

Research Summary

THE VALUE OF THE SYSTEM ABOVE THE VALUE OF THE PERSON:

The Economics
of Institutions
in Ukraine



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While the [Deinstitutionalization Strategy](#) remains at its first, preparatory stage of implementation, the system of institutional settings for adults in Ukraine remains deeply entrenched and unreformed. Out of 259 institutions, we selected **216 institutions** in municipal ownership of regional councils and the city of Kyiv and examined their activities during 2024. The sample included institutions providing segregated residential care services for adults aged 18 and older, including people with disabilities:

◆ **141**

psychoneurological institutions

◆ **74**

residential care institutions for the elderly and people with disabilities

◆ **1**

specialized residential care institution

→ Regulatory framework

Legislation and policies in this area remain highly fragmented and are still based primarily on Soviet-era approaches, focusing on maintaining the system rather than upholding human rights. **The need for a comprehensive revision** is evidenced, in particular, by outdated standards for providing institutionalized people [with housing](#), [food](#), [clothing](#), [equipment](#), medicines, and so on. Most of these norms have remained unchanged since the 1990s–2000s and do not reflect modern understandings of quality of life.

As of early 2025, **state standards** had been developed for only **29 out of 39 services** listed in the Classifier of Social Services. The model regulations governing residential care institutions for the elderly and people with disabilities, psychoneurological institutions, and specialized residential care institutions, while referring to [the UN Convention on the Rights of Persons with Disabilities](#), inherently contradict its provisions – in particular, Articles 12, 13, and 19¹ – and fail to ensure unconditional respect for the rights of people in institutional settings. These acts mostly describe formalities (documentation, administrative subordination, etc.), thereby reinforcing institutional settings as the dominant form of support instead of promoting community-based services that enable people to live independently in society.

1 This refers to [Article 12](#), Equal recognition before the law; [Article 13](#), Access to justice; and [Article 19](#), Living independently and being included in the community.

→ Quality of services in institutions

The likelihood of human rights violations and neglect of individual needs increases further due to the suspension of [quality assessment procedures](#) for social services during martial law in Ukraine. At the same time, the evacuation of people from institutions located in high-risk areas to relatively safer regions, without adequate infrastructure, sometimes results in institutions exceeding their planned capacity.

The [National Preventive Mechanism](#) currently serves as the main instrument for monitoring the quality of services provided in institutional settings and assessing their compliance with state standards. An analysis of the National Preventive Mechanism group reports published on the [website](#) of the Verkhovna Rada Commissioner for Human Rights revealed that the **quality of social services remains below the basic level** established by current regulations and standards. Notably, the groups identified instances of labor exploitation of people in institutional settings.

The ability of institutionalized people to influence service quality remains limited. This is due to the lack of effective mechanisms for submitting complaints and petitions, insufficient awareness among institutionalized people about their rights and available means of protection, as well as possible pressure from the administration and staff in response to complaints about service quality.

→ Staffing situation in institutions

The **shortage of personnel** is evident from the average staffing level, which stood at 92.3% at the beginning of 2024 and declined to 91.3% in 2025. This trend is observed across all regions except Volyn and Poltava. In the latter, staffing levels were the highest (99.5% of positions filled as of January 1, 2024, and +0.2% in 2025), while the Kyiv region had the lowest (81.4% as of early 2024, down 1% year-on-year).

The shortage of **medical personnel** is particularly severe: the national average occupancy of medical positions fell from 69.5% at the start of 2024 to 67.3% as of January 1, 2025. Vacancies in social service positions (including cultural coordinators, occupational therapists, physical rehabilitation specialists, psychologists, librarians, and social workers) also remain substantial: the staffing rate in 2025 fell 7.5% compared to 2024 (83.6%).

→ Service cost determination and tariffs in 2024

Municipal institutional establishments provide social services **free of charge**,² **at a reduced rate**, or **for full payment**³ depending on a person's health condition, average monthly income, and the scope of services received.

For transparent and high-quality financial planning, institutions annually establish [tariffs for social services](#). In 2024, the monthly cost of “Residential Care” ranged from UAH 8,541.33 (≈ EUR 177 per month)⁴ in Ternopil region to UAH 18,852.09 (≈ EUR 390.56 per month) in Zaporizhzhia. However, in nine regions and Kyiv, as well as in some institutions in four other regions, services were provided without fixed tariffs, which may create corruption risks, compounded by the **absence of a unified methodology for calculating service costs**. At the same time, our analysis showed that per-person expenditures were the highest in Poltava region (UAH 22,791.91 / ≈ EUR 472.18 per month) and the lowest in Cherkasy region (UAH 15,074.72 / ≈ EUR 312.3 per month). A clear trend emerged: the fewer people in an institution, the higher its per-person expenditures, and vice versa.

