

Voice of Ukrainians: Poverty and material deprivation

/ Research among refugees



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PAQ
RESEARCH

/ Research authors

Martina Kavanová, Daniel Prokop, Michael Škvrňák, Matyáš Levinsky (PAQ Research)

/ Data collection and processing

Paulína Tabery, Yana Leontiyeva, Jana Vitíková, Martin Spurný, Matouš Pilnájek, Monika Kyselá,

Olga Zhmurko (Institute of Sociology of the Academy of Sciences of the Czech Republic)

/ Media contacts

Daniel Prokop

PAQ Research

prokop@paqresearch.cz

+420 608 333 902

Martina Kavanová

PAQ Research

kavanova@paqresearch.cz

+420 608 353 597

Yana Leontiyeva

Institute of Sociology of the Academy of Sciences of the Czech Republic

yana.leontiyeva@soc.cas.cz

+420 774 802 440

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Main findings

- / 1 / The rate of income poverty among Ukrainian refugees in the Czech Republic is incomparably higher than among the Czech population. Even when taking into account the humanitarian benefit and the value of housing support, over 35% of refugees live in income poverty (9-10% among the Czechs).
- / 2 / Refugees are currently protected from falling into total poverty by a humanitarian benefit (approximately 80% of them receive it) and free housing (65% of refugees receive at least partial support). Without this support, over 80% of refugees would suffer from poverty. It has a great effect especially for families with children - more often they receive support in housing and the humanitarian allowance has a relatively higher value for them.
- / 3 / Income poverty applies twice as often to refugees who have no household income from work in the Czech Republic. Of the workers, it most often affects people who work as laborers and unskilled and auxiliary manual workers (of which there are a majority). Refugees thus pay to a large extent for barriers to quality employment – among which are language skills, lack of pre-school care for children and recognition of qualifications. This also increases the aforementioned dependence on state support.
- / 4 / Three quarters of refugees have savings for a month at the most (among the Czechs, it is about 30%). The combination of savings and income shows that a total of 29% of refugees are also in income poverty (after accounting for housing support) and at the same time has savings for a maximum of one month. They are extremely vulnerable to poverty. Another 41% live in households with incomes above the poverty line but insufficient savings.
- / 5 / 62% of refugees suffer from severe material and social deprivation (for Czechs last year it was around 2 %¹). Within the items of material deprivation, for example, 89% cannot afford an unexpected expense of CZK 13,000, and 36% cannot afford to have two pairs of matching shoes for each member of the household. Single mothers are most affected by material deprivation.
- / 6 / The financial situation also has a certain connection with integration into society, including through the possibility of attending language courses and securing standard housing. The most predictive of integration is whether the household has at least minimal savings.
- / 7 / 38% of refugees had to borrow money to travel or stay in the Czech Republic, mostly borrowed from family or friends in Ukraine, only exceptionally in the Czech Republic.

PAQ Research recommendations

- / 1 / To strengthen quality employment that reduces poverty and limits dependence on state support. This includes greater assistance in the labor market - for example, by sending offers from the Ú and other sources even to people who have so far found employment significantly below their qualifications. Strengthening the availability of pre-school facilities, free teaching of the Czech language even during working hours and further simplification of the recognition of Ukrainian qualifications.
- / 2 / Continue to support Ukrainians with a humanitarian ration and possibly more when it decreases differentiate according to household size and number of people.
- / 3 / Support housing provided by Czech households – this is a cheaper option than living in hostels, and the funds go to Czech households to help them in the energy crisis.

¹ In the Czech Republic, however, the statistics are artificially reduced by the fact that SILC research does not take place precisely among foreigners, in hostels, asylum houses and in most excluded locations. With their inclusion, 5 to 8 would probably suffer from severe material and social deprivation % of the population of the Czech Republic.

- / 4 / Set up and adequately communicate the transition plan from ad-hoc aid in the form of humanitarian benefits and housing support in Czech households and hostels to the state social support system (SSP). Ad-hoc support tools and inclusion in the SSP should have at least 1 month of overlap, as there is a delayed draw in the SSP.
- / 5 / Assist the poorest refugees in connecting to food banks and other forms of aid.
- / 6 / Implement programs that provide free leisure activities (DDM) or kindergartens, both for families of refugees from Ukraine and for poorer Czech families, so that they do not have to save on the education and integration of children.

