

In-depth review of the non-military 2026 budget: 1. Social spending

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CONTENTS

Key findings.....	4
1. Introduction	4
1.1. Budget overview.....	4
1.2. Methodology	6
2. Social spending.....	6
2.1. Wartime trends	6
2.2. Pension provision	8
2.3. Social security in difficult life circumstances	10
2.4. Social protection for children and families	14
3. Recommendations	18

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KEY FINDINGS

This policy brief introduces the first report in the series "In-depth review of the non-military 2026 budget". The goal of this series is to identify the main non-military spending areas in public finances and suggest ways to rethink them.

Each report focuses on a specific non-military function of the state budget: social protection, education, healthcare, civilian public order, economic activities, and other government roles.

This work can help line ministries improve spending policies and align budgeting with strategic planning goals.

1. INTRODUCTION

1.1. BUDGET OVERVIEW

Ukraine's 2026 draft budget shows the limits of what a country drained by war is capable of. For the fourth year in a row, Ukraine is living on a survival budget – enough to hold off the enemy but too tight to turn the tide of the war.

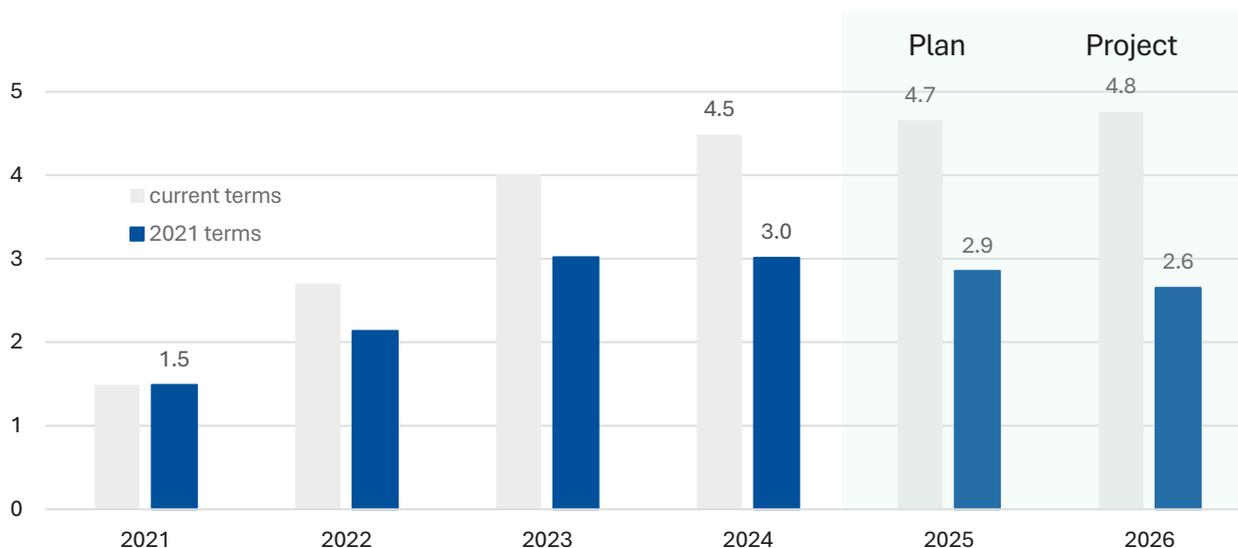
Almost all internal resources the state can gather, about a quarter of GDP or €51 billion, go to defense. The fifth war year won't bring any breakthroughs in terms of the budget.

Other sectors are running at bare minimum, and the situation isn't likely to improve in 2026. Budget figures will probably be revised upward, as they have been this year and in past years, but the overall picture remains grim – Ukraine is fighting not just Russia, but also its own financial limits.

In these conditions, just "surviving" isn't enough. The way the government spends money needs to change – funds should be aimed not only at today's issues but also allocated for the future. This means two things: first, making strategic investments: in people, institutions, and technologies that will lay the foundation for recovery. Second, spending smarter: cutting duplication, pointless programs, and the system's chronic inertia. This isn't about cutting for its own sake, but about managing limited resources wisely. That's how resilience is built – when finances become a tool not just for defense, but for development too.

Total state budget spending has been growing every year since 2022, mostly due to war-related expenses. Real spending in 2024 has doubled compared to 2021.

Figure 1. Amount of total state budget expenditures, UAH trillion.



Notes: Spending amounts are in 2021 prices, adjusted for year-on-year inflation from December to December.
Sources: Ministry of Finance of Ukraine, State statistics service, CES calculations.

The sharp rise in budget spending is mainly due to a massive increase in funding for the defense sector. In 2024, spending on national security and defense made up 58% of the total government budget. Compared to 2021, nominal defense spending increased 20 times, while in real terms (2021 prices), it grew 14 times.

At the same time, spending on non-military state functions like social protection, healthcare, education, and other civil areas, shows a different trend. Their nominal growth was limited to 40%, which, considering high inflation since the start of the full-scale invasion, actually means a 7% cut in real funding.

Figure 2. Breakdown of government budget spending: ratio of war-related to civilian expenditures, UAH trillion (% shows the share of war spending in the total budget).



Notes: Spending amounts are in 2021 prices, adjusted for year-on-year inflation from December to December.
Sources: OpenBudget, CES calculations.

Next, we take a closer look at the biggest areas of the government budget's functional classification separately.