→ Institutions' revenues and expenditures

Since the analyzed institutions are funded from regional and Kyiv city budgets, their financing is carried out under regional budget programs – typically one, occasionally two (as in certain institutions in Vinnytsia, Rivne, Khmelnytskyi, and Chernihiv regions).

In most regions, institutional budget execution **under the general fund** approaches 100%. Over 85% of funds are directed toward maintaining the institutions themselves, while only 3–28% are spent directly on institutionalized people (Figure 1).

2 Under such conditions, institutionalized people receive 25% of their assigned pension, while the remaining 75% is transferred to the bank accounts of these institutions in addition to budget allocations and is used exclusively to improve living conditions for institutionalized people.

3 In this case, the pension and/or state social assistance is paid to the institutionalized people in full.

4 Here and hereinafter, amounts in euros (EUR) are indicated according to the official UAH-EUR exchange rate set by the National Bank of Ukraine as of October 7, 2025 (EUR 1 = UAH 48.2696).

The largest share of expenditures is on wages (54–79%), followed by utilities (11–22%). Food expenditure proportions vary greatly across regions (from 3% in Sumy, Ternopil, and Chernivtsi regions to 24% in Rivne region), which may reflect differences in food procurement practices, the use of special funds, or the presence of auxiliary farms producing food for institutionalized people. Spending on medicines, construction, repairs, and other social payments from the general fund is minimal or entirely absent.