About research

Objectives and content of the research

In the document, you will find findings from the second representative survey of Ukrainian refugees in the Czech Republic, which dealt with issues of work, material situation, mobility and skills. This report describes the material situation of refugees in the Czech Republic, the level of poverty and how financial support from the state affects it. The report is part of the Voice of Ukrainians research series.

Implementers and partners

The research is carried out by **PAQ Research, z. ú.** (content and processing of outputs) **Institute of Sociology of the Academy of Sciences of the Czech Republic, v. v. i.** (data collection). The research was financially supported by the **City of Prague** (expansion of the sample within Prague for a more detailed mapping of the situation in the city districts).

Methodology

The report is mainly based on the second wave of research among refugees from Ukraine, in which 2,079 households, in which 6,215 refugees from Ukraine live, participated. The survey took place from 4 August to 18 August 2022 (the report describes data collected until 18 August, but the survey took place until 29 August).

8.). The analysis of the impact of poverty on the inclusion of children and adults is based only on respondents who took part in the first wave of research carried out in June and July and focused on education, leisure activities and housing.

The research is carried out by online questioning of a panel of refugees from Ukraine, which is operated by the Institute of Sociology of the Academy of Sciences of the Czech Republic. The panel was created in cooperation with the Social Security Office of the Czech Republic and the Ministry of Labor and Social Affairs of the Czech Republic, which during the census of the work activity of humanitarian benefit applicants approached refugee households with the opportunity to participate in the research of the Social Security Office of the Czech Republic. Participation in the research is anonymous and paid (transfer of rewards to charity), the identity of the respondents is verified by phone during the recruitment of the panel.

The outputs presented in this report are based on a sample that is **representative in terms of the region of residence within the Czech Republic, the combination of age and gender of respondents within the regions, and in terms of education at the level of the Czech Republic (roughly corresponding to the statistics of the Ministry of Internal Affairs and Communications on humanitarian benefit recipients)**. Representativeness is ensured by a combination of random stratified sampling (approaching randomly selected contacts within the microregions of the Czech Republic) and subsequent data import so that the structure of the sample corresponds to statistics from the data of the Ministry of the Interior of the Czech Republic (CIS) and the Ministry of the Interior of the Czech Republic.

