



THE STRATEGY FOR ENSURING THE RIGHT OF EVERY CHILD IN UKRAINE TO GROW UP IN A FAMILY ENVIRONMENT

Costing Model and Resource Requirements

Acronyms

EU	European Union
GDP	Gross Domestic Product
GoU	Government of Ukraine
ISSB	Integrated Social Services and Benefits
MTBF	Medium-Term Budgetary Framework
MoSP	Ministry of Social Policy
UAH	Ukraine hryvnia (national currency of Ukraine)

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Background

The impact of war has been felt by all of Ukraine's 7.5 million children, especially those who have been displaced or separated. Ukraine has one of the highest rates of child institutionalization in the world (ca. 1.5 percent of all children), while seven of eight Ukrainian children identify family separation as their greatest risk today.¹ An estimated 91 percent of children in institutional care before the war had a living family. A rapid reunification at the start of the war resulted in a reduction of almost half of the number of children in residential care.

A notable number of kin, guardians, and foster families care for their children, with many more interested and willing to become alternative family care providers. There is promise in families caring for children if they are provided with adequate training, support, and resources. Hence, a critical need for care reform and the transition towards a system that prioritizes family care for all children.

Accordingly, the Government of Ukraine has committed to comprehensive system reform to:

Strengthen families and keep them together by investing in social services.

Expand and enhance family-based alternative care for children without adequate parental care.

Safely reintegrate children from institutions into family care, while transforming institutions to provide community-based services that support families.

With the European Union's support, in 2022 **the Government established the Coordination Center for Family Upbringing and Child Care Development** (the "Coordination Center") within the Cabinet of Ministers of Ukraine and tasked it to oversee actions to develop and implement a national strategy. The Coordination Center:

- drafted the National Strategy and National Implementation Plan to Ensure the Right of Every Child in Ukraine to Grow up in a Family Environment (2024–2028), a multi-sector strategy described further below; and
- created an economic model estimating the costs to implement the Better Care Initiative and the national strategy.

The National Strategy will strengthen Ukraine's long-term human capital by promoting and supporting programs and services that will improve the well-being of vulnerable children



and families, while also aligning Ukraine's social welfare system with EU conventions and instruments on child rights, including the provisions of the EU Child Guarantee.

Better Care aligns with Article 2 of the Treaty on the European Union, which pertains to human rights and EU's political criteria provisions. These provisions require that Ukraine's fundamental rights framework adheres to European and international standards. Furthermore, Better Care is consistent with the EU Child Guarantee, which includes measures to reduce child institutionalization across the region. It also seeks to address key areas of concern highlighted in the EU's opinion on Ukraine's accession:

- Ukraine has "*one of the highest rates of child institutionalization in the world (ca. 1.5% of all children), which is a serious concern and needs to be tackled as a matter of urgency.*"
- Ukraine's "*support for persons with disabilities (approx. 6% of the population) remains under-resourced and a deinstitutionalization process needs to be implemented to transition towards community-based care of persons with disabilities*"; and
- The enforcement of human rights is impeded by the capacity of Ukraine's institutions in charge of the protection and enforcement of those rights, which is linked to a range of issues that cut across Ukraine's public administration, including public service delivery, public financial management, multi-level governance, human resources management, and accountability.

National Strategy and Implementation Plan

The National Strategy for Ensuring the Right of Every Child in Ukraine to Grow Up in a Family Environment was developed by the Coordination Center in consultation with 500 Ukrainian and 40 international sector experts and was approved by the Government of Ukraine in November 2024.² This is a multisectoral strategy which has received support from international partners including the European Commission and UNICEF.



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The National Strategy has six main objectives:

- > **Objective 1:** Strengthen the capacities of families with children to care for and raise their children
- > **Objective 2:** Provide children with family-based alternative care
- > **Objective 3:** Create conditions for the return and integration of forcibly displaced, deported, and evacuated children
- > **Objective 4:** Transform the institutional system of childcare
- > **Objective 5:** Ensure socialization and integration of children who experienced institutional care
- > **Objective 6:** Create an enabling legal and institutional environment for the implementation of the strategy

The National Strategy includes a comprehensive, multi-year implementation plan outlining supporting activities, responsible parties, and timing needed to achieve the objectives of the Strategy. Section 5 breaks down the resource requirements for each objective.

² <https://www.unicef.org/ukraine/en/press-release/adoption-of-new-strategy-family-based-care> and <https://www.msp.gov.ua/news/24239.html>

Costing: Overall Objective

The implementation plan has resource implications for the national, oblast, municipal, and hromada levels of government. Accordingly, the Coordination Center oversaw the development of a macroeconomic model to assess (i) what the budgetary requirements would be to invest in the development of the system and to sustain and scale that system over time; (ii) which of those requirements are already reflected in Ukraine's Medium-Term Budget Framework (MTBF); (iv) what level of resources needs to be secured for the implementation plan; and (iv) what is the macroeconomic impact of mobilizing those resources (in terms of the share of GDP and of the government expenditure). While the model covers the three-year projection of MTBF, it can easily be modified to extend cost projections for additional years.

The model is intended to inform the Coordination Center's dialog with Ukraine's governmental budgetary authorities (especially the Ministry of Finance), line ministries, oblast and local authorities, external financing partners, and donors. The costing model provides the Government of Ukraine and its partners the ability to support the following:

Alignment of policy and strategies

- Shift the focus towards financing of preventive and early intervention measures;
- Prioritize children and family strengthening in the national budget; and
- Align financial needs with key policy objectives in care reform.

