

UKRAINE

DECENT WORK COUNTRY PROGRAMME DOCUMENT 2012 - 2015

Table of Contents

Abbreviations	1
Introduction	2
I. Current situation in socio-economic and labour sphere	3
II. Lessons learned: Decent Work and ILO cooperation	10
III. Priority areas of cooperation	13
IV. Management and implementation.....	21
V. Performance monitoring and evaluation arrangements.....	22

Abbreviations

ALMM	Active Labour Market Measure
CEACR	Committee of Experts on the Application of Conventions and Recommendations
DWCP	Decent Work Country Programme
DWT/CO	Decent Work Technical Support Team and Country Office
EO	Employers' Organisation
EU	European Union
GDP	Gross Domestic Product
ILO	International Labour Organization
ILS	International Labour Standards
LFS	Labour Force Survey
LI	Labour Inspection
MDGs	Millennium Development Goals
MLC	Maritime Labour Convention
NTSEC	National Tripartite Socio-Economic Council
OSH	Occupational Safety and Health
PES	Public Employment Services
SEC	Social and Economic Council
TU	Trade Union
UAH	Ukrainian hryvnia
UN	United Nations
UNDAF	United Nations Development Assistance Framework
VET	Vocational Education and Training

UKRAINE
DECENT WORK COUNTRY PROGRAMME DOCUMENT
2012-2015

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. Decent work country programmes (DWCPs) promote decent work as a key component of development policies and at the same time as a national policy objective of governments and social partners.

The present country programme is informed by international development agendas such as the Millennium Development Goals (MDGs), as well as the United Nations Development Assistance Framework (UNDAF) for 2012-2016. The DWCP is based on the Programme “Ukraine for People” (declared by the President of Ukraine in June 2010) and national development objectives. The Programme proposed a policy of profound reforms and systematic modernization of the country encompassing all spheres of public life and socio-economic developments.

It sets out to ensure sustainable economic growth and the creation of new jobs. It aims to secure macroeconomic stability, a high level and quality of life of the Ukrainian people, and to have the country recognised with G-20 as a modern state with competitive 21st century economy applying European practices.

The DWCP is a continuation of earlier work on the promotion of decent work principles in Ukraine based on tripartite social dialogue, a balanced policy approach, alongside a combination of economic growth and decent employment, together with social development, and improved living standards. The DWCP will contribute to Ukraine achieving its development goals and national priorities. In technical consultations with the ILO Decent Work Technical Support Team and Country Office (DWT/CO) for Central and Eastern Europe, the Government and social partners of Ukraine set DWCP priorities. Evaluation results of the previous DWCP implementation in Ukraine were taken into account while drafting new DWCP priorities by ILO experts with the participation of tripartite partners. In line with the priorities of cooperation between the ILO and Ukraine for 2012-2015 the Programme sets key results, major planned activities and strategies needed to achieve objectives and outcomes. The implementation plan of the DWCP-Ukraine for 2012-2015 will be developed to ensure effective functioning, monitoring and evaluation of the results of promotion of decent work objectives.

The programme envisages closer cooperation between the ILO and its tripartite constituents in Ukraine as well as providing for a further expansion of ILO activities in order to achieve positive change in the social and labour spheres.

The DWCP details the policies, strategies and results required to deliver decent work for all. This document reflects the strategic planning of ILO cooperation activities with Ukraine for the period 2012-2015. Reflecting the constituents' as well as the ILO experts' assessment of past cooperation, the programme aims to ensure greater synergies and stronger coherence of ILO activities in Ukraine. This will then enable it to contribute to achieving sustainable and positive changes in the labour and social areas.

I. Current situation in socio-economic and labour sphere

In 2011 Ukraine celebrated the 20th anniversary of its independence. This 20 year period was marked by important changes in both the political system and economic structure, and witnessed contrasting successful and unsuccessful economic and social reforms. These were often undertaken amidst political and economic crisis. The global financial and economic crisis of 2008 adversely affected Ukraine. After a significant consequential downturn the economy of Ukraine started to recover in the second half of 2010. GDP grew by 4.2 per cent in 2010 and industrial output by 11.2 per cent.

The major internal factors of which contributed to this economic growth were as follows:

- **increase in income and social standards:** real incomes of the population increased by 16.2 per cent in 2010 and real wages by 10.2 per cent. With an average inflation rate of 9.4 per cent in 2010 the subsistence income minimum per person was increased by 32.1 per cent, the minimum wage by 38.1 per cent and the minimum age pension by 29.2 per cent;
- **Improvements in the labour market :** in 2010 the employment rate increased from 57.7 per cent to 58.5 per cent (53.9 to 54.4 per cent for women and 62.1 to 63.1 per cent for men), while unemployment decreased from 8.8 to 8.1 per cent (7.3 to 6.8 per cent for women and 10.3 to 9.3 per cent for men) compared with the previous year.

Poverty monitoring indicators show some positive trends. Despite the poverty line increasing by five times (from UAH 175 in 2001 to UAH 944 in 2010) as defined by relative criteria, the poverty rate has been stable (27 per cent) for this period . In 2010 compared to 2009 the poverty rate decreased by 2.3 percentage points and was 24.1 per cent. This index was the lowest for the period of 2001-2010. Based on relative criteria the extreme poverty rate declined from 19.9 to 11.2 per cent.