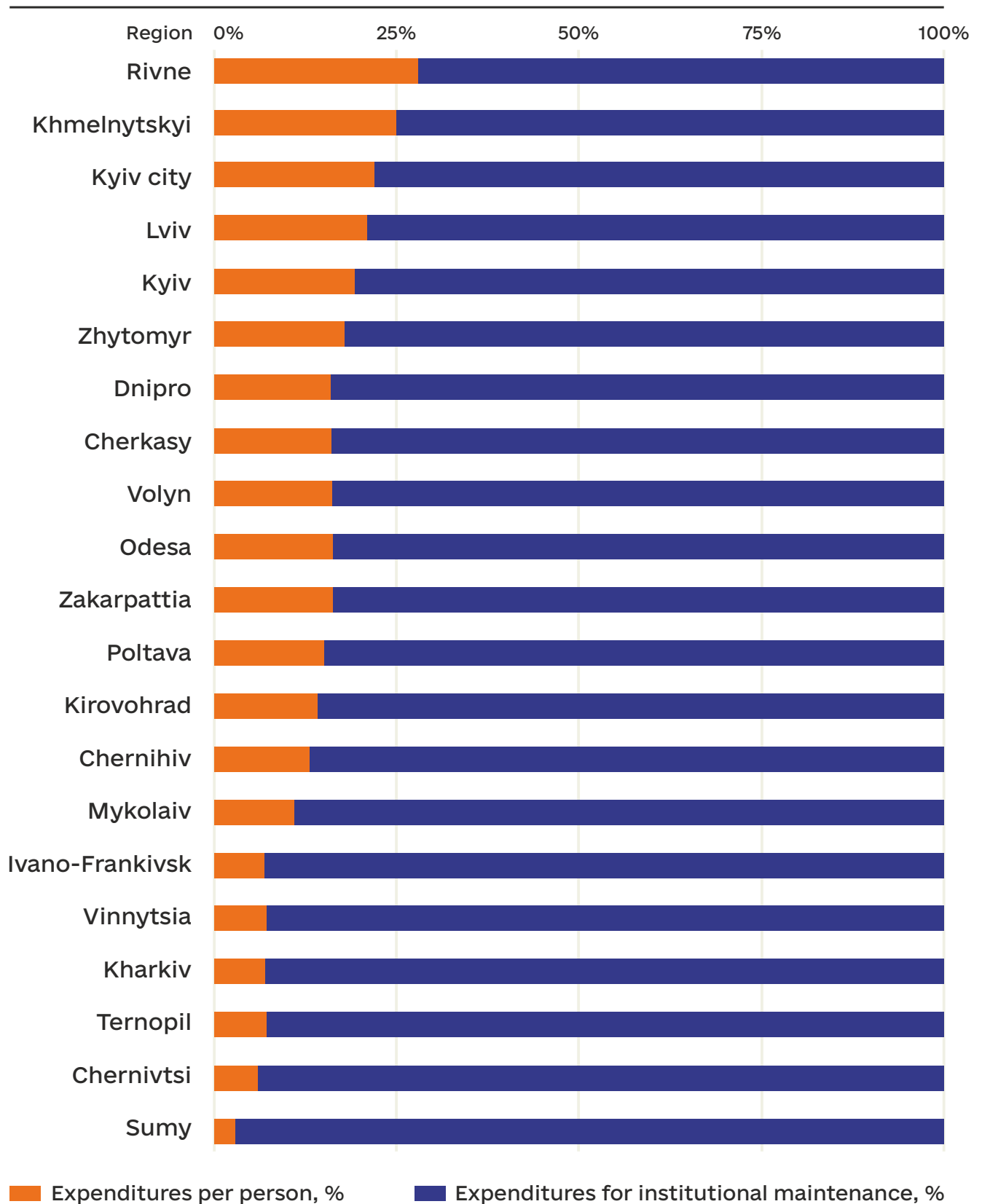


Figure 1. Structure of expenditures from the general fund of the examined institutional settings by region in 2024

The gap between approved and actual (cash) expenditures under the special fund reaches up to 19% in some regions, indicating issues in revenue planning or difficulties in meeting the institutions' operational needs. Most funds come from enterprises, organizations, individuals, and other budgetary institutions for targeted activities, as well as from charitable contributions, donations, or grants.

In the expenditure structure of the special fund, current expenditures dominate. However, unlike the general fund structure, the largest share of spending is allocated to food and equipment (Figure 2). Staff salaries account for no more than 6% of total expenditures from the special fund. At the same time, institutions in Kharkiv, Rivne, and Khmelnytskyi regions allocate over 20% of their special fund resources to construction, repair, and renovation works.



