the Ministry of Social Policy on a monthly basis since 2015 to monitor the dynamics of living standards. Legislative SM is linked to budget capacity, while actual SM is linked to people's needs. For calculating the subsistence minimum level, a corresponding methodology has been established<sup>25</sup>.

**The actual size of the subsistence minimum is on average twice as large as the legislatively established nominal indicator** (Appendix 1). If the actual and legislative SMs were equal, this would cause additional burdens on the state budget and affect the ability to provide timely and complete payments tied to this indicator, namely over 180 different types of payments (including salaries, fines, etc.), a significant part of which is not related to the subsistence minimum as a poverty criterion (Figure 1)<sup>26</sup>.

**Determining family income through the minimum wage standard (hereinafter – MW) can be a more accurate guideline for assessing the need of low-income families for social support.** Instead of a separate 'subsistence minimum' indicator or its analogues, international experience widely uses the minimum wage to determine the need for additional social protection of families.

<sup>23</sup> Resolution of the Cabinet of Ministers of Ukraine "Some issues of state social assistance payment" dated 22.07.2020 No. 632, <https://zakon.rada.gov.ua/laws/show/632-2020-%D0%BF#Text>

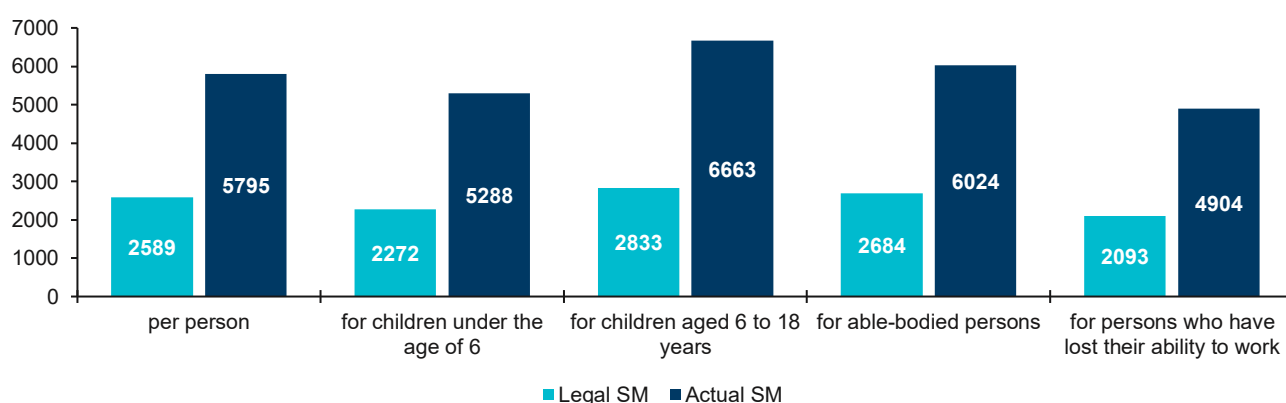
<sup>24</sup> Art. 1 of the Law of Ukraine "On subsistence minimum" dated 15.07.1999 No. 966-XIV, <https://zakon.rada.gov.ua/laws/show/966-14#Text>

<sup>25</sup> Methodology for determining the subsistence minimum, Order of the Ministry of Social Policy of Ukraine, Ministry of Economic Development and Trade of Ukraine, State Statistics Service of Ukraine dated 03.02.2017 No. 178/147/31, <https://zakon.rada.gov.ua/laws/show/z0281-17#Text>

<sup>26</sup> Marina Lazebna: Basic guaranteed incomes should ensure people a decent life. – Government portal, 2021, <https://www.kmu.gov.ua/news/marina-lazebna-osnovni-garantovani-dohodi-mayut-zabezpechuvati-lyudyam-gidne-zhittya>

According to the Convention concerning Minimum Wage, the size of the minimum wage should consider the needs of workers and their families, considering the general level of wages in the country, cost of living, social benefits and living standards of other social groups<sup>27</sup>. According to Ukrainian legislation, the size of MW is determined considering the needs of workers and their families, the monetary value sufficient to ensure normal functioning of the able-bodied person's body, preservation of their health, set of food products, minimal set of non-food goods and minimal set of services necessary to satisfy basic social and cultural needs of the individual, as well as the general level of average wages, labour productivity and employment level<sup>28</sup>. Therefore, based on the definitions of subsistence minimum and minimum wage, it can be concluded that in the Ukrainian legal field there are two identical instruments that should establish the poverty level. However, in practice they have opposite functionality: social and economic. By its nature, the MW size is a more accurate indicator of minimum needs not only of an individual worker, but also of the family. Legislation also requires that the minimum wage is established at a size not lower than the subsistence minimum for able-bodied persons<sup>29</sup>. However, in 2023, the minimum wage (6,700 UAH) was 2.5 times higher than the determined subsistence level (2,589 UAH)<sup>30</sup>. This additionally proves the irrelevance and artificial understatement of the subsistence minimum value.

**Figure 1. Ratio of legislatively established subsistence minimum and actual subsistence minimum as of 2023, UAH**



Source: KSE calculations based on data from the Ministry of Social Policy <sup>31</sup>

**Due to the existing system of assistance allocation, insufficient public awareness about their rights for assistance, and lack of information on how to access support, a significant share of households on the verge of poverty remains outside the scope of state assistance programs.** The subsistence minimum used as a criterion for determining low-income status is understated and does not cover the basic needs of the population. As a result, a large number of households whose income exceeds the official subsistence minimum, but who are economically vulnerable, do not receive the necessary assistance. In 2021, Ukraine had 14.7 million households<sup>32</sup> (Table 1). 198.400 of these households or 1.4% of all households received state social assistance for low-income families. However, Sustainable Development Goals indicators show that in 2021, 39% of Ukraine's population had the average per capita equivalent total expenditures below the

<sup>27</sup> C131 - Minimum Wage Fixing Convention, 1970 (No. 131). - ILO, [https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_INSTRUMENT\\_ID:312276](https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312276)

<sup>28</sup> Art. 9 of the Law of Ukraine "On remuneration of labor" dated 24.03.1995 No. 108/95-VR, <https://zakon.rada.gov.ua/laws/show/108/95-%D0%B2%D1%80#Text>

<sup>29</sup> Part 2 Art. 9 of the Law of Ukraine "On remuneration of labor" dated 24.03.1995 No. 108/95-VR, <https://zakon.rada.gov.ua/laws/show/108/95-%D0%B2%D1%80#Text>

<sup>30</sup> Art. 7 & 8 of the Law of Ukraine "On the state budget of Ukraine for 2023" dated 03.11.2022 No. 2710-IX, <https://zakon.rada.gov.ua/laws/show/2710-20#Text>

<sup>31</sup> Metalworkers' and Miners' Trade Unions of Ukraine, "Information of the Ministry of Social Policy on the Actual Size of the Subsistence Minimum," 2023, <http://pmquinfo.dp.ua/profsoyuznye-novosti/6465-informatsiya-minsotspolitiki-shchodo-faktichnogo-rozmiru-prozhitkovogo-minimumu>

<sup>32</sup> State Statistics Service of Ukraine. "Socio-demographic characteristics of households in Ukraine in 2022" (based on a sample survey of living conditions of Ukrainian households). Statistical collection, 2022, [https://www.ukrstat.gov.ua/druk/publicat/kat\\_u/2022/zb/07/sdhd\\_22.pdf](https://www.ukrstat.gov.ua/druk/publicat/kat_u/2022/zb/07/sdhd_22.pdf)

actual (estimated) subsistence minimum<sup>33</sup>. This means there were significantly more poor households than those receiving state assistance for the low-income. Overall, state social support covered 53.7% of the poor population<sup>34</sup>. This indicates that a significant share of social support is provided to households that are not officially below the poverty line, while truly economically vulnerable households risk not to receive support from the state.

**Between 2021 and 2023, the number of families receiving state assistance for low-income decreased (Figure 2):**

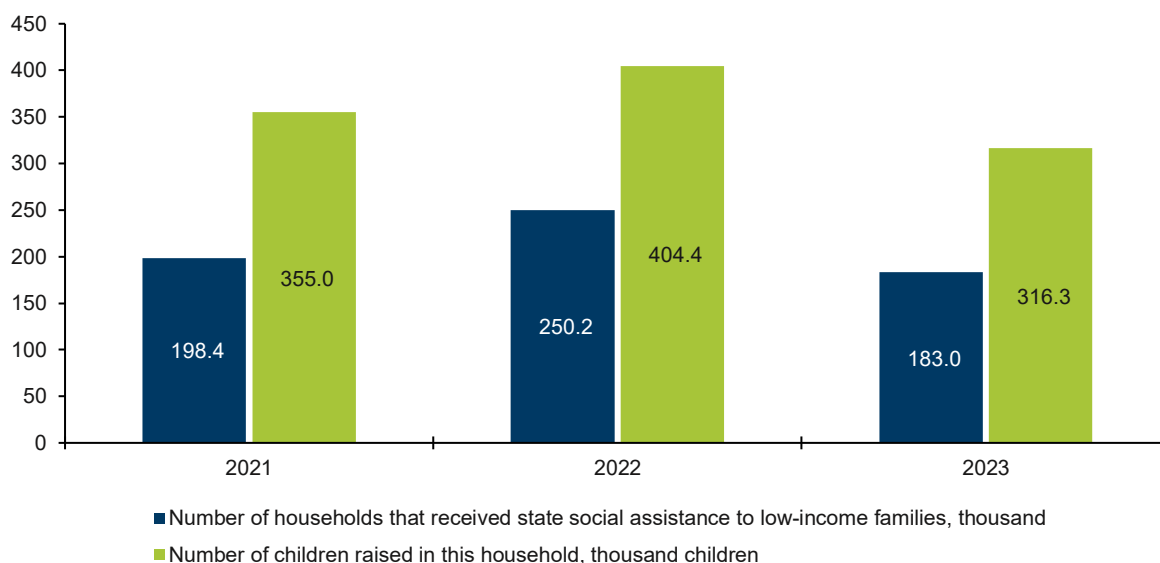
- In 2021, there were 198.400 households in Ukraine that received state social assistance for low-income families, raising over 355,000 children.
- In 2022, due to the war, the social assistance recipients increased by 26% compared to the previous year. Out of 14.5 million households, 250.200 families with 400.400 children (1.6 children per family) received state social assistance. This included 60.200 large families raising 255.700 children (4.2 children per family).
- In 2023, the number of households receiving state social assistance for low-income families decreased again to 183.300 raising 316.300 children (1.7 children per family). This included 46.600 large families with 175.9 thousand children (3.8 children per family).
- As of September 1, 2024, 162.700 households with 273.700 children (1.7 children per family) received state social assistance for low-income families. Among them were 41.500 large families raising 163.400 children (3.9 children per family).

