Abstract. The article deals with the issues of social protection of population in the period of socio-economic crisis intensified with the tendency towards a decrease in real personal income, which has had a substantial negative impact on Ukraine's socio-economic development. Thus, the minimum wage as of September, 2015, amounted to 1,378 UAH, which in dollar terms was 59.9 USD, and the minimum pension paid to 7.5 million of Ukrainians was 1,074 UAH (46.7 USD).

The authors have conducted an analysis of equality in poverty and proved the inefficiency of the state support of socially vulnerable groups of population. It has been suggested that the established amount of social assistance to particular population groups does not meet the actual needs of most families. It may become possible to solve the problem of impoverishment of the Ukrainian population only due to the reforms in the socio-economic sphere. Creation of conditions for the development of entrepreneurial activities, reduction of taxation, indexation of wages, strengthening of social control, verification of the real standards of living and introduction of new social standards are tools of poverty reduction needed in Ukraine.

Keywords: Social Benefits; Social Defence; State Support; Poverty; Wages

JEL Classification: H53; H55; I30

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Forms of social assistance in the social protection system and their role in poverty reduction

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1. Introduction
For more than a thousand years, the support of unfortunate and people with disabilities has been traditional for Ukraine. Today, Ukraine's dynamic growth cannot be achieved in Ukraine without social benefits and mechanisms of their implementation. However, there exist some problems with the distribution of social benefits and determination of their size. Such problems appeared in the early 1990s, when a series of the important tasks concerning reforms in the socio-economic sphere, especially in the field of medicine, education, payments of pensions, allowances at birth, etc., and were related to the desire to help everyone. However, such initiatives failed mostly due to the lack of funds and poor state financing of the social support system, including the areas of social care. The systemic transformation of the political order and the mechanism of economic management according to market principles extremely aggravated the issue of social protection. The National Strategy for Poverty Reduction, which was approved by the Decree of the President of Ukraine (No. 637/2001 as of 15 August 2001) and optimised for the 2001-2015 period, has not achieved its goals. This affected the acceleration of negative demographic changes associated with population decline, ageing, and migration outflows of professionally active people. Poverty negatively affects the economy restricting the market capacity, reducing demand for products and services and creates additional obstacles to European integration processes in Ukraine. Considering the European integration objectives of Ukraine, the solution of the poverty problem, including a need to improve the system of social benefits is an urgent task today.

2. Brief Literature Review
The relevant problems have been studied by a number of domestic scholars and scientists, among whom are V. Buyashenko, I. Myhovych, V. Savka, A. Andruschenko, V. Kamaev, I. Prokopenko, E. Libanova, O. Makarov, V. Novikov, A. Dahnova, J. Kaszuba G. Kozoriz. They have contributed to the study of social problems. Russian scholars, such as M Buyanova, F. Dahaeva, M. Fedorova, K. Gusova, M. Lushnikova, A. Mitina, N. Scomorova, V. Tarasova, I. Tikeev, B. Tolpmirina, V. Usenin, have also conducted comprehensive analyses of the same issues in the context of social care. Foreign scholars, such as George Marian Stefan (Stefan, 2015) [12], Stephen Devereux, A. McGregor (Devereux, McGregor, 2014) [13], Marianne S. Ulriksen (Ulriksen, 2011) [14], Sophie Plagerson (Plagerson, 2016) [15] and others dedicated their works to the examination of issues related to different aspects of social protection. Monitoring of social policies, as well as evaluation of existing social programs, is a new direction in the development of Ukraine's economy today. The problems related to social funding and further increase in social assistance are far from being resolved and require additional studies.

3. Purpose
The purpose of the article is to outline the causes of poverty among the country's population and to substantiate theoretical, methodological and practical aspects of the social care policy in Ukraine.

4. Results
Generally, a social care system is a combination of measures taken by the government related to expenditures on the provision of financial aid to certain segments of the population whose income is not sufficient for ensuring their needs due to reasons beyond their control. This system covers social services, i.e. measures targeting specific social groups in difficult situation who need assistance in order to improve their living conditions, to have social adaptation and to live the normal lives, guaranteeing social benefits which are separate kinds of material support for disabled people, poor families, families with children, etc. Social care is considered to be a guaranteed, regulated by law, single or regular disbursement for social purposes; or goods and services provided to maintain material support of people requiring such assistance because of certain social cases specified by law. Social care is provided in almost all developed countries to cover the misbalances arising within their systems of social security aimed at reducing poverty. In developing countries, social care is less spread, and it is usually limited to one or two groups of people (e.g. the elderly people).

