

UKRAINE

**DECENT WORK COUNTRY PROGRAMME
2016 – 2019**

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DECENT WORK COUNTRY PROGRAMME OF UKRAINE

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Introduction

The primary goal of the International Labour Organization (ILO) is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. Its main aims are to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen social dialogue. ILO works in close partnership with Governments, trade unions and employers' organizations in order to ensure that economic growth and competitiveness is also socially sustainable and inclusive, responding to the most important aspirations of women and men: a fair income, security at the workplace and effective social protection for themselves and their families, better prospects for development and social integration, freedom to express their concerns, including to collectively organize and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men.

Decent Work Country Programmes (DWCPs) promote decent work as both a key component of development policies and as a national policy objective of governments and social partners. The Decent Work Country Programme represents a medium-term planning framework that guides the work of the ILO in a country in accordance with priorities and objectives agreed upon with its tripartite constituents.

This DWCP and its priorities and outcomes are agreed upon after an extensive process of tripartite consultations with ILO's constituents in the country. The identified strategic priorities and outcomes will be pursued during the period 2016-2019 through joint action of the authorities and social partners in Ukraine on the one hand, and the ILO on the other hand. The Programme takes into account development planning activities in the country and international agendas, such as: the United Nations Partnership Framework 2012-2016, the national Poverty Reduction Strategy as well as the Sustainable Development Strategy "Ukraine – 2020".¹

This document consists of a narrative outlining the socio-economic context, the lessons learned to date, a strategy of interventions, and a logical model that details the interventions. The progress made towards achievement of the priorities covered by the DWCP will be monitored throughout its implementation.

¹ See: <http://zakon4.rada.gov.ua/laws/show/5/2015>

I. The current situation from a Decent Work perspective

1.1. The socio-economic context

Ukraine is a lower middle-income country² which has recently signed a political and economic association agreement with the European Union (EU) with a free trade zone entering into force as of 1 January 2016.

In 2016 Ukraine will celebrate the 25th anniversary of its independence. This period was marked by important changes in both the political system and the economic structure, and witnessed different rounds of economic and social reforms, often undertaken in a context of political and economic crisis, with mixed results.

Long-standing structural problems of Ukraine, such as weak economic growth and employment creation, wage arrears, high share of informal economy and undeclared work, weak labour market governance and burdensome regulation, were compounded by the new challenges Ukraine now faces following the drastic political changes, the annexation of Crimea and destabilization of the situation in the Donetsk and Luhansk regions.

After a modest recovery from the global financial crisis, Ukrainian economy recorded zero growth in 2012 and 2013 followed by sharp economic downturn in 2014, when the GDP fell by 6.8 per cent and then plummeted by 9.9 per cent in 2015.³ After 18 months of stability, the national currency hryvnia was devaluated by almost 200 per cent between February 2014 and December 2015. The sharp devaluation of the national currency led to wide-spread over-indebtedness of dollar mortgages/consumer credits. Inflation grew by 124.9 per cent in 2014 and by 143.3 per cent in 2015.⁴

In order to secure IMF lending, in March 2014 the government introduced a severe economic austerity package, including suspension of funding of new state programmes, reduction of civil service, freeze of salaries in the public sector, reduction of administrative costs, multiple raises of prices for public services for households, reduction of various guarantees and social benefits, which in turn led to growing poverty. Negotiations with IMF resulted in a US\$17 billion two-year loan programme for Ukraine. In March 2015 the IMF loan programme was replaced by a more favourably conditioned Extended Fund Facility Arrangement worth US\$17.5bn. Ukraine experiences difficulties in servicing its international debt. However, Ukraine has managed to secure a 20 per cent write-down of its foreign debt in a deal with its largest creditors.⁵

1.2. Employment

On the government side, current policies and Action Plans approved by the President and the Cabinet of Ministers aim to promote productive labour, and full and freely chosen

² See: <http://data.worldbank.org/country/ukraine>

³ Data for the third quarter of 2015. See: http://ukrstat.gov.ua/operativ/operativ2015/so_ek_r_u/soekru_u/soekru_06_15.zip

⁴ Data for the third quarter of 2015. See: http://ukrstat.gov.ua/operativ/operativ2015/so_ek_r_u/soekru_u/soekru_06_15.zip

⁵ <http://www.theguardian.com/world/2015/aug/27/ukraine-agrees-win-win-debt-restructuring-deal>

employment. There are differences of opinions among ILO constituents as to whether these policies adequately address economic and social challenges of Ukraine.

According to the data of the State Statistics Service, as of 1st of January 2016 the population size of Ukraine is 42.7 million people. The employed population in the fourth quarter of 2015 amounted to 16.2 million people.⁶ The employment rate was 55.9 per cent - 61.3 per cent among men and 51.0 per cent among women. The highest employment rate was observed in Kyiv (62.0 per cent) and Dnipropetrovsk region (60.09 per cent), and the lowest one in Donetsk region (50.3 per cent) and Ternopil region (51.6 per cent).

The number of unemployed was 1.7 million people. The unemployment rate (by ILO methodology) was 9.5 per cent of the workforce, and among the people of working age – 9.9 per cent. Disaggregating by sex, men face an unemployment rate of 10.7 per cent, while women’s rate is 8.2 per cent. Among youth between 15 and 25 years of age, the unemployment rate remains twice as high as the average throughout the country – 22.4 per cent of the workforce. The lowest unemployment rate was observed in Kyiv (6.4 per cent) and Odesa region (6.5 per cent), and the highest one was in Ternopil (11.8 per cent), Poltava (12.1 per cent), Donetsk (13.8 per cent) and Lugansk (15.6 per cent) regions.

The country faces serious demographic challenges because of a rapidly aging population, migration, and internal displacement of the population. Rising unemployment throughout Ukraine poses additional constraints for displaced persons to find work in other regions of the country. The most recent estimates point to at least 1.449 million internally displaced population (61.1 per cent are women).⁷ Some 263,000 IDPs who registered with social security are in working age and more than 100,000 indicated that they are in need of work. However, only 45,000 of them reported to the Public Employment Service. The total number of vacancies available in the database of the Public Employment Service was 41,600, i.e. ten job seekers per vacancy. These people can be seen as potential labour migrants to the neighbouring EU countries as well as to the Russian Federation, unless they will be able to find jobs in Ukraine.

The Government initiated a reform of the Public Employment Service, to transform it into a Public Employment Agency which would streamline some functions, improve labour market information and expand its services to all jobseekers (not only the unemployed). The relevant draft-law was prepared under the Ministry auspices and presented at the International Employment Conference in May 2015. However, the draft was criticized by the social partners for the lack of consultation.⁸ In response, in September 2015 the Government set up a tripartite working group to review the draft and submitted the draft to the ILO for official comments.

Addressing the skills matching in the Ukrainian labour market, recognition of informally acquired skills and deep understanding of internal mobility of the Ukrainian workforce would be conducive to higher employability of the Ukrainian workforce, including labour migrants/IDPs, and benefit economic growth in Ukraine. The Public Employment Service

⁶ The last population census was conducted in Ukraine in 2001. Population data as of 1 January 2016 made available by the Ukrainian Statistics Service does not include the temporarily occupied territories of the Autonomous Republic of Crimea and the city of Sevastopol. See: www.ukrstat.gov.ua

⁷ Data available as of 28.08.2015

⁸ Criticism about mentioned draft-law by the social partners concerns provisions of the draft-law providing the room for untargeted use of insurance finances, assignment the functions of State Employment Service to private entities, reduction of social protection level, limitation of social dialogue etc.

and the Federation of Employers of Ukraine are collaborating on the development and review of occupational standards. At the end of 2015 employers of Ukraine approved 18 occupational profiles, a part of which was developed with ILO technical assistance.⁹ In 2014, the Institute of Professional Qualifications¹⁰ was founded as a platform for facilitating the development of occupational profiles and professional qualifications. These efforts would need further support from the ILO.