The situation among families with children has improved. Poverty rates decreased from 43.8 per cent in 2001 to 35.2 per cent in 2010, in particular among the families with three or more children. In households with children where all adults are employed, the poverty rate eased by 3.2 percentage points, being 24.3 per cent in 2010.

However the poverty issue remains serious and requires effective measures to redress. It is even a critical issue among the working population. One in four families can be categorised as poor.

Household income aggregate is characterized by an increasing proportion of social transfers and the decreasing role of wages. The share of social benefits and other current transfers in household income was 34.9 per cent in 2000, 37.4 per cent in 2007, and 37.7 per cent in 2010. At the same time the wage share in household income was 43.4 per cent in 2000, 44.0 per cent in 2007 and 41.0 per cent in 2010.¹

Wages

Ensuring adequate wage growth continues to be an issue of concern. The 'National Human Development Report 2011: Ukraine: Towards Social Inclusion' highlighted the link between the low level of wages and social exclusion.

Real wages decreased as a result of the financial and economic crisis.² In 2009 the real wage index amounted to 90.8 per cent as compared to 2008. Both nominal and real wages gradually improved in 2010-2011. In 2011 the nominal wage increased by 17.6 per cent and real wage – by 8,7 per cent compared to 2010.

In addition, the problem of wage arrears has not been eliminated. The current crisis has had a negative impact on such arrears across most economic sectors. Although wage arrears decreased between 2000-2007, it again became significant as early as the first year of the crisis (2008). Arrears grew 2.5 times during 2008-2009, reaching UAH 1.67 billion or 8 per cent of the wage fund accrued for October 2009.

Wage arrears peaked in March 2010 at 1,737 billion UAH (approximately 152 billion EUR). They then declined by nearly 30 per cent, to 1,218 billion UAH (approximately 106 billion EUR) by 1 January 2011 before increasing again to 1,324 billion UAH (approximately 116 billion EUR) by 1 April 2011. As at 1st September 2011 the amount of wage arrears remains unchanged – UAH 1155, 3 mln.

The ILO technical mission of May 2011 closely examined the problems of non-payment of wages and wage arrears and engaged in numerous meetings with Government representatives, trade unions (TUs), and employers (EOs) at different levels. Various data was analysed and a range of diverse views considered from constituents and researchers before recommendations were formulated.

Labour Market Policy

Market transformation has led to dramatic changes in the area of employment. Between 1991 and 2001, the size of the active labour force shrank. The number of employed decreased by 8.7 million and the percentage of employed persons in the overall population fell from 50 per cent to 36 per cent.

The number of registered unemployed was only one-half of the number of those actually unemployed during this period of economic growth, although this proportion decreased in 2010. One quarter of those unemployed currently have official unemployment status and

¹ Impact of the Financial and Economic Crisis on Wages, Income Distribution and the Tax System, ILO DWT/CO-Budapest, 2010, p. 7

² Impact of the Financial and Economic Crisis on Wages, Income Distribution and the Tax System, ILO DWT/CO-Budapest, 2010, p. 7

can therefore benefit from state support. The Labour Force Survey (LFS) unemployment rate equals 8.1 per cent when measured against the economically active population aged 15-70 years, and 8.4 per cent against those of working age, which means that almost 10% of the labour market cannot find a job.

Traditionally 'youth' are referred to as the most vulnerable group in the labour market. The main barriers to inclusion that this group faces are a total lack of or insufficient working experience, and a lack of experience in searching for a job. In 2010 the unemployment rate for youth aged 15-24 years in Ukraine was 17.4 per cent and constituted 26 per cent of the total number of unemployed. Considering the importance of work for young people in order to achieve successful socialization, legislation has been enacted to provide additional measures for the creation of jobs for them, but these measures have so far been mostly of an administrative and formal nature.

The unemployment rate of women aged 15-70 years (and also aged 15-64 years) is somewhat lower than that of men. Under the national definition of the working age, unemployment rates do not differentiate between the genders. However among young age groups (15-29) the female unemployment rate is higher than that for males, whereas unemployment among men is higher in other age groups. This means that women may be discriminated against in terms of recruitment when they are at active child-bearing age.

The economic crisis of 2008-2009 resulted in an increase in forced part-time employment. The number of part-time employees totalled 525,900 or 4.8 per cent of the total number of permanent employees of large and medium-sized enterprises, as at the end of 2010.

In total in 2010, 3.4 per cent of employees (363,300) in Ukraine were on leave without preservation of wages (on the period of termination of jobs) and 13.6 per cent (1,466,800) were shifted to part-time jobs due to economic reasons.

In order to address the consequences of the economic crisis, partial unemployment benefits were introduced in Ukraine from 16 March 2009. Only a small number of persons were able to receive these benefits. According to data from the State Employment Service, partial unemployment benefits were provided to just 14 companies that had saved employment for 6,500 employees. This represents slightly more than 2 per cent of the total number of employees on administrative leave of absence on the initiative of the companies' management.

As a result of the spread of flexible employment, only one-third of the employed have permanent contracts and a high degree of job stability.

The current crisis has also sharply highlighted other problems of working people such as the growth of employment in low-skilled jobs (from 25 to 50 per cent), and both the lack of stability of jobs and the issue of informal employment.

Self-employment in Ukraine is a widespread legal form of income generation. There were around 579 private entrepreneurs ("physical entities") per 10,000 persons registered in Ukraine in 2009. There is however a large portion who work as self-employed but are not registered as such. According to statistical data, in 2010 there were 4.6 million (22.9 per

cent of the total employed population, almost half of employed rural inhabitants and 11.3 per cent of employed urban inhabitants) who were employed in the informal sector. These people have low-paid work, and are not covered by labour legislation or the country's social protection system. And furthermore this creates barriers to their economic inclusion.