In Ukraine, social care guaranteed by the state includes financial support to people with low-income, disabled people, families with children, the unemployed, refugees, as well as nursing aid and large families support. In-kind assistance may be provided in the form of free food vouchers, exemptions in payment for services, free food packages, free school meals, free medications, etc. State and regional budgets finance the maintenance of social and cultural institutions for people who are not able to use the services of social and cultural spheres on a commercial basis.

Worsening of economic and social crisis, military activities, freezing of social standards due to the abovementioned events have accelerated the impoverishment of a significant contingent of the population, as evidenced by statistics. According to official statistical reports, the Consumer Price Index for 9 months of 2015 amounted to 141.4%, and the real disposable income of the population compared with the corresponding period in 2014 decreased by 34.0%. Further, if we consider the amount of unpaid wages (2.42 billion UAH as of 01 September 2015) we can see increasing impoverishment even among the working population. Moreover, during 2015, there was a steady decline in the real income of the population. Thus, the real wage index in August 2015, if compared to July 2015, amounted to 96.4% (Antonyuk, 2015) [3]. Analyzing the statistical data given in Table 1, we can make a number of conclusions. Almost 58% of workers receive wages below 200 USD, which indicates the overall impoverishment of people who cannot afford themselves to buy food of adequate quality, educational and medical care services, etc. In fact, these figures indicate a lack of that segment of the population, which could be attributed to the middle class. Thus, according to the data given by the Ministry of Social Policy of Ukraine, 20-25% of Ukrainian households are poor. Children under 18 are the most vulnerable social and demographic group: the poverty rate among them makes 33.4%. One of the reasons for this is the low level of their parents' wages. The existing minimum wage standards result in a situation in which every fifth working person is officially poor [1].

According to (Krasun, Turchyn, 2008) [2, 82], the phenomenon of poverty should be considered when an individual cannot provide himself with a minimum «set» of goods and services that are integral to the issue of life in a particular area. There is the phenomenon of poverty among people under 18. Among them, the poverty rate among them makes 33.4%. One of the reasons for this is the low level of their parents' wages. The existing minimum wage standards result in a situation in which every fifth working person is officially poor [1].

The declared vector on the social state development which recognises man as the highest social value, redistributes economic benefits in accordance with the principle of social justice, provides social care to certain categories of citizens to maintain a proper standard of living, directs activities to ensure civil peace in society has not been reinforced with real reformation changes in almost all areas of society or relevant social and economic policies. Hence, in the absence of a developed civil society and in the conditions of an unbalanced economy, ineffective systems of legal and social protection,
nonexistence of a social state and a socially oriented market economy, this appears to be only a promising target for our country.

The profound social contradictions caused by the inversion type of market transformation have resulted in the destruction of the social security system and the absence of social policy based on principles of paternalistic egalitarian (countervailing) model and in its replacement with the liberal model of minimum social standards and the decisive role of the market in shaping welfare. As a result of inconsistent activities and a slowdown in the reform process, this policy has led to a deep stratification of the population by income and to the impoverishment of the working population. According to the national criterion of poverty, in 2013 the share of the poor people was 24.5%, among rural households - 34.1%, among households with three or more children - 59.2% (Antoniuk, 2015) [3, 3-4]. Considering the growing crisis, these figures will only increase.

At the current stage of reforms, there is a clear focus on reducing the funding of social care, freezing social standards at an unrealistically low level, increasing the tax burden on all segments of the population without taking into account their financial capacity simultaneously with the absence of reforms in the areas that provide or produce social services and goods, total corruption, massive shadow economy and so on. This policy provokes social conflicts, binds initiative and leads to the erosion of confidence in reforms. The great German reformer E. Erhard said: «Poor people are not able to accept and implement change» (Kovalchuk, 2014) [4, 8].

In these conditions the program of compensatory measures which could mitigate these deficiencies in the transformation period and includes social benefits and social services, can play an important role. Social assistance is a state financial benefit to people allowing them to express their constitutional right to social protection, which is provided on the basis of verification of their income or on certain criteria without verification of income and is financed from the budgets of all levels. The costs of local budgets are covered by subventions from the state budget. Social assistance is aimed at returning people to active life and work, restoring the person's social status and forming of individual qualities and motivations to adapt to normal life conditions in a way of his legal and financial protection, preparation for self-service with the formation of the capacity for movement and communication, daily life needs, etc.

In other words, it is the financial benefits and in-kind assistance largely financed from the budget and donations paid to people who are in need. One of the main objectives of social care is to alleviate the financial status of people who appear in a difficult financial situation and really need such help. Social care differs from social security insurance in that the only condition for payments within social insurance is that the person must be insured and if the person is insured, he/she is entitled to receive a pension, unemployment benefits, temporary disability benefits, etc.