Enabling Environment for Sustainable Enterprises

To improve the enabling environment for enterprise development and to bring Ukrainian legislation in line with EU legislation, the Cabinet of Ministers of Ukraine has adopted Resolution 42, 'On Some Issues of Business Deregulation', which came into effect in February 2015. The government is showing a commitment to pursuing a reform agenda that should lead to an overall improvement in the business climate in Ukraine (for example recent introduction of online system for business registration). Although Ukraine was upgraded from the 96th position (recorded in 2015) to the 83th position in the 2016 World Bank's "Doing Business" ranking, the business environment still appears unfriendly and difficult. Greater political stability, the elimination of unnecessary regulations and parafiscal burdens, more flexibility and predictability in the regulatory environment, improved rule of law, increased transparency in management of state-owned enterprises, more transparent and coordinated inspections, more transparent public procurement processes, the fight against corruption, improved banking system and access to finance, the reduction of unfair competition linked to informal economy are just a few of the areas of concern. Among the macroeconomic factors, the galloping inflation and public debt (the domestic debt has exceeded the Gross Domestic Product by 110.5 per cent in the first quarter 2015 and Ukraine's sovereign debt has tripled to UAH 1.4 trillion) pose a major threat to recovery.

Systematic and consistent commitment by the government to improving business environment in consultation with social partners through genuine social dialogue will be essential to enable private sector sustainability, increase in foreign and domestic investments, job creation, improved tax contributions and overall prosperity of the country.

Skills mismatch

The labour force training system in Ukraine in its main aspects is still tailored to a planned economy purpose. In this context, the main role in skills development is played by the so called "state order for labour force training" that in the old times used to be oriented to the industry needs. In the current situation, the lack of links between education providers and labour market institutions produces a situation whereby less than 40 per cent of higher education graduates find jobs in the field of knowledge they have been taught.¹¹ Occupational segregation by gender remains strong. Low demand for highly-qualified workers in Ukraine (almost 40 per cent of employees perform predominantly manual work) can serve as another evidence of skill mismatch in the labour market. At the same

⁹ EU-ILO project "Effective Governance of Labour Migration and its Skills Dimension"

¹⁰ See: <http://fru.org.ua/ua/events/fru-events/robotodavtsi-i-derzhavna-sluzhba-zainiatosti-teper-razom-pratsiuvatymut-nad-suchasnymy-kvalifikatsiamy-pratsivnykiv>

¹¹ See: http://www.dut.edu.ua/uploads/l_673_69088041.pdf

time, only 30 per cent of blue-collar workers have been provided with skills upgrading.¹² These factors could lead to the conclusion that enterprises do not trust the existing education and training system and are not interested in using it for skills development purposes. At the same time, employers spend more than USD 1 billion on the additional training of their workers by using providers outside the formal education system.

The country is going through a process of political reform and economic re-orientation. In order to enhance the sustainable labour market integration of the unemployed in the medium and long term, the design and implementation of active labour market policies and programmes is needed. Such programmes may provide temporary employment opportunities as well as address skills gaps for longer-term labour market inclusion. However, neither the existing labour market information system nor the current implementation mechanism of the State Employment Services can sufficiently support the demand orientation and appropriate targeting of such active labour market programmes. Forming an early warning system of economic crisis based on the monitoring, forecasting and identification of negative trends would allow to determine the priority areas of economic development, adapt the professional training to the labour market and to increase the effectiveness of state employment policy.

1.3. Social Dialogue

Ukraine has ratified the ILO Conventions on Freedom of Association, No. 87, and on Collective Bargaining, No. 98 and No. 154, as well as the Convention on Tripartite Consultations (International Labour Standards), No. 144.

The adoption of the law “On Social Dialogue in Ukraine” in 2010 set a solid stage for the development of social dialogue as it established a new institution - the National Tripartite Social and Economic Council (NTSEC)¹³ and Regional Tripartite Social and Economic Council (RTSEC). The law also introduced representativity criteria for the trade unions and employers’ organizations. In spite of some criticism, the Law on Social Dialogue has indeed promoted the consolidation of social partners, especially in the case of employers’ organizations.

In the period of 2012 to 2014, the NTSEC’s activities have intensified: regulations of the NTSEC and typical provision of RTSEC were approved, cooperation with the Committee on Economic Reforms (co-chairpersons from the constituents were included into the above-Committee) and close cooperation with ILO and AICESIS were strengthened. Very recently, the NTSEC amended its own regulations, establishing thematic working groups and committees that, to some extent, improved the NTSEC outcomes. In 2015 NTSEC faced serious disruptions due to some policy disagreements among its members.

At the same time, emerging civil society organizations and their willingness to participate in the public discussion over issues which traditionally are the themes of the tripartite dialogue exacerbate discussions about the effective model of social dialogue for Ukraine. The social partners, who advocate for the tripartite model of social dialogue, emphasize

¹² See: http://www.ipq.org.ua/upload/files/files/06_Biblioteka/03_Analitichni_per_cent20materiali/2015.09.15_NQS_UA/ETF_аналіз_per_cent20практики_per_cent20регулювання_per_cent20прокваліфікацій_per_cent20в_per_cent20Україні_07.2015.pdf

¹³ See: <http://ntser.gov.ua/>

the need to have their capacity further strengthened as to participation in tripartite social dialogue.

One of the main lessons learned in the process of social dialogue reform in Ukraine has been that meaningful tripartite social dialogue needs effective and coordinated collective bargaining processes in order to produce tangible outcomes for both workers and employers. A set of recommendations¹⁴ were provided in the framework of the ILO project on “Improving Collective Bargaining and Labour Law Compliance in Ukraine” and discussed and agreed by the participants of national round tables concerning improvement of legal framework and existing practice of collective bargaining in Ukraine. These recommendations, aiming to address existing legal and institutional gaps as identified by a national study carried out in 2012, have so far been used only to a limited extent as guidelines in conducting collective bargaining at the national level and the metal industry. In 2015, the Ministry of Social Policy of Ukraine developed a draft-law on collective agreements, which had taken into consideration a set of the-above mentioned recommendations. After a round of tripartite discussions aiming at addressing several legal and practical constraints to the proper functioning of bipartite dialogue at various levels, the work on the draft is currently under way.

The accumulated wage arrears and the failure to reach agreement on the review of the subsistence minimum and the minimum wage¹⁵, basic tariff class of the Unified Tariff Scale (UTS), on the grounds of which the wage is calculated in a fiscal section, led in April 2015 to a collective labour dispute between trade unions and the Government and employers.

Settlement of mentioned disputes rests within Conciliation Commission and Labour Arbitration, through which the parties succeeded in (though partially) reaching certain agreements.

Peaceful settlement of collective labour disputes, in the context of already high social tension due to the humanitarian and socio-economic consequences of the ongoing conflict, is another priority for all constituents.

As the tripartite bargaining for setting the minimum wage is also linked to the overall economic performance, productivity and success of economic reforms, enabling environment for sustainable enterprises and sound business operation comes as a vital priority for employers. Both employers’ and workers’ organizations need to strengthen their capacity to engage with the Government and between themselves as well as to develop their internal services to their members.