Double accounting is not uncommon with regard to wages, with workers officially receiving the minimum permissible statutory wage or slightly above, but in fact receiving several times more.

According to Ukrainian and World Bank experts, the total amount of hidden wages in Ukraine is more than UAH 100 billion.

One of the current Government's stated priorities is to fight against undeclared work and shadow wages. This resolve of the Government is prompted not only for economic reasons, but also because of the pension reform implementation of 1st October 2011 which is designed to bring in more contributions to the Pension Fund of Ukraine.

Labour force mobility impacts directly on the skills pool in the countries of origin and destination, thus having a key influence on their economic and social situation. Legal labour migration can be a win-win solution for both home and destination countries, as well as for individuals, while irregular migration exposes migrants to the risk of exploitation.

A central issue in regulating labour migration is the recognition of qualifications and professional training. Migrants with unrecognized competencies may find their socio-economic perspectives unfairly diminished. This generates frustration among migrants as well as labour market tensions, and it reduces migrants' integration perspectives and the possibility of them making a positive impact on the economy. The ILO will lend support to the social partners to participate in defining qualifications according to the receiving countries' standards or any existing recognition mechanisms, such as the European Qualification Framework, if appropriate, for different sectors of the economy as part of a tripartite approach. These should have regard to both local and international requirements. Such standards could facilitate the recognition of qualifications in the future, laying the foundations for the National Qualifications Frameworks.

The vocational education and training (VET) system in Ukraine is still based on a top down approach, which does not reflect the labour market needs. The Ministry of Education and the Ministry of Economy play an important role in the preparation of an annual State Order for the training courses to be offered by almost 1,000 VET institutions. The State Order is based on the multiannual economic development plan, rather than on the current labour market demands. Besides a limited number of donor-driven initiatives, there are no occupational standards but only educational standards (nomenclature) and related curricula, which are under the responsibility of the Ministry of Education. No skill forecast mechanism is in place. The recent decision to create a National Qualification Framework as well as the granting of the competence to manage the recognition of prior learning to the State Employment Service, present opportunities for the modernization of the VET system in line with both European standards and the needs of the Ukrainian labour market.

To solve many of these problems and especially to reduce poverty the Government, via a Decree of the President of Ukraine, developed a State In-Focus Social Poverty Reduction and Prevention Program till 2015. The Programme prescribes a set of activities at the national level aimed at increasing population welfare, poverty eradication among working people, decreasing poverty level in rural areas as well as among families with children. In particular it focuses on the needs of children, orphans and children deprived of parental care, street children, the unemployed, the disabled, and the homeless.

One of the most significant declared aims of the Government is to combine active social policy aimed at employment recovery and economic growth, with the creation of decent work conditions and an effective support of those vulnerable groups in the population.

Social security and pension reform

In Ukraine the global economic crisis resulted in a significant increase in unemployment and a reduction in real wages. However the social security schemes have responded to the crisis. To provide income support for unemployed workers and other vulnerable groups affected by the crisis, various measures have been taken by the social security system, in particular the unemployment insurance scheme.

The challenge facing the social security system is to design effective policies and strategies to maintain well-functioning automatic stabilizers which support a robust employment recovery, while at the same time achieving medium-term fiscal stability.

Furthermore, the crisis has directly affected the balance of the social security funds through a fall in contribution revenues and higher spending on benefits, as well as a substantial loss in assets invested by the third-pillar private pension funds.

In addition to the pressing challenge of coping with the adverse effects of the global crisis, the Ukrainian social security schemes, in particular the pension scheme, are facing a huge challenge to remain fiscally sustainable in view of the anticipated demographic change.

Under pressure to contain the deficit in the post-crisis period, the Ukrainian government is considering social security reforms. In particular, there was recently passed a Law on “Measures to ensure the legislative reform of the pension system”. This came into force on 1 October 2011, and its main purport is to gradually raise the retirement age for women to 60 years by 2021, and it also introduces a mandatory funded pension system with individual accounts. In implementing this new Law, it is hoped that the pension system will restore its long-term sustainability and credibility for key stakeholders, while ensuring its main function of providing adequate income security for the elderly, disabled and survivors.

Occupational Safety and Health

There remain serious problems in the area of occupational safety and health (OSH) in Ukraine despite encouraging trends showing a reduction in occupational accidents over the last ten years. Over the past five years the average level of fatal injuries in Ukraine is 6.2 accidents per 100 thousand workers. In 2010 the total number of occupational accidents,

compared to 2009 decreased by 5.4 per cent or 672 accidents (11,698 workers were injured in 2010, among them – 2604 women; in 2009 - 12,370 among them – 2532 women). The number of fatal occupational accidents compared to 2009 fell by 4.59 per cent or 31 accidents (644 workers were fatal injured in 2010 among them – 31 women; in 2009 – 675 and among them 41 women).

Despite some positive changes in the economy before the global crisis, the OSH situation is still unsatisfactory. Present occupational accident rates in Ukraine remain higher than in most developed countries.

In 2009 and 2010 the most dangerous industrial areas were coal mining, chemical industry, agriculture, transport and construction. Some 68 per cent of the total number of injured workers and 71 per cent of fatally injured workers in Ukraine occurred in these sectors. Over 23 per cent of workers work in conditions that do not comply with health and safety standards. Cases of one person suffering from several occupational diseases at once have become more common.