**The decrease in low-income families receiving social assistance in 2023 was potentially influenced by changes to the procedure for assigning and paying state social assistance.** Families lose their right to assistance if they spent more than 50, 000 UAH on real estate, transport, or other assets within 12 months before applying, or if their deposit accounts exceed 100,000 UAH. Having a second apartment (except for destroyed or uninhabitable housing due to military actions) also became grounds for refusal. Another reason for the decrease in the number of low-income families receiving social assistance in 2023 was that many families, including large ones, left Ukraine. In 2023, the actual average social assistance payment reached 5,498.7 UAH per family, which exceeded the planned amount of 3,818.6 UAH. The 2023 performance report for the "Support for Low-Income Families" budget program explains that the increase in average assistance amounts was due to recipients who confirmed their eligibility from January 1, 2023, and updated their financial declarations having reduced incomes due to martial law in Ukraine.

<sup>33</sup> Report on the implementation of the Sustainable Development Goals, Goal 1: Poverty Elimination, <https://sdg.ukrstat.gov.ua/uk/1/>

<sup>34</sup> The share of the population whose average per capita equivalent total expenditures are below the actual subsistence level and who receive at least one of the various types of state social assistance (low-income families, children, other types of state social assistance, housing subsidies, social privileges) in the total number of poor people, multiplied by 100%. State Statistics Service of Ukraine. [https://www.ukrstat.gov.ua/csr\\_prezent/2020/ukr/st\\_rozv/metadata/01/meta/1.2.1.pdf](https://www.ukrstat.gov.ua/csr_prezent/2020/ukr/st_rozv/metadata/01/meta/1.2.1.pdf)

**Figure 2. Dynamics of the number of children raised in families receiving state social assistance for low-income families in 2021-2023**



Source: KSE calculations based on data from the Ministry of Social Policy

**Despite the war, the highest annual expenditure per low-income household was recorded in 2021.** That year, 12.6 billion UAH of assistance was paid out, amounting to approximately 63.500 UAH per year per household or 5,291.7 UAH per month. In 2022, total payments increased to 13.9 billion UAH, but due to the growing number of recipients, the estimated annual support per household was 55.600 UAH per year or 4,629.6 UAH per month (Figure 3). In 2023, the average payment per household increased to 66.000 UAH per year or 5,501.0 UAH per month. However, the total assistance decreased to 12.1 billion UAH due to fewer households receiving support. Despite reduced assistance volumes, the share of low-income persons increased by 1.7 times to 35.5%. The situation became particularly critical for children: in 2023, every fifth child suffered simultaneously from three forms of poverty - monetary, deprivation-based, and household self-assessment of consumption capacity. Monetary poverty among children reached 40.3%, deprivation - 70.4%, and self-assessed consumption capacity - 40.1%<sup>35</sup>. According to World Bank data as of August 2024, the number of Ukrainians living below the international poverty line increased by 1.8 million people since 2020, representing about 23% of the country's total population. The World Bank estimates that another 3 million people would have fallen below the poverty line if international partners had not intensified their resource support efforts<sup>36</sup>. When assessing support levels by average monthly number of low-income families rather than household count, the average monthly assistance per low-income family was 4,947.9 UAH in 2021, 6,340.4 UAH in 2022, and 5,498.7 UAH in 2023. In 2024, this figure was 7,147.9 UAH<sup>37</sup> (Figure 4).

**The number of children and presence of persons with disabilities can affect household poverty risk.** Particularly vulnerable categories include persons (including children) with disabilities (Table 2), as they are often unable to meet their own needs and require a wide range of services from rehabilitation to education. Poverty levels in households with children are higher compared to

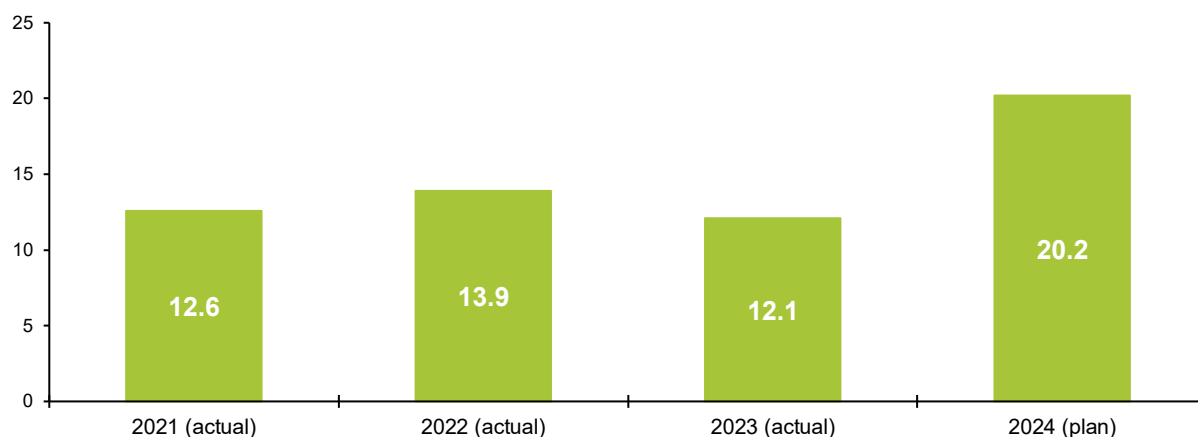
<sup>35</sup> According to the study "Socio-economic status of Ukrainian households. Based on results of the national sample survey of socio-economic status of households (HSES) conducted in December 2023 – February 2024", <https://www.unicef.org/ukraine/documents/social-economic-state-2023-24>

<sup>36</sup> Ukraine Remains Resilient. – The World Bank Group, <https://www.worldbank.org/en/country/ukraine/overview#1>

<sup>37</sup> Performance report for budget program passport 2501540 "Support for Low-Income Families" for 2023. – Ministry of Social Policy of Ukraine

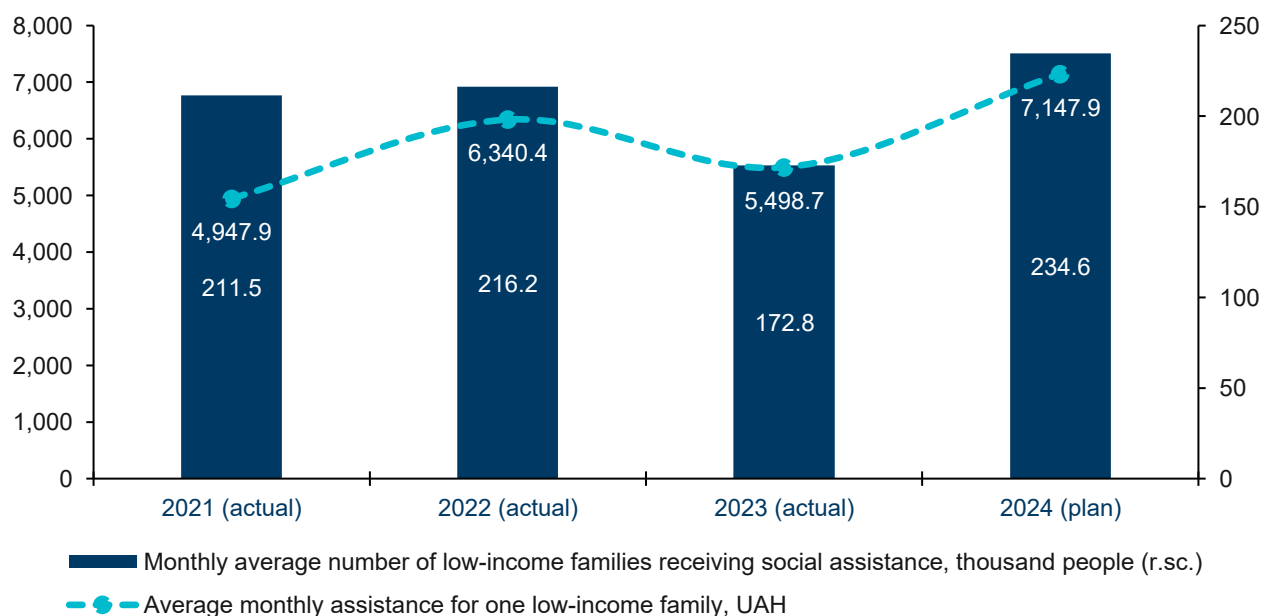
childless households. There is a clear correlation: the more children in a household, the higher the risk of poverty. Before the war, the highest poverty rate was observed among large families (with three or more children) - two-thirds (67.2%) of them were poor, and this figure rose to 84.7% due to the war<sup>38</sup>. Besides social assistance for low-income families, large families are entitled to additional benefits support (for families with 3 or more children until the youngest reaches 6 years old). It can include 50% discount on utilities, free health services, free transportation and free prescription medications<sup>39</sup>.