Under the supervision of the Ministry of Social Policy, a State Labour Service has been set up to integrate labour inspection services in relation to labour legislation compliance, occupational safety and health, employment relations, compulsory state social insurance and implementation of state mining supervision. The new Service is the result of the merger of three different bodies in the field of labour, i.e. the State Labour Inspection of Ukraine, the State Service of Mining Supervision and Industrial Safety of Ukraine and part of the State Sanitary and Epidemiological Service of Ukraine. The Government needs urgent technical assistance to build a new institution which would effectively promote

¹⁴ See: http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_217643.pdf

¹⁵ Set in September, 2015, they stand respectively at UAH 1330, 1378 and 1012.

and enforce the national labour legislation. The Ministry of Social Policy of Ukraine requested ILO's technical assistance to ensure that the new labour inspection system will perform in accordance with ILO conventions, EU Directives and European good practices. The new structure needs to take a long road to build its own institutional capacity.

1.4. Social Protection

The EU-Ukraine Association Agreement signed on 21 March 2014 requires the Ukrainian government to pursue the goals of *enhancing the level of social protection and modernising social protection systems, in terms of quality, accessibility, and financial sustainability*. However, as a consequence of the economic crisis and the on-going conflict in the eastern regions, Ukraine is facing severe pressure to cut the spending on social security benefits.

The Government of Ukraine announced a reform based on the principles of equitable, accessible and targeted system of social protection.¹⁶ The reform of the pension system will be central to this process. The first measure – cancellation of “special pensions” to the top civil servants – was introduced as of 1 June 2015.

The subsidy system has been under revision, too. While the tariffs for public commodities have sharply risen¹⁷, the Government launched a new subsidy programme and simplified the qualification criteria for the households to apply for a subsidy. The number of recipients of the subsidy totalled almost 5.1 million families¹⁸, which is five times more than in the same period of 2014.

The reform of the state social insurance funds is on the list of top priorities of the agenda of the Government, aiming to reduce administrative expenses¹⁹ against the background of a falling number of contributors.²⁰ Since January 2011, all social contributions due by the employers and workers have been consolidated into a “single social contribution” from which the different funds are replenished on the basis of internal allocation criteria. In January 2015 the Government initiated an administrative restructuring of the social insurance funds, starting from the merger of the Temporary Disability and Occupational Accidents funds. The Government intends to continue the process of consolidation of funds, which implies amending the legal framework and searching approval from the social partners as well as the Parliament.

In order to meet the goals set out by the EU Association Agreement and to protect the minimum benefit levels under severe austerity measures, the Ukrainian Government has ratified in March 2016 the ILO Social Security Minimum Standards Convention, 1952 (No.102) and is preparing for the signature of the European Code of Social Security. In

¹⁶ See: http://www.mlsp.gov.ua/labour/control/uk/publish/article;jsessionid=34BC2B9FB90D0421EE3F5FAC8898C881.app1?art_id=180830&cat_id=107177

¹⁷ Electricity tariff grew by 45.2 per cent as of 1 April 2015, it continued to grow by 23 per cent as of 1 September and then – by another 23 per cent as of 1 March 2016.

¹⁸ Data as of 18 December 2015.

¹⁹ According to the Minister of Social Policy Pavlo Rozenko, administrative expenses of social insurance funds rise up to 25 per cent of their budgets. See: <http://prombezpeka.com/2014/12/ministr-socpolityky-pavlo-rozenko-objednannja-dvoh-fondiv-socstrahuvannja-zbilshyt-obsjagy-vyplat/>

²⁰ According to the data of the Pension Fund of Ukraine, the number of persons covered by the mandatory social insurance through the single social contribution has dropped in all regions of Ukraine by 1.6 million in June 2015 compared to the previous year and was 10.2 million people.

addition, the government is considering to develop a national poverty reduction strategy.²¹ These initiatives are strongly supported by both trade unions and employers' organizations. The Ministry of Social Policy recently updated the legal analysis of compliance of the Ukrainian social security law with the provisions of the Convention. The study concluded that Ukraine is ready to ratify the ILO Convention No. 102 and the European Code of Social Security in full. In addition, in September 2015 Verkhovna Rada of Ukraine ratified the ILO Social Policy (Basic Aims and Standards) Convention, 1962 (No. 117).²² To provide social protection of the Ukrainian labour migrants working abroad, Ukraine has concluded bilateral social security agreements with Bulgaria, Estonia, Spain, Latvia, Lithuania, Portugal, Slovakia, Czech Republic and Poland. Social security agreements apply to migrant workers, persons who reside permanently abroad, and stateless persons and refugees who are protected by the relevant national legislation. They cover the whole range of social security, i.e. old-age, disability and survivors' pensions, medical care, sickness and maternity, and employment injury. Some agreements²³ cover unemployment insurance as well.

The Ministry of Social Policy with the participation of a wide range of central authorities, employers, trade unions, national and ILO experts has developed a Poverty Eradication Strategy, which was recently approved by the Cabinet of Ministers of Ukraine.²⁴

1.5. Conditions of Work

Wages

The minimum wage in Ukraine is set by law since the Ukrainian independence in 1991. The minimum wage is a legally established price floor for simple, non-qualified labour. The level of the minimum wage is established according to Art. 9 and 10 of the Law of Ukraine "On Wages" and cannot be lower than the subsistence minimum for the able-bodied population. The minimum wage had been at least annually reviewed by the Government until December 2013 when it was frozen at the level of UAH 1,218 as part of austerity measures.

On September 1, 2015 the minimum wage was increased by 13 per cent to UAH 1,378. According to the Federation of Trade Unions of Ukraine, such an increase "does not offset the inflationary devaluation of income, which in 2014 amounted to 124.9 per cent and in January-August 2015 - 138.2 per cent. As a result, the minimum wage in October 2015 was only 55.4 per cent of the subsistence minimum for able-bodied citizens (UAH 2,488) calculated by the Ministry of Social Policy, and 50 per cent of the actual subsistence minimum for able-bodied persons considering the taxes from people's income (2,757 UAH).

²¹ The law of Ukraine "On ratification the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102)" was adopted on 16 March 2016.

²² The Law of Ukraine (registration number No.692-VIII) "On ratification the ILO Social Policy (Basic Aims and Standards) Convention, 1962 (No. 117)" was adopted on 16 September 2015.

²³ Agreements concluded with Estonia, Latvia, Lithuania and Portugal.

²⁴ The Decree of the Cabinet of Ministers of Ukraine "On Poverty Eradication Strategy approval" №161-p as of March 16, 2016. See: <http://www.kmu.gov.ua/control/uk/cardnpd?docid=248898080>

There is a long-standing problem of wage arrears. As of 1 February 2016, the amount of non-paid wages increased to UAH 2.1 billion, while 71 per cent of the debt has been generated by economically active companies.²⁵ The highest amount of arrears is recorded in the Lugansk region (UAH 532 million), Donetsk region (UAH 456 million), Kharkiv region (UAH 166 million) and Dnipropetrovsk region (UAH 139 million).

Workers of bankrupt and liquidated companies without liquidation property are most vulnerable. The establishment of guarantee institutions to provide payment of wages owed to workers in case of an employer insolvency, has not been achieved so far.

Labour migration

According to the ILO migration survey²⁶ of 2013, 1.2 million, or 3.4 per cent of the Ukrainian population were migrant workers.²⁷ Among the working age population, the proportion of migrant workers during the survey period was 4.1 per cent.²⁸ Men prevailed over women among migrant workers aged 25–29 (4.3 times more), whereas women were more numerous than men among the category of those aged 60–70 (6.8 times). The rural population shows a higher level of participation in migration because of the limited opportunities to find a job in rural areas.