Improved budget planning

- Capability to estimate the funds required to support the adequacy and predictability of resources needed to implement care reform; and
- Support for medium-term planning for transformative change.

Increased resource allocations

- Transparency of where funds are allocated and the associated gaps; and
- Ability to provide information to finance authorities and donors on financing needs.

Promotion of sustainability

- Assess the financial sustainability of care reform initiatives; and
- Ensure long-term viability by balancing current spending with future needs.

Strengthened partnerships

- Clarify funding roles at national and sub-national levels (oblast, hromada, and municipality) based on mutual understanding of projected costs for care reform; and
- Clarify funding needs for service providers and civil society organizations.

Accountability, monitoring, and evaluation

- Provide a basis for the Government to set financial benchmarks to monitor spending patterns, which aids in evaluating the program efficiency and making adjustments where necessary.

Costing Model Overview and Assumptions

The Coordination Center received the support of UNICEF Ukraine and Maestral International to develop and populate the model. Model development began in late 2023 and the first model projections were completed in December 2024 after the National Strategy was approved in November 2024. In parallel with this national costing exercise, the Coordination Center is overseeing the rollout of oblast and hromada costing tools that will allow for local estimations of the National Plan's costs in each participating locality.

The model is Excel-based. It is designed around a set of current and projected macro-economic indicators drawn from official government data, the activities within the implementation plan, and a comprehensive set of cost assumptions for those activities. The model assumptions were developed in consultation with the relevant line ministries, especially the Ministry of Social Policy (MoSP), which are as follows:

- **General assumptions:** These include current and projected figures on nominal GDP, the budget, inflation, exchange rates, wage growth, and various reports including the official Ukrainian government budget documents and inflation reports, as well as the World Bank's World Economic Outlook database. They also include the latest unit costs for individual items in the public sector, as determined by civil service position grades established by the National Agency of Ukraine on the Civil Service.
- **Workforce assumptions:** These include assumptions about the structure and size of the workforce as determined in dialog with the Coordination Center and the MoSP, including the need for social service professionals, the functional areas in which they will

work, the anticipated size of the workforce, and the allocation of the workforce across functional areas (e.g., social work, psychology, therapy, and other specialty areas).

- > **Capacity building assumptions:** These include the different types of training to be offered to the workforce in pre-service training, in-service training, and specialized training, as determined in dialog with the Coordination Center and MoSP. The calculation contains assumptions about the distribution of costs for training and the training unit costs.
- > **Capital and equipment cost assumptions:** These include assumptions on capital investment costs, such as cost of new construction, renovations, and equipment. These assumptions were defined in consultation with technical experts and validated by the Coordination Center and MoSP.

Calculating the Projected Costs for the National Strategy

Data to populate the model was collected as follows:

- > **Gathering data on existing projects:** Information was collected about the financial needs of projects that had already been approved and funding requirements identified. For example, this method was used to calculate the cost of running information campaigns and upgrading the system for managing information about children.
- > **Using current budgeting methods:** For some activities, the team used standard budgeting methods to estimate costs. A standard approach to calculating costs for similar activities was developed for areas, such as training guardians, foster parents/carers, children's services staff, and the creation of self-assessment tools for pregnant women.
- > **Creating special models for specific activities:** The National Strategy contains some activities that require a particular approach to budgeting. For certain activities that were more complex, customized models were created to estimate costs. These activities included social and psychological rehabilitation services for those recovering from substance abuse and safe spaces for different groups in crisis.

Implementation Plan: Overall Financial Projections

Financial projections were generated for the period 2025–2027 to conform with the Medium-Term Budgetary Framework. Note that the Strategy period is through end-2028, so total Strategy costs will be higher than those reflected over the MTBF period.

Strategy costs are projected to be UAH 73.8 billion from 2025–2027 (or roughly USD 1.6 billion). The Government is projected to cover UAH 49.7B of those costs. This leaves a financing gap for full implementation of the plan of UAH 24.1B (or USD 521.5M) over the three-year period. Table 1 summarizes the annual breakdown of the overall projections.

Table 1: Total implementation plan costs, 2025–2027 (UAH billions)

	2025	2026	2027
Total plan costs	17.4	25.3	31.0
Of which currently financed	13.0	16.9	19.7
Of which financing is unsecured (fiscal gap)	4.4	8.4	11.3
USD equivalent of unsecured financing (millions)	\$98.1	\$179.5	\$243.8
Total plan costs as % GDP	0.21	0.25	0.26

A more detailed breakdown of the costs for the plan is presented in *Table 2* and in the following sections. The priority activities within each objective requiring funding are presented in Annex 1.

Table 2: Strategy Cost Breakdown Across all Activities, 2025-2027

	2025	2026		2027		MTBF Total	
Overall Costs (UAH millions)							
Total costs	UAH 17,428	UAH 25,293		UAH 31,043		UAH 73,763	
of which:							
National Level	UAH 8,046	UAH 8,233		UAH 8,213		UAH 24,492	
Oblast, Autonomous Regions, Kyiv City Administration	UAH 413	UAH 463		UAH 479		UAH 1,355	
Rayons	UAH 2.1	UAH 2.3		UAH 2.5		UAH 6.8	
Hromada	UAH 2,872	UAH 3,943		UAH 4,101		UAH 10,917	
Integrated Social Services and Benefits	UAH 5,456	UAH 12,093		UAH 17,546		UAH 35,095	
Investing in Transition	UAH 638	UAH 559		UAH 701		UAH 1,898	
Total costs as % Projected Government Expenditure	0.39%	0.58%		0.67%			
Total costs as % Projected GDP	0.21%	0.25%		0.26%			
Financing Gap							
Financing Gap (UAH millions)	UAH 4,416	UAH 8,347		UAH 11,314		UAH 24,077	
Financing Gap (USD million equivalent)	USD 98.1	USD 179.5		USD 243.8		USD 521.4	
as % Projected Government Expenditure	0.10%	0.19%		0.25%			
as % Projected GDP	0.05%	0.08%		0.10%			