**Figure 3. Dynamics of state social assistance payments to low-income families in 2021-2024, billion UAH**



Source: Performance reports of the budget programs of the Ministry of Social Policy for 2021-2023, passport of the budget program of the Ministry of Social Policy for 2024

**Figure 4. Average monthly assistance amount for low-income families per such family in 2021-2024**



Source: Performance reports of Ministry of Social Policy budget programs for 2021-2023, Ministry of Social Policy budget program passport for 2024

<sup>38</sup> Child poverty: forecast assessments of war's impact on households with children, analytical note, February 2023 (with support from UNICEF Ukraine), <https://idss.org.ua/arhiv/Ukraine%20Child%20Poverty%20Brief%202023%20ukr.pdf>

<sup>39</sup> Law of Ukraine "On Child Protection" dated 26.04.2001 № 2402-III, <https://zakon.rada.gov.ua/laws/show/2402-14#Text>



**Table 1: Characteristics of households with children in Ukraine in 2021-2023**

Indicator	All households		
	2021	2022	2023
<b>Number of households (thousands)</b>	<b>14,678.1</b>	<b>14,549.2</b>	<b>13,599.4</b>
<b>Average household size (persons)</b>	<b>2.6</b>	<b>2.6</b>	<b>2.3</b>
<b>Household structure (%):</b>			
under 3 years old	2.4	2.4	2.2
3-6 years	3.8	4.0	4.1
7-13 years	8.0	7.5	6.7
14-15 years	2.2	2.4	1.8
16-17 years	1.7	1.6	1.7
women 18-29 years	6.1	5.8	7.0
men 18-29 years	6.4	5.9	8.1
women 30-59 years	23.2	23.3	21.1
men 30-59 years	21.8	22.3	21.8
women 60 and older	15.6	15.8	16.4
men 60 and older	8.8	9.0	9.1
<b>Households with children (thousands)</b>	<b>5,542.5</b>	<b>5,502.6</b>	<b>3,649.1</b>
Share of households with children under 18 (%)	37.8	37.8	26.9
<b>Average size of households with children (persons)</b>	<b>3.7</b>	<b>3.7</b>	<b>3.6</b>
<b>Share of households with children of age (%):</b>			
up to 3 years	16.2	16.5	18.1
3-6 years	24.8	25.9	32.3
7-13 years	48.9	46.9	49.6
14-15 years	14.6	15.8	15.1
16-17 years	11.3	11.0	14.6
<b>Households with children (%) by the number of children in them:</b>			
one child	79.5	81.3	68.7
two children	18.4	16.1	24.6
three children	2.0	2.2	5.0
four children	0.1	0.2	1.2
five or more children	0.0	0.2	0.5

Source: according to the State Statistics Service of Ukraine data (2021-2022)<sup>40</sup> and the survey of the socio-economic status of Ukrainian households, February 2024<sup>41</sup>.

**Table 2: Categories of households vulnerable to poverty**

Traditionally vulnerable	Vulnerable due to war
<ul style="list-style-type: none"> <li>households with children with disabilities</li> <li>households with three or more children</li> <li>single parents with children</li> <li>households with children under three years of age</li> </ul>	<ul style="list-style-type: none"> <li>households most severely affected by war consequences (lost family members, housing, property, access to basic services)</li> <li>households with children most affected by lack of basic utilities (electricity, water supply, heating, etc.)</li> <li>households with children in de-occupied territories, frontline areas, territories under constant shelling, etc</li> <li>households with children who are internally displaced</li> </ul>

<sup>40</sup> Socio-demographic characteristics of Ukrainian households in 2022 (based on sample survey of household living conditions data). Statistical collection. – State Statistics Service of Ukraine, [https://ukrstat.gov.ua/druk/publicat/kat\\_u/2022/zb/07/sdhd\\_22.pdf](https://ukrstat.gov.ua/druk/publicat/kat_u/2022/zb/07/sdhd_22.pdf)

<sup>41</sup> Socio-economic status of Ukrainian households. Based on results of the national sample survey of socio-economic status of households (HSES) conducted in December 2023 – February 2024. – UNICEF, <https://www.unicef.org/ukraine/documents/social-economical-state-2023-24>



*Source: UNICEF. Child Poverty: initial estimates of the impact of the war on the situation of households with children. April 2023.*

## CHAPTER 2. ANALYSIS OF THE MECHANISM FOR ASSIGNING STATE SOCIAL ASSISTANCE FOR LOW-INCOME FAMILIES

**Families cannot receive state social assistance for low-income households if they don't attempt to integrate into the labour market.** State social assistance is not provided if the family includes able-bodied persons who have not worked, studied, or been registered as unemployed for more than three months during the income assessment period. Assistance is granted only if they pay unified social insurance contributions or care for children or persons with disabilities. Assistance is also denied if the family made significant financial transactions (over 50,000 UAH), has deposits exceeding 100,000 UAH, or owns more than one apartment or car (with certain exceptions). State social assistance is provided for a six-month period. After this period ends, the assistance is reviewed. According to Cabinet of Ministers Resolution No. 250 of February 24, 2003 "On the Procedure for Providing and Paying State Social Assistance to Low-Income Families"<sup>42</sup>, state social assistance is assigned and paid to low-income families permanently residing in Ukraine, as well as other low-income families who, for valid or independent reasons, have average monthly total income below the family subsistence minimum. While receiving state social assistance, social protection authorities verify whether family members have been abroad for more than 90 consecutive calendar days. If the entire family left Ukraine, they cannot receive state social assistance payments for low-income families. However, a low-income family can retain assistance while in another country if they confirm upon request by social protection authorities that they receive no assistance in their host country.

*In January 2024, the government expanded opportunities for assigning assistance to low-income families from among internally displaced persons and migrants returning to Ukraine. Currently, to support such families, assistance is provided for 6 months even without employment. Migrant families who returned can receive assistance after staying in Ukraine for at least 90 days. After assistance is granted, able-bodied family members must find job within two months or register at employment centres for further job placement.*

**The existing system of low-income family support has several shortcomings.** The 2021 KSE Institute research identified complex legal framework as one of the flaws of the state social assistance calculation system. It requires considering separate coefficients for different socio-demographic groups and analyzing the impact of different income types or other state support on social assistance eligibility. This is a result of an inefficient mechanism for calculating average monthly total income. For example, when calculating income for low-income assistance, dividend income from securities is considered, but income from deposits is not. However, in fact, these two sources could be considered as equivalent income types. Another shortcoming is the dependence of the assistance amount on the number of children rather than the family's economic situation. Low-

<sup>42</sup> Cabinet of Ministers Resolution "On Approval of the Procedure for Providing and Paying State Social Assistance to Low-Income Families" dated 24.02.2003 No. 250, <https://zakon.rada.gov.ua/laws/show/250-2003-%D0%BF#Text>

income families with fewer members/children receive lower assistance compared to large families due to different coefficients for adults and children<sup>43</sup>.

**The government has limited instruments for supporting low-income families, consisting mainly of monetary assistance.** Since the design of most existing population support mechanisms is outdated, it focuses on a single problem - lack of funds. The assumption is that if people have minimal funds, they can independently spend them to solve their problems. Among the shortcomings of this general approach is the lack of guarantees that funds won't be spent on harmful habits like alcohol, gambling, etc. Noteworthy, to receive state social assistance, six months of total income before the application month are also considered<sup>44</sup>. Therefore, a low-income family must be on the brink of extreme poverty for six months before receiving state assistance.

**In Ukraine the barrier to receiving social assistance is a certain level of income in the previous six months, while other countries have emergency support tools.** *Singapore* provides financial assistance for low-income families, but the eligibility assessment is based on the last month's income, not for six months. To receive it, applicants must submit bank statements of all household members for the last month and other supporting documents (utility bills, medical certificates, payrolls, employment contracts, letters of retirement, insurance documents, etc.)<sup>45</sup>. In *Croatia*, there is a one-time compensation program providing cash or in-kind assistance to mitigate the effects of emergency or crisis situations. It covers emergency expenses, purchasing basic goods or clothing, educational support for children, and transportation cost reimbursement in crisis situations<sup>46</sup>. The *United States* has the Supplemental Nutrition Assistance Program (SNAP) that provides benefits to low-income individuals and families. Participants receive an electronic card for purchasing food at authorized stores. In order to receive the benefit, applicants must meet established limits on available bank account funds. Elderly people over 60 years or people with disabilities can have higher bank account balance limit<sup>47</sup>. This experience should be considered for potential adaptation in Ukraine, as it gives families the right to independently choose necessary products, including those that are in accordance with medical prescriptions. The funds are targeted, preventing their use for other needs and ensuring effective, transparent assistance use for nutrition support. *Ukraine* has one-time targeted material assistance for low-income population groups facing difficult life circumstances<sup>48</sup>. This assistance is provided once a year at the expense of local budgets and is aimed at temporary support for those who need additional financial assistance due to life difficulties. However, obtaining it requires income certificates for all family members for the previous six months, as well as documents confirming difficult life circumstances and justifying the need for such assistance.

**In Ukraine, there is no list of targeted needs for low-income families.** Assistance for low-income families is assigned based on family income level, not considering practical family needs that cannot be met through cash payments alone. According to the social support design for low-income families, assistance levels should correspond to the subsistence minimum, which covers all basic human needs. The subsistence minimum calculation methodology includes costs for each socio-demographic group's food needs, non-food items, service sets, housing and utility services<sup>49</sup>. Thus,

<sup>43</sup> Analysis of legislative regulation effectiveness for social assistance provision in Ukraine for main target groups. Center for Public Finance Analysis and Public Administration, KSE. 2021, [https://kse.ua/wp-content/uploads/2021/07/Sotsialni-dopomogi\\_doslidzhennya-1.pdf](https://kse.ua/wp-content/uploads/2021/07/Sotsialni-dopomogi_doslidzhennya-1.pdf)

<sup>44</sup> Cabinet of Ministers Resolution "On Approval of the Procedure for Assignment and Payment of State Social Assistance to Low-Income Families" dated February 24, 2003 No. 250, <https://zakon.rada.gov.ua/laws/show/250-2003-%D0%BF#Text>

<sup>45</sup> ComCare Short-to-Medium-Term Assistance (SMTA). – Singapore Government Agency Website, <https://supportgowhere.life.gov.sg/schemes/COMCARE-SMTA/comcare-short-to-medium-term-assistance-smta>

<sup>46</sup> One-time allowance. - e-Citizens. Information and Services, <https://gov.hr/hr/jednokratna-naknada/716>

<sup>47</sup> How to apply for food stamps (SNAP benefits) and check your balance. – Official website of the United States government, <https://www.benefits.gov/benefit/361>

<sup>48</sup> Center for Administrative Services in Kyiv. Kyiv, One-time targeted financial assistance to low-income population of Kyiv and Kyiv residents in difficult life circumstances, <https://kyivcnap.gov.ua/AdminServices/Details/bbe5c4ff-6423-4e61-a94c-40108f77eb48?parentId=06212b99-a036-4d76-add9-0132941d854c&categoryId=792f9cf9-1bfa-46ea-8f94-7e268175ef19>

<sup>49</sup> "On Approval of the Methodology for Defining the Subsistence Minimum" Order of the Ministry of Social Policy of Ukraine, Methodology of 03.02.2017 No. 178/147/31, <https://zakon.rada.gov.ua/laws/show/z0281-17#n18>

the subsistence minimum amount should determine the necessary sum to meet these basic needs, and state social assistance should be sufficient to ensure them. The advantage of this approach is that low-income persons or families immediately receive universal assistance sized to cover all basic needs. However, the significantly understated subsistence minimum level makes social assistance amount for low-income families irrelevant.