The main destinations for Ukrainian migrant workers were the Russian Federation, Poland, Italy, the Czech Republic, Germany, Hungary, Spain, Portugal and Belarus.

Working conditions of Ukrainian migrant workers are a source of concern. According to the survey results, only 38.0 per cent of migrant workers entered into a written employment contract with foreign employers. The problem is particularly serious in some of Ukraine's neighbouring countries. In Russia, only 28.9 per cent of migrant workers formalized her/his working arrangement in writing, while only 11.7 per cent did so in Poland. Only in the Czech Republic, Belarus and Germany more than half of Ukrainian migrants (58.1 per cent, 56.9 per cent and 52.9 per cent, respectively) signed written employment contracts. In most cases a written employment agreement was concluded between migrant workers and employers in the language of the country of employment, and only in 25 per cent of cases it was translated into Ukrainian.

Migrant domestic workers are especially vulnerable to violation of their labour rights (18.3 per cent of migrant workers were engaged in household help in 2013). This category of Ukrainian migrants (predominantly women) rarely formalizes their employment arrangements in writing (in 16.5 per cent of cases).

Occupational Safety and Health

Traditionally, occupational health and safety (OSH) has been given much attention by the Government and social partners, especially in mining and metal industries. Ukraine has ratified a number of ILO instruments related to OSH. The large-scale privatization,

²⁵ Data about wage arrears as for February, 1, 2016 provided by The State Committee of Statistics, do not include the Autonomous Republic of Crimea and Sevastopol. See: www.ukrstat.gov.ua

²⁶ Report on the Methodology, Organization and Results of a Modular Sample Survey on Labour Migration in Ukraine / – Budapest: ILO, 2013. See: http://www.ilo.org/budapest/what-we-do/publications/WCMS_244746/lang-en/index.htm

²⁷ The survey period last from January 2010 until June 2012

²⁸ This data does not cover the Autonomous republic of Crimea, and some territories of Donetsk and Luhansk regions beyond the Ukrainian control. See: <http://www.social.org.ua/activity/profilactika>

creation of small and medium-sized enterprises as well as growing informality raised however a number of challenges for preventing and recording workplace accidents.

The available statistics cover only the formal employment, demonstrating that workplace accidents have dropped by 13.4 per cent, while lethal accidents increased by 7.9 per cent.²⁹ The main reasons were organizational (63.9 per cent), psycho-sociological (24 per cent), technical (12.1 per cent), linked to substance abuse (2.5 per cent). In the first six months of 2015, 2,156 accidents have occurred (including 178 lethal).

At the same time, the trade unions are alarmed that the moratorium on labour inspection visits makes it impossible for the labour inspectors to promote and enforce the OSH. The State Labour Service was eventually excluded from the moratorium; however, it cannot immediately become effective as it has to clarify its mandate and internal structure as described above.

HIV/AIDS at the Workplace

HIV/AIDS prevalence rate in Ukraine remains the highest in Europe.³⁰ As of today, the epidemic mostly affects people of working age and has negative socio-economic impact.

Social dialogue is seen as an important way to address HIV in Ukraine, which is explicitly stated in the new State HIV/AIDS Programme for 2014-2018.³¹ The National Tripartite Cooperation Strategy on HIV prevention in the World of Work, adopted in 2012, has served as guiding document for the tripartite constituents in the response to HIV at work in Ukraine.³² The HIV-related activities have been based on ILO Recommendation 200 concerning HIV and AIDS and the World of Work, adopted in 2010 and aimed at increasing awareness of women and men workers on HIV and its impact on the world of work, counteracting HIV-related stigma and discrimination, development and implementation of HIV workplace programmes and facilitating workers' access to VCT at and through the workplace.

As a result of the military conflict in Donbass and annexation of Crimea, it is hardly possible to assess how internal displacement of the population reflected on HIV situation in Ukraine, as these regions were among the most HIV-affected (30 per cent of PLHIV resided in those territories).³³ The social partners are keen to continue the addressing HIV through the world of work.

1.6. Gender Equality and non-discrimination

According to the World Economic Forum's global gender gap index, in 2014, Ukraine ranked 56 out of 142 countries. Ukraine's legal framework as well as the capacity of labour market institutions needs to be further strengthened in the area of discrimination in employment and occupation to fully implement the observations of the ILO supervisory

²⁹ See: <http://ucdc.gov.ua/news/show/novii-vipusk-informaciinogo-byuletenyu-vil-infekciya-v-ukrajini-44-2015>

³⁰ <http://ucdc.gov.ua/news/show/novii-vipusk-informaciinogo-byuletenyu-vil-infekciya-v-ukrajini-44-2015>

³¹ <http://zakon2.rada.gov.ua/laws/show/1708-18>

³² See: http://www.ilo.org/aids/legislation/WCMS_191149/lang--en/index.htm

³³ See: <http://ucdc.gov.ua/news/show/novii-vipusk-informaciinogo-byuletenyu-vil-infekciya-v-ukrajini-44-2015>

bodies.³⁴ Although the current legislation provides for the principle of equal remuneration for equal or same work, the principle of equal remuneration for work of equal value as enshrined in ILO Convention No. 100 on Equal Remuneration is not fully implemented in national labour law. The gender pay gap has grown in 2014 by 0.9 per cent to 23.7 per cent compared to the previous year.

Recent legal progress in the area of non-discrimination has included amendments to the legislation on the employment of people with disabilities (focusing on incentives for employers and administrative sanctions for companies violating the rights of people with disabilities), as well as a shift of the burden of proof in cases of discrimination before the courts. An amendment to the current Labour Code providing a comprehensive definition of discrimination in respect of employment and occupation was recently adopted by the Parliament.³⁵

The socio-economic consequences of the conflict in the East have a particularly negative impact on women. Continuation of conflict and population displacement exposes women to the growing danger of various human rights violations and abuses. Those women who cannot leave the areas of fighting, experience an increased threat of sexual violence. Women may face an increased risk of domestic violence, because soldiers returning from the conflict zone do not receive appropriate social and psychological services. Women, particularly among internally displaced persons could be at increased risk of becoming a victim of trafficking, sexual violence and forced prostitution as a means of survival.³⁶

Although the current legislation provides for the principle of equal remuneration for equal or same work, the principle of equal remuneration for work of equal value as enshrined in ILO Convention No. 100 on Equal Remuneration is not fully implemented in national labour law. The gender pay gap has grown in 2014 by 0.9 per cent to 23.7 per cent compared to the previous year.

The Government and social partners made continuous efforts to mainstream gender equality throughout the draft Labour Code based on the ILO comments of 2003, 2009 and the observations of a joint UNFPA/ILO mission of 2012. The draft Labour Code is being in the Parliament for adoption. The ILO was requested by the Government and social partners to provide technical comments thereon. There is a common understanding among the tripartite constituents that the Parliament will make its best to incorporate relevant ILO comments to ensure full compliance of the draft with international labour standards.

Additional measures will need to be taken to address gender equality concerns in practice. The constituents indicate the need to help them design and implement gender-sensitive workplace programmes covering a range of issue such as OSH, working environment, gender-based discrimination and sexual harassment. Both employers and employees still have to improve their knowledge of what discrimination is or what legal means are available to combat it.