Every year some 17,000 people suffer disability and more than 313,000 receive compensation for occupational injury or work-related illness. Of these some 50,000 people receive some form of pension for loss of earnings. The ILO provides technical assistance to both the Government and social partners to abet the OSH Strategy and OSH Programmes. Both initiatives were enhanced by the training of tripartite working groups in order to reform the system of OSH management. New approaches were sought based on the current social and economic process, including changes in the system of state supervision (control) of economic activity and to promote active participation by all parties to the social dialogue of addressing issues of safety and health.

HIV and AIDS in the world of work

HIV prevention in the world of work is a very topical issue in Ukraine. Ukraine is one of the countries most affected by the HIV epidemic in Europe and the Commonwealth of Independent States. As of 1 December 2011, some 200,774 people living with HIV have been officially registered in Ukraine. According to the Joint United Nations Programme on HIV/AIDS (UNAIDS) and a World Health Organization (WHO) report, the estimated number of people living with HIV reached 360,000, or 1.3 per cent of the adult population aged 15-49 years as of the end of 2009.

The epidemic is affecting people at their most productive age, and as a follow-up to the adoption of the new ILO standard (Recommendation 200 concerning HIV and AIDS and the World of Work) the tripartite constituents in Ukraine have developed, with ILO support, a National Tripartite Cooperation Strategy on HIV and AIDS in the World of Work under the auspices of the National Tripartite Socio-Economic Council (NTSEC). The Strategy was officially approved at the meeting of NTSEC on 20th February 2012. Its main mission is to ensure effective on-going social dialogue between the tripartite constituents for joint decision taking and development of result-oriented policy and programmes on HIV/AIDS prevention in the world of work. The Strategy will serve as a basis for coordination and

consolidation of efforts of the public authorities, trade unions, employers, their organizations and associations in addressing HIV and AIDS in the World of Work.

The Strategy also provides for incorporation of actions addressing HIV in related national policies and programmes, in particular those on labour, education, social protection and health, to ensure the rights of people living with HIV to access social insurance and social assistance, as well as mitigation of the social consequences of HIV. This area of HIV analysis has not been well researched but is extremely important and additional resources should be deployed to further examine it.

The ILO will be closely collaborating with the government and social partners to assist them in the implementation of the Strategy after its adoption through development and implementation of HIV workplace programmes. Furthermore, inclusion of these issues in collective bargaining processes will aim to address stigma and discrimination as well as violation of other rights based on real or perceived HIV status at work in selected regions/sectors.

Social dialogue and tripartism, collective bargaining

For the past 10 years the ILO has assisted Ukraine in reforms of the legal framework and institutional foundations of social dialogue, as well as in collective bargaining and labour law enforcement. Over the last several years Ukrainian tripartite constituents have benefited from ILO technical assistance through several ILO projects and activities that produced significant positive outcomes for the development of industrial relations in Ukraine.

Ukraine has a well developed legal and institutional framework that allows the social partners to actively engage in tri- and bipartite negotiations, consultations and coordination on a variety of issues, and conclude collective agreements. The recently adopted Law “On Social Dialogue in Ukraine” had been eagerly anticipated by many national tripartite constituents and international organizations. Though some trade unions have been critical of the representivity criteria set by this Law, the national and regional tripartite socio-economic councils maintain their regular meetings, and these serve as an important platform for the tripartite constituents to address different socio-economic concerns. The new Law will strengthen the role of these tripartite institutions. At the same time the ILO and Ukrainian constituents within the new DWCP will make a significant contribution to increasing effectiveness of social dialogue and collective bargaining at all levels.

Currently in Ukraine there are 92 sectoral and 29 regional collective agreements. Employer organizations were signatories of 19 and 28 agreements respectively. The statistical data testifies to an increasing number of concluded collective agreements at company level. As of 31 March 2011 a total of 98,622 registered collective agreements covered 8.9 million workers or 81.2 per cent of all regular registered workforce.

Starting from 1994 at the national level the Government and social partners concluded General Agreements on a regular basis. Additional efforts by all tripartite constituents are

required to establish and maintain full respect for the rule of law, especially regarding enforcement of collective agreements. In this regard the labour inspectorate has a key role to play. The recent Decree of the Ukraine President attributed the state supervision and control over the labour legislation observance to the newly created “State Inspection of Ukraine on Labour Issues”

II. Lessons learned: Decent Work and ILO cooperation

For the past 17 years cooperation between the ILO and independent Ukraine has been realized in the framework of 30 ILO Technical Cooperation projects with coverage of almost all areas based on the ILO mandate.

In 2006-2007 the ILO cooperated with Ukraine in establishing the first DWCP.

In June 2008 a Memorandum of Understanding on DWCP in Ukraine for 2008-2011 was signed between the ILO and national constituents. Despite this Memorandum being merely a framework agreement on intentions, in practice it was a scoping document of practical contents for the scheme’s implementation.

For the past three years ILO cooperation with the Government, Trade Unions and Employers’ Organizations of Ukraine has extended beyond the three main priorities of agreed cooperation aimed at strengthening the capacity of government, institutions and the social partners to improve the governance of the labour market. It has also improved employment policy formulation and promoted equal opportunities in the labour market, as well as improved the effectiveness of social protection policies, with a special focus on vulnerable groups. The current cooperation also takes in 12 country programme outcomes. During this period there have been 11 ILO Technical Cooperation projects successfully implemented.