**The state social assistance amount is insufficient to cover basic needs of low-income families.** The state social assistance amount is determined as the difference between the subsistence minimum for a family (*depending on the household's social and composition*) and its average monthly total income<sup>50</sup>. In 2023, the actual assistance amount per family was 5,498.7 UAH, which is 5.1% less than the actual subsistence minimum per person (as of January 2023 – 5,795 UAH)<sup>51</sup>. The subsistence minimum per person and for persons from main social and demographic population groups consists of cost values for:

- a food set sufficient to ensure normal human body functioning and health preservation;
- a minimal set of non-food goods necessary to meet basic social and cultural personal needs;
- a minimal set of services necessary to meet basic social and cultural personal needs<sup>52</sup>.

Therefore, the assistance amount per family cannot cover the cost values for all its members. It is also important to consider that the subsistence minimum for children aged 6 to 18 (2,833 UAH) is higher than for able-bodied persons (2,684 UAH)<sup>53</sup>. The higher subsistence minimum rate for children relates to growing needs for nutrition, clothing, and education.

**An advantage of international experience is implementing additional cash assistance to support raising children from low-income families.** **Germany** has introduced a program of assistance for children from low-income families, which is provided if there are children under 25 years of age that are required to live with their parents. Parental income must not exceed the established limit (unemployment or sickness benefits are also included in the income)<sup>54</sup>. Payments can continue until the child reaches 25. In 2024, the payment was up to 292 EUR per month per child. However, the amount may be decreased if family income exceeds the minimum income limit, partially considering children's income at 45% of total children's income (alimony, maintenance advance, or orphan's pension). In **Lithuania**, financial assistance for children is provided based on the results of family income assessment. However, if the family is large, additional child assistance is assigned without family income assessment<sup>55</sup>. Payments can continue until the child reaches 18, or 23 if attending general education programs, including vocational schools. Children from low-income families receive a supplement of 56.65 EUR to basic child assistance (child money). In **Croatia**, assistance is assigned for children up to 15 years old (up to 19 if the child continues high school education and up to 21 if the child did not finish school on time due to illness). Child assistance amounts are set according to each family member's total monthly income. For children raised by

<sup>50</sup> Article 5 of the Law of Ukraine of 01.06.2000 No. 1768-III "On State Social Assistance to Low-Income Families" <https://zakon.rada.gov.ua/laws/show/1768-14#Text>

<sup>51</sup> Response to the request of trade unions dated 03/22/2023 No. 01-12/234, [http://pmguinfo.dp.ua/images/photo-news/04\\_2023/05\\_02\\_1.jpg](http://pmguinfo.dp.ua/images/photo-news/04_2023/05_02_1.jpg)

<sup>52</sup> Order of the Ministry of Social Policy of Ukraine "On Approval of the Methodology for Determining the Subsistence Minimum" dated 03.02.2017 No. 178/147/31, <https://zakon.rada.gov.ua/laws/show/z0281-17#n9>

<sup>53</sup> Law of Ukraine "On the State Budget of Ukraine for 2023" dated 03.11.2022 No. 2710-IX, <https://zakon.rada.gov.ua/laws/show/2710-20#Text>

<sup>54</sup> Kinderzuschlag. – Familienportal, <https://familienportal.de/familienportal/familienleistungen/kinderzuschlag>

<sup>55</sup> Patirių finansinių sunkumų (piniginė socialinė parama). – Lietuvos Respublikos socialinės apsaugos ir darbo ministerija, <https://socmin.lrv.lt/lt/veiklos-sriitys/socialine-parama-kas-man-priklauso/patiriu-finansiniu-sunkumu-pinigine-socialine-parama/>

single parents, the amount increases by 15%. For orphaned children and children with severe illnesses or disabilities the amount increases by 25%<sup>56</sup>.

**International experience indicates that additional aspects in assistance assignment can include age, marital status, education, military or civil service, and employment.** In **Croatia**, payment amounts depend on the established guaranteed minimum assistance size and percentage coefficients for each group. For example, with a basic amount of 150 EUR, elderly persons have a 130% coefficient, receiving 195 EUR. Working-age adults have a 70% coefficient and receive 105 euros. If a person or family has income sources, assistance is determined as the difference between guaranteed minimum assistance and monthly income of a single person or family<sup>57</sup>. In **Israel**, this type of payment requires being an Israeli resident for at least 24 consecutive months, being over 20 years old (under certain circumstances, the age requirement may be reduced due to illness or pregnancy), having appropriate income levels (depending on age and family composition), vehicle value not exceeding established limits, and both spouses must apply to employment services<sup>58</sup>. Persons completing military service or leaving civil service receive special payments<sup>59</sup>. Persons serving a penalty in the form of community service are also eligible for payment<sup>60</sup>. In **Lithuania**, persons who received social assistance before employment can receive additional support after finding work. This assistance amount is determined as a percentage of previous average social assistance, depending on duration of previous assistance – from 50% to 100%. Social assistance can be provided simultaneously with unemployment benefits. Reduced social assistance applies only to able-bodied persons who don't work. In the **United Kingdom**, monthly payments (universal credit) are assigned to low-income families to cover basic living expenses. Payment amounts depend on age and marital status. For example, in 2023-2024, payments for single persons under 25 were £292.11 per month; for single persons 25 or older - £368.74; for couples where both are under 25 - £458.51. But if one or both partners are over 25, the payment is £578.82<sup>61</sup>. Ukraine could partially integrate some of these mechanisms for supporting elderly people (given employment challenges) and providing additional assistance to those who served their country as military or civil servants (since most such persons belong to low-paid employee categories and need time for further professional adaptation).

**The inability to raise the legally established subsistence minimum as a poverty risk assessment tool gave grounds for considering pilot implementation of basic social assistance in Ukraine.** At the state level, it was determined that Ukraine's social policy situation over an extended period demonstrates vulnerability and low effectiveness in forming social standards and guarantees systems based on subsistence minimum<sup>62</sup>. To address this problem, in 2023 the Ministry of Social Policy prepared a draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on the Provision of Basic Social Assistance and Social Scholarships" (hereinafter - draft law)<sup>63</sup>. Starting January 1, 2025, the draft law proposes transforming state social assistance for low-income families into basic social assistance and combining separate types of state assistance, including: state assistance for children of single mothers; assistance for children raised in large families; temporary state assistance for children whose parents evade alimony payments, cannot

<sup>56</sup> Korisnici doplatka za djecu i djeca za koju pripada doplatka. – Hrvatski zavod za mirovinsko osiguranje, 2024, <https://www.mirovinsko.hr/hr/korisnici-doplatka-za-djecu-i-djeca-za-koju-pripada-doplatka/254>

<sup>57</sup> Guaranteed minimum benefit. - e-Citizens. Information and Services, <https://gov.hr/en/guaranteed-minimum-benefit/714>

<sup>58</sup> Income Support. – The National Insurance Institute of Israel, <https://www.btl.gov.il/English%20Homepage/Benefits/Income%20Support%20Benefit/Pages/default.aspx>

<sup>59</sup> Income support for discharged soldiers and people completing national/civil service. – The National Insurance Institute of Israel, <https://www.btl.gov.il/English%20Homepage/Benefits/Income%20Support%20Benefit/Pages/DischargedSoldier.aspx>

<sup>60</sup> Person serving a community service sentence. – The National Insurance Institute of Israel, <https://cutt.ly/irv7Jfn7>

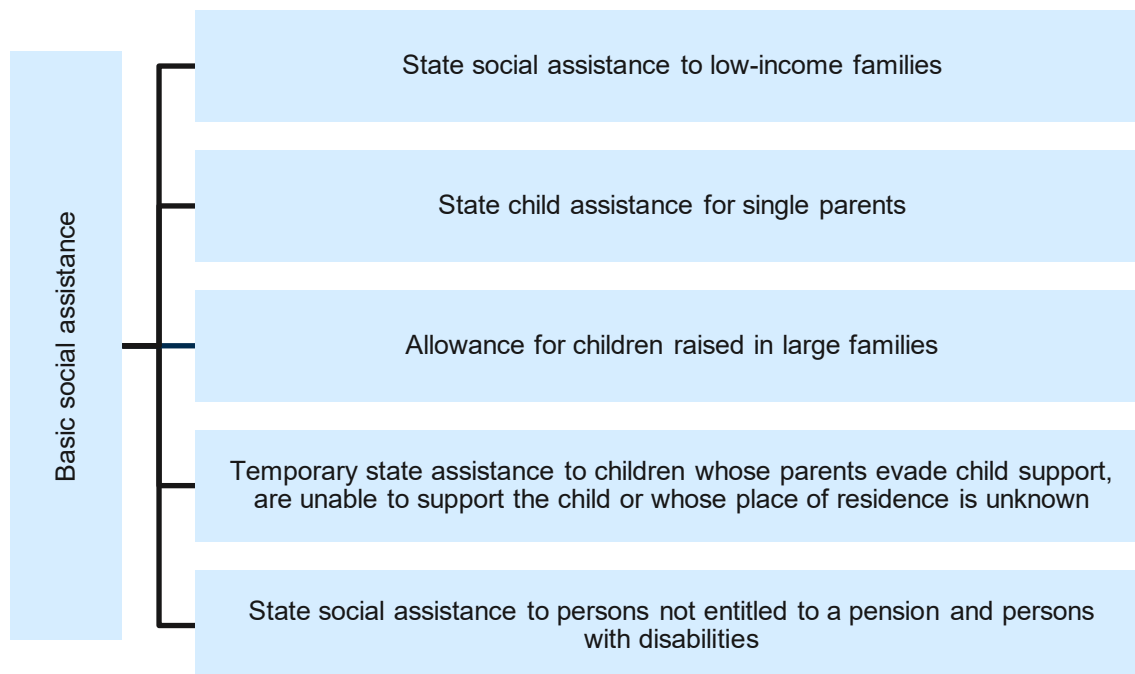
<sup>61</sup> Universal Credit. – GOV.UK, <https://www.gov.uk/universal-credit>

