Household Economic Resilience Assessment (HERA) Factsheet

Government Controlled Areas (GCA) of Donestk and Luhansk Oblasts

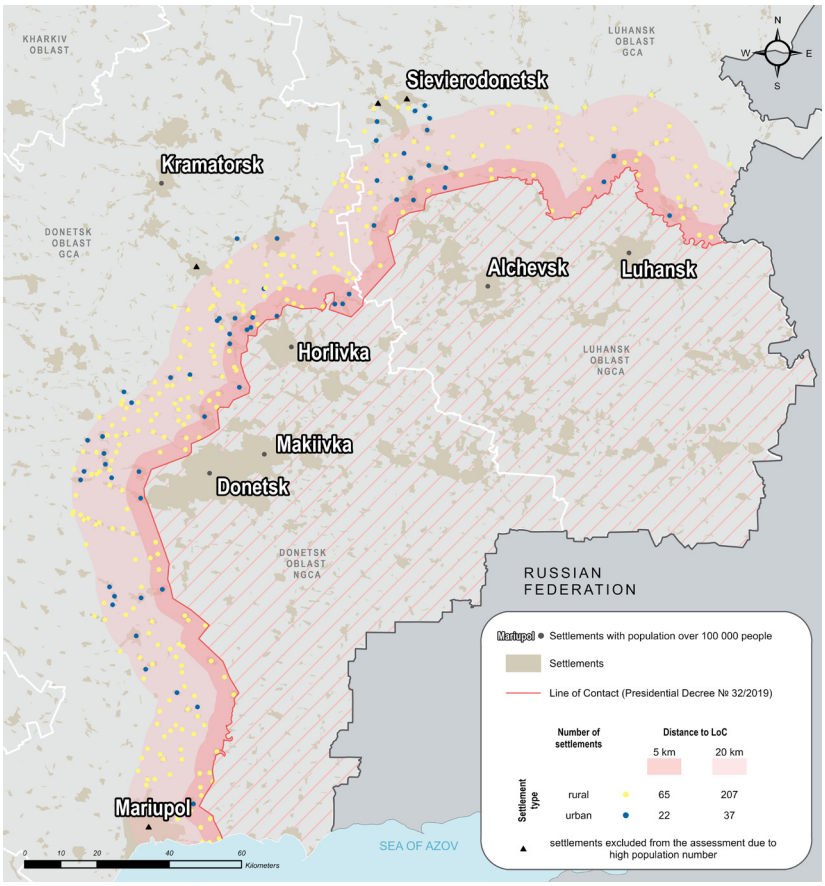
Ukraine, January 2021

CONTEXT

At the end of December 2020, Ukraine had recorded more than 1 million people testing positive to COVID-19 and was experiencing an exponential rise in the number of confirmed cases.[1] **According to a report published by the United Nations Development Programme (UNDP), the current crisis may lead to the worst economic depression Ukraine has experienced in decades, with sectors such as manufacturing, retail, trade, transportation, exports, and remittances affected by the global lockdown measures.**[2] The Organisation for Economic Co-operation and Development (OECD) estimates that the Gross Domestic Product (GDP) of Ukraine will contract by 8% this year, while the average monthly salary will decrease from 12,500 Ukrainian Hryvnia (UAH) at pre-COVID-19 projections to UAH 10,700 post-COVID-19.[3]

At a local level, the COVID-19 related restrictions impact the most vulnerable groups. Among others, small scale farmers, migrant, and informal workers often have their work hindered by movement restrictions, while road closures cut access to markets for their products.[4] Ukraine generally had avoided establishing nation-wide restrictions, instead implementing an "adaptive quarantine" in virus hotspots.[5]

Map 1: Location of surveys collected for the 2020 GCA MSNA



However, starting with November 2020, the country has switched towards a nation-wide approach regarding restrictions, with non-essential businesses being closed during weekends. **More stringent measures such as week-day closures of non-essential stores, curfew for traveling between regions or border closures could turn into economic shocks, in addition to the instability caused by the uncertain nature of the health crisis**.[6]

The COVID-19 pandemic is capable of accentuating the unstable dynamics in Eastern Ukraine. Assessments done by REACH identified that the ongoing conflict disconnected settlements in Government Controlled Areas (GCA) from urban centers in Non-Government Controlled Areas (NGCA). Despite some economic reorientation in recent years, GCA residents in the periphery of NGCA cities still have difficulties in accessing critical services and markets, predominantly healthcare and employment opportunities, with repercussions on household (HH) economic security.[7] **While COVID-19 is expected to affect the whole of Ukraine, Eastern Ukraine is at a higher risk due to a more vulnerable population after years of conflict**.