The ILO and national constituents have jointly contributed to:

- strengthening of labour market policy and regulation, and its information system while implementing the ILO Global Jobs Pact through promotion of employment for disabled people; promoting equal opportunities for women and men at the workplace; designing and implementing strengthened labour migration governance and skill matching;
- tripartism, social dialogue and collective bargaining through augmenting and harmonizing national legislation, capacity building of the constituents, strengthening socio-economic councils at all levels and labour inspection institutions;
- capacity building of the constituents in the OSH area, to assist the development of the National Strategy and the State Programme on Occupational Safety and Health in Ukraine for 2012-2016; to the elaboration of the and implementation of the National Tripartite Strategy on HIV at work;

- capacity building of Ukrainian authorities and social partners in ensuring respect for national and international gender equality commitments in the world of work, in progressively eliminating gender biases in employment policies and sexual harassment at the workplace, and in creating a supportive environment for women's economic empowerment and women's entrepreneurship. This was pursued in the context of the Technical Cooperation Project “Gender Equality in the World of Work” which was implemented by the ILO and co-funded by the EU and the ILO.

At the request of the Government the ILO is actively involved in consultations related to pension reform.

These contributions are still relevant in course of economic, social and administrative reforms being implemented in 2010 – 2014.

The ILO provides ongoing guidance on ratification and implementation of the International Labour Standards (ILS). The observations of the ILO's Committee of Experts on the Application of Conventions and Recommendations (CEACR) have been used as entry points for ILO technical assistance. As a follow up to the reiterated observation of the CEACR on the Government's failure to provide for several years up to date information on the level of wage arrears and the legislative measures taken or relevant inspection results, an ILO fact-finding mission on the implementation of Protection of Wages Convention № 95 has been undertaken. Based on its conclusions the Government and the social partners are developing a tripartite Work Plan on resolving wage arrears problems in both public and private sectors.

The National Tripartite Conference on Maritime Labour Convention (MLC), which the ILO supported technically and financially, promoted a tripartite preparation process for future ratification of the MLC (in 2006).

The Ukraine Government requested the ILO's technical assistance in tabling national gender equality legislation in full compliance with ILO Conventions № 100 and 111 which was addressed by the EU-ILO Gender Equality in the World of Work project. The Parliament of Ukraine ratified ILO Conventions 174 and 176 in 2011 and it conducts regular parliamentary and committee hearings on implementation of ILO Conventions (Nos 87, 98, 95, 100, 111, 155, 187, 102). The ILO oversees Ukraine's implementation of ILO Conventions № 87, 98, 95 (based on the complaints of national trade unions and the International Trade Union Confederation).

The Decent Work Agenda and Global Jobs Pact were at the heart of the ILO initiatives to assist Ukraine in minimizing the financial and economic crisis effects on labour the market, conditions of work and social security. At the request of the Government, and with the support of the social partners, the ILO promoted three comprehensive studies on diversification of the economy, impact of the crisis on wages, and the implications for the social security system, and presented these at the national conferences. This ILO work

contributed to the development and implementation of the tripartite Work Plan on the mitigation of the impact of the crisis in Ukraine.

Elaboration, publication and presentation of the 'Decent Work Measuring Indicators: Country Profile of Ukraine' became a very important contribution to the Decent Work Agenda.

As a result of the ILO's multilateral cooperation with national constituents the Decent Work Agenda is being promoted at different levels. Both it and the ILO Global Jobs Pact are reflected within the Decree of the President of Ukraine, official documents of the Parliament and Government of Ukraine. The Federation and Confederation of Employers of Ukraine have formulated key elements of Decent Work Agenda into their strategic programmes.

The VI Congress of the Federation of Trade Unions of Ukraine has approved four special resolutions devoted to the concrete components of the Decent Work Agenda. Both the national and regional mass media regularly promote Decent Work and Decent Life for all.

In March 2011 the Government and the UN Resident Coordinator and 15 UN specialized agencies signed a new UNDAF for 2012-2016. It includes 4 components of the ILO Decent Work Agenda.

In May-July 2011 the ILO conducted initial consultations with the Government, All-Ukrainian Trade Unions and Employers Organizations on the main priorities of the new DWCP for 2012-2015.

Lessons learnt and challenges:

- Implementation of DWCP and ILO technical cooperation and all ILO activities in Ukraine required very clearly planned coordination and interaction;
- Annual working plan, initiated by ILO DWT/CO in Budapest, prepared for 2011 for Ukraine, is a very important tool in this context;
- All reforms declared by the President of Ukraine and the initiative of the current Government to implement them immediately lead to changing of priorities and needs;
- 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). Correspondingly it requires a better flexibility from different agencies;
- Adoption of the Law on Social Dialogue, in spite of its positive values, has sharpened trade union movement problems in Ukraine. The representivity criteria laid down by the recently adopted Law on Social Dialogue make it difficult for a number of TUs, which are not able to meet them, to represent the interests of their members in collective bargaining and to participate in social dialogue at various levels. That is likely to put pressure on these TUs to merge in order to meet the statutory criteria;

- Implementation of the New State Social Gender Equality Programme till 2016 which has been already drafted would require practical and effective involvement of the ILO, Government structures and social partners;
- Gender Mainstreaming yet to be detailed in the social dialogue agenda, including through the new national tripartite body;
- Implementation of the National Tripartite Cooperation Strategy on HIV and AIDS depends on involvement of the Government structures, social partners and ILO assistance.