<sup>62</sup> Verkhovna Rada of Ukraine Resolution "On Recommendations of Parliamentary Hearings on the Topic: 'Problems of Subsistence Minimum Formation in Ukraine'" dated May 19, 2020 No. 620-IX, <https://zakon.rada.gov.ua/laws/show/620-IX#Text>

<sup>63</sup> Draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on the Provision of Basic Social Assistance and Social Scholarships" [https://spo.fpsu.org.ua/wp-content/uploads/2024/05/1436-zk\\_do-1422-zk.pdf](https://spo.fpsu.org.ua/wp-content/uploads/2024/05/1436-zk_do-1422-zk.pdf)

support the child, or whose whereabouts are unknown; state social assistance for persons without pension rights and persons with disabilities (Figure 5). Basic social assistance will be provided to the most vulnerable population categories as the main means of overcoming poverty and responding to difficult life circumstances.

**Figure 5. Types of assistance proposed for consolidation into basic social assistance**



*Source: Draft Law on Amendments to Certain Legislative Acts of Ukraine on the Provision of Basic Social Assistance and Social Scholarships*

**Instead of the subsistence minimum, it is proposed to link the assistance amount for low-income families to a basic value.** The government proposes establishing a basic value to be used for calculating basic social assistance, approved by the State Budget Law of Ukraine for the respective year. However, the implementation status of basic social assistance in 2025 remains uncertain. In the 2025 state budget, the expenditures of the Ministry of Social Policy are reduced by 9.5% or 40.3 billion UAH compared to 2024, totalling 422.2 billion UAH. The draft law on basic social assistance specifies that it will not require additional expenditures from the state budget and will be financed within the current budget programs of the Ministry of Social Policy (as of 2024). However, since Ministry budget program expenditures were reduced in 2025, it's unclear whether sufficient funds will be available for basic social assistance financing if implemented<sup>64</sup>.

**The basic value is aimed to support families in difficult life circumstances.** The Ministry of Social Policy proposes setting the basic value for 2025 at 4,000 UAH according to the draft law's explanatory note. In the basic social assistance draft law, assistance amounts are calculated as the difference between the total basic value for the family and the family's average monthly total income. The basic value amount will also depend on insurance experience, disability presence, and child age. For each child under 6 years old; child with disability; person with Group I or II disability; child supported by an unmarried mother whose father's record in the Birth Registration Book is made according to established procedures at the mother's indication, as well as a child supported by an

<sup>64</sup> Draft State Budget-2025: Main Characteristics and Strategic Priorities. KSE Research, <https://kse.ua/wp-content/uploads/2024/09/Analiz-DBU-2025-1-chitannya.pdf>



unmarried father or adopter; child raised in a large family and part of the family composition, the basic value is set at 100% of the basic value.

**Implementing basic social assistance will significantly increase the level of cash support for families.** However, national and international experts warn about associated risks. According to preliminary assessments, budget burden from various universal programs will indeed decrease substantially, but at the expense of reducing recipients of various child benefits and assistance for internally displaced persons<sup>65</sup>. To compare the amount of state cash assistance vulnerable population categories currently receive versus with basic social assistance implementation, Appendix 2 presents modelling of support for different family types. The basis includes models of three family types with different compositions and income levels. Model No. 1 calculated state social assistance according to current 2024 legislation. Model No. 2 considers the basic value amount (4,000 UAH), while Model No. 3 analyses the amount of basic social assistance with a basic value of 4,500 UAH (as proposed by the Ministry of Social Policy).

- *Family Model No.1 consists of 2 adults and 2 children aged 3 and 5 with average monthly total income of 12,880 UAH (3,220 UAH per person).* According to current legislation, this family isn't entitled to state social assistance for low-income families. However, with basic social assistance implementation using a 4,000 UAH basic value, this family would receive 1,920 UAH, and with 4,500 UAH – 3,370 UAH. Meanwhile, if children in this family were aged 7 and 9, basic social assistance with 4,000 UAH wouldn't be assigned, while with 4,500 UAH it would be 1,070 UAH. This is because children under 6 belong to exceptions when calculating total basic assistance for families.
- *Family Model No.2 consists of a single mother (father) independently raising a 5-year-old child with minimum wage of 8,000 UAH.* According to current legislative norms, state social assistance for low-income families and state assistance for children of single mothers isn't assigned to such families. With basic social assistance implementation using 4,000 UAH basic value, the family would receive 1,560 UAH, and with 4,500 UAH basic value – 2,560 UAH. Child age doesn't matter when calculating basic social assistance since children raised independently by mothers or fathers belong to exceptions, and one considers 100% of basic value in calculations.
- *Family Model #3 includes father, mother with disability, and three children (large family) with average monthly total family income of 15,085 UAH.* Basic social assistance implementation would significantly increase assistance amounts. Currently, the family receives 1,478 UAH as social assistance for low-income families and 2,100 UAH (assistance for children raised in large families) for the third child under 6, totalling 3,578 UAH. After basic social assistance implementation with 4,000 UAH value, this family would receive 7,015 UAH – twice as much, and with 4,500 UAH – 9,515 UAH, which is 2.7 times more. Importantly, this family belongs to exceptions, since one considers 100% of basic value in calculations for all family members.

Modelling calculations for state assistance amounts for different family models with basic social assistance implementation demonstrate that, in general, potential assistance payments to vulnerable families will increase. This will improve their financial situation and raise social protection levels. However, there are significant risks regarding insufficient state budget financing for implementing payments based on basic value.

<sup>65</sup> Mapping and Analysis of Life-Cycle and Shock-Responsive Social Assistance Programmes in Ukraine. August 2024. The PeReHID Initiative, [https://socialprotection.org/sites/default/files/publications\\_files/PeReHID%20Initiative%20-%20Mapping%20and%20Analysis%20of%20SA%20Programmes.pdf](https://socialprotection.org/sites/default/files/publications_files/PeReHID%20Initiative%20-%20Mapping%20and%20Analysis%20of%20SA%20Programmes.pdf)



# CHAPTER 3. ANALYSIS OF OTHER SUPPORT INSTRUMENTS FOR LOW-INCOME FAMILIES

**Housing and utility benefits and subsidies are one of the largest support programs for low-income families in Ukraine.** Housing and utility service subsidies are non-refundable targeted assistance for persons who cannot independently pay for housing and utility services. The housing and utility service subsidy program was introduced by the Government of Ukraine in 1995<sup>66</sup>. The subsidies are calculated based on the average monthly income and the subsistence minimum, basic utility payment rate (15% until quarantine/martial law ends, 20% after), utility expenses, and family composition are considered. In 2023, 35.4 billion UAH was allocated for housing and utility benefits and subsidies, which is three times more than expenditures on state social assistance for low-income families.

**In international practice, housing benefits and subsidies are also provided as an additional option when receiving basic assistance for low-income persons.** In **Croatia**, persons receiving assistance for low-income families are entitled to additional housing benefit that covers rental costs, utilities, heating and water expenses, as well as costs related to building energy efficiency improvements<sup>67</sup>. In the **United States**, if a family already receives benefits under the federal "Housing Subsidy" assistance program, they are eligible for housing energy efficiency assistance<sup>68</sup>. In **Lithuania**, heating and water supply cost compensation is provided as part of assistance for low-income persons. Housing heating cost compensation is provided regardless of heating method, whether centralized housing heating or other fuel types (wood, coal, gas, electricity, etc.)<sup>69</sup>. Among the housing programs for low-income families in Ukraine, additional assistance to cover rental or housing maintenance costs should be considered. In the energy efficiency area, the "warm loans" program provides citizens partial compensation for implementing energy efficiency measures like wall insulation, installing energy-efficient windows, heating system modernization, and using alternative energy sources. Program participants can receive 20% to 35% cost reimbursement through loans issued by partner banks<sup>70</sup>.

**The State spends three times more money for housing benefits and subsidies than on state social assistance for low-income families.** In 2023, the Ministry of Social Policy spent 12.1 billion UAH on state social assistance for low-income families. Meanwhile, expenditures on housing and utility services benefits and subsidies were significantly higher: 23.5 billion UAH was allocated for subsidies (Figure 6) and 11.9 billion UAH for benefits (Figure 7). This indicates that the main state support tool for low-income families is not state social assistance for low-income families, but rather payment for housing and utility services, purchasing solid and liquid household heating fuel, and liquefied gas.