1.2. METHODOLOGY

Methodologically, this study covers the main functional areas and related government budget programs planned for 2026, excluding defense sector programs and some programs related to law enforcement and security, which deal with protection against Russian aggression (like the State Border Guard Service of Ukraine, the Security Service of Ukraine, the National Guard, etc.). Improving the efficiency of defense spending needs a separate, detailed study. We also don't cover debt servicing costs since they can't be optimized through efficiency improvements but only by revising debt policy. For a detailed review, we focus only on the general fund expenditures of the state budget, leaving the special fund aside.

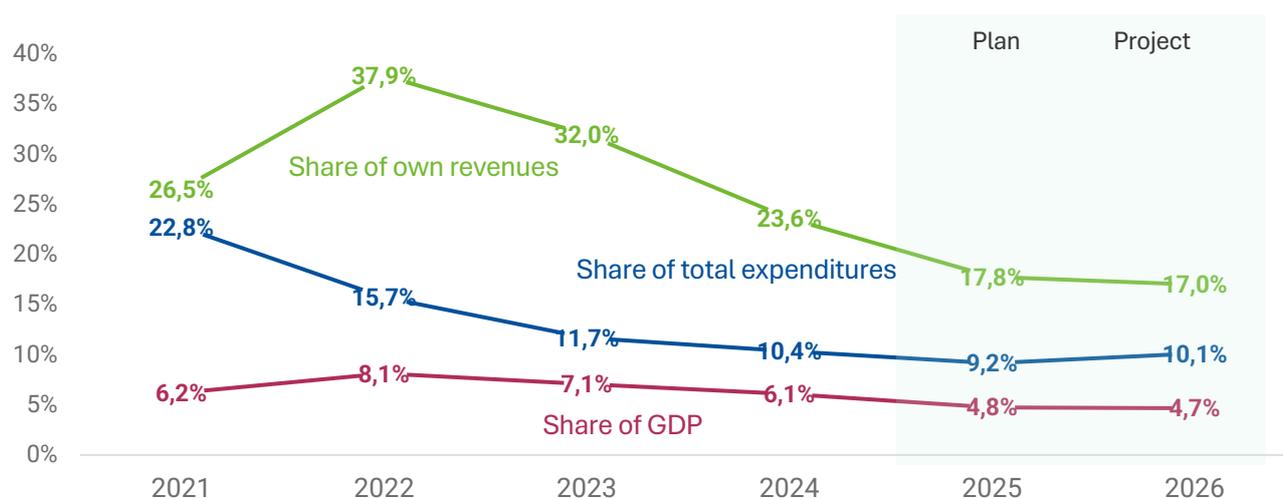
2. SOCIAL SPENDING

2.1. WARTIME TRENDS

The trend over the last three years is clear – total nominal government budget spending is increasing (see Fig. 1), but the share spent on social protection is shrinking – from about 16% in 2022 to just over 10% in 2024 (see Fig. 3). According to initial forecasts by the Ministry of Finance of Ukraine, the share of social protection spending was expected to stay roughly the same in 2025, but with the recent increase in the defense budget for that year, the share of social protection in the overall budget will dip a bit. However, the 2026 budget draft shows it stabilizing back to around 10%.

Meanwhile, the ratio of social protection spending to the government's own revenues has been dropping sharply since the full-scale invasion – from nearly 38% in 2022 down to 23.5% in 2024, and is expected to fall further to about 17% in the 2026 draft budget. This decline is driven by two main factors: real growth in government revenues (from 20.7% of GDP in 2022 up to 27.4% of GDP in 2026) and a freeze on non-military spending, which means revenues are growing faster than social protection expenses.

Figure 3. Share of social protection spending in total expenditures, own revenues*, and as a percentage of GDP.



Sources: Ministry of Finance of Ukraine, State Statistics Service, Open Budget, CES calculations

*Social protection spending, total expenditures, and own revenues of the state budget at current prices. Own revenues refer to total state budget revenues excluding grants and international defense aid.

The main tasks of the Ministry of Social Policy, Family, and Unity (hereinafter – the Minsoc)¹ in social security include developing human capital, supporting families with children, internally displaced persons (IDPs), defenders, veterans, people with disabilities, and older adults. Strategic goals include reforming the pension system, as well as social insurance and social service systems. The five largest social protection programs in the state budget are shown in Table 1.

Table 1. The five largest social protection programs in the 2026 state budget.

Programme	Total funding, UAH billion
Pension provision	251
Social security in difficult life circumstances	103
Social security of families and children	53
Subsidies and social benefits for citizens aimed at the payment of housing and communal services, the purchase of solid and liquid domestic fuel and liquefied gas	42
Provision of meals for pupils in general secondary education institutions**	14

Source: Source: Ministry of Finance of Ukraine, 2026 Budget Draft Law (first reading).

**In the draft law, these are classified as expenditures on general government functions.

Below, we take a closer look at the top three biggest programs: how the situation has changed since 2021, what's planned for 2025, and what the Ministry of Social Policy is proposing for 2026².