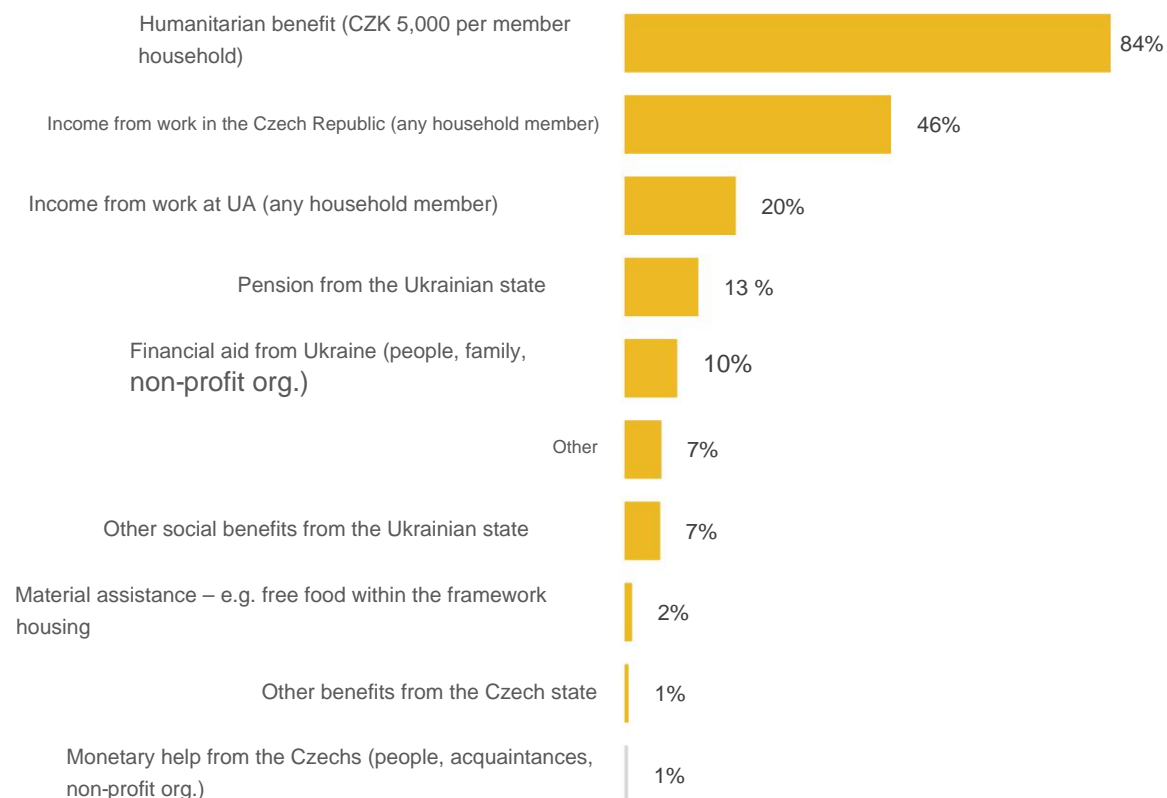
The research represents the attitudes and experiences of people from Ukraine who came to the Czech Republic after February 2022 and are still staying in the Czech Republic.

/ 1 / Poverty and what it depends on

To analyze the economic situation of refugees, it is crucial to examine the sources of income of Ukrainian refugees, i.e. what affects their financial stability. 46% of refugees have income from work from at least one household member (*Chart 1.1*). According to ministry sources, 95% of refugees who came to the Czech Republic received a humanitarian allowance from the Ministry of Internal Affairs and Communications (5,000 crowns per person) at least once. The share of refugees currently receiving a humanitarian benefit can be estimated at 80% (the research is only on a sample of people who applied for a humanitarian grant, therefore the % in *Graph 1.1* is higher).

Chart 1.1

/ Sources of refugees' income



Note: N=6215; Wording of the question: "Does your household in the Czech Republic (any of its members) have the following incomes?"

Research shows that 69% of refugees, after the sum of all these types of household income, are below the income poverty line (defined as income below 60% of the median). However, a large part of the refugees is not dependent on income, as they are provided with free housing.² In order to better assess the real material situation of refugees, we added to the

the value of the housing provided (according to the amount of the state subsidy for solidarity households per person).

The second line of *Graph 1.2* shows that the share of Ukrainian refugees living below the poverty line with the addition of provided housing will reduce to 35%. Only 11% of refugees by total net household income (from work, benefits, from Ukraine) belong to the higher income half of Czech society, even after taking into account the amount of housing support.

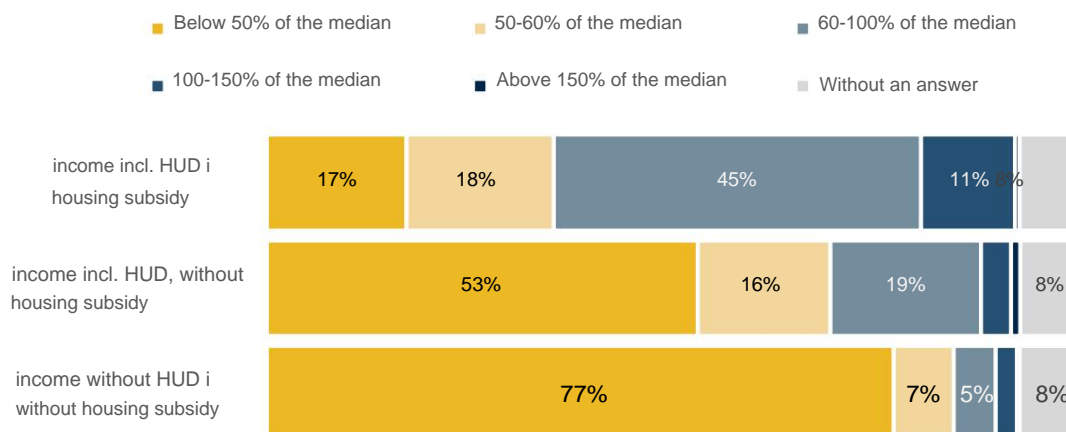
To define income poverty, we use the Czech income poverty line, which is also based on the structure of the household. Single-member households with an income below CZK 13,667 are considered poor.