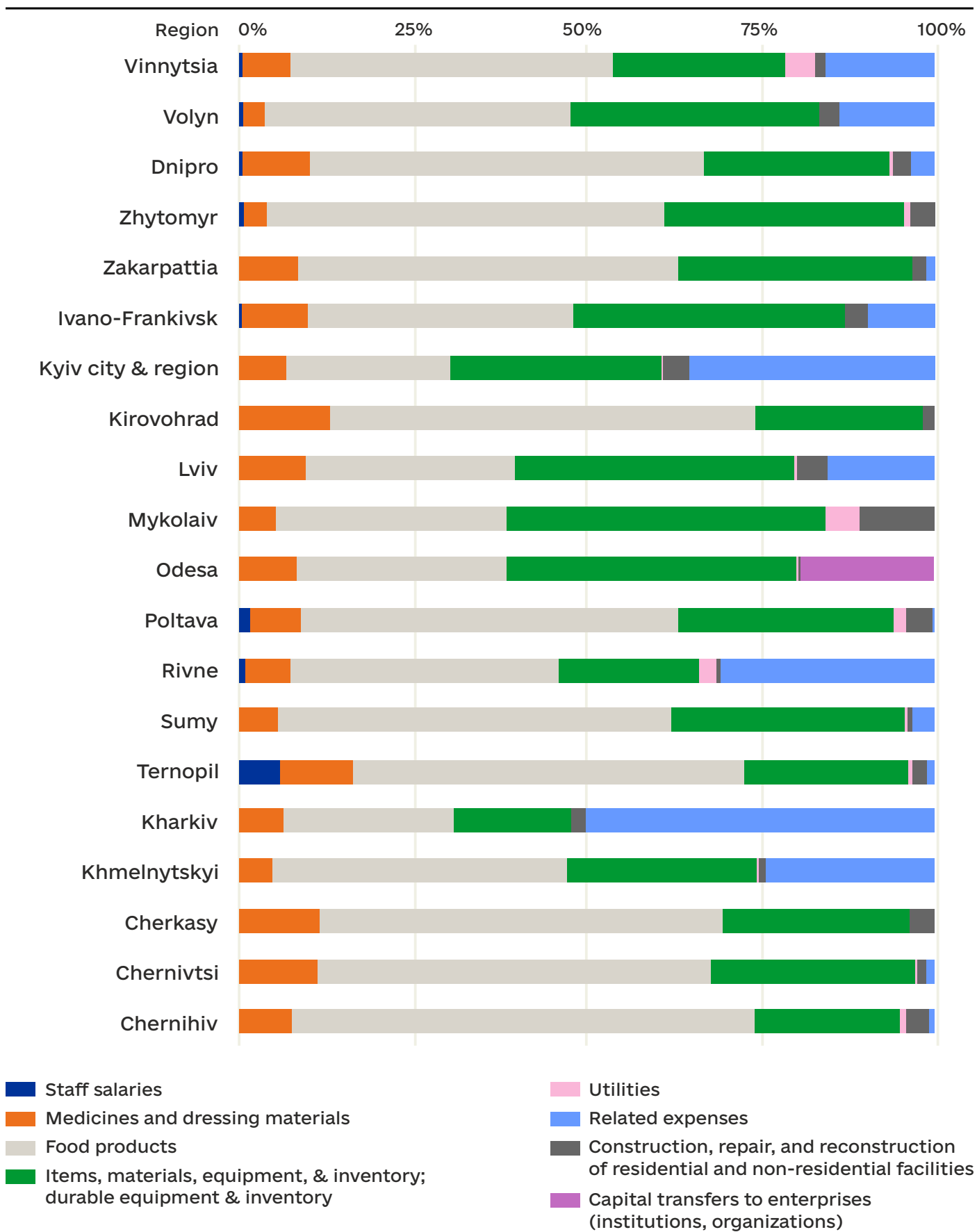


Figure 2. Structure of cash expenditures from the special fund of the institutions in 2024

→ Transparency

Access to information about institutional settings remains limited. Some institutions either ignored our public information requests or refused to provide a response.

Only 18 out of 74 residential care institutions for the elderly and people with disabilities have their own websites, despite the requirements of the Model Regulation, and only 30 of all 216 institutions are registered on the Open Data Portal (most of them without up-to-date datasets).

On the Spending web portal, 56% of institutions partially or fully published reports on revenues and expenditures for 2024. Overall, **inconsistency, outdatedness, and fragmentation of information** on residential care institutions create barriers to the implementation [of the operational plan](#) for the Deinstitutionalization Strategy.

The identified deficiencies, violations, and disparities revealed during the study demonstrate the inconsistency of the institutional care system with modern approaches based on equality, accessibility, and non-discrimination. This once again confirms the need for a fundamental reform of institutional settings – the full-scale implementation of the [Deinstitutionalization](#) Strategy for the care of adults, older people, and people with disabilities.

RECOMMENDATIONS

The recommendations developed based on the study's findings aim exclusively to improve the situation of people who currently reside in institutions and will be compelled to remain there until deinstitutionalization processes and measures are fully implemented. None of the conclusions or recommendations presented may be used to justify reforming the institutional system in a way that preserves its segregated and isolating nature, nor as an argument for increasing the funding of institutional settings in Ukraine.

The results of this study provide sufficient grounds for developing recommendations that can support the implementation of the Deinstitutionalization Strategy for Ukraine's institutional care institutions.

→ Recommendation 1.

Introduce an electronic tool for calculating the cost of social services.

Essence. Develop a state electronic system (calculator) for internal use by social service providers to calculate the cost of social services. The tool should be based on a unified tariff-setting methodology (to be developed and approved by the Ministry of Social Policy), cover all cost components (wages, energy, food, medicines, depreciation, etc.), and include relevant mathematical formulas. Such an online service would:

- automate cost and tariff calculation in institutions;
- eliminate subjectivity and reduce manipulation risks during tariff formation;
- ensure control and comparability of service costs across regions;
- lay the groundwork for introducing a funding per service model.

Expected effect: unified and justified tariffs for social services; increased transparency in financial planning and accountability; and a foundation for transitioning to a “funding follows the person” model in social services.

Responsible entities:

- Ministry of Social Policy (development of methodology and calculator);
 - Ministry of Digital Transformation (technical implementation);
 - Regional and Kyiv City Military Administrations and social service providers (local implementation).
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→ **Recommendation 2.**

Restore and ensure proper functioning of the social service quality control mechanism.