Resource Needs for Each Objective of the Strategy

Figure 1: Breakdown of total plan costs by objective (% total)

The model generated projected resource needs for each of the six main objectives of the national strategy. Each area is summarized in the next sections. **The predominant resource needs are within the first objective aimed at strengthening families and communities** (see Figure 1).

This corresponds to the fiscal gap (funds needed to be budgeted or raised) for each objective area (see *Table 3*).

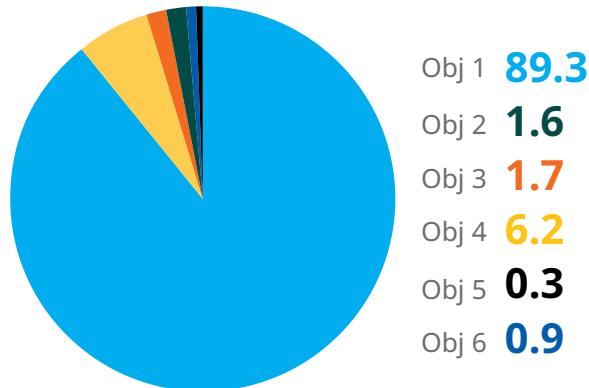


Table 3: Funding needs for each plan objective, 2025-2027

Objective	Funding to be secured
1. Strengthen the capacity of families with children to care for and raise their children	UAH 21.6 B (USD 468.5M)
2. Provide children in need with family-based alternative care	UAH 393.1M (USD 8.6M)
3. Create conditions for the return and integration of forcibly displaced, deported, and evacuated children	UAH 419.5M (USD 5.2M)
4. Transform the institutional system of childcare	UAH 1.5B (USD 33.0M)
5. Ensure socialization and inclusion of children who experienced institutional care	UAH 79.4M (USD 1.5M)
6. Strengthening organizational capacity of child protection services	UAH 207.8M (USD 4.5M)

Objective 1: Strengthening Families and Communities Costing

Projected Cost: UAH 43.2 billion /USD 938.8 million

Key Activities: Early detection of developmental issues, community-based services, and professional training

Funding Gap: UAH 21.6 billion/ USD 468.5 million



This Strategy objective includes the expansion of integrated social services and benefits (minimum package of services) which consists of eight main services and interventions, as outlined below.

Resilience services (MHPSS, parenting, non violent conflict resolution)

The model assumes full coverage of the 587,600 children that will need resilience services by 2027. The costs of these services will increase from UAH 1.2B to UAH 3.0B due to the scaling up of these services over the three years and the increase in human resources and other costs. See Chart 1. Resilience services will be provided by professional social workers, psychologists, and social educators, with the workforce projected to grow from 2,326 in 2025 to 5,484 in 2027.

Chart 1: Resilience service costs and projected recipients

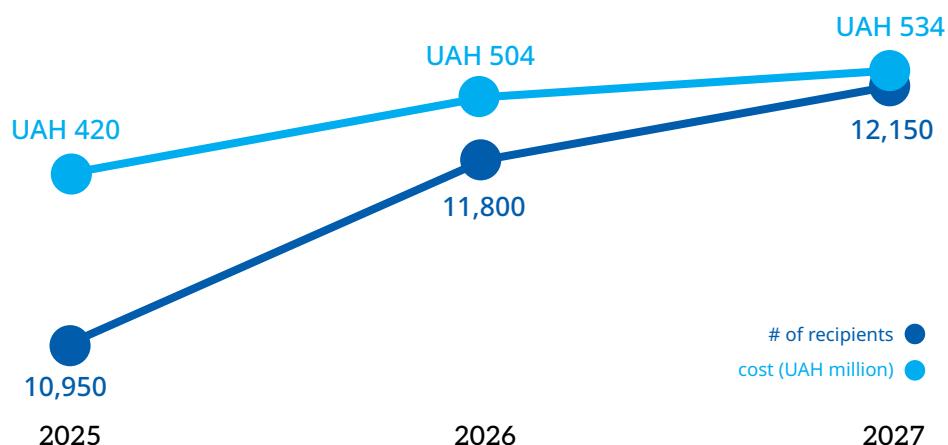


Support for alternative families

An estimated 30,000 foster families, guardians, and caregivers need social services, of which approximately 41 percent are planned to receive such support by 2027. The model provides projections of the approximate total number of recipients of alternative family services, which

will grow to 12,150 by 2027. Costs for these services are minimal and are projected to increase slightly from UAH 420M to UAH 535M. See Chart 2. By 2027, 608 professional social workers and 608 psychologists will be engaged in the provision of these services.