³⁴ See: http://gender.ilo.org.ua/eng/Gender_per_cent20equality/Publications/General_Observation_equality_of_opportunity_and_treatment.pdf

³⁵ The Law of Ukraine "On Amendments to the Labour Code of Ukraine concerning the harmonization of legislation in the area of preventing and combating discrimination in line with the European Union Law" of 12 November, 2015 No. 785-VIII. See: <http://zakon5.rada.gov.ua/laws/show/785-19/paran2#n2>

³⁶ Report of 2014 UN Monitoring Mission on human rights in Ukraine. See: <http://www.un.org.ua/en/information-centre/news/1870>

1.7. *International Labour Standards*

Ukraine has ratified all the fundamental and governance ILO Conventions.³⁷ The list of ratified international labour standards has been extended by the recent ratification of the Conventions No. 155³⁸ and No. 117.³⁹ In March 2016 the Ukrainian Parliament ratified ILO Convention No. 102.⁴⁰ Significant progress has been made towards the ratification of the MLC.⁴¹ As part of the Government Action Plan⁴² for 2015-2019, the ratification of eight more ILO Conventions⁴³ is being considered to implement the European Social Charter. In the recent years, Ukraine has made progress in improving the fulfilment of its constitutional obligations related to reporting on ratified international labour standards to the ILO supervisory bodies and submission to the national authorities of newly adopted standards. However, further assistance is needed so as to ensure full compliance of legislation and practice with the ratified labour standards as requested by the ILO Committee of Experts on Application of Conventions and Recommendations.

II. **Lessons learned from previous cooperation**

For the past 24 years, a substantial cooperation programme has been realized between the ILO and independent Ukraine through a large portfolio of technical cooperation projects covering almost all areas of ILO mandate. As a result of the ILO's multilateral cooperation with national constituents the Decent Work Agenda is being promoted at different levels. Both the Decent Work Agenda and the Global Jobs Pact are reflected in official documents of the President of Ukraine, the Parliament and the Government of Ukraine, as well as the National Tripartite Agreement on Employment and Jobs. The Federation of Employers of Ukraine and the Confederation of Employers of Ukraine have formulated key elements of Decent Work Agenda into their strategic programmes.

The ongoing UNDAF for 2012-2016 includes four components of the ILO Decent Work Agenda, while the Post-2015 consultation "The Future We Want" ranked decent jobs among seven development priorities for Ukraine after 2015. The national Poverty Reduction Strategy under preparation by the government explicitly addresses issues of high relevance to the Decent Work Agenda, such as employment, social protection and social dialogue.

³⁷ Fundamental Conventions: C29, C87, C98, C100, C105, C111, C138, C182; Priority Conventions: C81, C122, C129, C144.

³⁸ C155 - Occupational Safety and Health Convention, 1981 (No. 155) was ratified on 04 January 2012.

³⁹ [C117 - Social Policy \(Basic Aims and Standards\) Convention, 1962 \(No. 117\) was ratified on 10 December 2015.](#)

⁴⁰ C102 – Social Security (Minimum Standards) Convention, 1952 (No. 102).

⁴¹ The Maritime Labour Convention (2006)

⁴² The Decree of the Cabinet of Ministers dated 14 May 2015 #450.

See: <http://zakon1.rada.gov.ua/laws/show/450-2015-p>

⁴³ C088 - Employment Service Convention, 1948 (No. 88)

C097 - Migration for Employment Convention (Revised), 1949 (No. 97)

C157 - Maintenance of Social Security Rights Convention, 1982 (No. 157)

C168 - Employment Promotion and Protection against Unemployment Convention, 1988 (No.

168)

C171 - Night Work Convention, 1990 (No. 171)

C173 - Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173)

C181 - Private Employment Agencies Convention, 1997 (No. 181)

C189 - Domestic Workers Convention, 2011 (No. 189)

Results achieved and lessons learned during the implementation of the DWCP 2012-15 have been reviewed and discussed by the ILO and tripartite constituents at a strategic planning meeting in September 2015. The following lessons learned surfaced:

- The implementation of DWCP and ILO technical cooperation and all ILO activities in Ukraine requires very clear planning, coordination and interaction;
- The DWCP strategy shall be flexible enough to effectively respond to the evolution of the political, economic and social situation;
- The government and its institutions require a very prompt reaction from the UN Agencies, including the ILO, donors and other partners (experiences, best practices in different areas);
- The packed agenda of labour market/social policy reforms initiated by the government requires mobilization of ILO domestic expertise and allocation of adequate resources;
- The DWCP overseeing body functioning under the auspices of the national tripartite council was not functional. Improvement in the systematic monitoring and planning of activities is needed.

III. Country programme priorities

The priority areas of cooperation and the country programme outcomes have been developed in close consultation with the constituents. The process started with individual consultations with each constituent and a tripartite roundtable discussion in September 2015. Based on these initial inputs, the ILO prepared the first draft in October 2015, to which the constituents provided written comments and observations.

The consultative process between national tripartite constituents and the ILO has sought to focus - from a potentially very broad agenda – on a limited number of shared priorities and results that can be reasonably attained in the proposed time frame on the basis of available or foreseeable resources. This will also help the ILO focus its own resource mobilization initiatives vis-à-vis potential donors and additional partners.

Within the overarching theme of “Decent Work for All” the ILO will concentrate on three country programme priorities in Ukraine in the period 2016-2019. These are:

I. Promoting employment and sustainable enterprises for stability and growth

II. Promoting effective social dialogue

III. Enhancing social protection and conditions of work

The DWCP should be considered as a living document, open to regular reviews and adjustments in line with the evolution of needs, demands and opportunities. The plan shall therefore be regularly be monitored and adjusted depending on the availability of resources, on the partners’ response capacity and on the evolution of the country’s economic and social situation. The scope and outreach of ILO’s work in the country will however ultimately depend on the possibility of generating additional donor resources and pooling existing resources with other partners.

Priority 1: Promoting employment and sustainable enterprises for stability and growth

Outcome 1.1: Legal and institutional reforms to promote the creation and growth of sustainable enterprises initiated and/or adopted.

An enabling environment is key to the creation and development of sustainable enterprises. The creation of such environment hinges upon a well-defined and well-articulated set of policies, covering the fields of education, finance, labour, markets, legal and property rights, technology and infrastructure, among others. Deficiencies in the enabling environment result in insufficient access to entrepreneurship and business development services, limited access to higher value added chains and suboptimal workplace practices. In turn, this hampers productivity increases, leads to high levels of unemployment, informality, poverty and harms natural environments. The ILO's Enabling Environment for Sustainable Enterprise ("ESEE") Toolkit has been developed as a resource for organizations wishing to assess the environment in which businesses start-up and grow. It has been designed to guide and support such organizations in their efforts to better understand the ESEE and to enhance their evidence-based contribution to government reform efforts through advocacy and dialogue. The ILO provided training to FEU on ESEE toolkit and its methodology in 2014 and 2015. National assessment of key business constraints is planned for 2016. Throughout the ESEE process, the ILO will engage with national partners, in particular with the Federation of Employers of Ukraine and workers' organizations. A part of ESEE methodology will focus on building their capacity in evidence based assessment and constructive policy dialogue. The Federation of Employers of Ukraine in particular will contribute by allocating the necessary human resources for a project management during the ESEE assessment. The process will be implemented in a gender-responsive manner, giving special attention to women respondents and women-run enterprises.

National assessment of key business constraints is planned for 2016. The assessment will focus on formulation of evidence-based reform proposals, on advocacy and evaluation of implemented proposals. The national ESEE report will outline the main policy challenges facing enterprises and make policy recommendations. Based on this, and following advocacy efforts it is envisaged that a national policy dialogue will be launched in order to initiate regulatory and/or institutional reforms.

