

# COUNTRY POVERTY BRIEF

EUROPE & CENTRAL ASIA

## UKRAINE

October 2017

POVERTY		Rate (Number of Poor)	Period
National Poverty Line		3.8% (1.7 million)	2016
International Poverty Line 10.5 in Local Currency Unit or US\$1.90 (2011 PPP) per day per capita		0.1% (54.1 thousand)	2015
Lower Middle Income Class (IC) Poverty Line 17.7 in Local Currency Unit or US\$3.20 (2011 PPP) per day per capita		0.5% (224.5 thousand)	2015
Upper Middle Income Class (IC) Poverty Line 30.5 in Local Currency Unit or US\$5.50 (2011 PPP) per day per capita		7.8% (3.5 million)	2015
SHARED PROSPERITY			
Income or Consumption growth of the bottom 40 percent		-0.4%	2010-2015
INEQUALITY			
Gini Coefficient		0.25	2015
Shared Prosperity Premium	Difference between the income or consumption growth of the bottom 40 percent and that of the average	-0.2pp	2010-2015
GDP GROWTH			
Annualized GDP per capita growth		-0.9%	2010-2015

Sources: WDI, ECATSD using HLCS/ECAPOV/GMD. National poverty lines are provided by national statistical offices.

### PROGRESS ON POVERTY AND EQUITY

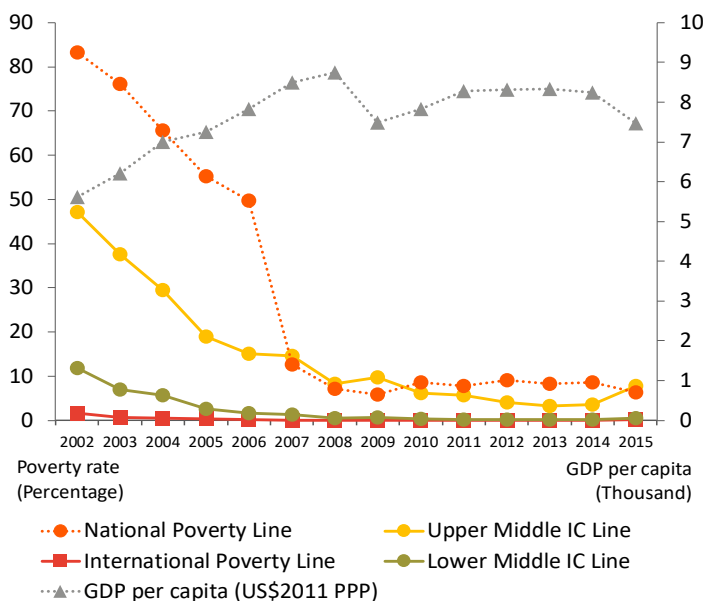
In Ukraine, moderate poverty (according to the international measure of consumption per capita below 5.5 USD/day in 2011 PPP) has started to decline, reaching an estimated 6.9 percent in 2016. This follows a doubling of poverty incidence from 3.5 in 2014 to 7.8 percent in 2015 due to the sharp recession and high inflation in 2014-2015. This decline in poverty was driven by rebound in the real sector including real wage growth, though poverty levels remain high compared to historical trends.

A more marginal decrease in poverty over the period, from 51.9 to 51.1 percent is observed when using a non-official national poverty measure calculated by the National Statistical Services that is constant in terms of purchasing power, and thus suitable for monitoring trends.

Due to the contraction of the economy Ukraine performed poorly in terms of shared prosperity. The consumption of the bottom 40 percent contracted (0.4 percent) and this decrease was bigger than for total population (0.2 percent). Those in the bottom 40 percent have worse labor market outcomes than the rest of the population, are less equipped to find a job, more likely to have constraints such as childcare when looking for jobs, and more likely to live in rural areas where employment opportunities are more limited.