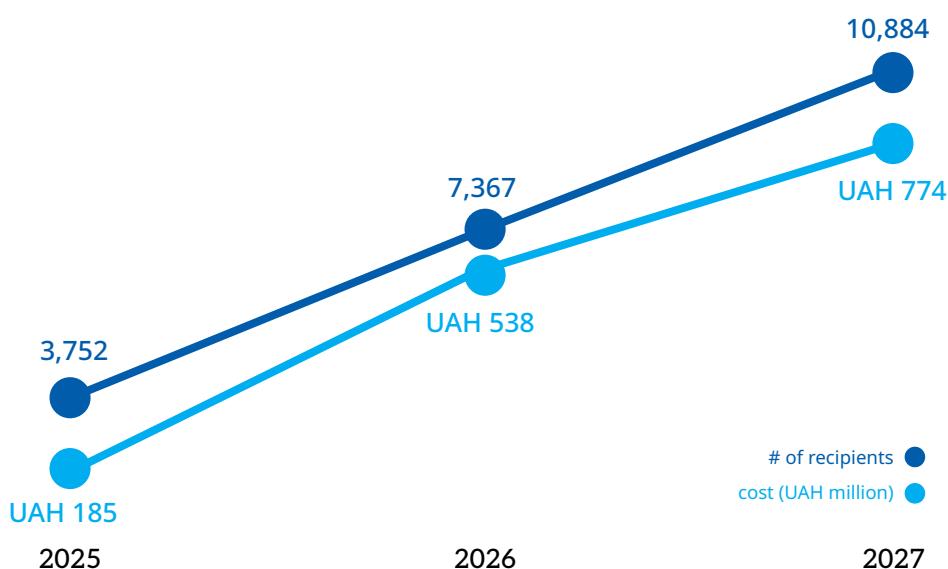
Chart 2: Alternative family service costs and projected recipients, 2025–2027



Early Intervention

While the total number of children in need of early intervention is projected to drop slightly from 37,521 in 2025 to 36,150 in 2027, the service coverage is projected to increase from 10 to 30 percent over those respective years. The model thus projects the total number of recipients of early intervention services to grow to 10,884 by 2027. The costs of early intervention services will rise (from a relatively small level) to UAH 774M by 2027. See Chart 3. Early intervention services will be provided by professional social workers, family doctors/pediatricians, and rehabilitation therapists/special educators/occupational therapists. The model assumes this workforce will grow from 465 in 2025 to 1,348 in 2027.

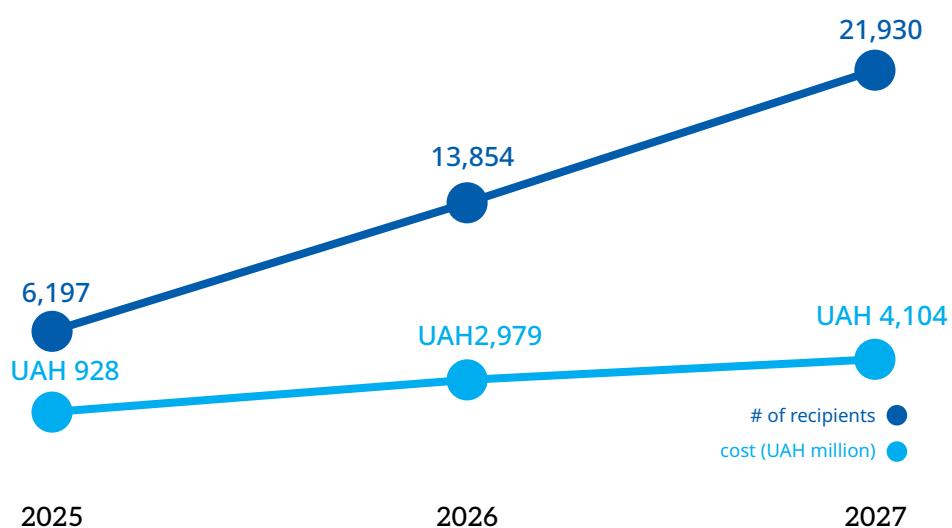
Chart 3: Early intervention services and projected recipients, 2025–2027



Inclusive Education

The total number of children in need of inclusive education services is projected to grow from 61,967 in 2025 to 73,101 in 2027. Coverage of those children is projected to grow from 10 to 30 percent over those respective years. The model thus projects the number of service recipients will grow to 21,930 by 2027. The costs of inclusive education services will rise from UAH 928M to UAH 4.1B by 2027 as these services are rolled out. See Chart 4. Inclusive education support will be provided by paraprofessionals, with the workforce projected to increase from 3,098 in 2025 to 10,965 in 2027.

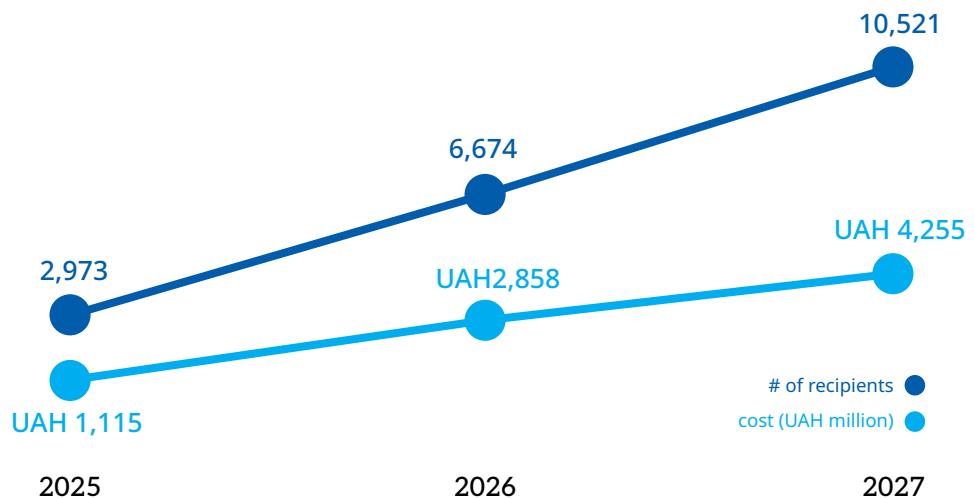
Chart 4: Inclusive education service costs and projected recipients, 2025–2027