Using data collected through the 2020 REACH Multi-Sector Needs Assessment (MSNA) in the GCA of Ukraine, REACH is seeking to explore how indicators related to food consumption and livelihood coping strategies varied between different types of households six months into the COVID-19 pandemic. Household data collection for the MSNA took place between 30 July 2020 and 15 August 2020. A total of 1,617 households were interviewed, covering the Donetsk and Luhansk government controlled areas within 20 km of the contact line (see Map 1). For details, please consult the methodology section at the end of this factsheet.

This product is the first part of a wider assessment which aims to measure the economic resilience of households living in GCA in eastern Ukraine over the 2020 - 2021 period. The assessment will be built around the Household Economy Approach (HEA), a livelihood-based framework used to assess how livelihoods would be affected by acute or medium-term economic or ecological change in order to devise planning interventions that will support the most vulnerable groups.[8]

---

[1] *World Health Organisation (WHO), WHO COVID-19 Statistics. Accessed on 25/10/2020.*
[2] *UNDP, UN study documents devastating impact of COVID-19 in Ukraine. Accessed on 25/10/2020.*
[3] *OECD, The COVID-19 crisis in Ukraine. Accessed on 25/10/2020.*
[4] *International Labor Organisation, Policy Brief: The World of Work and COVID-19 (2020). Accessed on 01/12/2020.*
[5] *OECD, The COVID-19 crisis in Ukraine. Accessed on 25/10/2020.*
[6] *The World Bank, June 2020 World Bank Global Economic Prospects. Accessed on 01/12/2020.*
[7] *REACH 2020 Multi-Sector Needs Assessment in Government Controlled Areas in Eastern Ukraine. Forthcoming.*
[8] *Save the Children, The Household Economy Approach (2019).*

1 Food Consumption Score (FCS)

The Food Consumption Score is a standardised indicator which aggregates household level data on food dietary consumption and diversity, which is then weighted according to the nutritional value of the consumed food category.[9] The score refers to the frequency of households' consumption of eight different food groups over the seven days prior to the interview. Based on this score, a household can be classified into one of the three categories: poor (< 28), borderline (28.5 - 42), or acceptable (> 42) food consumption.[10] **Poor or borderline food consumption patterns are associated with lower food security, with an impact on household's economic security and resilience**.[11]

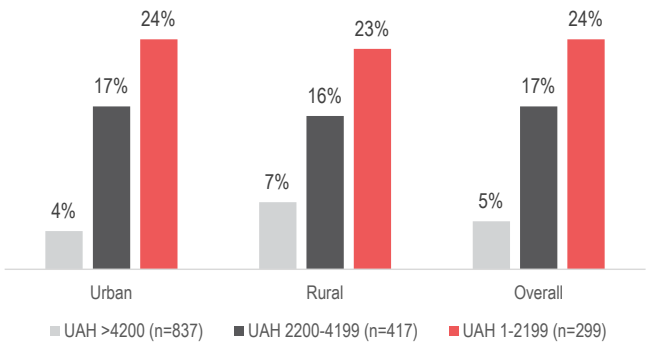
Overall, 89% of households were found to have an acceptable FCS, 9% a borderline FCS, followed by 2% of households found to have a poor FCS.

Factors such as household income or employment seemed to have the greatest impact on FCS scores. Twenty-four percent (24%) of households with reported monthly income less than UAH 2,199 were found to have a poor and borderline FCS, compared to the GCA average (11%). The proportion of households with a poor and borderline FCS was lower for households who did not report debt (10%) compared to households who reported debt (17%).

The results of the analysis confirm that food security is linked to livelihood opportunities, such as the level of income and number of household members working.