Outcome Indicators:

- 1.1.1 A national assessment of the enabling environment for sustainable enterprises (ESEE) is completed.

Target: National assessment completed by the end of 2016.

- 1.1.2 Number of legal, regulatory and/or institutional reform proposals developed and/or adopted by the Government based on the recommendations of the ESEE assessment.

Target: Minimum of one reform proposal developed and/or adopted by the end of 2019.

Outcome 1.2: Evidence-based policy reforms to offer market relevant skills provision and address labour market skills mismatch initiated and/or implemented.

To enhance economic growth and the employability of the Ukrainian workforce, there is a need to better address labour market skills mismatch in the labour market. Together with the Ministry of Social Policy and the Social Partners, an overall review of the Ukrainian vocational education and training system may be needed to enhance its better relevance to and integration with labour market needs and demands. This may include the initiation of policy reforms covering the governance – including the increase of social partners’ participation – and the financing on the national VET system as well as its capacity to anticipate skills needs and gaps. The availability of up-to-date, relevant and credible labour market information (disaggregated at least by age and sex) is also crucial to support an evidence-based approach to policy-making on skills and employment. This will include indicators collected through surveys (e.g. employment, unemployment, gender gaps and wages) and administrative sources. The ILO will provide support and guidance to the setting-up of a Technical Advisory Group, consisting of relevant actors, mainly the Ministry of Social Policy, the Social Partners, but also extending towards Ministry of Education and Youth, State Statistics Service of Ukraine, State Employment Service, the Council on Vocational Guidance and sectoral councils for occupational standards, that produce and utilise labour market information, analyse data on the prospects of economic development and labour market needs forecasts in order to reduce the imbalance between labour supply and demand. Training will be organized for the members, and support will be given for a roadmap for addressing the outputs to enhance effective policy design to increase successful transitions to work and larger impact of economic growth on employment.

Outcome indicators

1.2.1 National VET Strategy is developed based on tripartite consultations.

Target: Strategy endorsed by social partners submitted for adoption by 2017.

1.2.2 Occupational qualifications and experiences of lifelong learning in a priority sector are reviewed in a tripartite fashion.

Target: The review is completed by 2019.

1.2.3 Based on consultations with the social partners, a gender-sensitive action plan is adopted to set up and secure functioning of the occupational qualification sectoral councils.

Target: The action plan is developed in 2016.

Outcome 1.3: Functioning of the Public Employment Service is enhanced.

Ukraine is focusing on reforms addressing the challenges of worsening labour markets that include the reform of the labour law and the reform of the State Employment Service into an Employment Service Agency. The reform targets a more client oriented approach, a diversification of services related to active labour market programmes and supporting self-employment and a stronger role in providing labour market information, including the capacity to do labour market forecasting. It is also envisaged to outsource certain services to NGOs or private entities as the need may arise so as to be more flexible in responses to particular and local challenges in the labour market. The Government of

Ukraine plans to implement these changes as from 2016. The emphasis of the new agency will be on better job mediation using latest information technology, improving support to vulnerable groups such as youth and older job seekers, internally displaced persons, ex-combatants, persons with disabilities and informally employed job seekers. It will also focus on monitoring vacancies published by other entities and better labour market information including forecasting. The new agency will also introduce a performance management system. There are areas of support by ILO on providing technical assistance on roles, responsibilities within and across institutions, good practices on governance of the upcoming employment service agency, capacity building for benchmarking of PES performance, provision of gender-responsive services and supporting policy dialogue on the management structure of the Social Insurance Funds.

In addition, the ILO will provide technical support to prepare for the ratification and effective implementation of the Employment Service Convention, 1948 (No. 88), the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168), the Night Work Convention, 1990 (No. 171), and the Private Employment Agencies Convention, 1997 (No. 181).

Outcome Indicators:

1.3.1 Following the consultations with the social partners, a PES assessment is carried out and afterwards, a reform plan is adopted, including aspects related to the management, effectiveness and interagency mechanisms.

Target: Reform plan finalized in 2016.

1.3.2 Increase in the number of beneficiaries of services provided by PES (disaggregated by vulnerable groups, IDPs, sex and disability).

Target: 50 per cent beneficiaries increase by 2019.

1.3.3 Number of measures adopted or strengthened by PES for returning the unemployed to the labour market.

Target: New measures are introduced by PES by 2017 based on ILO tools and recommendations.

1.3.4 As a result of consultations with the social partners organizational plan implementation and operation of vocational qualification sectoral councils is adopted.

Target: Development of organizational plan is completed in 2016.

Outcome 1.4: The job creation impact of investment is enhanced.

The current economic recession and the large fiscal deficit of Ukraine represent a serious constraint to employment. No matter how effective labour market reforms may be, their impact on job creation may remain limited if workforce demand is not increased through improved economic performance. While the design and implementation of broader economic policies may go beyond the scope of the DWCP, emphasis should be placed on the need to minimize the impact on employment of fiscal consolidation measures and maximize the impact on employment of new investment programmes. The ILO will open a policy and technical dialogue with the Ukrainian constituents and with international donors, development banks and financial institutions to generate tools and institutional

capacity to appraise, monitor and evaluate the employment impact of new investment portfolios, particularly in infrastructure, in different sectors and regions.

This would primarily be with the Ministry of Social Policy, the Public Employment Service, other governmental agencies, such as the Ministry of Finance, employers' and workers' organizations, the European Investment Bank, the European Bank for Reconstruction and Development, the European Commission and other international partners.

Outcome Indicators:

1.4.1 A customised methodology and a set of practical recommendations are produced to how to appraise, monitor and evaluate the employment impact on both women and men of infrastructure investments in the country.

Target: Relevant government agencies and institutions at both central and local levels apply these tools as part of the planning, funding and monitoring of investment projects by 2018.

Priority 2: Promoting effective social dialogue

Outcome 2.1: Labour law is in compliance with International Labour Standards and EU Directives.

ILO will continue to assist the tripartite constituents in the process of legislative reforms by providing European comparative law and practice on implementation of international labour standards, and facilitating constructive compromise over possible solutions tailored to the national context. The newly established sub-regional legal database CEELex will be used along with other ILO databases for this purpose. Ukraine will be part of the regional network of labour experts. The ILO National Coordinator will be the national focal point for CEELex. Upon request, legal and implementation gap analysis including with a gender perspective will be conducted and technical comments and policy recommendations will be provided in the process of preparation of new ratifications of ILO conventions.

Outcome Indicators:

2.1.1 Government took action, based on tripartite consultation, to draft or amend legislation in line with ILS.

Target: New or amended legislation developed by 2017.

Outcome 2.2: Improved system of collective bargaining and labour dispute resolution.

ILO will continue to assist the tripartite constituents in the implementation of the recommendations on strengthening collective bargaining effectiveness and coordination at various levels, developed in the framework of a technical cooperation project funded by the Canadian Government in 2012.⁴⁴ In doing so, the ILO will consider the experience gained by the social dialogue actors in the process of negotiations at the national, sectoral and company levels and will upon request: (i) facilitate tripartite negotiations over the new law on collective agreements, providing comparative policy and legal solutions to

⁴⁴ Recommendations have been validated at a tripartite workshop in 2012. See: http://www.ilo.org/budapest/what-we-do/publications/WCMS_217643/lang--en/index.htm

issues jointly identified by the tripartite constituents; (ii) assist the Ministry of Social Policy of Ukraine, The National Mediation and Conciliation Service, the Joint Representative Body of trade unions at national level, the Joint Representative Body of employers at national level in the establishment of a database of collective agreements and social partners; (iii) assist in the assessment of the legal framework of the National Mediation and Conciliation Service aiming to make it fully operational, effective and efficient; (iv) assist the National Mediation and Conciliation Service in the establishment of a labour dispute management information system; (v) assist the National Mediation and Conciliation Service in drafting curriculum of regular training programme on labour mediation and provide training of labour mediators.