Day Care for Children with Disabilities

The total number of children in need of day care for children with disabilities is projected to grow from 19,820 in 2025 to 23,381 in 2027, with service coverage projected to increase from 15 to 45 percent over that period. The total number of recipients of these services will thus grow to 10,521 by 2027. Costs will increase from UAH 1.1B to UAH 4.3B in 2027. See Chart 5. Day care for children with disabilities will be provided by a range of professionals and paraprofessionals, including social educators and rehabilitation therapists/special educators/occupational therapists. The size of the workforce is projected to grow from 1,516 in 2025 to 5,366 in 2027, with over half of those being paraprofessionals.

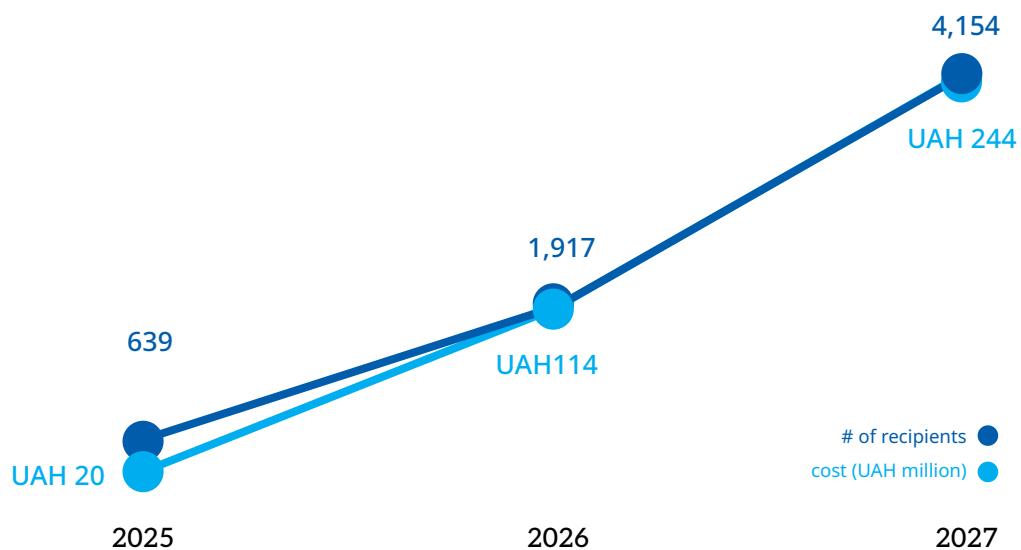
Chart 5: Daycare for children with disabilities costs and recipients, 2025-2027



Social Integration for Children Leaving Residential Care

The number of children in need of these services is projected to remain at 6,390 annually, but service coverage is projected to grow from 10 in 2025 to 65 percent in 2027. The model projects that the total number of recipients of social integration services will thus grow to 4,154 by 2027. Social integration service costs are low, increasing to UAH 244M by 2027. See Chart 6. Social integration services for children leaving residential care will be provided by professional social workers and psychologists. This workforce will grow from 56 in 2025 to 364 in 2027.

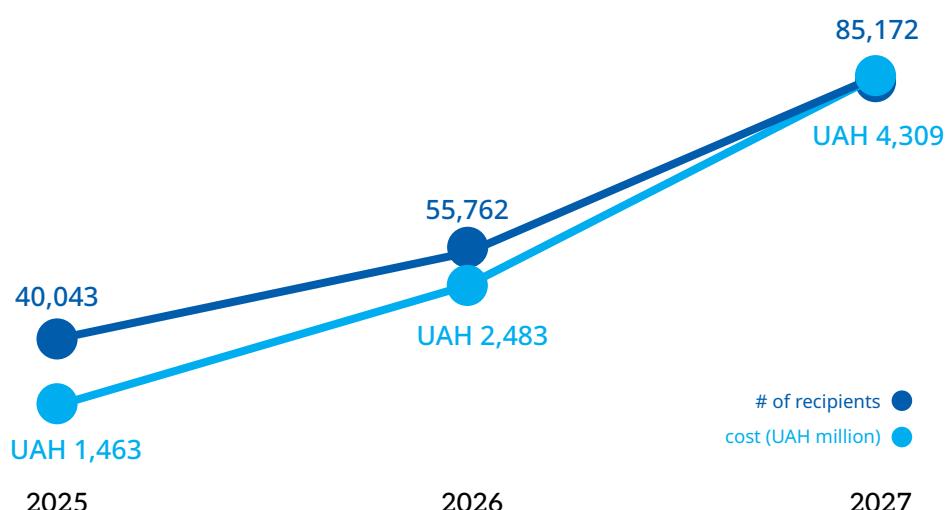
Chart 6: Social reintegration costs and projected recipients, 2025-2027



Social Support for Families in Difficult Life Circumstances

The total number of those in need of social support due to difficult life circumstances is projected to grow from 667,387 in 2025 to 709,764 in 2027, with service coverage projected to increase from 6 to 12 percent over that period. The model projects that the total number of recipients of social support services will grow to 85,172 individuals by 2027. Social support service costs are projected to increase from UAH 1.4B to UAH 4.3B in 2027. See Chart 7. This service will be provided by professional social workers and psychologists, and the workforce is projected to grow from 3,533 in 2025 to 7,515 in 2027.