¹ <https://www.msp.gov.ua/>

² <https://www.msp.gov.ua/legislation/regulatory-framework/regulatory-framework-152>

The key point is that pension reform, especially revising special pensions, needs to be coordinated with efforts to reduce informal employment and demographic policies; otherwise, the deficit will stay structural. We're seeing a gradual decrease in living allowances for internally displaced persons (IDPs) because the number of applicants is dropping (monthly payments for IDPs are set for six months). Moving forward, budget policy should focus on increasing the availability of social and subsidized housing and integrating IDPs into the workforce. Special attention should be given to payments related to pregnancy, childbirth, and monthly birth allowances since the declining number of recipients highlights the deepening demographic crisis. Considering inflation, payments to children in large families and those living in orphanages or foster families have decreased during the full-scale war.

2.2. PENSION PROVISION

Pension provision and its optimization require a comprehensive reform of the solidarity pension system. Pensions reduce poverty risks among older generations and help maintain trust in the government. In times of war and migration, pensions also support consumer demand in communities, acting as an automatic economic stabilizer. However, pensions are also the most resource-heavy non-military public spending—over 10% of the state budget's non-military expenses.

Table 12. State budget expenditure dynamics related to pension provision.

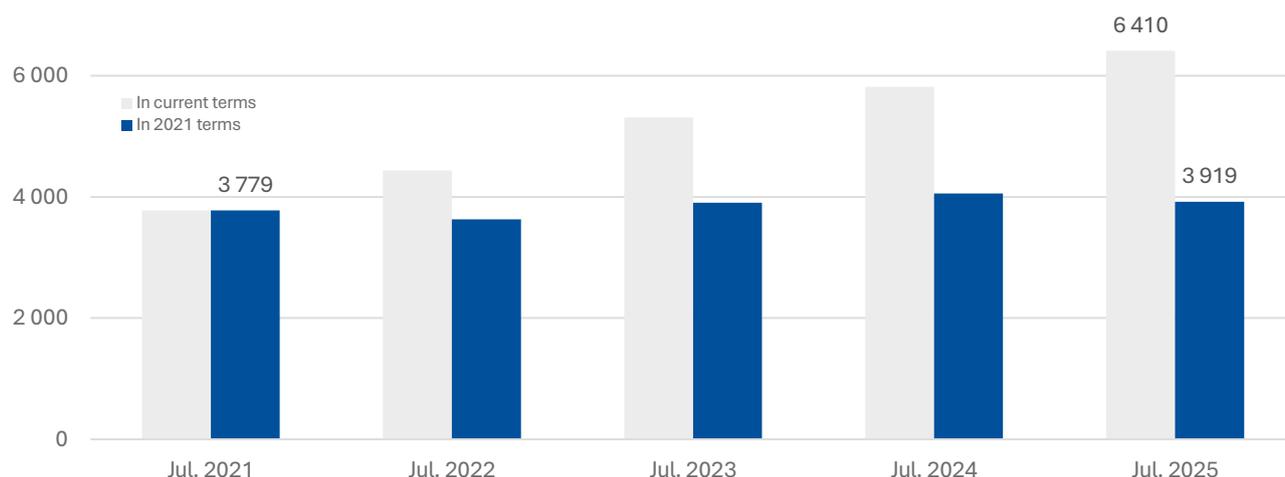
Pension provision expenditures	2021	2022	2023	2024	2025 (plan)	2026 (project)
Pension provision, UAH billion	201	233	274	275	240	251
Pension provision, \$ billion	7.4	7.2	7.5	6.8	5.7	5.5
% of the 2021 price level	100%	91%	102%	92%	73%	70%
% of the GDP	3.7%	4.4%	4.1%	3.6%	2.7%	2.4%

Sources: Open Budget, Ministry of Finance of Ukraine, State Statistics Service, CES calculations.

A reformed insurance pension system needs to be financially predictable and shock-resistant, so it doesn't crowd out defense or recovery spending and remains as self-sufficient as possible—meaning no deficits. In the long run, pension policy should encourage official employment and human capital development, which is directly linked to post-war growth.

Since the beginning of the full-scale invasion, the number of pension recipients in Ukraine has dropped by over half a million. As of July 2025, about 10.3 million people receive pensions. Over four years, the average pension has increased nearly 70% in nominal terms, but when adjusted for inflation, the real growth is only about 4%.

Figure 42. Average pension, UAH.



Source: [Pension Fund of Ukraine](#), CES calculations.

As part of the reform, all special pensions, including those from lists 1 and 2, need a complete overhaul. The system should be simplified – there is a need to refine many existing legal pension schemes – and adjust them so that a person’s insurance contributions (unified social contribution) during their working life have a clear and direct impact on their pension.

Special pensions are given to certain groups like miners, prosecutors, judges, Chernobyl disaster liquidators, members of security, defense, and law enforcement agencies (Armed Forces of Ukraine, National Guard, National Police, State Border Service, Security Service of Ukraine, State Emergency Service, etc.), as well as anti-corruption bodies (National Anti-Corruption Bureau, National Agency for Corruption Prevention, Economic Security Bureau, etc.). At the same time, veterans who were mobilized for the current war don’t receive special pensions. The benefits of the special pension system include fewer years of required service to retire, a lower retirement age (see Table 3), and generally higher average pensions for each special category. Overcoming the resistance from current special pension recipients, especially in the security forces, will require specific political and legal efforts.

Table 32. Comparison of some differences between the regular and special pension systems.

Pension systems	General pensions	Special pensions			
		Miners	Prosecutors	Judges	Special services
Years of work required for retirement	35	25	25	20	25
Retirement age	65	50	46	50	45

Source: Ministry of Social Policy, Family and Unity of Ukraine.