² As the value of free housing for all refugees who do not pay for it, we calculate the value of the current state support for the provision of housing from the Czechs - 5 thousand for the first person, 4 thousand for the second person, etc. This amount is imputed to the income of the refugee household that has free housing (regardless of other details). If he only contributes to housing, half of the amount is added.

The household of a mother and three small children is income poor with a net income below 26,000, etc. In the Czech Republic, around 9-10% of households are in income poverty (Eurostat). Refugees are thus in income poverty more than three times more often.

In addition to housing support, the humanitarian benefit from the Ministry of Social Affairs and Health also plays a major role in protection against poverty. If the state were to stop providing both of these forms of support (third line of *Graph 1.1*), a total of 84% of Ukrainian refugees would find themselves in income poverty under the current situation. Therefore, until the conditions for refugees are such that they have a chance to find a job that covers their expenses, including housing, stopping financial support for the majority of refugees in the Czech Republic would be fatal.

Graph 1.2
/ Equalized household income



Note: N=6215; Wording of the question: "If you add up all these types of income of your household in the Czech Republic, what is its total net monthly income?" (see box)

The measurement of income poverty is based on the so-called equalized income = net household income converted to the number of consumption units (first adult = 1 unit, second adult or child over 12 years = 0.5 units, smaller child = 0.3 units). In the metric, we use the Czech poverty line and median income from 2021. Thus, if Czech households were shown in Chart 1.2, 50% would have an income above the median and approximately 9–10% in the first two categories would have an income of up to 60% of the median. Household income includes the income of all its members both from work and from financial support, such as humanitarian benefits, social benefits in the Czech Republic, pensions in Ukraine, and monetary and material assistance from non-profit organizations and individuals.

Table 1 describes the relationships between income poverty rates and working conditions and household composition. When free housing is taken into account, one-person households and single parents with one child are most often affected by income poverty, since they are less often provided with free housing and the flat-rate humanitarian benefit (HUD) per person has a smaller relative value for them.

Our analysis confirms that families with children are protected from falling into total poverty precisely by the social support and solidarity of the Czechs. It is more difficult for households with children, and especially for single parents, to earn a living from work in the Czech Republic - this group has the least frequent income from work in the Czech Republic. Without HUD and housing assistance, 80-90% of families with children would be in income poverty. But families more often have support in housing, and the value of HUD (CZK 5,000 per month) has a higher relative value for children. This significantly reduces their poverty to 25-56% for different types of families.

Refugees who have at least one earning member in their household are less likely to be in income poverty (23% vs. 46%). People working in the highest qualifications (or a member of the household working in them), i.e. specialists and managers, have the most stable material situation. Only 12% of them are below the income poverty line - which is still higher than the overall poverty rate in the Czech Republic.

Table 1

/ Connections with income poverty and material deprivation

		In income poverty (with HUD and subsidized housing)	In income poverty (excl HUD and housing assistance)	They suffer from severe material deprivation
All refugees		35%	84%	65%
Qualification of the profession (according to the system ISCO)	Specialists and managers	12%	68%	40%
	Technical / professional staff, officials	15%	76%	60%
	Service and sales workers	18%	85%	55%
	Craftsmen and skilled manual labor	11%	82%	56%
	Laborers and Unskilled / Auxiliary Manual Workers	22%	78%	61%
Income from work <small>in Czech republic</small>	Yes - at least one household member	23%	81%	59%
	No	46%	87%	70%
Household type		48%	58%	52%
		56%	79%	57%
		56%	83%	70%
		25%	90%	74%
		30%	90%	65%
		25%	85%	63%

Note: N=6215; A plus sign for households indicates, for example, a household with two or more adults.