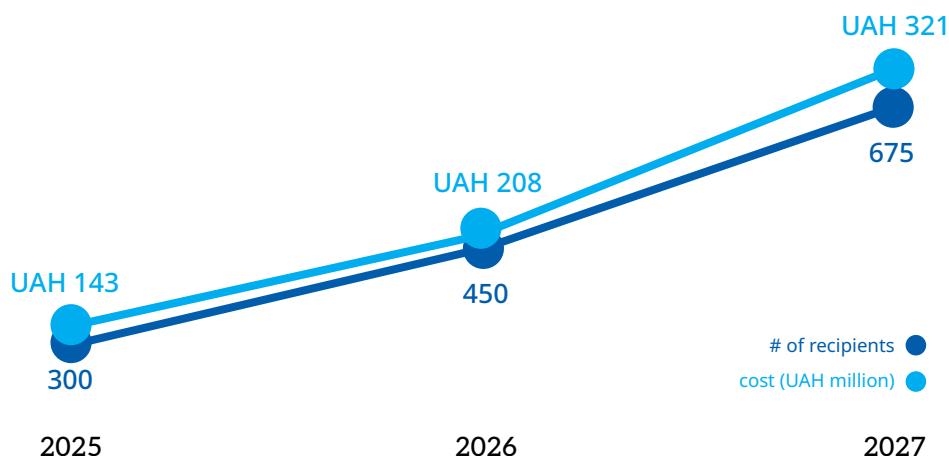
Chart 7: Social support service costs and projected recipients, 2025–2027



Supported Accommodation for Young People with Disabilities

The total number of those in need of special accommodation is projected to grow from 2,000 in 2025 to 4,500 in 2027, with service coverage remaining constant at 15 percent over that period. The model projects that the total number of recipients of supported accommodation services will grow to 675 individuals by 2027. These costs will increase from UAH 300M to UAH 675M in 2027. See Chart 8. Supported accommodation services for young people with disabilities will be provided by professional social workers, paraprofessionals, psychologists, and social educators. That workforce is projected to grow from 178 in 2025 to 401 in 2027.

Chart 8: Supported accommodation costs and projected recipients, 2025–2027



Costs per Service Recipient

The model calculates the costs of delivering services by recipient (see Table 4). Care should be taken not to equate costs per recipient with cost-effectiveness – some services simply require more resources than others. Cost-effectiveness analyses have their own methodologies that require a comprehensive review of how services are delivered, to whom, and at what frequency and cost, and what the impact of those services is. However, policymakers do find it helpful to understand the relationship between resource allocations and how many people are impacted by those allocations.

Table 4: Cost per recipient, 2025–2027 (UAH)

Service Area	2025	2026	2027
1. Resilience services	3,395	3,731	4,030
2. Family-based alternative care	35,658	39,188	42,323
3. Early intervention	48,232	51,948	56,104
4. Inclusive education support	115,348	126,768	136,909
5. Day care, children with disabilities	171,442	188,415	203,488
6. Social integration	31,435	34,547	37,311
7. Support for difficult life circumstances	30,720	33,761	36,462
8. Supported accommodation	211,428	225,382	239,265

Objective 2: Family-Based Alternative Care Costing

Projected Cost: UAH 307.1 million/USD 166.9 million

Key Activities: Training caregivers, public awareness campaigns, and digital systems for transparency

Funding Gap: UAH 393.1 million/USD 8.6 million



This objective will support the increased access to high quality family-based alternative care services. It will also strengthen legal procedures ensuring placement decisions are made in the child's best interests and needs, digitalize placement procedures to enhance transparency of placement processes, and increase social protection for family-based caregivers.

The costs under this objective are expected to be covered almost entirely by the national budget (98 percent. The projected budget allocation at UAH19.2B will include supporting children left without parental care to receive legal status of orphaned or deprived of parental rights and place such children in family-based care.

Objective 3: Reintegration of Displaced Children Costing

Projected Cost: UAH 419.5 million/USD 6.1 million

Key Activities: Reunifying displaced children with families and supporting reintegration into communities

Funding Gap: UAH 236.9 million/USD 5.2 million



This objective will (i) reunite returned children with their families while offering individualized support to facilitate the reunification process; (ii) ensure children that cannot be reunited with their families are placed in well-trained family-based alternative care, recognizing children's challenging experiences; and (iii) provide tailored support for their reintegration into their communities.

Projected costs of interventions under Objective 3 will be covered by hromada level budget allocations and include:

- Monitoring the rights of temporarily displaced children who have returned from institutions.
- Providing housing and basic household supplies for families who have left temporarily occupied territories.

The reintegration of displaced and institutionalized children into society is a critical component for ensuring children's rights and well-being; however, this activity faces funding constraints, with a funding gap of 56 percent.