But don’t expect to save money in this area in the long run. According to the Institute of Demography and Social Studies, over the next ten years, the number of people over 65 in Ukraine will grow by about 800,000, while the working-age population will keep shrinking. Without simultaneous action in demographics and the labor market, even the best pension formula won’t stop the system from running a deficit. This demographic challenge should push the government to invest in health, education, and

productive employment – because that’s the direct way to reduce the pension deficit by keeping as many people in the workforce as possible. So, migration policy, support for childbirth and employment of mothers, as well as cracking down on undeclared jobs are key ways to improve the state budget’s ability to cover the Pension Fund’s shortfall by increasing its own revenues.

Here are some related issues in government policy:

- Optimizing the unified social contribution through individual entrepreneurs is undermining the Pension Fund’s financial base → reforming the simplified tax system should reduce this practice.
- The minimum wage encourages unified social contribution payments but puts pressure on low-productivity businesses → we need predictable policies for raising it, aligned with productivity growth to avoid driving jobs underground.
- Unregulated employment in reconstruction efforts lowers Pension Fund revenues → integrating booking and wage control into public procurement systems is necessary.
- Pension payments require digital monitoring → automating record-keeping and verifying death and relocation data will help prevent losses.
- A special focus is needed on paying pensions to residents of occupied territories.

In short, the pension system cannot exist in isolation. It needs to be part of a broader strategy for labor market development (employment, retraining, migration policy), fiscal strategy (tax policy, balancing spending without harming defense and recovery), and a social contract – a long-term agreement between the government and citizens based on transparency, fairness, and responsibility.

2.3. SOCIAL SECURITY IN DIFFICULT LIFE CIRCUMSTANCES

Policies here should help people facing hardships get back into the workforce or other productive activities. Social assistance should both reduce poverty and shorten the time people rely on benefits, turning every hryvnia into an investment in household resilience.

Budget programs should be designed to create a reliable “safety net” and encourage people to find their place in the productive economy.

Social protection isn’t just about handing out money—it’s more like a roadmap to help people get back into the workforce. It provides a financial safety net and time for individuals to plan and make their return to the job market, either on their own or with support from specialized services. Reintegration policies should be tailored to specific groups based on age, gender³, health⁴ and other factors⁵ reflecting their unique needs. It’s also important to consider what local employers require and involve them in creating retraining programs, improve job-matching processes, and ensure access to affordable housing to reduce the chances of future unemployment.

The top three areas of government spending on social protection for citizens facing tough life situations are shown in Table 4.

³ www2.census.gov/library/working-papers/2025/adrm/ces/CES-WP-25-25.pdf

⁴ doku.iab.de/forschungsbericht/2024/fb0924en.pdf

⁵ m.cream-migration.org/publ_uploads/24024.pdf

Table 4. The three biggest areas of government budget spending on social protection programs for citizens in difficult life circumstances.

Spending in nominal prices, UAH billion	2021	2022	2023	2024	2025 (plan)	2026 (project)
Housing of internally displaced persons	3.0	53.5	73.2	38.4	39.6	39.6
Children with disabilities and persons with disabilities since childhood	13.9	14.8	16.5	19.3	19.5	21.4
Low-income families	12.6	13.9	11.4	-	-	12.4

Source: Ministry of Social Policy, Family, and Unity of Ukraine.

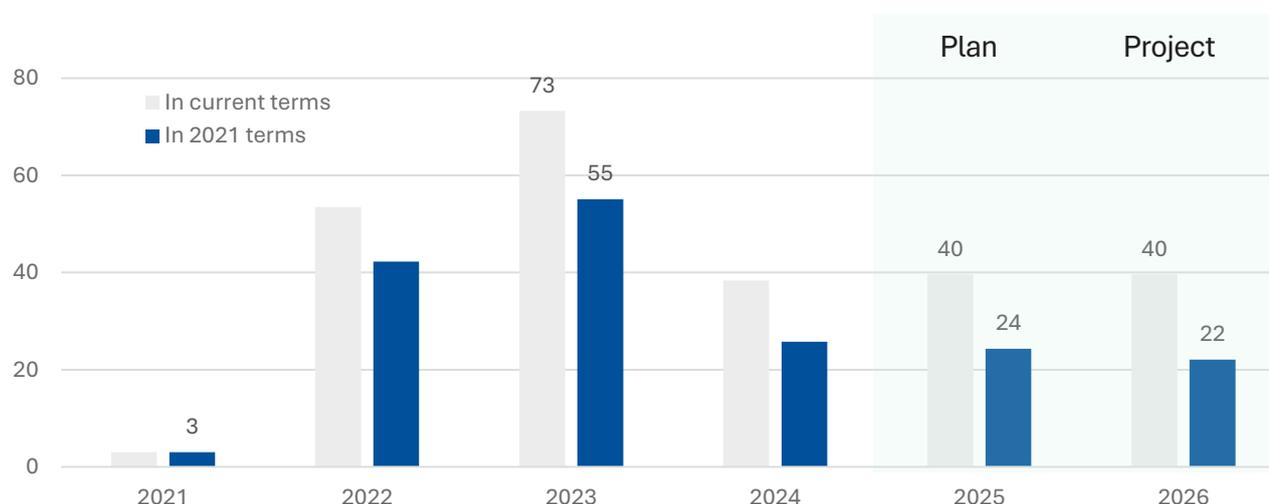
Note: Information on payment amounts to low-income families for 2024-2025 is not yet specified.