Material deprivation

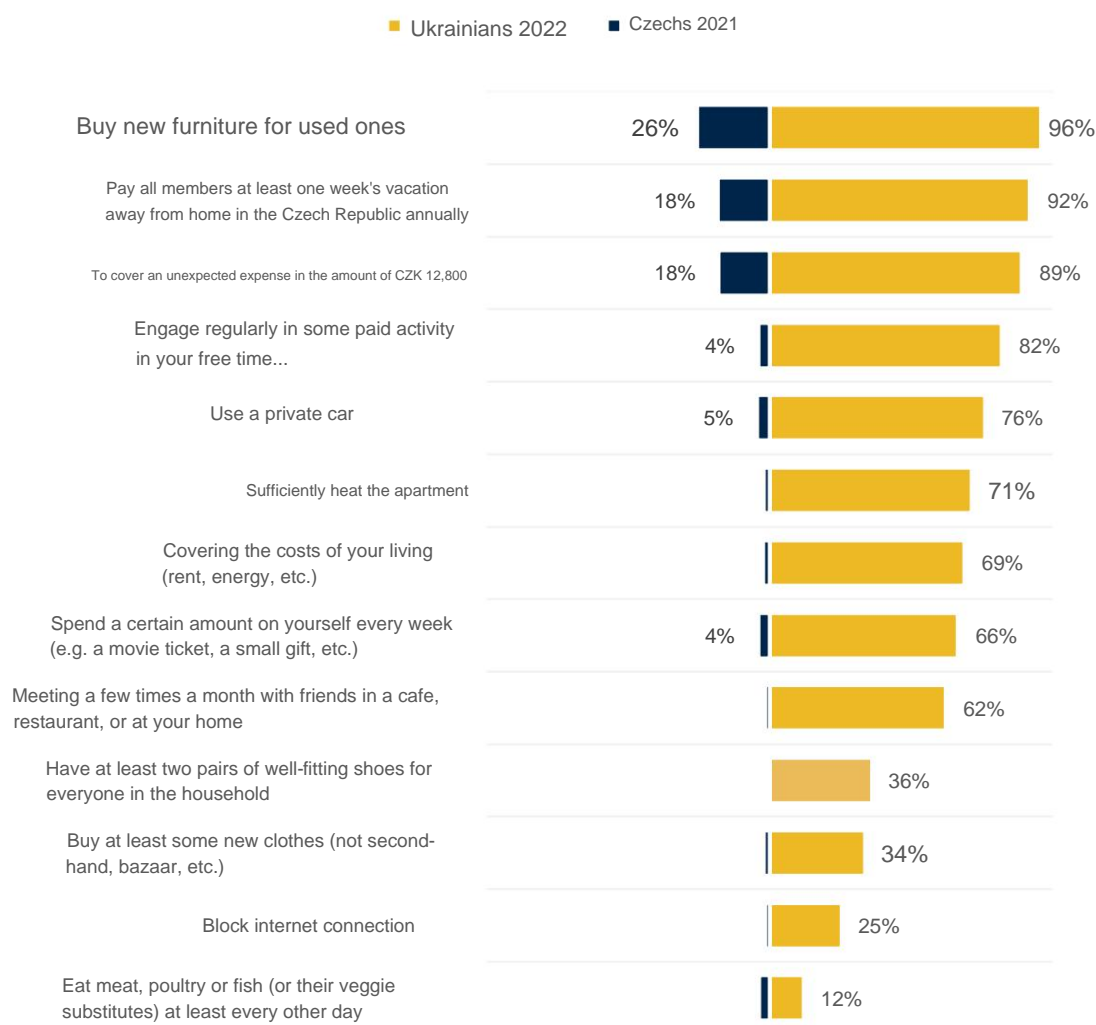
Material deprivation is measured by Eurostat through the number of basic needs (such as covering sudden expenses, buying clothes or leisure activities) that the household cannot afford for itself.

