

**Global and European Integration**

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**DEVELOPMENT OF THE SYSTEM
OF SOCIAL PROTECTION IN UKRAINE
IN THE CONTEXT OF EUROPEAN CHOICE****Abstract**

The article studies basic principles in the functioning of national social protection systems, including the problems and their causes, offers an analysis of their pragmatic applications over the period from 2015 to 2020 and performs a comparison of the calculated euro-denominated social expenditure per person and total social expenditure indicators for Ukraine and several European countries selected to represent the four regions of the EU. Based on the results of performed analysis, it was found that the level of social protection development in Ukraine is lagging far behind all the EU countries, including the least performing ones. Taking into consideration the European experience and Ukraine's country-specific features, the authors provide substantiation for the main components of the national social protection model. The developed model includes the current and strategic directions of its development, the interactions between its elements,

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and the financial resources. The model also takes into account the impact of the factors of external environment, as well as Ukraine's orientation towards pro-European development objectives.

Key words:

indices; population welfare; standards; EU regions; theoretical constructs.

JEL: H41, H53, H75, I31.

3 figures, 5 tables, 59 references.

Problem Statement and Literature Review

The complicated conditions of social development in Ukraine caused by the Russian war of aggression create an exceptionally unfavourable situation with respect to ensuring a decent living standard for the entire Ukrainian nation. At the present time, when the war in Ukraine is still going on, the quality of life continues to fall, especially for socially vulnerable groups of population and the people who are staying in temporarily occupied territories or near-front zones. In view of this situation, the question of social protection gains urgency for our citizens. It is also the time to further improve the national system of social protection, taking into account that on June 23, 2022, the EU member countries granted Ukraine the status of a candidate for accession to the EU, which presumes compliance with the respective social standards. It can also be acknowledged that even during the pre-war period, Ukraine ranked one of the lowest in Europe in terms of the living standards. Thus, it would now be reasonable to substantially improve the system of social protection.

For decades, the systems of social protection have been evolving in the world and European countries in particular as reflections of their economic situation, national identity, mental manifestations, and authority of civil society organizations in political decision-making related to social problems. In Ukraine, since the early years of its Independence, the tradition of increasing the number of social benefit recipients has continued in view of the growing numbers of financially

disadvantages citizens and the people affected by the Chornobyl catastrophe and war in Afghanistan. We would like to acknowledge that during the recent years, the situation with payment of social protection benefits has improved. At the same time, it should also be noted that an optimal system of social protection has not yet been formed in Ukraine, which is why it is important to implement essential measures with respect to its improvement. In this context, the positive experience of the EU countries would be helpful. In order to solve the mentioned problem, the present study performs an assessment of the state of the social protection system in Ukraine and offers its comparison with the pragmatics of foreign countries, in particular the EU, according to specified criteria.

The global nature of the problem of social protection gives rise to continuous stream of research publications written by scientists from different countries. The results of their search are presented in respective research outputs and published in both fundamental works and stand-alone articles in periodical journals.

When generalizing and reviewing the works of scientists, the Ukrainian ones in particular, we would like to distinguish the legal, financial and sociological aspects. There is obviously no clear separation between these aspects, however, because the studies were performed with application of the approaches used in the respective fields of science.

Thus, the legal aspect of providing and regulating this kind of support in foreign literature is represented by the works on maternity and old people (Witkowska & Kompa, 2020), human rights in the sphere of healthcare (Marshall, 2020), assistance to pregnant women (Hanley et al., 2020), employment protection (Claessens & Ueda, 2020). Ukrainian scientists also show interest in this field of research, in particular the issue of the principles of social protection (Gnatenko, 2020; Syrota & Hudz, 2019). In reviewing this direction, we recognize it as a systemically important element of the social protection system.

Taking into account the major role of financial resources in social protection, the respective research outputs are extensive both generally and by country. In view of the tendency towards growth in life expectancy and rapid increase in the number of very old people, which has been observed in the developed countries during the recent decades, the problem of determining the optimal level of state pensions and state insurance is growing in relevance (Nishimura & Pestieau, 2022).