<sup>66</sup> Cabinet of Ministers Resolution "On Simplifying the Procedure for Providing Population with Subsidies for Reimbursing Expenses on Housing and Utility Services Payment, Purchase of Liquefied Gas, Solid and Liquid Household Heating Fuel" dated October 21, 1995 No. 848, <https://zakon.rada.gov.ua/laws/show/848-95-%D0%BF#n15>

<sup>67</sup> Guaranteed minimum benefit. – e-Citizens. Information and Services, <https://gov.hr/en/guaranteed-minimum-benefit/714>

<sup>68</sup> Get help with energy bills. – An official website of the United States government, <https://www.usa.gov/help-with-energy-bills>

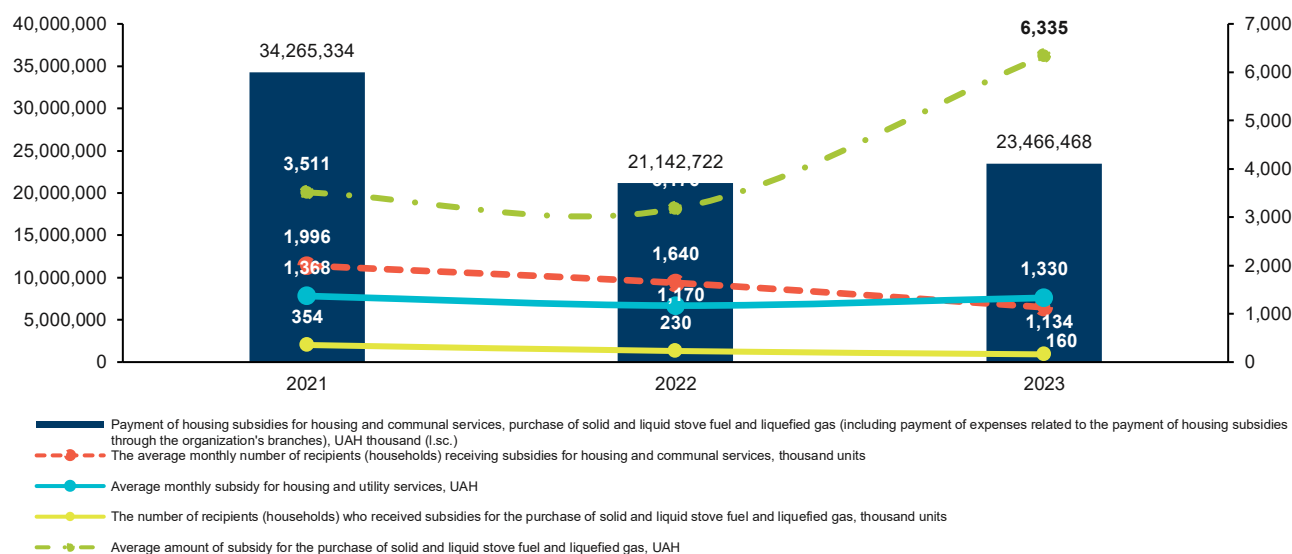
<sup>69</sup> Patiriu finansinių sunkumų (piniginė socialinė parama). – Lietuvos Respublikos socialinės apsaugos ir darbo ministerija, 2024, <https://socmin.lrv.lt/lt/veiklos-sritys/socialine-parama-kas-man-priklauso/patiriu-finansiniu-sunkumu-pinigine-socialine-parama/>

<sup>70</sup> Cabinet of Ministers Resolution "Some Issues of Using Funds in the Field of Energy Efficiency and Energy Saving" dated October 17, 2011 No. 1056, <https://zakon.rada.gov.ua/laws/show/1056-2011-%D0%BF#Text>

**In 2023, the share of subsidy and benefit recipients significantly decreased.** The Ministry of Social Policy justifies the decrease in housing subsidy recipients (Figure 8) through increased citizen incomes and pension indexation. The reduction in persons receiving housing and utility service benefits is also explained by increased total income of benefit recipient families exceeding income levels that qualify for tax social benefits, increases in tax social benefits themselves, and natural reduction in benefit-eligible population categories<sup>71</sup>.

**International experience shows that housing benefits and subsidies should be supplemented by housing needs provision policies which are currently absent in Ukraine.** In **Germany**, the housing assistance program provides benefits to low-income families in the form of private housing rental subsidies<sup>72</sup>. Assistance amounts depend on number of residents, monthly income, and rental costs. Persons with low income may be assigned state-funded social housing<sup>73</sup>. In the **United Kingdom**, housing assistance is available to help low-income families pay their rent. Assistance amounts depend on rental size, family income, personal circumstances, and housing type. Rental assistance may be reduced for additional bedrooms – 14% of relevant rent for one additional bedroom and 25% for two or more<sup>74</sup>. The **United States** provides housing assistance for low-income families, the elderly, and persons with disabilities through housing vouchers, which help to access affordable private or public housing for rent. Public housing agencies also allow some families to use vouchers to purchase small housing units<sup>75</sup>.

**Figure 6. Dynamics of expenditures allocated for housing and utility service subsidies payment in 2021-2023, billion UAH**



Source: Reports on the implementation of budget program passports of the Ministry of Social Policy for 2021-2023

<sup>71</sup> Report on Budget Program Passport Implementation for 2023, 2024, - Ministry of Social Policy of Ukraine,

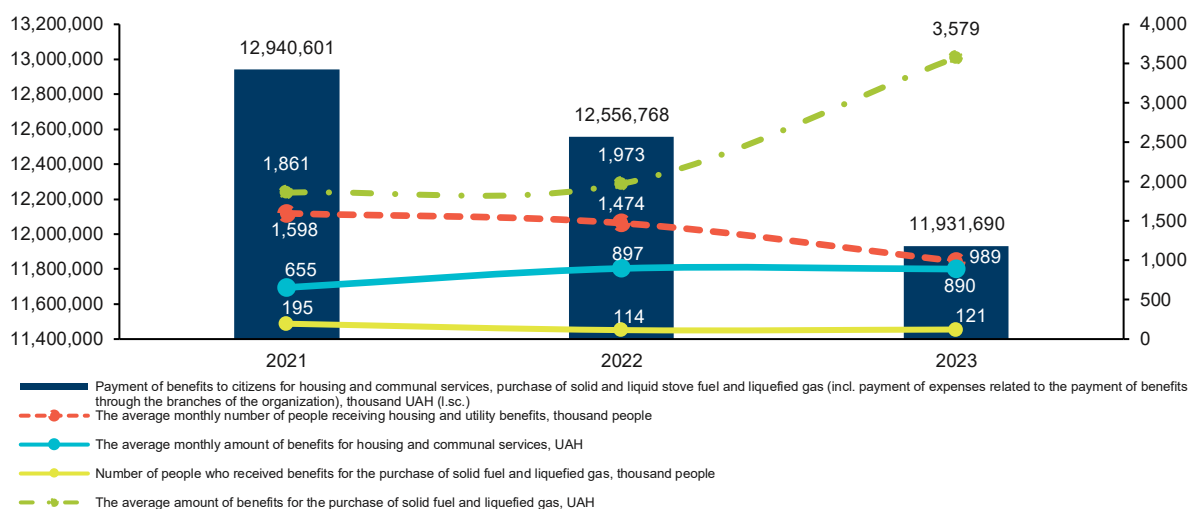
<sup>72</sup> Wohngeld. – Bundesministerium für Wohnen, Stadtentwicklung und Bauwesen, <https://www.bmwsb.bund.de/Webs/BMWSB/DE/themen/stadt-wohnen/wohnraumfoerderung/wohngeld/wohngeld-node.html>

<sup>73</sup> Wohngeld. – Familienportal, <https://familienportal.de/familienportal/familienleistungen/weitere-leistungen/wohngeld/wohngeld-135244>

<sup>74</sup> Housing benefits. – GOV.UK, <https://www.gov.uk/housing-benefit>

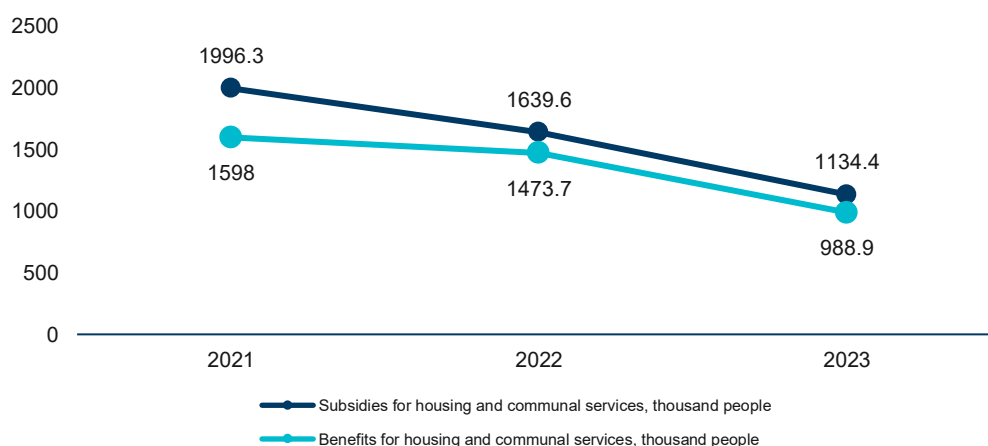
<sup>75</sup> Rental assistance. – An official website of the United States government, <https://www.usa.gov/rental-housing-programs>

**Figure 7. Dynamics of expenditures allocated for housing and utility benefits payment in 2021-2023, billion UAH**



Source: Reports on the implementation of budget program passports of the Ministry of Social Policy for 2021-2023

**Figure 8. Comparison of the numbers of actual recipients of housing and utility services benefits and subsidies in 2021-2023**



Source: Reports on the implementation of budget programs of the Ministry of Social Policy for 2021-2023

**An alternative approach to supporting low-income families in Ukraine is supporting their entrepreneurial aspirations.** This tool is beneficial for the state and society because it solves several socio-economic problems simultaneously. When a particular municipality has high unemployment due to job shortages, or available employment doesn't meet unemployed persons' needs, low-income individuals may receive one-time interest-free returnable assistance for achieving economic independence through Employment Centres. Established enterprises can also stimulate new job creation, thus reducing unemployment levels. On the other hand, providing one-time assistance for economic independence is a narrow-profile tool not needed by all low-income persons. Starting one's own business doesn't necessarily guarantee success or ability to overcome poverty. To receive one-time assistance for economic independence, a person must be registered as unemployed and belong to a low-income family. However, the imperfect income calculation mechanism that allows receiving state social assistance for low-income families simultaneously creates barriers for obtaining one-time economic independence assistance. Besides, low-income

families often lack relevant entrepreneurial knowledge and may be insufficiently informed about availability of receiving this one-time assistance. Consequently, this was one of the reasons for the underperformance of the expenditure plan in this area in 2023. Only 910,000 UAH was used from 9.46 million UAH<sup>76</sup>.