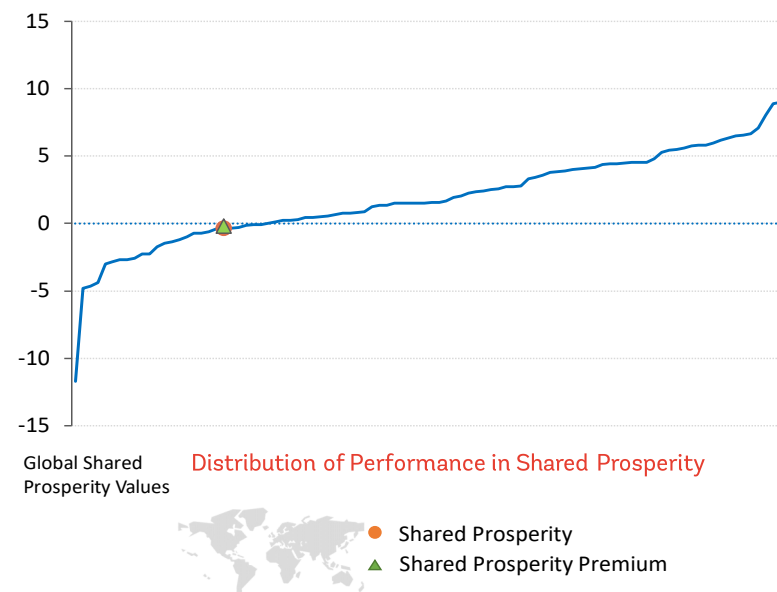
Inequality as captured by the household survey remains moderate – it declined up to 2014 when the Gini reached 0.24, but then increased back to 0.25 in 2015. As the survey is not deemed to capture appropriately the top end of the distribution, however, local and international experts tend to believe that inequality is underestimated.

## POVERTY HEADCOUNT RATE, 2002-2015



Source: World Bank using HLCS/ECAPOV/GMD

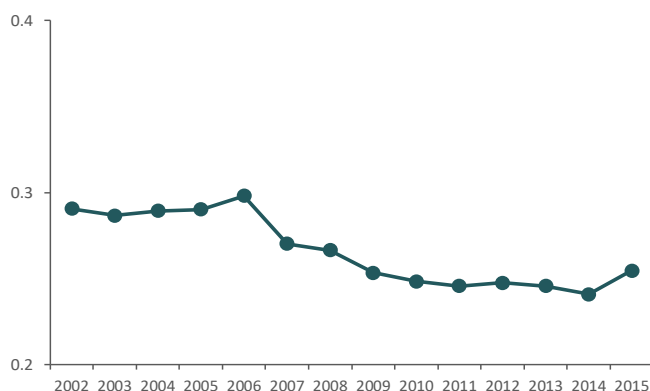
## SHARED PROSPERITY AND SHARED PROSPERITY PREMIUM, 2010-2015



Source: World Bank using HLCS/ECAPOV/GMD

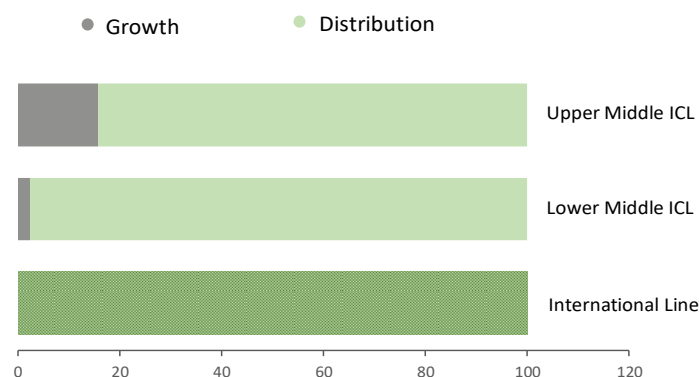
## INEQUALITY TRENDS, 2002-2015

Gini Coefficient



Source: World Bank using HLCS/ECAPOV/GMD

## % CONTRIBUTION TO POVERTY CHANGE, 2010-2015



Source: World Bank using HLCS/ECAPOV/GMD

## POVERTY DATA AND METHODOLOGY

The national poverty estimates in Ukraine are produced by the State Statistics Service of Ukraine (UkrStat) based on the quarterly Household Living Conditions Survey (HLCS). The methodology for poverty estimation is based on income and an absolute poverty line. As the headline poverty figures are anchored in an administrative measure (the Subsistence Minimum) and are adjusted based on policy decisions rather than a price index which would keep its purchasing power constant, the absolute poverty measures are not comparable over time. There are alternative poverty measures including relative ones. The National Statistical Services recently started publishing an absolute poverty measure, which while not official, is based on an absolute poverty line comparable over time.

## HARMONIZATION

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