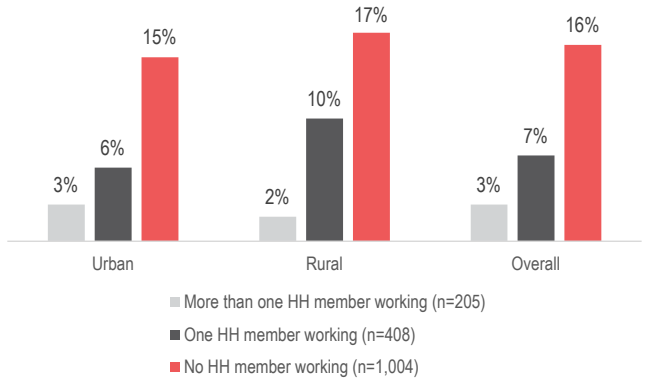
The analysis could not identify a clear link between households who reported receiving humanitarian or state aid and their FCS. Similarly, the proportion of households reporting on the cost of utilities did not reveal a straightforward link with the FCS. **Further focus on the role of income and expenses, including the impact of the cost of utilities on the household economic security will be included in the main HERA assessment**.

Proportion of HHs by combined poor and borderline FCS disaggregated by the total reported household income (in the 30 days prior to data collection)[12]



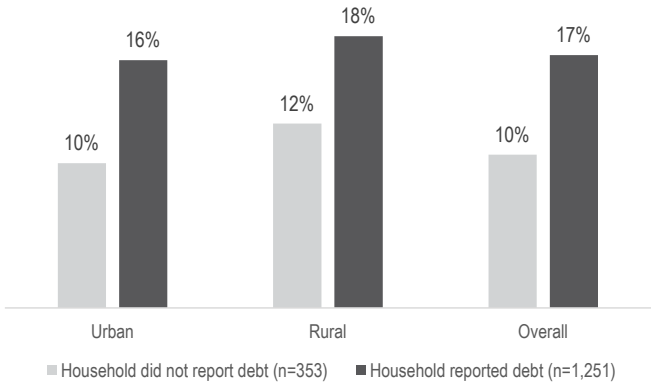
The proportion of households with poor and borderline FCS was the lowest for households with total income above UAH 4,200 in the 30 days prior to data collection.

Proportion of HHs by combined poor and borderline FCS disaggregated by the number of household members reported to be working (in the 30 days prior to data collection)



The proportion of households with poor and borderline FCS was the highest for households where no HH member was reported to be working.

Proportion of HHs by combined poor and borderline FCS disaggregated by household reporting debt (at the moment of the interview)



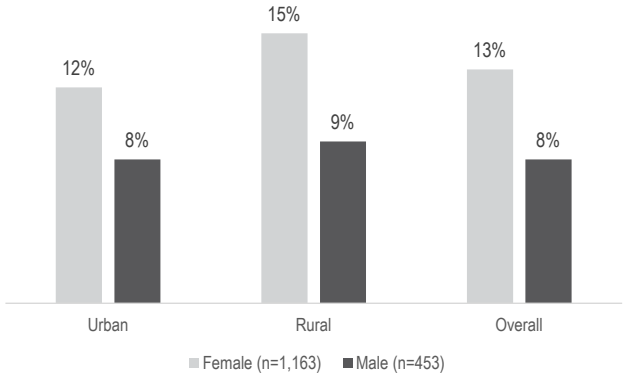
Proportion of HHs by FCS disaggregated by the head of household (HoH) employment sector (in the 30 days prior to data collection)

	Acceptable	Borderline	Poor
HoH working in services (n=67)	85%	14%	1%
HoH working in hard industry (n=72)	100%	0%	0%
HoH working in trade (n=86)	91%	9%	0%
HoH working in agriculture (n=38)	96%	1%	3%
HoH unemployed (n=163)	83%	9%	8%
HH reporting any kind of paid activity (n=410)	94%	6%	0%

The proportion of households with poor FCS was the highest for households whose HoH was reported to be unemployed.

[9] *World Food Programme (WFP), Food Consumption Score (FCS).Accessed on 27/11/2020.*
[10] *For the purposes of this analysis, REACH used the higher FCS thresholds in order to harmonize with analysis conducted by Food Security partners dating back to 2015. However, pending agreement with Food Security Cluster, the standard lower FCS thresholds will be used in all future analysis of FCS.*
[11] *Ansah, I.G.K., Gardebroek, C. & Ihle, R. Resilience and household food security: a review of concepts, methodological approaches and empirical evidence (2019).*
[12] *15 households reported 0 income and were not included in the analysis.*

Proportion of HHs by combined poor and borderline FCS disaggregated by the gender of the HoH



The proportion of households with combined poor and borderline FCS was higher for female-headed households than male-headed households.