**Ukraine has limited support for children from low-income families.** Children from such families have the right to free meals at general education institutions with full-time learning<sup>77</sup>. There are also separate social scholarships from the Verkhovna Rada of Ukraine for students<sup>78</sup>. In 2023, the Government also launched the “money follows the child” mechanism for paying for health and recreation services for children in need of special social attention and support. However, besides being raised in a low-income family, children must also belong to categories like children with disabilities (capable of self-care) or children from large families<sup>79</sup>.

**International experience supporting children from low-income families in education includes a wide range of tools, not just scholarships as in Ukraine.** In the **United States**, the “Head Start” program provides children with free or reduced-cost comprehensive preschool education and healthy nutrition, while parents are offered psychological services and childcare skills training. The program is intended for children from birth to 5 years from low-income families, as well as for pregnant women and families expecting children. Participation is available to children whose families meet federal low-income criteria or receive state assistance. Other participants include children in foster care or homeless children. Programs may also accept certain limited numbers of children not meeting these criteria<sup>80</sup>. In **Germany**, education and participation services (BuT) provide support packages for children, teenagers and young people from low-income families<sup>81</sup>. These services include school supplies payment, student transportation, educational support (tutoring), school meals, and community social and cultural participation. Financial support for students from low-income families (BAföG) is also provided<sup>82</sup>. It consists of full scholarships for technical secondary schools, academies, and universities. Half is available as grants, the other half as interest-free loans. Assistance includes foreign study payment, educational support, childcare for interns, and other expenses. Funding is calculated considering various factors like personal income, spouse or partner income, and parental income according to established norms. In **Lithuania**, children from low-income families receive educational institution support, including free meals and payment for school supplies<sup>83</sup>.

<sup>76</sup> Report on budget program passport implementation for 2023, 2024

<sup>77</sup> Cabinet of Ministers Resolution "On Approval of the Procedure for Providing Food Services to Children in Preschool, Students in General Education and Vocational Educational Institutions, Operations for Providing Which Are Exempt from Value Added Tax" dated February 2, 2011 No. 116, <https://zakon.rada.gov.ua/laws/show/116-2011-%D0%BF#Text>

<sup>78</sup> "Verkhovna Rada of Ukraine Resolution "On Establishing Social Scholarships of the Verkhovna Rada of Ukraine for Students of Professional Pre-Higher and Higher Education" dated October 24, 2002 No. 218-IV, <https://zakon.rada.gov.ua/laws/show/218-15#Text>

<sup>79</sup> Cabinet of Ministers Resolution "Some Issues of Implementing an Experimental Project for Organizing Health Improvement and Recreation of Children Who Need Special Social Attention and Support in Children's Health Camps of State Enterprises 'International Children's Center Artek', 'Ukrainian Children's Center Young Guard' and in Children's Health and Recreation Institutions of Higher Category Listed in the State Register of Children's Health and Recreation Property Objects and Located in the Carpathian Region, According to the 'Money Follows the Child' Principle" dated May 9, 2023 No. 462, <https://zakon.rada.gov.ua/laws/show/462-2023-%D0%BF#Text>

<sup>80</sup> Head Start Services. – An Office of the Administration for Children & Families of United States, <https://www.acf.hhs.gov/ohs/about/head-start>

<sup>81</sup> Bildung & Teilhabe. – Familienportal, <https://familienportal.de/familienportal/familienleistungen/bildung-und-teilhabe>

<sup>82</sup> Studentenhilfsprogramm BaföG. – Bundesministerium Forschung, Technologie und Raumfahrt, [https://www.xn--bafg-7qa.de/bafog/de/das-bafog-alle-infos-auf-einen-blick/fragen-und-antworten/fragen-und-antworten\\_node.html](https://www.xn--bafg-7qa.de/bafog/de/das-bafog-alle-infos-auf-einen-blick/fragen-und-antworten/fragen-und-antworten_node.html)

<sup>83</sup> Social support for pupils. – Lietuvos Respublikos socialinės apsaugos ir darbo ministerija, 2024, <https://socmin.lrv.lt/en/activities/family-and-children/social-assistance-to-families-and-children/social-support-for-pupils/>

# CONCLUSIONS

- 1. The government uses irrelevant indicators for assigning state social assistance to low-income persons.** According to legislation, low-income persons are a separate category whose income is below the established subsistence minimum level. Social assistance amounts for low-income persons depend on both average monthly total income and established subsistence minimum levels. However, even at the national level, this is recognized as an ineffective indicator, as there are two types of subsistence minimum in Ukraine: legislative and actual. The legislative subsistence minimum is based on budget's capacity, while the actual subsistence minimum is based on people's needs (although the calculation of these needs requires improvements). The actual subsistence minimum is on average twice as large as the legislatively established nominal indicator. Therefore, the state cannot simultaneously use the subsistence minimum for low-income family assistance and balance the budget. As a result, a significant share of households on the poverty line do not receive support.
- 2. The current assistance assignment system does not allow covering a significant share of households on the poverty line.** While in 2021-2022 the actual number of persons receiving social assistance exceeded planned figures by 5% and 6%, respectively. By 2023, the plan shortfall was already 36%. In 2023, families were no longer eligible for social assistance if they spent more than 50,000 UAH on real estate, transport, or other assets within 12 months before applying, or if family deposit accounts exceeded 100,000 UAH. In addition, the ownership of a second apartment (except destroyed or unusable housing due to armed hostilities) was also a reason for assistance refusal. Another barrier is that social assistance is provided if the income in the previous six months is larger than the subsistence minimum. Therefore, if a family lost income possibilities due to circumstance beyond their control and moved into the vulnerable category, they still would not receive support for at least six months, even if they need it.
- 3. The state has a limited set of instruments for supporting low-income families.** Assistance for low-income families is assigned based on family income levels without considering practical family needs that cannot be covered by cash payments alone. The essence of the current model is that families must independently decide how to allocate state assistance. International experience indicates the need to support families not only with cash payments but also temporary housing rental assistance. Housing and utility benefits and subsidies are universal tools in many countries; however, energy efficiency measures are also additionally implemented. An important conclusion from international experience analysis is providing crisis situation support through one-time compensations and reimbursing priority expenses like purchasing necessities or clothing.
- 4. State social assistance amounts are insufficient to cover the needs of low-income families.** The actual assistance payment per family in 2023 was 5,498.7 UAH, which is 5.1% less than the actual subsistence minimum per person (as of January 2023, it amounted to 5,795 UAH). This indicates public expenditure ineffectiveness due to inability to achieve the ultimate goal – ensuring sufficient funds to meet minimum needs. The significantly understated subsistence minimum, both legislative and actual, makes social assistance amounts for low-income families irrelevant.

5. **The government is considering implementing basic social assistance that would significantly increase the level of support for low-income families.** By combining five types of assistance, it is proposed to provide one cash payment to the most vulnerable population categories. Instead of the subsistence minimum, linking assistance amounts for low-income families to a basic value is proposed. According to KSE Institute calculations, this would increase support levels for some family types and provide assistance to families previously outside the support system due to the current state social assistance assignment structure for low-income families. However, this can only be implemented with necessary funding available in Ukraine's state budget.
6. **Currently, housing and utility benefits and subsidies are the largest support program for low-income families in Ukraine.** Three times more state budget funds are allocated to housing benefits and subsidies than to state social assistance for low-income families. This indicates that the main state support instrument for low-income families isn't state social assistance for low-income families, but rather payment for housing and utility services, purchasing solid and liquid household heating fuel, and liquefied gas.
7. **Existing support mechanisms for children from low-income families require strengthening and directing resources toward meeting their targeted needs (material, educational, medical).** Having children in a family affects assistance assignment amounts for low-income families. In fact, this creates a flawed model where assistance assignment amount depends on the number of children rather than the economic situation of the family. Additionally, children from low-income families are entitled to free meals at general education institutions with full-time learning. In 2023, the government also launched the “money follows the child” mechanism to pay for health and recreation services for children who need special social attention and support. However, in order to receive this service, besides being raised in a low-income family, children must also belong to categories like children with disabilities (capable of self-care) or children from large families. Overall, under the existing support system, the government does not actually consider needs of children from low-income families, if the children do not have special status and only belong to the low-income category.



# RECOMMENDATIONS

- 1. Expand the list of support instruments for low-income families according to their needs.** Besides providing direct cash assistance, low-income persons should be supported through targeted support tools, which may include, for example, providing housing rental subsidies and stimulating energy efficiency. The approach, whereby receiving assistance is practically impossible without having several representatives from vulnerable socio-demographic groups, such as children or persons with disabilities, also needs to be revised.
- 2. Support programs for low-income families should primarily consider children's needs.** For instance, partial or full compensation for childcare services in low-income families could be implemented, as care is a basic need for all families with children. When parents are employed, targeted payments for school supplies and clothing may be provided. It is necessary to adapt the practice of providing assistance for children in low-income families with confirmation of children living in families to prevent or avoid abuse of payments by those who left their children in state care but continue to receive assistance. Another option can be extended birth payment terms beyond 36 months, which would partially cover children's needs.
- 3. Ensure support for low-income families in crisis situations.** Families may need state support immediately, without waiting for the payment for a month or a six-month period of reduced average monthly income to the established threshold for assistance eligibility. To avoid dangerous situations for the family due to lack of funds, the state must ensure prompt purchasing of basic goods or clothing, as well as transportation cost reimbursement in crisis situations. This may be especially relevant in times of war, when the probability of property damage or complete destruction increase.
- 4. Use relevant socio-economic indicators when assigning monetary assistance.** Instead of the subsistence minimum, which is a key element in assistance assignment, a basic value should be applied. However, if the basic value is approved in the State Budget Law and depends on the country's financial capabilities, it may repeat subsistence minimum shortcomings since it won't necessarily reflect actual population needs. The limitations regarding children over 6 years old should be reviewed when providing basic social assistance. It is proposed to set 100% of basic value or 4,500 UAH for children under 6 years of age, and 70% of the basic value or 3,150 UAH for children over 6 years of age, according to the draft law. Child maintenance costs for ages 6 and 7 hardly differ, but due to starting school, the need for additional support for children from six years even increases. The basic value amount should be reviewed annually considering inflation. In this regard, it's also advisable to review proposed basic value application coefficients.
- 5. Ensure the principle of targeted expenditure use and abandon barriers that limit the list of state support recipients.** This may include mechanisms that define acceptable expenditure categories or the use of cards with restrictions on certain transactions. The approach, whereby it is practically impossible to receive assistance unless there are several members of vulnerable socio-demographic groups, such as children or people with disabilities, also needs to be reviewed. Besides, assistance for low-income families consisting of able-bodied persons should stimulate job searching. If there are able-bodied persons in the family, assistance assignment should not cease for a certain period after employment, as depriving cash payments may become a barrier to such employment.