According to the statements of the refugees, 65% of them suffer from severe material deprivation (where they cannot afford most of the measured items). Among the Czechs, it is below 2%.

Graph 1.3 shows the results of Ukrainian refugees in individual items of material deprivation and comparison with the Czech population. The differences are striking – for example, 89% of refugees cannot afford to pay a sudden expense of CZK 12,800. For Czechs, this figure was only 16% in 2021. ³

Graph 1.3

/ Material deprivation of Ukrainians and Czechs – % who CANNOT afford:

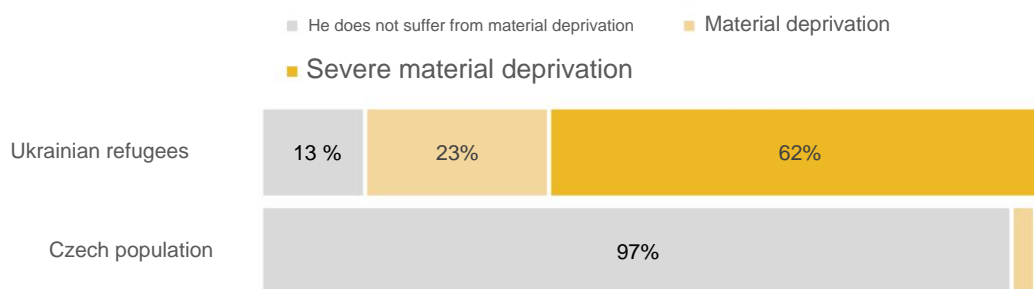


Note: N=6215; Wording of the question: "Czech and Ukrainian households face various economic problems. Please select for the following items whether your household living in the Czech Republic can afford it or not."; For people who have housing provided for free, it is calculated that they can afford to pay for housing and to heat the apartment. If they contribute to housing, we calculate that they can afford to pay for housing.

³ Source: Eurostat, 2021

Graph 1.4

/ Degree of material deprivation



Note: N=6215; Wording of the question: "Czech and Ukrainian households face various economic problems. Please select for the following items whether your household living in the Czech Republic can afford it or not."; Severe material and social deprivation refers to the inability to afford 7 or more items out of 13 according to Eurostat. If the respondent has paid accommodation, his/her inability to pay the costs of living and heating the apartment is not included in the material deprivation index.

The context of material deprivation is somewhat different from that of income poverty (*Table 1*). Severe material deprivation (where they cannot afford most of the items from the list, see *Graph 1.4*) is mainly suffered by single women, in contrast to income poverty, which is more likely to be affected by individuals and households without children after taking into account free housing. For example, 72% of single parents with multiple children cannot afford to meet friends a few times a month, and 42% cannot afford two pairs of matching shoes for each member of the household. The ability to afford things like spending at a restaurant or new shoes is not only related to income and benefits, but also to the overall situation of the household, which also includes savings. It is thus possible that single mothers do not fulfill these basic needs for their household, because they would be more at risk in the event of a loss of income. Refugees who have no earning member in the household are also significantly more likely to suffer from severe material deprivation (59% versus 70%).

Savings and overall living situation

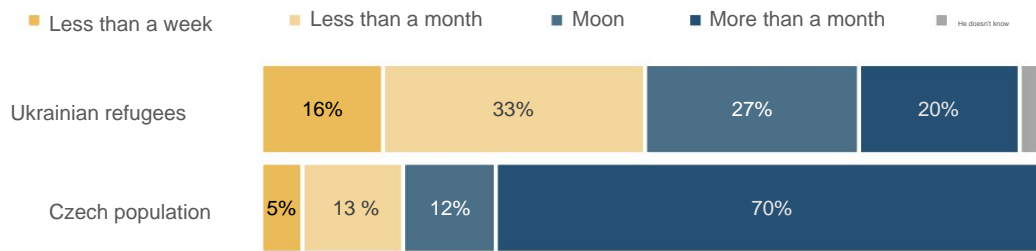
In terms of savings, Ukrainian refugees are worse off than Czechs. Almost half of them (49%) would have less than a month's worth of savings if there was a complete loss of income, and 16% would not even have enough for a week (*Chart 1.5*). In contrast, 18% of households in the Czech population have savings for less than a month. 4