Proportion of HHs by FCS disaggregated by the age of the HoH

Urban

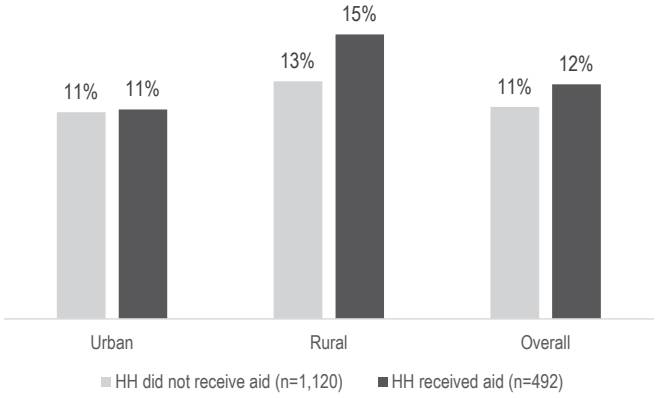
	Acceptable	Borderline	Poor
18-44	94%	5%	1%
45-59	88%	8%	4%
60+	88%	10%	2%

Rural

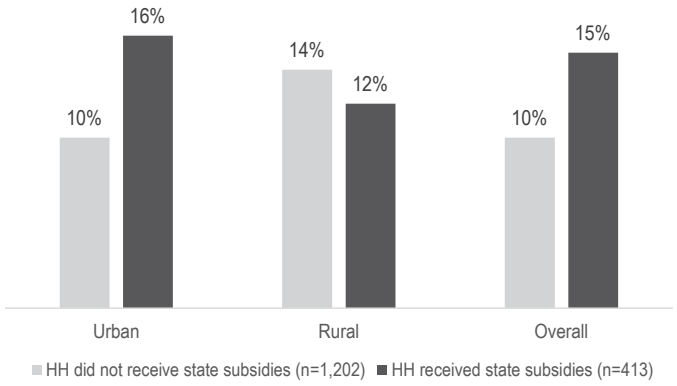
	Acceptable	Borderline	Poor
18-44	92%	6%	2%
45-59	88%	9%	3%
60+	84%	15%	1%

The proportion of households found to have acceptable poor and borderline FCS was the highest for households whose HoH was 60 years old or more.

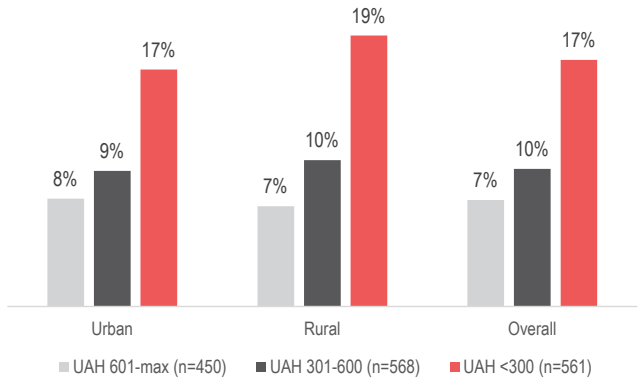
Proportion of HHs by combined poor and borderline FCS disaggregated by households reportedly receiving aid (in the 12 months prior to data collection)[13]



Proportion of HHs by combined poor and borderline FCS disaggregated by households reportedly receiving subsidies (in the 12 months prior to data collection)