There are the following types of social benefits in Ukraine:

1. Government social assistance for orphans and children deprived of parental care, allowances to foster parents and adoptive parents for providing social services in family type children's homes and foster families on the principle «money follows the child» (The Decree of Cabinet of Ministers of Ukraine No. 613 [2017])
2. Assistance for single mothers, allowance for the adopted child.
3. Government social assistance to people disabled from childhood and children with disabilities.
4. Government social assistance to low-income families.
5. Benefits to people with the severest degree of disability or elderly people over 80 years old.
6. Benefits for individuals providing social services.
8. Benefits for children under guardianship or trusteeship.
9. Monthly allowances to person living with the people who are incapable of replenishing themselves or people with a social category disability ascertained by a decision of a medical board.
10. Government social assistance to individuals who are not entitled to a pension, to disabled people, and government social assistance for nursing.
11. Temporary government assistance to children whose parents refuse to pay child support, are unable to maintain the child or their residence is unknown.
12. One-time financial assistance to victims of human trafficking.
13. The new government social support targeted program for low-income families, housing and communal services allowances.
14. One-time financial assistance to people who have received serious injuries while participating in mass actions of civil protest that took place in the period from 21 November 2013 to 21 February 2014.

Social benefits and other current transfers play an important role in the formation of people's incomes. According to the statistical data for the second quarter of 2015, the share of wages within total revenues was 41.2%, and the proportion of social benefits and other current transfers was 39.1%, the income from property percentage was quite meagre - 4.7%, profit and mixed income comprised 15% [1]. These data confirm the fact of existing poverty of a significant number of people and the decreasing cost of labour in Ukraine. Low income is characterised by minimum subsistence allowance, physiological and low figures for the level of physiological and social support. If the minimum subsistence allowance is a minimum number of means of subsistence necessary for the maintenance of human's life and restoration of a person's workforce, the physiological minimum is the value of goods and services required to meet basic physiological needs, and the social minimum corresponds to the minimum standards meeting the physiological, social and spiritual requirements necessary to maintain an acceptable standard of living.

The minimum subsistence allowance for a working person (as of 01 September 2015) amounted to 1,378 UAH and equalled to the minimum wage, which in dollar terms was 59.9 USD (at the average rate of 23 UAH per 1 USD); the minimum pension paid to 7.5 million of people was 1,074 UAH (46.7 USD). Such incomes do not satisfy even the physiological needs of man; therefore social benefits and current transfers, in some way, contribute to the «survival» of the population, but they do not solve the problem of impoverishment of the population.

The unprecedented situation emerged when the right activists filed a legal claim against the Cabinet of Ministers of Ukraine demanding to «revise» the minimum subsistence allowance components and set it at a sufficient level. The government recognised the current standard groundlessness and, according to the Ministry of Social Policy, calculations of the actual cost of the minimum subsistence allowance in June 2015 prices amounted to 2,555 UAH per one person, and it equalled to 2,727 UAH disregarding the personal income tax [5]. According to the UN data, as a result of the artificially lowered social standards and galloping inflation, 80% of Ukrainians live below the poverty line [5]. Regarding this, Ukraine has an urgent need to ratify ILO Convention number 102 on Minimum Standards of Social Security and the European Code of Social Security.

Despite the fact that Ukraine ratified the European Social Charter in 2006, the country did not recognise Paragraph 1 of Article 4, which specifies the right of workers to remuneration that ensures them and their families a decent standard of living.
However, the level of poverty also shows the inefficiency of the system of government support to socially vulnerable populations. The size of the defined social assistance certain categories of citizens does not meet most families’ actual needs in social support. Certain types of social assistance are provided without regard to recipients’ incomes. There has been no assessment of the impact of the government social support impact on poverty reduction. There exists no database of potential recipients of such assistance, and the quality of social services is low as well. Provision of such services is not transparent enough and their targeting is poor. All this proves that this area needs deep reforming.

In recent years, a number of legislative acts that regulate the provision of social services have been adopted, in particular, the Law of Ukraine «On Social Services», the Decree of the Cabinet of Ministers of Ukraine as of 31 August 2011 No. 1057 «The State Targeted Social Program for Poverty Reduction and Prevention for the period up to 2015». Currently, the development and adoption of the Social Code of Ukraine is encouraged in order to combine and systematise the existing regulatory acts, to deepen the government social aid targeting through streamlining benefits and allowances granted to various categories of the population, to introduce a unified accounting and information system of social assistance recipients, to increase the benefit rates to particularly needy people, to establish an effective monitoring system for the rational use of social assistance funds, to ensure the cooperation of local government with religious, charitable, community organisations, etc.