Outcome Indicators:

2.2.1 A new draft law on collective agreements is discussed and agreed with the social partners.

Target: The draft law on collective agreements as agreed with the social partners is submitted to Parliament by 2017.

2.2.2 The functions of the National Mediation and Conciliation Service are reviewed to enhance its effectiveness.

Target: Review completed by 2017.

Outcome 2.3: The capacity of social partners and social dialogue institutions is strengthened.

The DWCP will aim to enhance the capacity of the social partners. In particular, it will enable employers' and workers' organizations to deliver value to their members through targeted, timely and useful services to their members and thus become more relevant and representative.

Capacity building of the employers' organizations will focus on supporting them to engage more effectively in economic and social forums at all levels to ensure that an appropriate regulatory environment exists for viable and sustainable enterprises. A key focus of capacity building strategy will be on efforts to strengthen the capacity of the employers' organizations to respond to their members' needs in a variety of fields, including strategic planning, good governance, organizational management, research and analysis, policy advocacy and lobbying. In addition, the ILO will also provide support through the establishment of new services in expanding its membership base and enhancing its ability to articulate employers' concerns in media and policy settings. ILO technical assistance will therefore focus on enhancing the capacity of employers' organizations to respond to their members' needs by applying a three-pronged approach: a) building internal capacity, b) developing new or improving existing services and c) strengthening advocacy capacity of employers' organizations.

ILO will provide capacity building for trade union organizations in order to support them for being more active and relevant in the public and specialized debate on the topics related to the labour market, labour and industrial relations for promoting full compliance of the ILS. Trade unions will be assisted to enhance their capacity of political advocacy for generating a legal regulatory framework capable to provide protection for workers' fundamental rights in current practice.

In this respect, trade unions will enhance their capacity for better meeting the needs and expectations of their members consisting in adapting their strategic plans to the challenges of the moment and near future, enhancing their capacity for supporting and promoting workers' fundamental rights in legal and current practice and providing organization structures and practices adequate to the requests of the labour market and their members.

Awareness and technical capacity of central and local public authorities to effectively play their role of promoter of social dialogue and collective bargaining will be enhanced through tailored training and advocacy activities.

In the context of promoting effective social dialogue and its institutions, a set of measures will be developed to assist the National Tripartite Social and Economic Council to improve the effectiveness of implementation of its recommendations, and to conduct awareness raising among general public on the role of social dialogue in promoting socio-economic development. Exposure to good EU practices in social dialogue will be provided to government representatives, social partners, secretariats of social dialogue bodies at national and regional levels to promote empowerment of local communities in the context of decentralization.

Coordination between National and Regional Tripartite Socio-Economic Councils will be strengthened through joint activities and improved communication flow. Assessment of five year functioning of NTSEC and local SECs will be conducted and a Tripartite Action Plan will be devised to address identified shortcomings.

Outcome Indicators:

2.3.1 Strategic Plan of employers' organizations is endorsed and being implemented.

Target: Strategic Plan developed and endorsed the end of 2016. Plan is in the process of implementation from 2016 to 2019 and beyond.

2.3.2 Advocacy capacity of employers' organizations is enhanced.

Target: Strategic policy framework is developed, adopted and launched by mid-2017.

2.3.3. Servicing capacity of employers' organization is enhanced.

Target: Minimum of one new service is introduced by employers' organization by mid-2018.

2.3.4 Capacity of trade unions in interpreting the legal provisions and developing their own proposals and solutions is enhanced.

Target: At least five legal experts from each national trade unions centre are trained in legal interpretation by corroboration of national, European and international matter related current practices by the end of 2016.

2.3.5 Advocacy capacity of trade unions enhanced.

Target: Pool of selected experts from each national trade union centre (twenty in total) will be set and trained in advocating trade unions' positions within public and specialized debates by the second half of 2017.

2.3.6 New and flexible organization structures and procedures are in place for meeting new requests and expectations of trade union members.

Target: At least one new strategic decision is adopted by each national trade union centre for providing new services to their members by the end of 2017.

- 2.3.7 Training on good European practices of social dialogue institutions provided to the social dialogue actors in Ukraine. A Tripartite Action Plan to improve social dialogue institutions at national and local levels is adopted.

Target: Action Plan adopted by 2017.

Outcome 2.4: An effective Labour Inspection is set up.

ILO has had long standing collaboration with the labour inspection services of Ukraine. Under several technical cooperation projects, the ILO has developed/adapted in Ukrainian several training and information tools⁴⁵ which were used as resource materials for the large-scale training of labour inspectors. A database was developed for the then-State Labour Inspection of Ukraine (the LI service at times dealing with labour relations).

Following the joint request by State Labour Service and the Federation of Trade Unions, the ILO prepared a technical guidance note about the moratorium on labour inspection visits which was well received by Ukrainian constituents. Later on, the Government approved legal amendments to which excluded the SLS from the list of supervisory bodies subject to the moratorium.

In the framework of creation of the State Labour Service (SLS), ILO will build the assistance on the basis of its previous experience in Ukraine and several countries and using methods and tools already tested in collaboration with EU institutions. The assistance will span from the re-examination of the Statute establishing the SLS, defining labour inspection functions from those related to labour/public administration to development of an organizational model, defining of tools and activities. Tripartite dialogue within the labour administration (if possible, through the creation of a tripartite council under the SLS) as an overarching principle should play a central role to build the institutional capacity of the SLS.

Outcome Indicators:

- 2.4.1 The extent to which the new model of labour inspection is in line with C81 and C129.

Target: The new model adapted to local context is in conformity with C81 and C129.

- 2.4.2 Legal and institutional gaps as well as training needs of the SLS are identified.

Target: A needs assessment of the functions and powers of the SLS is conducted by mid-2016.

⁴⁵ Such as:

- The modular training tool “Building Modern and Effective Labour Inspection Systems” Training tools for employers and workers “Labour Inspection: What it is? What it does? “
- “The Tool Kit for Labour Inspectors”
- Training tool: “Gender Mainstreaming in the Labour Inspection System of Ukraine”

2.4.3 An operational modality of tripartite dialogue within the labour administration system is defined.

Target: The new organizational model of the SLS is validated through tripartite dialogue.

Priority 3: Enhancing social protection and conditions of work

Outcome 3.1: National social protection floors are strengthened through the implementation of the international labour standards and social dialogue.

Under the severe fiscal pressure, the government is implementing a number of reforms affecting the social protection system. The Ukrainian social partners have expressed great concerns with these reforms which adversely affect social protection systems, threaten their basic function to ensure effective social protection during the crisis, and diminish the role of social partners in the social security governance.

In this context, in order to meet the goals of the EU-Ukraine Association Agreement, the Ukrainian Parliament has ratified the ILO Social Security Minimum Standards Convention No. 102 and is in the final stage to sign the European Code of Social Security. In addition, the government is developing a national poverty reduction strategy in line with the ILO Social Protection Floors Recommendation No. 202 (2012). These initiatives are strongly supported by both workers' and employers' organizations.

As a part of an integrated ILO response to the Ukrainian crisis in the area of social security, the ILO will continue to assist the Ukrainian government and social partners in effectively formulating and implementing the measures to sustain the basic social security systems under the unfavourable socio-economic and political circumstances through a broad range of technical assistance, policy dialogue and capacity building.