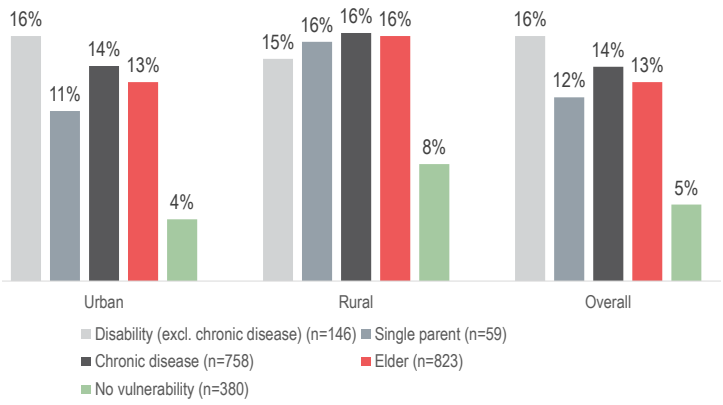


Proportion of HHs by combined poor and borderline FCS disaggregated by the reported cost of utilities (in the 30 days prior to data collection)[14]



The dependency between the proportion of households reporting on the cost of utilities and the FCS should be interpreted with utmost caution due to environmental influences linked to the timing of data collection which took place outside of the cold season.

Proportion of HHs by combined poor and borderline FCS disaggregated by the reported vulnerability of the HoH[15]



The proportion of households found to have acceptable poor and borderline FCS was the lowest for households reporting no vulnerability.

[13] *The chi-square test of independence did not reveal a statistically significant relationship at a 5% level of significance between the FCS and households reporting receiving aid in the 12 months prior to data collection, therefore results should be considered indicative only.*
[14] *38 households reported 0 cost of utilities and were not included in the analysis.*
[15] *Multiple vulnerabilities could be selected so findings may exceed 100%.*

2 Livelihood Coping Strategy Index (L-CSI)

The Livelihood Coping Strategy Index (L-CSI) is an indicator of a household's food security assessing the extent to which households use harmful coping strategies when they do not have enough food or enough money to buy food.[16] **The L-CSI is used as a food security early warning indicator and a proxy indicator for food security**.

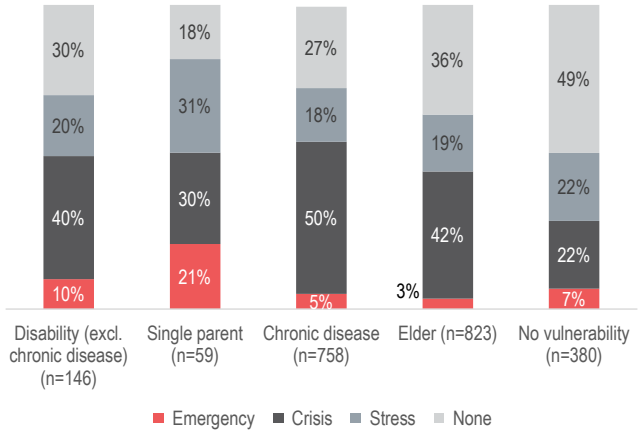
Stress strategies are defined as an indicator of moderate vulnerability and include spending savings to purchase food and basic goods, borrowing money and, purchasing food on credit or borrowing food. Crisis strategies are defined as an indicator of high vulnerability and include reducing non-food expenses on health and education, withdrawing children from school, and selling productive assets or means of transport. Emergency strategies are defined as indicator for severe vulnerability and include entire household migrating, selling house or land, and sending household members for begging.[17]

Overall, 36% of households reported not relying on any coping strategies, 21% reported resorting to stress-level L-CS, 36% to crisis level L-CS, followed by 7% reported resorting to emergency-level L-CS.

The proportion of households found to resort to emergency-level livelihood coping strategies (L-CS) was the highest for single-parent households (21%), compared to 7% of households reporting no vulnerability. Similarly, the proportion of households found to resort to emergency-level L-CS was higher for households whose HoH was unemployed (21%) compared to the overall average (7%).

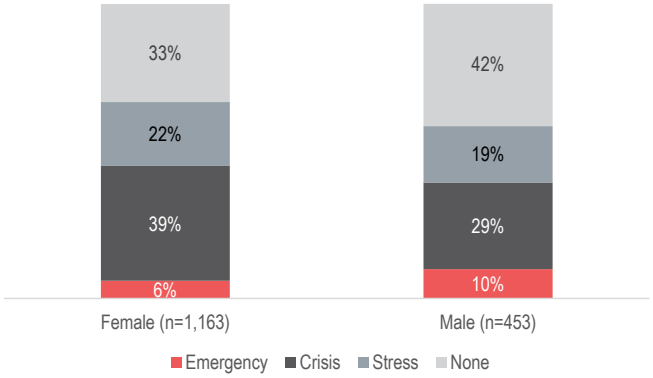
The number of household members working was not found to be a factor influencing a consistent decrease in the proportion of households found to rely on emergency-level L-CS. Notable decreases were observed for the proportion of households found to resort to crisis-level L-CS, from 41% in the case no HH member was reportedly working, to 32% in the case only one member working, down to 26% in the case more than one household member was reported to be working. **This decrease of the proportion of households found to resort to crisis-level L-CS could be attributed to the nature of the crisis-level L-CS indicator which focuses on reducing expenses or selling productive assets**. These coping strategies may be less frequently used as households' access to livelihood opportunities is improving.