In Ukraine, the largest share of funds from this program goes toward housing assistance **for internally displaced persons (IDPs)**.

In 2023, housing assistance payments for IDPs hit their highest level since the full-scale invasion began, but dropped significantly in 2024 due to fewer applicants. Payments are expected to stay roughly the same through 2025-2026 (see Figure 5).

Both the 2025 plan and the 2026 draft budget set payments at about 40 billion hryvnias—making up 48% and 39% of total program spending, respectively. Most of this money goes out as direct cash transfers.

Figure 5. Government housing assistance payments for IDPs, UAH billion.



Source: Ministry of Social Policy, Family, and Unity of Ukraine; State Statistics Service; CES calculations.

As of October 2025⁶, the register of internally displaced persons (IDPs) includes about 4.5 million people. Financial support for IDPs includes monthly payments for six months, subsidies for rent and utility bills, opportunities for children with IDP status to access health and recreational programs, and free provision of rehabilitation equipment designated for IDPs. In addition to basic social services, IDPs

⁶<https://docs.iza.org/dp17359.pdf>

can also access the "Municipal Nanny" service, which provides childcare until the child turns 3 years old (or up to 6 years old in certain cases). Just over 200 healthcare facilities plan to participate in a pilot project⁷ offering long-term nursing care services for IDPs.

The law exempts the IDPs⁸ from negative consequences related to failure to meet financial obligations on loans and credit agreements and supports providing IDPs with loans to buy land and build homes. Soft incentives to help IDPs enter the labor market include double financial support for working IDPs⁹, and compensation for employers hiring IDPs¹⁰, which helps create better working conditions, like higher wages.

Looking at international experience, in Germany, unemployed people face penalties if they don't apply for a job they were offered or fail to show up for an interview when invited by an employer. In Denmark, penalties apply for missing a scheduled job center interview without a good reason or refusing job offers. This leads to suspension or reduction of benefits and is similar to Ukraine's practice, where after two refusals of suitable jobs, the employment center cancels unemployment registration and stops benefit payments. It's worth exploring whether this approach could be extended to other types of social benefits where appropriate, considering the specific needs of different recipient groups. Also, it's time to review the effectiveness of the State Employment Service and its centers.

Other related policy issues that need tailored decisions for Ukraine include:

- How IDPs are registered, integration between registers, and reducing errors;
- Compensation for housing lost during the war and for housing in occupied territories;
- A social housing model that takes the rental market into account;
- Policies on the status of IDPs versus low-income status, setting clear criteria for such transitions (social protection schemes should be based on the needs of specific IDP groups, with universal support types having clearly defined durations and the option to extend if the IDP remains vulnerable).
- The issue of the labor market as well as the qualification and geographic gaps (IDPs living in one region while jobs are in another), is a serious challenge, along with problems related to employment services, daycare centers, schools for mothers, and social care for people who need it so their relatives can go to work.

The "IDP Housing Assistance" program helps cover basic needs for displaced people but doesn't solve their long-term challenges—mainly securing stable housing, employment, and community integration. According to IOM, 73% of IDPs have been living in their new location for over two years, and longer displacement usually doesn't reduce their financial vulnerability or housing needs. At the same time, about a third of displaced people want to integrate into their host communities,

⁷<https://www.msp.gov.ua/otrymuvacham-soc-pidtrymky/vnutrishno-peremishchenym-osobam><https://www.ioc.gov.ua/analytics/dashboard-vpo>

⁸<https://www.msp.gov.ua/otrymuvacham-soc-pidtrymky/vnutrishno-peremishchenym-osobam><https://www.ioc.gov.ua/analytics/dashboard-vpo>

⁹ <https://www.pfu.gov.ua/vl/227525-finansova-pidtrymka-pratsyuyuchykh-vnutrishno-peremishhenyh-osib/>

¹⁰ <https://diia.gov.ua/services/kompensaciya-za-pracevlashtuvannya-vpo>

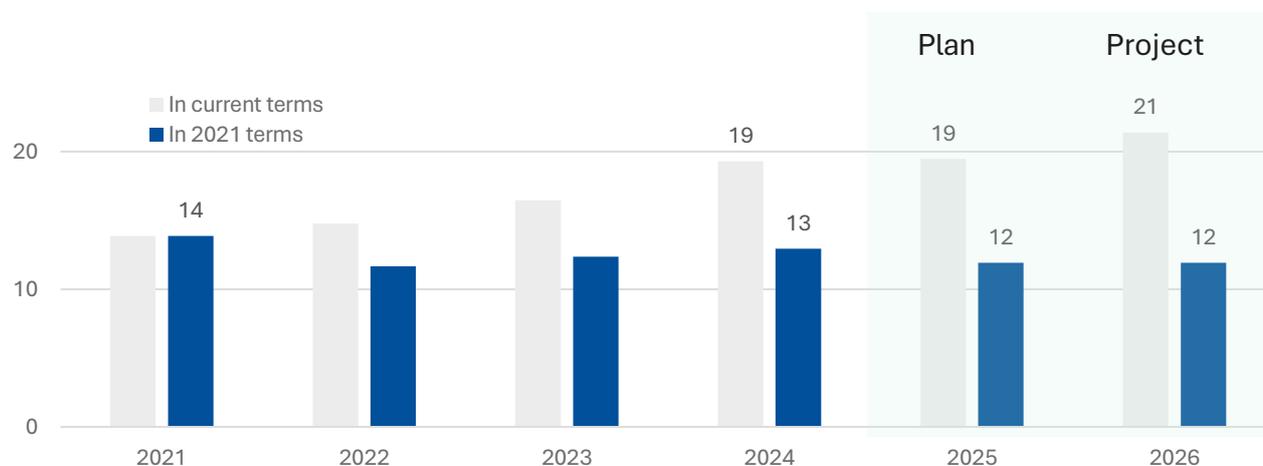
which calls for more systematic support. So, budget policies need to shift from short-term aid to investing in sustainable solutions: expanding social and affordable housing options, combining employment programs with rental or mortgage support, developing local integration and training programs, and informing employers about incentives for hiring IDPs.