III. Priority areas of cooperation

The priority areas of cooperation and the country programme outcomes have been developed in close collaboration with constituents. The process started with individual consultations and evaluation of the previous DWCP. Following these discussions and based on inputs received DWT/CO Budapest developed a draft narrative text of the programme for further discussion. The current programme is a result of this above process.

Considering the lessons learned during past cooperation, the ILO will aim to reinforce the Constituents' capacities and enhance the influence of the ILO Decent Work policy in line with the UNDAF and the 'Program of Economic Reforms for 2010 – 2014 - Prosperous Society, Competitive Economy, Effective State'. The strategy will be to closely involve the Constituents and both multilateral and bilateral donors.

Within the overarching theme of "Decent Work for All" the ILO will concentrate on three country programme priorities in Ukraine during 2012-2015, which should be seen as long-term goals:

- i. Strengthening social dialogue institutions so as to improve their participation in labour market governance
- ii. Promoting decent work and enhanced employability of the Ukrainian labour force
- iii. Improving social protection systems

As a technical and standard-setting agency of the UN, the ILO can provide high quality technical assistance related to the four strategic objectives of the Decent Work Agenda. More specifically, the ILO's Secretariat has a long-standing experience and technical expertise in the areas of labour standards, employment promotion, social protection and social dialogue. The ILO is the only organisation where the knowledge and experience of its tripartite constituency are documented, discussed and shared across countries and regions. The ILO DWT/CO Budapest has implemented a number of projects in Central and Eastern Europe to the full satisfaction of donors and recipient countries.

Priority 1: Strengthening social dialogue institutions so as to improve their participation in labour market governance

Outcome 1.1: Legal and institutional environment will enable a functioning social dialogue

In 2011 the new Law on Social Dialogue came into force and this combined with the recent reconfiguration relating to the social partners are likely to trigger major changes in the composition of NTSEC and territorial SECs.

The ILO is providing assistance in improving the coordination among tripartite social dialogue institutions at national and territorial levels.

Minimal effectiveness and coordination of collective bargaining processes at various levels (national, sectoral and enterprise) in both the public and private sectors has been identified. The proposed strategy to address this problem consists of improving the understanding of the principles of collective bargaining, as well as the conclusion and implementation of further collective agreements.

Outcome Indicators:

- Measures to encourage and promote effective collective bargaining at various levels are designed and introduced by tripartite constituents.
- Measures to strengthen regional social dialogue are designed and introduced by tripartite constituents. The coordination between the national and the territorial social dialogue institutions is established.

Outcome 1.2: Increased value of employers and workers organisations to existing and potential membership through the provision of new or better services

Efforts to strengthening Employers' Organizations will focus on capacity building towards supporting employers to engage more effectively in economic and social forums at all levels in order to ensure a business-friendly legislative environment which supports viable and sustainable enterprises. ILO assistance will also continue to support EOs extending their membership base by the provision of new and improved services.

In order to broaden the understanding of the role and scope of the ILS and their relevance and application in the protection of workers' rights, the ILO will provide training for trainers in ILS, with particular focus on Freedom of Association. The trade unions will also be assisted to better understand the ILO's supervisory mechanisms. Capacity building will be provided to enable trade unions to monitor and comment on the Government's response in relation to ILS and national legislation.

Outcome Indicators:

- EOs trained to deliver instruction for members on dispute prevention and resolution at the workplace through better people management.
- EOs trained in the use of the ILO's Bureau for Employers' Activities Toolkit on Developing and Enabling Environment for Sustainable Enterprises.
- Training of Trainers on ILS and workers' rights for TUs.

- Trade unions monitor and voice concerns on the Government's response in relation to the Observations of the ILO's Supervisory bodies.

Outcome 1.3: International labour standards are better reflected in labour legislation

The ILO will continue to support tripartite constituents in the ratification process of Maritime Labour Convention at their request.

Legal and technical advice will be made available upon request to tripartite constituents in the process of Labour Code revision. Technical assistance will in particular address non-compliance to full realization of freedom of association and the right to collective bargaining, as well as the implementation gap of Conventions № 95, 100, 111.

The ILO will provide technical assistance as a follow up to both the May 2011 ILO mission in relation to the problems of non-payment of wages and wage arrears and the Committee of Social Policy and Labour of the Parliament and interest to ratify the ILO Convention Nr. 173 (the third Chapter).

Outcome Indicators:

- Tripartite constituents take legal and practical measures to apply ILS to domestic legislation in response to issues raised by the ILO's supervisory bodies.

Priority 2: Promoting decent work and enhanced employability of the Ukrainian labour force

Outcome 2.1: Improved quality of vocational education and training facilitates youth entrance to the workforce.

Efforts should be dedicated to raising the quality and relevance of the VET system, and these need the active involvement of the social partners. Currently, the social partners' participation in the design and implementation of VET policies and programmes as well as in the development of curricula is limited. Employers' and workers' organizations have a key responsibility in identifying the most appropriate forms and contents of training for the job opportunities available, and they should be enabled to fulfil this important role.

In this context, the ILO will seek funding to provide capacity building for improved data collection on skills needs, in particular on skills needs surveys and analysis, and pilot programmes can be run both at national or regional levels. Based on the results, up-to-date, competency-based training modules can be developed for occupational profiles in high demand, and partnerships established with interested enterprises to ensure opportunities for in-company training.