Proportion of HHs by L-CS index score and vulnerability of the HoH (in the 30 days prior to data collection)[18]



The proportion of households reporting relying on crisis-level L-CS was the highest for households whose HoH reported having a chronic disease. The highest proportion of households reporting relying on emergency-level L-CS was the highest among single-parent households.

Proportion of HHs by L-CS index score and gender of the HoH (in the 30 days prior to data collection)



The proportion of households reporting relying on emergency-level coping strategies was higher for male-headed households than female-headed households. However, the proportion of households reporting no-coping strategy was lower for female-headed households than male-headed households.

Proportion of HHs by L-CS index score and age of the HoH

Urban

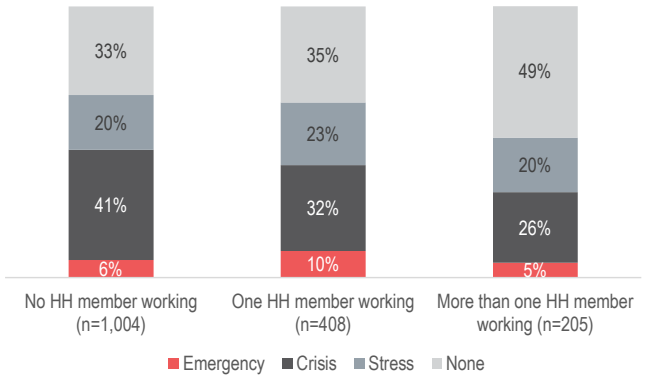
	None	Stress	Crisis	Emergency
18-44	39%	25%	24%	12%
45-59	31%	21%	38%	10%
60+	35%	19%	42%	4%

Rural

	None	Stress	Crisis	Emergency
18-44	32%	29%	28%	11%
45-59	39%	19%	34%	8%
60+	40%	17%	40%	3%

[16] *Livelihoods Center, Change in coping strategy index (CSI) used by households. Accessed on 27/11/2020.*
[17] *WFP Ukraine, Food security assessment (2015). Accessed on 27/11/2020.*
[18] *Multiple vulnerabilities could be selected so findings may exceed 100%.*

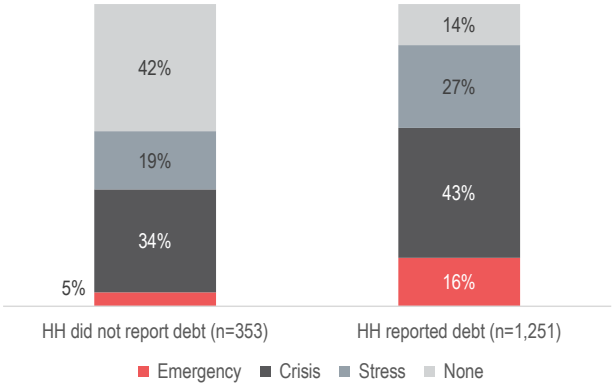
Proportion of HHs by L-CS index score and the number of household members reported to be working (in the 30 days prior to data collection)[19]



Proportion of HHs by L-CS index score and the HoH employment sector (in the 30 days prior to data collection)

	None	Stress	Crisis	Emergency
HoH working in services (n=67)	27%	26%	36%	11%
HoH working in hard industry (n=72)	54%	28%	18%	0%
HoH working in trade (n=86)	46%	20%	27%	7%
HoH working in agriculture (n=38)	40%	13%	43%	4%
HoH unemployed (n=163)	16%	30%	33%	21%
HH reporting any kind of paid activity (n=410)	44%	22%	28%	6%