Success indicators for government policies should also be adjusted to match these needs. For example, tracking the percentage of households that leave social assistance through employment within 12 months (to measure how well the system supports jobs), or the time between applying for help and receiving the first payment (to measure the system’s responsiveness), and so on.

The second biggest spending area in the program is social assistance payments to people with disabilities since childhood and **children with disabilities**.

Nominal payments to these groups have increased—from 14 billion UAH in 2021 to 19 UAH billion actually paid in 2024, and a projected 21 UAH billion in 2026 (which is 21% of the program’s budget). However, adjusted by inflation, real payments have dropped by nearly 7%. Meanwhile, the average monthly number of children with disabilities and people with childhood disabilities receiving state social assistance was 474,000— up by 18,500 since 2021. So, in real terms, support is actually shrinking.

Figure 6. Payments of state social security to people with disabilities since childhood and children with disabilities, UAH billion.



Source: Ministry of Social Policy, Family and Unity of Ukraine, State Statistics Service, CES calculations.

Efficient policies for this group should combine financial support with the development of quality social services and tools that help families get involved in work. There’s already a 2023 order from the Ministry of Social Policy approving the State Standard for day care social services for children with disabilities.¹¹ This approach needs to be expanded and integrated with home care and supported living services¹², so that parents or other relatives can look for and choose more productive jobs, knowing their child’s care is reliable and high-quality.

¹¹ <https://zakon.rada.gov.ua/laws/show/z0898-23#Text>

¹² <https://zakon.rada.gov.ua/laws/show/z0806-17#Text>

The 2026 draft plan also anticipates that the average monthly number of low-income families receiving social assistance will be 148,000 people – 64,000 fewer than in 2021 – totaling 12.4 billion UAH. The amount of aid isn't increasing, but this is balanced out by fewer low-income families needing support. .

2.4. SOCIAL PROTECTION FOR CHILDREN AND FAMILIES

The program mainly covers payments related to childbirth (8 UAH billion in 2025 and 9 UAH billion in 2026), as well as various types of aid for children under guardianship or care, those with severe rare diseases, raised in large families or by single mothers, orphans, or kids without parental care. The 2026 draft also includes a new focus – creating conditions that help parents combine parenting with their work life (Table 5).

Table 5. The biggest areas of government budget spending on the social protection program for children and families.

Spending in current terms, UAH billion	2021	2022	2023	2024	2025 (plan)	2026 (project)
Combining parenting with working life	-	-	-	-	-	24.5
Pregnancy and childbirth, birth, guardianship, adoption, and care for children with serious illnesses	18.4	15.2	14.7	13.9	14.5	15.5
Support for children in large families	5.3	5.7	5.6	5.5	6.0	6.0
Orphans and persons deprived of parental care in children's homes and foster families	1.4	1.3	1.1	1.1	1.9	2.1

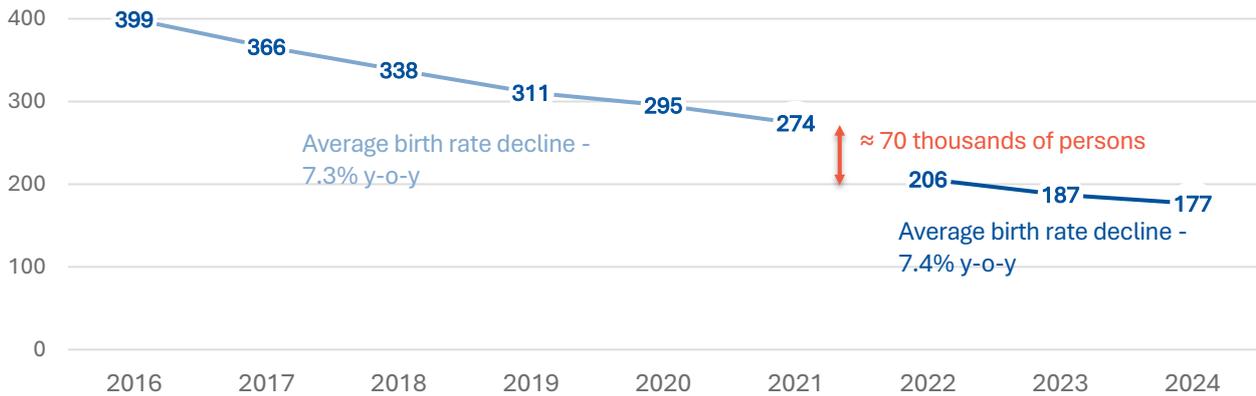
Source: Ministry of Social Policy, Family and Unity of Ukraine.