Linked to the issue of improving VET quality, is the issue of entrepreneurial education for both youth and adults. The traditional concept of education and training for entrepreneurship, characterized by economic and business education, is being gradually replaced by entrepreneurship as a key competency.

One way to increase economic diversification as well as to foster employment growth is to strengthen the business enabling environment with a focus on skill endowments with an export orientation. While analysis at national level can give useful direction for sustainable growth and employment creation, an in-depth analysis of individual sectors is essential for designing concrete policy proposals. The ILO analysed two sectors (basic metal and metal processing industry and tourism industry) in great detail. The results of the analysis of the tourism sector will be incorporated in local action plans for employment, using the local economic development approach, for regions interested in developing the tourism sector and investing in the training of adequate human resources.

Local economic development can also contribute in helping informal activities make the transition to the formal economy. Local entities are better able to assess community's priorities and their opportunities and challenges, and, more important, better positioned to mobilize and coordinate local resources. In particular, the ILO will focus on:

- 1) Support the dissemination of local development approach, with a particular reference to the selected economic sector and building the necessary skills at the local level.
- 2) Support the creation of a solid partnership between employers' and workers' organizations and local authorities for further local economic and employment development initiatives.

There is a need to further strengthen the provision of Public Employment Services (PES) and expand active labour market programmes, especially those which target vulnerable groups. Such groups need targeted interventions through customized services catering to the different categories of vulnerability. With regard to young people, they would first of all benefit from a further expansion of vocational guidance for last grade pupils/students, to direct them to VET demanded in the labour market. Special attention has to be paid to school dropouts, in particular through apprentice schemes combining training with work. The ILO will provide technical assistance for developing social integration programmes designed for young people from socially disadvantaged families who are motivated to take part in such programmes.

The ILO will provide assistance for developing programmes which address the special needs of persons with disabilities. These programmes need to encompass larger numbers of persons from these groups in comparison with the current situation; not only those who are registered as jobseekers, but also discouraged inactive persons. These programmes need to include vocational assessment, vocational rehabilitation and appropriate training. Furthermore, subsidies for workplace adaptation and for running sheltered workshops as well as offers of other suitable active labour market programmes with regard to the degree of impairment, should be available

The ILO will support the employers' and workers' organizations, together with the PES at national level and with local governments and local labour offices at regional/local level, to take an important role in designing and implementing all the above mentioned programmes and active labour market measures (ALMM).

Outcome Indicators:

- ILO best practices and mechanisms, lessons, policy approaches and good practices in promoting adult learning translated and disseminated.
- Guidelines and tools provided for preparation of local action plans for employment to improve governance through better coordination of economic and social policies with stronger involvement of the social partners.
- Employment and skills development plans are part of the regional employment development plans in the field of tourism and also included in the national tourism sector development strategy.
- Capacity of the social partners expanded to cover design and implementation of VET policies.
- New ALMMs are designed and implemented targeting vulnerable groups, with the active participation of employers' and workers' organizations
- Programmes for promoting labour market mobility of workers from high unemployment regions designed

Outcome 2.2: Institutions more effectively manage labour migration and prevent labour exploitation of migrant workers due to increased capacity and improved policy and regulatory framework.

Lack of up-to-date data on labour migration is one of the main problems underlined by the national stakeholders in Ukraine. The ILO works to find a replicable and, therefore, sustainable, data collection system solution. In this context, technical assistance will be provided, aiming at increasing the capacity of the State Statistics Committee of Ukraine and other relevant stakeholders to collect and analyse migration related data. There will be a particular emphasis on skills in order to develop evidence-based policy solutions, capacities to monitor and anticipate skills needs and knowledge on skills composition of migration flows. Such data and analysis is fundamental for the design and efficient administration of legal labour migration schemes.

The ILO will provide technical assistance to the country to improve the national capacities to manage migration through a rights-based approach and backed by a strengthened social dialogue. It will build sustainable cooperation with relevant actors in the Government, Parliament, Workers and Employers' organisations, etc. and foster their ownership of the migration governance process. In this context, the ILO will provide capacity building and awareness raising according to their needs, including improved understanding of the ILO Multilateral Framework on Labour Migration and ILO Conventions 97 and 143, the concept of right-based labour migration governance and reintegration of returning migrants.

In Ukraine, there is lack of mechanisms for qualifications recognition and skills matching. In this context, technical assistance will be provided for carrying out occupational skill analysis in selected economic sectors from those absorbing most of the migrants from Ukraine, involving practitioners, social partners, educationalists and policy makers. A skills analysis survey will be designed and used among a statistically relevant group of employers in each sector. The overall purpose of the survey will be to identify employers' needs, how similar such demand is to EU practice and how well the current levels of skill meet labour market demands. As a result, a number of up-to-date occupational profiles will be designed for each sector. The results will be beneficial for the Ukrainian job-seekers who can update their skills in line with labour market demand and for potential migrants who can align their skills to the requirements in the migration destination countries, preventing exploitation and skills waste. The occupational skills analysis and the designed profiles will be presented and discussed in a tripartite forum.

Outcome Indicators:

- Up-to-date occupational profiles developed in selected economic sectors in line with the development of a national qualification framework and having regard to local and international labour market demand.
- Amended legislative framework in place.
- Improved labour migration module in the LFS, with specific focus on skills issues.

