

# SOCIO-ECONOMIC POTENTIAL OF HUMAN CAPITAL IN THE CONTEXT OF MIGRATION PROCESSES IN UKRAINE

## Summary

This research explores the impact of the Russian-Ukrainian war on Ukraine's human capital, highlighting challenges and opportunities arising from large-scale displacement and migration. It outlines the material hardships faced by internally displaced persons (IDPs), including unemployment, housing shortages, and limited access to education and services. Government initiatives focus on social assistance, vocational training, and employment creation, supported by international partners. The study also addresses the role of labor migration, student mobility, and remittances in shaping modern human capital. While workforce losses pose long-term risks, the Ukrainian diaspora offers potential for investment, professional exchange, and innovation to foster sustainable development.

Human capital is a key resource for the socio-economic development of a country, as the knowledge, skills, and competencies of the population define a nation's potential in the global arena. In the context of the Russian-Ukrainian war, the preservation and development of Ukraine's human capital have become particularly urgent. The war has caused significant demographic changes, affecting the quality and structure of human capital and introducing new challenges for sustainable development.

As of 2023, according to the United Nations High Commissioner for Refugees (UNHCR), over 7 million Ukrainians were forced to leave the country due to the war, while approximately 5.4 million became internally displaced persons (IDPs). These individuals require not only basic housing, medical services, and financial support but also integration into new communities that often lack sufficient resources to provide necessary conditions.

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Alarmingly, research indicates that 65% of IDPs live in households with a per capita income of no more than 4,666 UAH (approximately USD 126, the minimum subsistence level set by the Ministry of Social Policy in January 2022). Only 38% of IDPs reported relying on regular wages as their primary source of income, compared to 51% of local residents. The unemployment rate among displaced populations also remains higher than that of non-displaced populations (15% vs. 6%) (Звіт про внутрішнє переміщення, 2023).

Material hardships among internally displaced persons (IDPs), largely stemming from unemployment, have led to additional challenges. These include the inability to secure adequate housing: 60% live in rented accommodations, 21% stay with friends or relatives, and 3% remain in collective shelters. Access to essential services also remains limited. For instance, the lack of internet connectivity and necessary devices (PCs, laptops,



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smartphones) has disrupted children's education, with nearly half of IDPs (46% as of January 2023) reporting difficulties in facilitating their schooling (Внутрішні вимушені переміщення, 2023).

Financial support remains one of the most urgent needs for internally displaced persons (IDPs), with 80% of respondents surveyed by the International Organization for Migration (IOM) identifying it as a critical issue. Hosting communities also face significant burdens, including insufficient infrastructure funding, housing shortages, and social tension due to limited resources. Many IDPs, particularly from de-occupied territories, require not only material assistance but also psychological support to overcome stress and adapt to new conditions.

Government initiatives aimed at integrating IDPs include expanding social assistance programs, providing vocational training, and creating employment opportunities. However, the effectiveness of these measures largely depends on international partners' support and the adaptation of best practices, such as those from EU countries with established mechanisms for migrant integration.

Simultaneously, the migration of Ukrainians to developed countries contributes to their professional growth and integration into the global labor market. According to the World Bank, over 20% of Ukrainian labor migrants are employed in highly skilled sectors, including information technology, engineering, healthcare, and education. This trend fosters their professional development and contributes to the formation of modern human capital (Міграційні прояви та впливи, 2023).

In 2023, approximately 15% of Ukrainian students were studying abroad, predominantly in

European Union countries such as Poland, Germany, and the Czech Republic. By attending universities in these countries, Ukrainians gained access to innovative educational programs and opportunities for academic collaboration and participation in international research projects.

Additionally, during 2022–2023, remittances from Ukrainian migrants abroad exceeded \$12 billion, accounting for roughly 8% of Ukraine's GDP. These remittances not only supported the economy but also contributed to the growth of small and medium-sized businesses, particularly in regions affected by the war. According to the International Organization for Migration (IOM), such funds were often directed toward education, innovation, and the modernization of local production processes (Communication from the Commission, 2022).

The migration processes triggered by Russia's full-scale invasion have, however, led to a significant decrease in the workforce, particularly among highly educated and skilled workers. According to the World Bank, this could have a long-term negative impact on the country's economic development. Furthermore, the migration of women and youth has introduced additional social challenges in education, healthcare, and gender equality. At the same time, these migration dynamics offer new opportunities: the Ukrainian diaspora in Europe and beyond could become a powerful source of financial investment, professional support, and innovation transfer. Ukraine continues to strengthen its social infrastructure to mitigate social risks and promote sustainable development for displaced persons and host communities.

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