In 2024, about 82,000 people received pregnancy and childbirth benefits, which is 47% fewer than in 2021. That same year, there were 177,000 births registered, which is 35% less than in 2021 (see Fig. 7). The bigger drop in benefits compared to births might mean that some unemployed women who need to apply for pregnancy and childbirth assistance themselves aren't doing so. This could point to a lack of awareness among potential recipients (especially among internally displaced women), complicated application procedures, or low benefit amounts for certain groups of unemployed women.

The 2026 plan expects the number of women receiving pregnancy and childbirth help to rise to 86,000 next year, but that's still 44% less than before the war (2021). In 2024, an average of about 710,000 children received monthly birth benefits each month, which is 210,000 fewer (23% down) compared to 2021. The plan for next year forecasts this number will drop further to 695,000 kids.

Overall, these trends highlight a serious demographic crisis in Ukraine that has worsened since the full-scale invasion began.

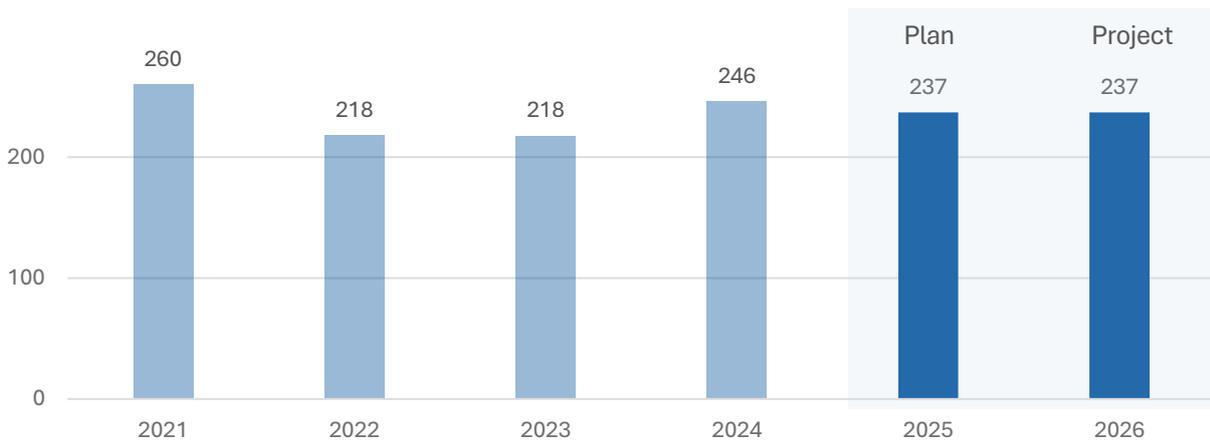
Figure 7. Number of registered births, thousands of persons.



Source: Ministry of Justice of Ukraine.

At the start of the full-scale invasion, the average monthly number of children in large families receiving benefits dropped by about 40,000 (Figure 8). In 2024, this number rose a bit but is still below pre-war levels, and the plans for 2025 and the draft for 2026 foresee another decrease.

Figure 8. Average monthly number of children in large families receiving benefits, thousands of persons.



Source: Ministry of Social Policy, Family, and Unity of Ukraine.

The planned nominal payments per child in large families for 2025 and 2026 will stay roughly the same, but in real terms, they'll shrink due to inflation (Figure 9).

Figure 9. Average monthly payments per child in large families, UAH thousand.

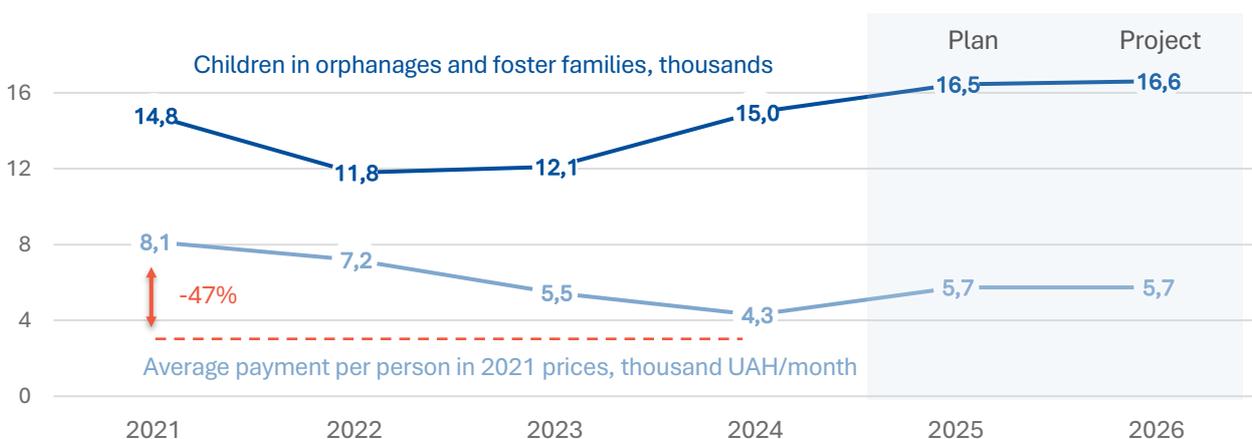


Source: Ministry of Social Policy, Family and Unity of Ukraine, State Statistics Service, CES calculations.