- Knowledge base for policy design on balancing migration flow and return is expanded.
- Capacity built to govern labour migration and enact relevant legislation and engage social partners.

Outcome 2.3: Government labour market institutions promote, implement and monitor gender sensitive policies and programmes and women's empowerment in the world of work

In recent years, the ILO has been providing technical assistance to the Government of Ukraine to enhance gender equality based on introducing national gender equality legislation in full compliance with ILO Conventions № 100 and 111. Considerable discussion has been generated on gender equality among the ILO constituents and the ILO assistance has realized policy and legislative changes. This is especially so in the on-going labour code reform as well as workplace strategies to combat discrimination in recruitment and access to equal opportunities for women and men. The ILO will continue providing technical support to build capacity among policy makers and the social partners on how to apply international legal instruments on gender equality in national laws. To that end the raising of awareness on concepts of direct and indirect discrimination and the labour market consequences for women when a “protectionist” approach is pursued compared to one based on the promotion of equality, is an important focus.

Outcome Indicators:

- A strategy elaborated by constituents' organisations to prevent discriminatory practices in recruitment in the public and private sectors.
- Tripartite partners develop internal institutional capacity to articulate gender – world of work priorities, and develop a sound relationship with the National Institution Promoting Gender Equality or any other institution engaged in promoting gender equality in the labour market.
- Evidence based knowledge developed on gender inequality in terms of wages and working conditions of workers with special focus on vulnerable groups of workers.

Priority 3: Improving social protection systems

Outcome 3.1: The labour inspection system is strengthened and modernized in line with ILS

Efficient and effective labour inspection (LI) systems are a solid guarantee that national and ILS are complied with, workers' rights are respected and enterprises thrive in an environment of fair competition. According to Conventions № 81 (1947) and 129 (1969) Labour inspectorates play an important role on the improvement of working conditions, by supplying technical information and advice to employers and workers concerning the best ways of complying with legal provisions, by securing the enforcement of the law and by

advising the competent authority of defects or abuses not specifically covered by existing laws and regulations. The proposed strategic outcome intends to provide the national labour inspectorate with enhanced capacities to fulfil all its main functions, in a participative approach and in line with relevant ILS, as well as identified good practices. In this way, through the strengthening of governance, human capital and resources, the State Labour Inspectorate (SLI) will be in a better position to play a key role for the sustainability of the employment market and quality of working and living conditions.

Outcome Indicators:

- Policy guidelines on LI are drafted and endorsed through tripartite consultations.
- LI's capacities are enhanced through training and new supporting tools.
- Information on OSH, labour relations and undeclared work is disseminated in cooperation with social partners and other state authorities in order to enhance the preventive role of LI.

Outcome 3.2: Strengthened coverage and effectiveness of the social security system

Through the ILO's technical assistance, Ukraine will improve the social security coverage for migrant workers by building the capacity of the government of source countries in negotiating, adopting, and implementing multilateral and bilateral social security agreements with major destination countries.

Through ILO's technical assistance, the national pension system will improve its long-term sustainability while ensuring adequate benefit levels by effectively implementing the new pension system law based on tripartite consensus.

Outcome Indicators:

- Number of social security agreements signed.
- Comparative analysis of the pension reform experience of Central and Eastern European countries shared (main reference: "Pension Reform in Central and Eastern Europe - in times of crisis, austerity and beyond", ILO, 2011).

Outcome 3.3: OSH improved for a more inclusive and productive society

Through the ILO's technical assistance, Ukraine will develop National OSH programme, based on the national OSH profiling, and take concrete steps to implement the programme effectively.

Outcome Indicators:

- A tripartite national mechanism on OSH is established.
- Strategic documents on OSH situation and programme are developed at national level in a participative manner.

- Improvements are introduced in the methodology used at national level for reporting and notification of occupational accidents and diseases.
- Representatives from the enterprises' OSH Services are trained on risk assessment and risk management

Outcome 3.4: ILO constituents develop and effectively implement programmes on HIV/AIDS at selected workplaces

Through the ILO's assistance the capacity of the tripartite constituents will be enhanced to develop HIV workplace policies and programmes based on ILO Recommendation 200 concerning HIV and AIDS and the World of Work, 2010 as a part of implementation of the National Tripartite Cooperation Strategy on HIV/AIDS in the World of Work in Ukraine.

Outcome Indicators:

- National and regional tripartite socio-economic councils implement the National Tripartite Cooperation Strategy on HIV/AIDS and the World of Work in Ukraine based on a developed and agreed workplan.
- Selected workplaces in health and other sectors develop and implement HIV workplace programmes based on the National Tripartite Cooperation Strategy and ILO Recommendation No. 200.
- Recommendations to reduce HIV-related stigma and discrimination developed for the health sector of Ukraine.

IV. Management and implementation

The cooperation programme will be managed through a network among 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 UNDAF, the World Bank and the Delegation of the European Commission.

The objectives of the programme 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 ILO network mentioned 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 facilitate 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 DWCP 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. Every six months, the DWCP implementation will be reviewed by the DWCP Board consisting of the representatives of the Constituents and the National Coordinator. The DWT/CO Director will assess the programme achievements with the constituents in Ukraine at least once over the duration of the programme. On a yearly basis, the DWCP implementation plan will be internally reviewed and adjustments will be made to reflect changed circumstances, as necessary, in order to improve the implementation strategy. The revised implementation plan will be validated by the DWCP Overview Board.