Essence. Martial law has effectively blocked state mechanisms for assessing the quality of social services, increasing the risk of human rights violations and depriving the state of tools for systematic control and monitoring of human rights in institutional settings. Meanwhile, findings from National Preventive Mechanism visits to institutions reveal widespread non-compliance with minimum norms and standards. It is therefore advisable to:

- amend [Cabinet of Ministers Resolution No. 449 of June 1, 2020](#) to unblock the quality assessment procedure;
- develop a temporary procedure for independent external quality assessment during martial law.

Expected effect: a clear understanding of the current situation enabling prompt responses (and ideally prevention) to human rights violations; improved quality of social services and compliance with standards; and reduced corruption risks within the institutional system.

Responsible entities:

- Cabinet of Ministers of Ukraine;
 - Ministry of Social Policy;
 - social protection departments of local self-government bodies in Kyiv and the regions.
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→ **Recommendation 3.**

Increase transparency in the operation of institutional settings.

Essence. Despite legal requirements, institutional settings remain closed to the public. This prevents civic oversight, weakens management quality, and slows the implementation of deinstitutionalization measures. Therefore, it is necessary to:

- improve current legislation to require institutions to disclose information on their activities, including the list and cost of services, detailed data on special fund revenues and expenditures, and staff numbers;
- establish clear disclosure channels: official websites of institutions (or governing bodies), the Open Data Portal, the Spending web portal, and the Ministry of Social Policy's Social Portal;
- introduce accountability for managers who fail to disclose information.

Expected effect: accessible, reliable, consistent, and up-to-date data for decision-making in the field of deinstitutionalization; reduced corruption risks within the current social service system; and enhanced public and governmental oversight.

Responsible entities:

- Ministry of Social Policy (development of the regulatory framework);
- local self-government bodies and regional and Kyiv City Military Administrations (implementation and monitoring at the local level).

→ **Recommendation 4.**

Update state standards for social services in line with modern approaches to quality of life and human rights.

Essence. As of early 2025, state standards exist for only 29 of the 39 services listed in the Classifier of Social Services, and some were last updated in 2015. Moreover, they are based on a standardized rather than individualized approach, limiting their adaptability to people's actual needs. Given the focus of the deinstitutionalization reform on quality of life and alternative care models, it is advisable to:

- conduct an audit of current state standards for social services;
- develop or update standards based on modern international approaches, focusing on quality, respect for human rights, and individual needs;
- ensure flexibility by defining mandatory basic components and variable elements adaptable to different service contexts;
- make the updated standards binding for all social service providers;
- approve updated standards by order of the Ministry of Social Policy, taking into account the provisions of the Deinstitutionalization Strategy.

Expected effect: enhanced accountability and effectiveness in quality control of social services; guaranteed quality of care for service recipients at all levels – from local to national; and conditions for developing community-based alternatives to the institutional system.

Responsible entities:

- Ministry of Social Policy of Ukraine (development and approval of updated standards);
- National Social Service of Ukraine (monitoring and methodological support);
- local self-government bodies in Kyiv and the regions (application of standards locally, provision of community-based services);
- Verkhovna Rada Commissioner for Human Rights (monitoring human rights compliance in service delivery).

➔ **Recommendation 5.**
Introduce mechanisms for engaging community-based professionals in service provision.

Essence. Introduce a model for involving professionals in the social, medical, psychological, and cultural sectors from local communities to provide services in residential institutions, under competitive remuneration and incentive schemes such as attractive social packages including medical insurance, health resort vouchers, and preferential housing conditions.

Special emphasis should be placed on engaging professionals who can not only meet institutionalized people' basic needs but also help develop skills for transitioning to independent community life:

- physical and psychological rehabilitation specialists;
- independent living skills trainers;
- occupational therapists and cultural coordinators;
- social workers.

Expected effect:

- addressing critical staffing shortages and ensuring urgent support for people in institutions;
- gradual preparation of institutionalized people for independent living through targeted professional engagement;
- creation of a personnel reserve for community-based services, ensuring a smooth transition from institutional to alternative support models;
- reduction of institutionalized people' isolation and progressive reintegration into their communities;
- involvement of local medical, social, and cultural resources to build a new support system.

Responsible entities:

- Ministry of Social Policy of Ukraine (development and approval of engagement mechanisms, staffing policy coordination);
- Ministry of Health of Ukraine (ensuring access to medical services through primary healthcare centers);
- regional and local authorities (coordination, financing, and supervision) directors of institutional settings (contracting specialists and defining staffing needs);
- educational institutions, civil society organizations, professional associations, and local communities (staff recruitment and training support).