Proportion of HHs by L-CS index score and household reporting debt (at the moment of the interview)



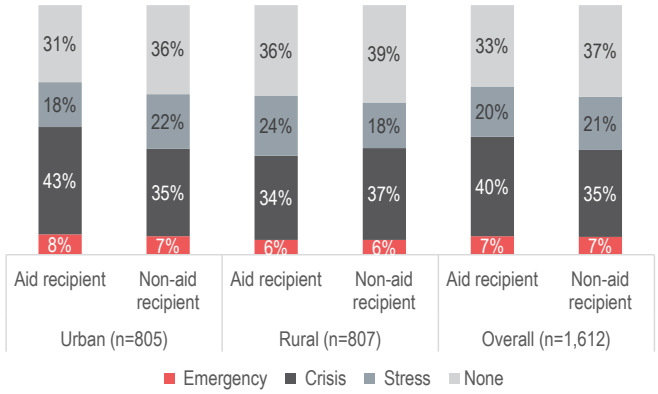
Proportion of HHs by L-CS index score and the total reported household income (in the 30 days prior to data collection)[20]

	None	Stress	Crisis	Emergency
UAH 1-2,199 (n=299)	30%	19%	44%	7%
UAH 2,200-4,199 (n=417)	29%	25%	40%	6%
UAH >4,200 (n=837)	40%	20%	34%	6%

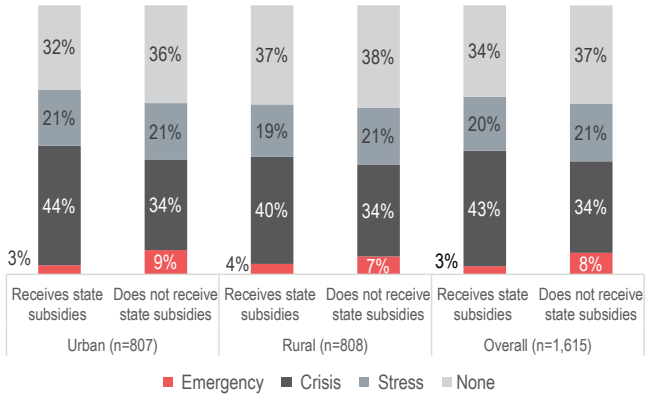
The proportion of households reporting relying on no L-CS was the highest for households whose total income exceeded UAH 4,200.

The proportion of households reporting relying on emergency-level L-CS was higher for households who reported debt than households who reported no debt.

Proportion of HHs by L-CS index score and households reportedly receiving aid (in the 12 months prior to data collection)[19]



Proportion of HHs by L-CS index score and households reportedly receiving subsidies (in the 12 months prior to data collection)[19]



METHODOLOGY

Given the recent data collection exercise conducted within 20km of the contact line in July-August 2020, this factsheet presents additional analysis of the MSNA data to understand household economic dynamics six months into COVID-related containment measures and restrictions. All results shown are statistically relevant. This factsheet is just the first part of a wider exercise inspired by the results of the MSNA in order to fill the information gaps regarding households' economic resilience in the context of a dual conflict and COVID-19 crisis. Household data collection for the MSNA took place between 30 July 2020 and 15 August 2020. A total of 1,616 households were interviewed, covering the Donetsk and Luhansk government controlled areas within 20km of the contact line. Findings are statistically representative with a 95% confidence level and 5% margin of error. A Chi-square test of independence was used to determine whether there is a significant relationship between FCS or L-CSI and household typology indicators. Otherwise noted, all variables expressed a statistically significant relationship at a 5% level of significance.

This factsheet is based on self-reported household data from 2020, therefore the results should be considered as a first step towards gaining a better understanding on current levels of vulnerability of people affected by COVID-19 restrictions and conflict. Additional research will be performed, including the analysis of extended data on economic vulnerability, with the objective of having a better understanding of the current household economic vulnerabilities and for a timely identification of potentially new vulnerable populations.

[19] *The chi-square test of independence did not reveal a statistically significant relationship at a 5% level of significance between the L-CSI and the number of household members reported to be working, the proportion of households reporting receiving state subsidies, and the proportion of households reporting receiving humanitarian aid. Therefore, results should be considered indicative only.*

[20] *15 households reported 0 income and were not included in the analysis.*