In 2024, the average monthly number of children in large families receiving aid was 246,000 – 14,000 fewer than in 2021. The plans for 2025 and the draft for 2026 estimate this number at around 237,000 (an additional 4% drop). It’s likely that many of these families emigrated abroad and probably already receive child benefits in their new countries, but continue to get payments from Ukraine as well.

In 2022, there was also a drop in the number of orphans and children deprived of parental care living in orphanages and foster families (Figure 10) – most likely due to the loss of eastern Ukrainian cities under occupation. By the end of 2024, these numbers bounced back to pre-war levels, but the payments per child, adjusted for inflation, dropped by almost a half. The plans for 2025 and the draft for 2026 foresee an increase of about 1,500 children in these care settings, along with a rise in payments per child from just over 6,000 UAH in 2024 to around 10,000 UAH in 2026, which in real terms matches the 2023 level.

Figure 10. State social assistance payments to orphans and children deprived of parental care living in orphanages and foster families.



Source: Ministry of Social Policy, Family and Unity of Ukraine, State Statistics Service, CES calculations.

State or municipal institutional childcare facilities (like orphanages, boarding schools, special schools and recreation centres, etc.) aren't covered by program 2501400 ("Social protection of children and families") and aren't directly managed by the Ministry of Social Policy. Instead, funding comes through education and social programs run by other departments, depending on the type of institution (such as the Ministry of Education and Science, Ministry of Health, or regional social protection departments via subsidies for social care). This creates a gap between social policy and care funding, which is a major challenge for deinstitutionalization efforts. **These programs need to be logically combined under one managing body with a clear strategic goal: to ensure kids get proper care and are prepared for adult life as well as active economic participation.** The fund manager should focus on creating the best possible conditions for each child, with appropriate financial resources and tracking spending per child.

Globally,¹³ institutional care for children is being replaced by family-based care – this should also be a key measure of success for the relevant budget program.

Additionally, the fund manager needs to have a full overview and push for legal changes that speed up granting legal status for kids moving to new families, link educational, medical, and police databases, and work with at-risk families to provide preventive social support.

In 2026, as part of the Demographic Strategy-2040, the government nearly doubled the program's budget, raising planned spending from UAH 27 billion to UAH 52 billion by allocating UAH 24.5 billion to support combining parenthood with work.

This includes launching the "eYasla" program (for caring for children aged 2-3 years, which in some cases can also replace disability care payments¹⁴) alongside the existing "Municipal Nanny" program (UAH 91 million in 2024, planned UAH 576 million in 2025, and UAH 623 million in 2026). The "School Starter Pack" initiative (help with school supplies and clothes for first graders), introduced in 2025, is prolonged, as well as the "Baby Pack" (a one-time in-kind aid at birth). There's also a new childbirth social benefit of 50,000 UAH. Currently, the ministry's budget request duplicates some existing programs with new measures. For example, it keeps the childbirth benefit, which is now 41,280 UAH, and funding for the "Municipal Nanny." However, the "School Starter Pack" was not represented in the 2026 budget.

The draft law doesn't include any financial or economic justification, and the budget request lacks both performance indicators and explanations for why program expenses are nearly doubling (thanks to an extra 25 billion UAH). Some activities overlap with existing funding areas. There is also no information on how many parents this support is supposed to help get back to work, so the impact on budget revenues hasn't been calculated. **This means there's at least room to analyze whether these expenses are appropriate and relevant.**

¹³ https://research.vu.nl/ws/portalfiles/portal/121753377/Institutionalisation_and_deinstitutionalisation_of_children_1.pdf

¹⁴ Childcare assistance 'eYasla' – reimbursement of the cost of childcare services provided by preschool educational institutions, other legal entities under public or private law, or individual entrepreneurs engaged in educational activities in the field of preschool education, with the aim of supporting families and helping them to combine work and childcare. 'Municipal nanny' – any individual entrepreneur or legal entity under a simplified taxation system that provides childcare services for children under three years of age and with whom a relevant contract has been concluded.

The government reimburses parents for part of the nanny's salary.

3. RECOMMENDATIONS

In the social spending area, there needs to be a clear strategic approach to social programs. Social policy should go beyond just compensation. Support programs should focus on three goals: reducing poverty, restoring employment, and investing in human capital.

Here are some specific steps we think should be considered:

For all programs (IDPs, low-income families, parents after childbirth), set up a clear path back to work: retraining programs, job placement incentives, and affordable childcare.

- Establish a success indicator: the share of people who leave the program within a year because they found a job.
- Reform the pension system focusing on unifying special pensions with the general system, gradually aligning the retirement age, and replacing state benefits with employer-based programs.
- For social payments and pensions, integrate the databases of the Ministry of Social Policy, Pension Fund, Tax Service, “Diia” platform, and others to verify recipient status and automate payment controls.
- Support programs for IDPs should be closely linked with vocational training and housing programs, taking into account regional location and business labor needs. This should be a joint effort coordinated at the government level by the Ministry for Communities and Territories Development, Ministry of Social Policy, Ministry of Education and Science, Ministry of Economy, Environment, and Agriculture.
- Consolidate all childcare programs under one authority—the Ministry of Social Policy—and introduce an effectiveness indicator: the share of children raised in family-based care. Set indicative spending norms per child for all care types and make these publicly comparable.
- Furthermore, consolidate all service databases to enable early intervention and family support before problems escalate. - Reassess the need for programs like the one-time "Mother Heroine" award (which costs UAH 63 million).