Policies leading to poverty have a serious negative impact on the long-term social and economic development of the country. Firstly, the demand for products and services reduces. This, in turn, limits the capacity of the domestic market and deepens the economic crisis. Secondly, the investment potential in the form of savings reduces. For example, in the second quarter of 2015 the structure of household costs and savings comprised the following figures: 89.2% - purchase of goods and services, 8.5% - taxes, 0.6% - savings, 1.7% - payments imposed on income from property (Antonyuk, 2015) [3]. Revenues are so small that most of them are spent on food and utility bills. Also, the situation worsened during the second quarter of 2014, when the share of savings was 6.2%. Thirdly, the spread of poverty causes negative demographic trends, such as low birth rate, mass migration outflow of the economically active population; it limits access to health care, education and ultimately reduces the quality of human capital. The current poverty level inhibits the process of Ukraine’s integration into the international community.

Taking into consideration new challenges and demands, it is important to state that the improvement of the social care system is associated with the expansion of international cooperation and the use of foreign experience in this area. In 2014, the World Bank advanced a loan of 300 million USD to implement the project known as «Modernisation of Social Support System in Ukraine» aiming the expansion of targeted social assistance program to support the most vulnerable and less protected social groups.

The new investment loan will help expand the government social assistance program providing a guaranteed minimum for those citizens who are most in need. It is intended to support the implementation of high-priority measures directed to improve the efficiency of administration of benefits and services by strengthening the system of management with the support of the national information management system. The project covers all local social care departments which are administered by the Ministry of Social Policy of Ukraine. It is expected that the number of people receiving government social assistance will almost double from 586,000 in 2013 to 1.1 million in 2019. In addition, measures taken within the project are aimed at meeting the needs of orphans and orphans with disabilities in four selected areas. Orphans will be able to receive a range of social security services, development and implementation of which are part of the new project. Thus, 25,000 disabled children under the age of 18 years old and 13,000 orphans and children deprived of parental care will benefit from this project. This new project is designed for 8 years and is a part of the general aid to Ukraine, which was announced by the World Bank Group.

The UNDP program known as «Support to Social Sector Reform in Ukraine» can serve as another example of international cooperation for poverty reduction in Ukraine according to the approved Millennium Development Goals. In view of this, UNDP supports the development and the national discussion on the Poverty Reduction Strategy, the preparation of which was initiated by the Ministry of Social Policy under the Action Plan for the implementation of the Association Agreement between Ukraine and the European Union. UNDP experts developed recommendations for improving the Poverty Reduction Strategy draft in accordance with the European Platform against Poverty and Social Exclusion and the European Social Charter taking into account the Ukrainian context.

But social security problems cannot be resolved only through international assistance without improving the whole system of social care in Ukraine. Reforms should be focused on the implementation of reasonable social standards, optimisation of administrative costs and their transparent use, establishment of the market of social services. Budgeted funding of budgetary institutions that provide social services, their monopoly position has proved to be ineffective. The experience of developed countries proves that the improvement of quality of social services requires a competitive environment, access to budget funding for state-owned, municipal and non-governmental institutions, other organisations that are able to provide social services. The practice of development of social order has become a major step in this direction, but it is hindered by state standards for services, by the system of services planning based on the definition of need, by the system of monitoring and assessing the quality of social services provided by local authorities’ empowerment and expansion of their competencies towards social development in the regions.

5. Conclusions

The system of social care including social services and social benefits is aimed at improving the financial security of vulnerable groups of the population, poverty reduction and reduction of stratification in society in terms of income, providing suitable living conditions to families in difficult life circumstances. However, solving the poverty problem is only possible through a comprehensive approach to reforming of social and economic spheres. The goal of this reform should be to create conditions and incentives for the development of entrepreneurial activity among people and establish the middle class in the country. The reduction of the number of people who need social assistance in absolute and relative terms is a criterion for the successful achievement of this goal.

The Verkhovna Rada of Ukraine is considering the draft law «On Poverty Reduction Strategy in Ukraine in 2016-2025». Poverty reduction is not possible without an increase in wages and other incomes, implementation of hourly pay rates with regard to the minimum level, legalisation of labour income by reducing payroll taxes, maintenance of wage guarantees and indexation of wages, simplification of all types of social assistance procedures, promotion of social control and assistance with the monitoring of the real standards of living, definition of poverty criteria, establishment of new social standards, development of an effective legal framework for philanthropy and patronage.

Considering the fact that no deep reforms aimed at fighting corruption, reducing the shadow economy, improving of investment attractiveness of Ukraine’s economy have been implemented over the past two years, the Verkhovna Rada of Ukraine is also expected to continue the policy of impoverishment of large segments of the population. It is clear from the government’s draft budget for 2016, according to which the minimum wage is expected to be 1,550 UAH at the end of 2016 and the minimum subsistence allowance for one person within the same period will be 1,486 UAH [6]. The freezing of social benefits poses a serious threat to the country’s sustained development.

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