Single parents (mostly mothers) are most at risk of a loss of income, a fifth of them only have enough savings for a week. People who do not have any household member working in the Czech Republic are completely without savings more often than those who work, 17% of them would have enough savings for less than a week. On the contrary, the drawing of the humanitarian benefit does not affect savings and does not even depend on savings - rather, it keeps people above the imaginary level who otherwise would not be able to manage their finances at all.

4 Life during the pandemic, data from February 2022

Graph 1.5

/ How long the savings would last



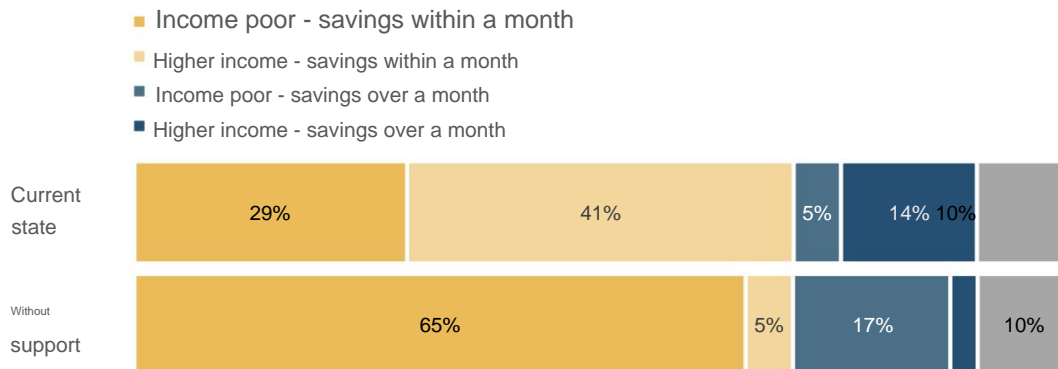
Note: N=6215, Question wording: "In the event of a complete loss of income in your household, how long do you estimate that your savings would last you?"; Source of the Czech Republic: PAQ Life during the pandemic, 2022

Chart 1.6 shows the overall financial situation of refugees by dividing them according to the income poverty line and savings. A total of 29% of refugees are in income poverty and have no more than a month's worth of savings. Another 41% live in households with incomes above the poverty line but little savings.

The second row of the graph illustrates how many refugees would find themselves in income poverty and without income if the humanitarian benefit and free housing subsidy were abolished. By stopping the support, 65% of refugees fell into very small incomes and savings. Families with children would be the most affected.

Chart 1.6

/ Typology according to savings and income and the effect of canceling support for refugees



Note: N=6215, Income poor = below 60% median equalized household income, higher income = above 60% median. Upper row = current status after accounting for housing provided free of charge, lower row = when free housing and humanitarian benefits are cancelled.

/ 2 / Contexts and impacts of poverty

We tested whether there is an association between the material situation and the degree of social integration (Table 2). The analysis shows that people in better-off households have an "advantage" in integrating into society. Here, savings have the biggest impact on the situation of refugees, as refugees are relatively different in this, while they are often similar in the amount of equalized income. The differences between the first two lines and the last are key here, as the group of people in income poverty with sufficient savings is very small.

Children from households that are either in income poverty or have minimal savings are less likely to participate in education. This may be one of the consequences of social exclusion, which manifests itself in poverty and at the same time in lower participation in education, but there may also be other relationships (for example, higher work activity of people whose children already go to school). In the same way, children from less financially stable families are more difficult to integrate into the collective (this is due to school, but also, for example, leisure activities). Regarding children's participation in group leisure activities (clubs), we found only a weak effect of material situation, but this may also be due to the insufficient sample size and the fact that in different regions various activities are offered for free, etc. As for adults, refugees without savings less they often attend Czech language courses, for which the price is the biggest barrier, and they also less often live in standard housing.