The newly created State Labour Service of Ukraine which absorbed the functions of several labour inspection services, including those relating to OSH will be the focal point in implementation of the National OSH Programme and Strategy and will inform about the OSH management systems reforms.

Outcome Indicators:

3.1.1 Ukraine implements a national social protection floor.

Target: Implementation of the ILO Convention No. 102.

3.1.2 The role of social partners in the management and reform of social security systems is strengthened through policy dialogue and capacity building.

Target: Views of social partners are reflected in the decisions of the management board.

3.1.3 Ukraine takes steps to extend the social security coverage to the informal economy and improve the efficiency of contribution collections.

Target: An increase in the average contributory wage.

Outcome 3.2: Wage and income policies with an emphasis on equal opportunities are developed and implemented.

Wage and income policies are particularly important in times of economic crisis. The ILO has provided policy advice on ways of mitigating the impact of the global economic crisis in Ukraine since 2008. The large wage arrears in Ukraine can potentially lead to social unrest. A tripartite review of how the wage arrears can be reduced as well as the consideration of a wage guarantee fund can contribute to reducing wage arrears and its negative social impacts. The minimum wage should be regularly reviewed and adjusted based on the ILO's guidance. The ILO and European Commission conducted a project on Gender Equality in the World of Work, which led to increased awareness of the constituents on gender equality. Based on this increased awareness, the focus of ILO assistance will shift to pay equity, specifically measures should be taken to reduce the gender pay gap by working towards effectively implementing Convention No. 100 on Equal Remuneration for Work of Equal Value. The ILO will provide policy advice and/or build capacity of national institutions in all of these areas. The ILO will provide technical support for the preparation of the ratification and effective implementation of the Protection of Workers' Claims (Employers' Insolvency) Convention, 1992 (No. 173) as well as the Domestic Workers' Convention, 2011 (No. 189).

Outcome Indicators:

3.2.1 Number of reviews by all three constituents on how wage arrears can be reduced.

Target: Review is conducted annually.

3.2.2 Number of reviews of the minimum wage by all three constituents based on criteria as set in the ILO Minimum wage Convention.

Target: Review takes place annually.

3.2.3 Measures, including gender neutral job evaluations, for equal pay are taken to decrease the gender pay gap in cooperation with the social partners, State Employment Service, State Statistical Office and Labour Inspection Service.

Target:

At least one gender-neutral job evaluation is conducted by mid-2017.

A policy paper is produced on necessary steps to reduce the gender pay gap in the Ukrainian labour market by mid-2017 based on tripartite consultation.

3.2.4 Ratification of C173 and C189 initiated.

Target: The process of ratification of C173 and C189 is initiated in 2016.

Outcome 3.3: Occupational health and safety legislation is updated and aligned to ILO standards and EU directives.

Despite the decreasing trend in the number of work accidents in recent years, Ukraine is facing huge challenges in the area of occupational safety and health (OSH). According to the State Statistics Committee of Ukraine, 24.7 percent of workers still work in conditions that fail to meet the safety and health standards. The challenge today is that national stakeholders pursue their joint efforts to ensure that OSH programmes are implemented and reach all the workers.

The ILO has supported the Government and social partners of Ukraine in the area of OSH in the development and implementation of the National OSH Programme and Strategy in order to reform the OSH management system, to find new approaches based on current social and economic structure, and to promote active participation of tripartite stakeholders in addressing OSH issues.

Outcome indicators

3.3.1 Modern, gender-sensitive policies based on tripartite consultations to improve occupational safety and health in high-risk industries are developed and implemented.

Target: Recommendations on improving the existing national legislations in the area of OSH developed and discussed with key stakeholders.

The OSH strategy and programmes implemented in pilot enterprises.

3.3.2 Capacity of social partners to implement practical OSH management measures is strengthened.

Target: Workers and employers trained on conducting the risk assessment and implementing the OSH management system at the enterprise level.

3.3.3 Safety and preventative culture is promoted through effective knowledge sharing of tools and good practices on OSH.

Target: National OSH Profile updated.

Awareness-raising campaigns advocating the OSH issues and the dissemination of the information to key stakeholders.

Target: Good practices of other countries learned and transferred into the Ukrainian context.

Outcome 3.4 Technical support to the tripartite constituents in implementation of the National Tripartite Cooperation Strategy on HIV/AIDS and the World of Work is provided.

National Tripartite Cooperation Strategy on HIV/AIDS and the World of Work for 2012-2017 encompasses different directions of activities by the tripartite constituents to deal with HIV in the world of work including through development and implementation of HIV workplace programmes aimed at protecting human rights, reducing stigma and discrimination, promoting voluntary counselling and testing on HIV. The adoption of the Strategy was triggered by the ILO Recommendation concerning HIV and AIDS and the World of Work No. 200, 2010. Over the last years as a part of Strategy implementation significant efforts were undertaken by the constituents in Cherkassy region of Ukraine to develop and implement HIV workplace programmes and ensure access of workers to VCT and this approach proved to be effective. Thus there is a need to expand these activities to other regions and sectors in Ukraine.

Outcome indicators:

3.4.1 Capacity of the social partners in the development of HIV workplace programmes is strengthened.

Target: At least 10,000 women and men workers in selected regions/sectors are covered by HIV workplace programmes by the end of 2017.

3.4.2 Access of women and men workers to Voluntary Counselling and Testing on HIV at and through workplace is facilitated.

Target: At least 10 per cent of all women and men workers covered by awareness-raising and capacity building activities at selected workplaces undergo voluntary counselling and testing on HIV at or through workplace.

IV. Management and implementation

The cooperation programme will be managed through a network consisting of DWT/CO Budapest, the National Coordinator in Kiev, the Regional Office for Europe and technical units at headquarters in Geneva. The National Coordinator will play a coordination role together with DWT/CO Budapest. The ILO will continue its cooperation with major stakeholders in the country such as the UN under the framework of the UNPF and with the EU Delegation.

The objectives of the programme will be jointly implemented (including support, funding and monitoring) by the constituents and the ILO. From the ILO side, this will be pursued through technical cooperation projects, advisory missions, and seminars for information dissemination and capacity building. Extra-budgetary resources and the ILO's regular budget resources will be used to finance the implementation of this Country Programme. The constituents and the ILO will carefully assess the resources required for the different outcomes and identify national resources, ILO resources and donor support required. The ILO will continue to mobilize further resources for the follow-up to the results achieved, bearing in mind priority concerns of the constituents. The government and the social partners will provide their respective expert staff and premises and provide logistic support, as appropriate. They are committed to implementing the follow-up steps necessary to achieve the expected results in accordance with the DWCP work plan which will be developed.

V. Performance monitoring and evaluation arrangements

The implementation of the Decent Work Country Programme will be reviewed on a regular basis with the constituents using interactive methods. The missions of the ILO experts and their internal reports will be used as part of the monitoring process. Twice a year, the Decent Work Country Programme implementation will be reviewed by a DWCP Overview Board consisting of the representatives of the Constituents and the National Coordinator. The task of the DWCP Overview Board is to promote the DWCP goals and monitor and evaluate the implementation of the DWCP, ensure the active participation of all parties involved and the fulfilment of their commitments to achieve the jointly agreed outcomes. The DWCT/CO-Budapest Director will assess the programme achievements with the constituents in the country at the end of the programme. A Results Framework and Monitoring and an Evaluation Plan are developed to support this assessment. The DWCP will undergo a final evaluation in line with the ILO's standard policies.