Objective 4: Transformation of the Institutional Care System Costing

Projected Cost: UAH 1.9 million/USD 27.1 million

Key Activities: Piloting the transformation of baby homes and facilities for children with disabilities

Funding Gap: UAH 1.5 billion/USD 33.0 million



This objective is focused on transforming baby homes and developing a model for the transformation of institutions for children with complex disabilities. The transition to family care, reintegration of children residing in residential care, and transformation of current institutions to provide family-based services for vulnerable children and families are a central objective of the Strategy. While the aim is to reintegrate all institutionalized children, priority is given to babies, infants, and children with high support needs, while starting with demonstration projects to pilot safe and effective approaches that can be scaled and replicated nationwide. 20 percent of projected costs are expected to be allocated from oblast budgets and focused on the support to the transformation of baby homes and other institutions, as well as on piloting transformation of other residential facilities.

Projected institutional transformation, costs are initially high but critical: The transition from institutional care to alternative care models (UAH 1.9 billion/ USD 27.1 million) is the most underfunded area, with only 20 percent of projected costs covered. The 80 percent funding gap is concerning, as institutional transformation is central to long-term reform.

Objective 5: Socialization and Inclusion Services Costing

Projected Cost: UAH 79.4 million/USD 1.5 million

Key Activities: Mentorship, career guidance, and supported living services.

Funding Gap: 100% USD 1.5 million



This objective supports those aging out of residential care with mentorship and educational and employment assistance. It also supports increased access to community-based services, including supported living services for young people with disabilities and high support needs. The projected costs for the reintegration of displaced and institutionalized children into society will require 100 percent funding from other resources, as there are no public allocations for this initiative.

Objective 6: Organizational Capacity of Child Protection Services Costing

Projected Cost: UAH 8.7 billion (USD 117.3 million).

Key Activities: Digital platforms, public awareness, and professional development.

Funding Gap: UAH 207.8 million (USD 4.5 million).



This objective highlights the importance of systemic reforms, including digital platforms for transparency and accountability, as a necessary investment to sustain and scale reforms. It also supports service quality standards and public awareness on children's rights and child protection. Local governments are thus tasked with significant financial responsibilities and expected to have the requisite fiscal and administrative capacities. The hromadas are expected to fully (98 percent) cover the projected cost for institutional capacity strengthening to reform and improve child protection services and to ensure that social services are provided by specialists and in line with national standards.

Financing at Different Territorial-Administrative Levels

The model estimates what the available resources are at the national, oblast, and hromada levels, as well as the fiscal gap for each budget year. The Coordination Center is actively supporting a parallel exercise with participating local authorities to cost the resource implications of the Strategy at regional levels to derive a more accurate estimation of local financing requirements. Meanwhile, the model illustrates that across all years, 36 percent of the Strategy can be resourced from the available national budgets, 30 percent from the hromada budgets, and only 2% from the oblast budgets. This leaves a fiscal gap of 32 percent from 2025 -2027. Table 5 shows a breakdown by the Strategy objective for each year.

As Ukraine has a largely decentralized social service system, the bulk of funding requirements are at the sub-national levels. The largest component of the Strategy being Objective 1, where oblasts and hromadas accounted for roughly two-thirds of funds appropriated or projected for activities under the Strategy, with national funding accounting for the rest.



Table 5: Funding sources by objective, 2025–2027 (UAH million)

Objective 1: Strengthening Families				
Available funding and fiscal gap	2025	2026	2027	Total
Fiscal gap	3,574	7,576	10,491	21,641
National funding	1,944	2,616	2,758	7,317
Oblast funding	295	322	328	946
Hromada funding	2,177	4,348	6,726	13,251
Objective 2: Alternative Family-Based Care				
Available funding and fiscal gap	2025	2026	2027	Total
Fiscal gap	145	118	130	393
National funding	6,389	6,389	6,3896	19,167
Oblast funding	--	--	--	--
Hromada funding	--	--	--	--
Objective 3: Return and Reintegration				
Available funding and fiscal gap	2025	2026	2027	Total
Fiscal gap	71	79	87	237
National funding	--	--	--	--
Oblast funding	--	--	--	--
Hromada funding	54	61	67	183
Objective 4: Transforming Institutional System				
Available funding and fiscal gap	2025	2026	2027	Total
Fiscal gap	511	447	560	1,518
National funding	--	--	--	--
Oblast funding	128	112	140	380
Hromada funding	--	--	--	--
Objective 5: Socialization and inclusion				
Available funding and fiscal gap	2025	2026	2027	Total
Fiscal gap	24	26	29	79
National funding	--	--	--	--
Oblast funding	--	--	--	--
Hromada funding	--	--	--	--
Objective 6: Organizational Capacity				
Available funding and fiscal gap	2025	2026	2027	Total
Fiscal gap	91	1000	17	208
National funding	--	--	--	--
Oblast funding	--	--	--	--
Hromada funding	2,025	3,098	3,320	8,444

Possible Mechanisms for Financing the National Strategy



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In macroeconomic terms, the costs of funding the Strategy are *de minimis*, starting at 0.05 percent of GDP in 2025 and, if fully funded, the costs would rise to only 0.1 percent of GDP in 2027. Ukraine's spending on social services relative to other supports is quite low compared to the European Union countries,³ so there would normally be some fiscal room to support the budget needed for the Strategy. However, the current fiscal crisis that has been exacerbated by the war makes any funding allocation difficult.

Given the high levels of need stemming from the war, the likely human capital returns, the Government's prioritization of the Strategy, and the need to align Ukraine's child welfare and protection system with the EU, external financing should be sought for the Strategy. External financing options include:

- > **Global multilateral financing:** The Government of Ukraine might continue to ensure that social spending is protected under its IMF program, while including its Strategy in

³ Coordination Center data presented by UNICEF at Ukraine SPIRIT consultations, December 8, 2024, Kyiv, Ukraine.

discussions with the World Bank on its external financing of the budget. UNICEF and the World Bank announced a new SPIRIT collaboration, supported by FCDO, on December 8, 2024, and the Strategy might be further discussed within that initiative.