These examples suggest that poverty can lead to poorer integration and poorer prospects of finding a suitable job (e.g. due to an insufficient language level), which will lead to progressively worse prospects for financial stability. In order to prevent refugees from being excluded from society, it is therefore necessary to assist them in finding adequate work as quickly as possible and at the same time continue to provide financial assistance or reimbursement for desirable activities (language courses, leisure activities).

Table 2

/ The connection between income poverty and integration

	They have standard housing	He is taking a Czech language course	The child goes to school/kindergarten	The child is well integrated into the team	Children's participation in group leisure activities
Income poor & savings within a month	25%	34%	39%	31%	21%
Higher income & savings within a month	25%	37%	49%	29%	25%
Income poor & savings over a month	23%	50%	52%	39%	31%
Higher income & savings over a month	40%	53%	55%	49%	29%

Note: N=6193, N=829, N=2076, N=648, N=682 (according to columns). Proportion of refugees in different income categories who have (vs. not) standard housing... etc.; Income poor = below 60% of the median equalized income, savings up to a month = including 1 month

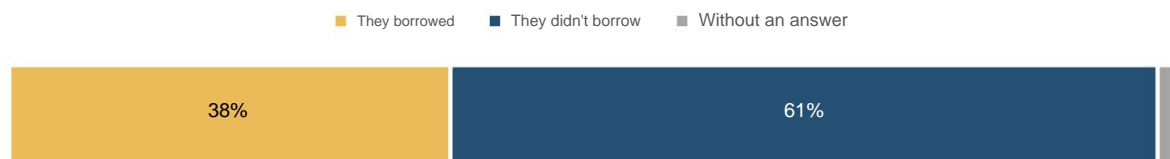
/ 3 / Loans

Some Ukrainians had to borrow money either to cover their trip to the Czech Republic or to live in the Czech Republic in recent months. This applies to a total of 38% of refugees in the Czech Republic (Chart 3.1). People with low incomes and no savings (savings up to a month) borrow most often. People who work in the least qualified positions in the Czech Republic, which fall under the ISCO classification of professions 6–9 (manual work, auxiliary workers, fitters, etc.) also borrow more often. ⁵ The majority of refugees borrowed money in Ukraine (Chart 3.2), three-quarters of them from friends or family, but 27% also from a bank (Chart 3.3).

in the Czech Republic, a total of only 3% of Ukrainians took out a loan, mostly from acquaintances.

Graph 3.1

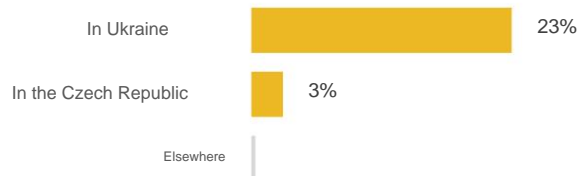
/ Did the household have to borrow money to cover the costs of living in the Czech Republic or traveling to the Czech Republic)?



Note: N=6215. Wording of the question: Did your household have to borrow money to cover the costs of living in the Czech Republic or traveling to the Czech Republic (from February 2022)?

Graph 3.2

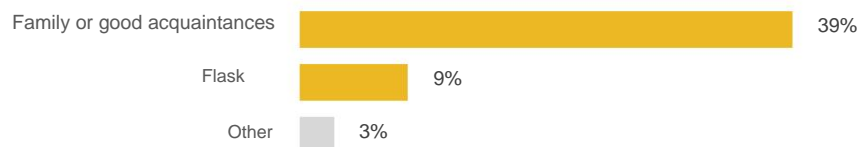
/ In which country did the refugees borrow money



Note: N=6215, Question wording: Did your household borrow in the Czech Republic or Ukraine?; 30% of respondents who borrowed they did not specify where.

Chart 3.3

/ From whom did the refugees borrow money



Note: N=6215; Question wording: "From which person/institution did you borrow?"; Other = people we live with, person providing loans, non-banking institutions

⁵ We wrote about the employment of Ukrainian refugees in mostly unskilled professions in a [previous report from the Voice of Ukrainians series](#).