6. **Introduce a unified register of low-income families to ensure transparency and avoid duplication of assistance.** This will allow providing targeted support from one source, promoting efficient resource use. Comprehensive support from the state, local governments, NGOs, and international donors often duplicates, not encouraging families to exit low-income status.
7. **Housing benefits and subsidies should be provided as an additional option to basic assistance for low-income persons.** According to international experience, if a family is established as low-income, they may receive housing assistance that covers rental costs, utilities, heating and water expenses, as well as costs for energy efficiency improvements.

# APPENDICES

## Appendix 1.

**Table. Comparison of actual subsistence minimum amount with legislatively established (statutory) subsistence minimum amount as of January in 2021-2023 and as of June 2024, UAH per month**

Indicator	2021			2022			2023			2024		
	Statutory SM	Actual SM	Minimum wage	Statutory SM	Actual SM	Minimum wage	Statutory SM	Actual SM	Minimum wage	Statutory SM	Actual SM	Minimum wage
per person	2189	4114	6500	2393	4666	6700	2589	5795	6700	2920	7064,6	8000
per person (incl. the amount of mandatory payments)	-	4714		-	5344		-	6631		-	8089,3	
for children under the age of 6	1921	3838		2100	4264		2272	5288		2563	6341,2	
for children aged 6 to 18 years	2395	4705		2618	5309		2833	6663		3196	7925,6	
for able-bodied persons	2270	4268		2481	4856		2684	6024		3028	7382,2	
for able-bodied persons (incl. the amount of mandatory payments)	-	5301		-	6032		-	7484		-	9170,4	
for persons who have lost their ability to work	1769	3511		1934	3962		2093	4904		2361	6016,1	

Source: Authors' calculations based on data from the Ministry of Social Policy

\*Minimum wage at the end of the year

## Appendix 2.

**Table. Calculations state assistance amounts for different family models under the introduction of basic social assistance**

Indicator	Model	Model 1. Modelling the amount of state social assistance according to current norms	Model 2. Modelling the amount of Basic Social Assistance (Basic Value of UAH 4,000)	Model 3. Modelling the amount of Basic Social Assistance (Basic Value of UAH 4,500)
Family model No. 1				
Family structure	2 adults (wife, husband) and 2 children (3 years and 5 years)	Total level of ensuring the subsistence minimum (SM) for the family - (minus) Average monthly total family income  <b>State social assistance to a low-income family = 0 UAH</b> , since the difference is negative between the total level of ensuring the family's subsistence minimum and the average monthly total family income (10,507.2 UAH - 12,880 UAH).	Total amount of the Basic Value for the family - (minus) Average monthly total family income  <b>The amount of Basic Social Assistance is 1,920 UAH</b> 100% of the Basic Value for the mother (4,000 UAH) + 70% of the Basic Value for the father (2,800 UAH) + 100% of the Basic Value for a child of 3 years (UAH 4,000) + 100% of the Basic Value for a child of 5 years (4,000 UAH) - average monthly total family income (12,880 UAH) = 14,800 UAH – 12,880 UAH = 1,920 UAH	Total amount of the Basic Value for the family - (minus) Average monthly total family income  <b>The amount of Basic Social Assistance is 3,770 UAH</b> 100% of the Basic Value for the mother (4,500 UAH) + 70% of the Basic Value for the father (3,150 UAH) + 100% of the Basic Value for a child of 3 years (4,500 UAH) + 100% of the Basic Value for a child of 5 years (4,500 UAH) - average monthly total family income (12,880 UAH) = 16,650 UAH - 12,880 UAH = 3,770 UAH
Sources of income	Both adults receive the minimum wage (as of October 2024 - 8,000 UAH).			
Average monthly total family income	8,000 UAH – 1,440 UAH (18% personal income tax) - UAH 120 (1.5% military tax) = 6,440 UAH * 2 persons = <b>12,880 UAH</b>			
The total level of ensuring the subsistence minimum (SM) for a family	for the mother: 55% of the level of ensuring the SM (1665.4 UAH) + for a father: 55% of the level of ensuring the SM (1,665.4 UAH) + for a child under 3 years old: 140% of the level of ensuring the SM (3,588.2 UAH) + for a child of 5 years old: 140% of the level of ensuring the SM (3,588.2 UAH) = <b>10,507.2 UAH</b>			
Family model No. 2				
Family structure	1 adult (single mother), 1 child (5 years old)	Total amount of assistance (state social assistance to a low-income family and state	The amount of Basic Social Assistance is UAH 1,560 100% of the Basic Value for a single mother (UAH 4,000) +	The amount of Basic Social Assistance is UAH 2560
Sources of income	Mother's salary is 8,000 UAH			

Indicator	Model	Model 1. Modelling the amount of state social assistance according to current norms	Model 2. Modelling the amount of Basic Social Assistance (Basic Value of UAH 4,000)	Model 3. Modelling the amount of Basic Social Assistance (Basic Value of UAH 4,500)
<b>Average monthly total family income</b>	8,000 UAH - 18% personal income tax (1,440 UAH) - 1.5% military tax (120 UAH) = <b>6,440 UAH</b> Average monthly total family income per person = 6,440/2 UAH = <b>3,220 UAH</b>	child allowance for single mothers) = <b>0 UAH</b> . State social assistance for low-income families is not provided to this family. The difference between the total level of ensuring the family's subsistence minimum (5,253.6 UAH) and the average monthly total family income (UAH 6,440) is negative.	100% of the Basic Value for a child aged 5 (4,000 UAH) - average monthly total family income (6,440 UAH) = 8,000 UAH - 6,440 UAH = 1,560 UAH	100% of the Basic Value for a single mother (4,500 UAH) + 100% of the Basic Value for a child of 5 years old (4,500 UAH) - average monthly total family income (6,440 UAH) = 90,00 UAH - 6,440 UAH = 2,560 UAH
<b>The total level of ensuring the subsistence minimum (SM) for a family</b>	for the mother: 55% of the level of ensuring the SM (1,665.4 UAH) + for a child of 5 years old: 140% of the level of ensuring the SM (3,588.2 UAH) = <b>5,253.6 UAH</b>	State assistance for single mothers is not provided to this family. The difference between 100% of the subsistence minimum for a child of the relevant age (2,563 UAH) and the average monthly total family income per person (UAH 3,220) is negative, so single mothers are not entitled to child allowances.		
<b>Family model No. 3</b>				
<b>Family structure</b>	2 adults: father, mother (a person with a disability of group 2, unemployed), 3 children (5, 8, 12 years old)		<b>The amount of Basic Social Assistance is UAH 7,015</b>	
<b>Sources of income</b>	The father's salary is 13,000 UAH, and the mother's disability pension is 2,520 UAH. Allowance for children raised in large families for the third child under the age of six - 2,100 UAH.	<b>Total amount of assistance</b> (state social assistance to a low-income family and assistance for children raised in large families) = <b>3,578 UAH</b>	100% of the Basic Value for the father (4,000 UAH) + 100% of the Basic Value for the mother (4,000 UAH) + 100% of the Basic Value for a child of 5 years (4,000 UAH) + 100% of the Basic Value for a child aged 8 (4,000 UAH) + 100% of the Basic Value for a child aged 12 (4,000 UAH) - Average monthly total family income (12,985 UAH) = 20,000 UAH - 12,985 UAH = 7,015 UAH	<b>The amount of Basic Social Assistance is 9,515 UAH</b> 100% of the Basic Value for the father (4,500 UAH) + 100% of the Basic Value for the mother (4,500 UAH) + 100% of the Basic Value for a child of 5 years (4,500 UAH) + 100% of the Basic value for a child of 8 years (4,500 UAH) + 100% of the Basic Value for a child of 12 years (4,500 UAH) - (minus) the average monthly total family income (12,985 UAH) = 22,500 UAH - 12,985 UAH = 9,515 UAH
<b>Average monthly total family income</b>	Father's salary after taxes: 13,000 UAH - 2,340 UAH (18% personal income tax) - 195 UAH (1.5% military tax) = 10,465 UAH + Mother's pension and allowance for a child aged 5 who is raised in a large family: 2,520 UAH + 2,100 UAH = 4,620 UAH = <b>15,085 UAH</b>	The amount of state social assistance to a low-income family is 1,478 UAH The total level of ensuring the family's subsistence minimum (16,563.4 UAH) - (minus) the average monthly total family income (15,085 UAH) = 1,478 UAH	*Child allowance for children raised in large families for the third child under the age of six - 2,100 UAH is not provided, as it is fully absorbed by Basic Social Assistance and therefore not reflected in the average monthly total family income	
<b>The total level of ensuring the subsistence minimum for a family</b>	for the father: 55% of the level of ensuring the SM (1,665. UAH 4) + for mother: 100% of the level of ensuring the SM (2361 UAH) + for a child of 5 years old: 140% of the level of ensuring the SM (3,588.2 UAH) + for a child of 8 years old: 140% of the level of ensuring the SM (4,474.4 UAH) + for a child of 12 years: 140% of the level of ensuring the SM (4,474.4 UAH) = <b>16,563.4 UAH</b>	The assistance for children raised in large families for the third child under the age of 6 = 2,100 UAH		

Source: compiled by authors