- > **EU funding:** While Ukraine will only be eligible for EU Social Development Funds after accession, the Strategy is well-aligned with European rights conventions and the EU Child Guarantee. Work might commence now to seek EU support for the Strategy, so that the country is already well-prepared to utilize Social Development Fund resources effectively after accession.
- > **Bilateral and private donor funding:** Bilateral and private funders might collaborate with the Government and others to fund some elements of the Strategy. Different agencies can support similar activities but within different geographies or may establish memoranda of understanding or similar instruments laying out joint projects that cover both the investment (infrastructure, equipment, capacity building) and running costs of the programs and services under the Strategy.
- > **Redirection of resources:** Residential care is extremely costly. While it will take time, Ukraine might work to capture any cost savings from the transition from residential care and utilize those for family and community-based services. Resources should not be redirected from social assistance cash transfers, however, these are playing an important role in addressing the economic impact of the crisis on children and families and being disbursed at low levels.
- > **MoSP procurement initiative and intergovernmental fiscal issues:** One challenge with external financing is finding a mechanism to support decentralized social services. The MoSP is piloting, with UNICEF and FCDO support, a small grant mechanism for procuring services centrally through the Ministry. It will be important for any funding initiative to review this and other potential mechanisms for funding any Strategy programs being implemented at the sub-national level in Ukraine.

Annex 1: Priority Activities and Costs Requiring Funding

The following specific activities within each Strategy objective have been identified as priority funding needs. Numbers after each activity cross-reference the relevant activity numbers in the Strategy's implementation plan.

Objective 1: Strengthen the capacity of families to raise children -priority funding areas

Activity	Recipient	Estimated cost (2025-2027)	Funding gap
Early detection and support for children with disabilities and developmental delays (transportation, rehabilitation equipment) (1.1.1.4, 1.2.2.4, 1.2.2.7)	Children with disabilities and developmental delays	UAH 5.1B	UAH 1.6B (32%)
Delivery of social services (minimum package + support for people experiencing drug addictions + support for victims of domestic violence) (1.3.3.8, 1.3.3.10, 1.3.3.11, 1.4.2.2)	Children and families	UAH 37.8B	UAH 19.7B (52.1%)
Prevention of child abandonment at hospitals (psychological support and medical care) (1.1.1.1, 1.1.1.2)	Maternity wards and new parents, pregnant mothers	UAH 262.1M	99%
Training and support to identify families at risk of falling into difficult life circumstances (1.3.1.5)	All actors working with children	UAH 67.0M	100%

Objective 2: Provide children in need with family-based alternative care – priority funding areas

Activity	Recipient	Estimated cost (2025-2027)	Funding gap
Training in matching children and families, child participation, best interest determinations, and placing children in families. (2.1.1.5, 2.1.2.1, 2.3.2.3)	Children's services and heads of district and Kyiv city administrations	UAH 58.6M	100%

Activity	Recipient	Estimated cost (2025-2027)	Funding gap
Training in family-based alternative care and quality assurance (2.1.4.6, 2.1.4.7, 2.1.4.8)	Guardians, caregivers, relatives of children, and supervisors supporting families	293.6M UAH	100%
Information campaigns/ awareness raising to popularize family-based alternative care (2.1.3.2, 2.1.3.4, 2.3.1.2)	General public – national and regional level campaigns Media training	40.9M UAH	100%
National platform on alternative care and adoption to provide information and counselling support (2.1.3.1)	People who wish to take a child into their family	0M UAH	100%

Objective 3: Return and reintegration of children – priority funding areas

Activity	Estimated cost (2025-2027)	Funding gap
Monitoring the rights of temporarily displaced children who have returned from institutions	20.6M UAH	50%
Providing housing and basic household supplies for families who have left temporarily occupied territories	344.6M UAH	50%
Training children's services and social service providers in social protection	54.3M UAH	100%

Objective 4: Transform the institutional care system – priority funding areas

Activity	Estimated cost (2025-2027)	Funding gap
Developing and implementing transformation plans for 34 baby homes and other institutions as needed	1B UAH	80%
Pilot models for transformation of 5 other residential facilities and dissemination of best practices	887B UAH	80%

Objective 5: Ensure socialization and inclusion of children with lived experience – priority funding areas

Activity	Estimated cost (2025-2027)	Funding gap
Raising awareness about mentoring and identifying potential mentors for children	25.1M UAH	100%
Developing an inclusive career guidance and soft skills program for students of basic and specialized secondary education and graduates of residential care	28.9M UAH	100%
Supporting the Office for Children and Youth (DIMYO) to monitor services and participate in awareness raising and public policy development	25.4M UAH	100%

Objective 6: Strengthen the organizational capacity of child protection services – priority funding areas

Activity	Estimated cost (2025-2027)	Funding gap
Enhancing digital systems to ensure transparency, accountability, and quality of social services and placement of children in family-based alternative care	162.6M UAH	100%
Improving public awareness of children's rights and child protection	41.7M UAH	100%

for every child,

Whoever she is.

Wherever he lives.

Every child deserves a childhood.

A future.

A fair chance.

That's why UNICEF is there.

For each and every child.

Working day in and day out.

In more than 190 countries and territories.

Reaching the hardest to reach.

The furthest from help.

The most excluded.

It's why we stay to the end.

And never give up.