Estimation of indirect costs in different European regions, in particular the Netherlands, allows to reveal the real cost of health services and to specify the conditions under which a certain method of research should be preferred (Mennini & Gitto, 2022).

Analysis of the Ukrainian peculiarities of state healthcare provision and health financing in comparison with western European countries casts light onto the revealed differences (Neskorodieva et al., 2018).

The range of publications within the sociological direction is no less extensive. In this context, it is worth paying attention to the pragmatic approach taken by the Netherlands, where conditions of social protection are being continuously improved. Thus, the interviews with social benefit recipients allowed to identify three different ways of framing social support: As a right, as a transaction or as a gift (Sebrechts & Kampen, 2022).

Based on the example of Finland, the attitudes of citizens and clients to social welfare services and social security benefits, in particular the theoretical perspectives of self-interest and legitimacy were studied by Muuri (2010). In view of the existing problems in the functioning of the social protection system in Ukraine, researchers focused their attention on the following aspects: Assessment of the quality of the working life (Novikova et al., 2021); the state and the problems of social development of population at the modern stage of Ukraine's development (Smirnova et al., 2020); improvement of social protection for internally displaced persons (Poliarina & Akimova, 2021).

While positively assessing the research contributions of foreign and Ukrainian scientists to improvement of the social protection system, it should be acknowledged that the current and strategic directions in the functioning and development of the Ukrainian system of social protection are insufficiently highlighted in view of the following arguments. First, the Russian aggression against Ukraine made the living conditions difficult for the entire population, and the current social protection system goes through significant complications with performing its role in the society, that is why there is an urgent need to develop a fundamentally new model of social protection. Second, the prospective accession of Ukraine into the EU requires that this system be formed based on new principles that would be comparable with the European ones. Third, there is a need to significantly expand the sources of financing for the recipients of social protection support.

The aim of this article is to further improve the national system of social protection, taking into account the European vector of social development in Ukraine. In order to achieve this goal, the following tasks were set: (i) to refine the modern interpretation of the «social protection» concept; (ii) to identify the peculiarities of social protection systems in the foreign and national theoretical frameworks; (iii) to develop the methodology of research for the following components: Analysis of the main problems in the functioning of the national social protection system; identification of country-specific features in the functioning of foreign social protection systems; applicability of approaches and propositions of major theories and concepts; principles of development; (iv) to develop a national model of social protection; (v) to provide substantiation for the conditions to implementation of the suggested national model of social protection; and (vi) to form main strategic and operational directions for the development of the social protection system.

Methodology

The chosen methods are based on the respective propositions of the economic and social sciences and enable the substantiation of the directions for the development of the national system of social protection. The tasks of this research stipulate for the application of general scientific and specialized methods, in particular the following: Systems analysis – for evaluating the peculiarities in the formation and functioning of the foreign and national models of social protection systems; logical and historical methods – for analysis of the current state and identification of the problems in the national system of social protection; induction, deduction, generalization, and abstraction – for developing the methodology of research; economic-mathematical method – for analyzing the dynamics and structure of financial resources.

Research Results

Refining the modern interpretation of the «social protection» concept

In view of the fact that social protection plays an exceptionally important role in the development of the world society, in 2012, the International Labour Organization (ILO) adopted based social security guarantees, which were approved by the workers, employers and governments in all countries of the world (International Labour Organization, 2012). According to this document, the following social protection policies were established: Universal social protection; a social protection floor; guaranteed minimum income; universal basic income.

Thus, *universal social protection* is a policy objective, which is based on the international commitments stipulated in Article 22 of the Universal Declaration of Human Rights, which states that «Everyone, as a member of society, has the right to social security...» (United Nations, 1948), as well as other international commitments, including the ILO Standards and Sustainable Development Goals of the UN Agenda 2030.

The *social protection floor* is a policy and a standard, which comprises a nationally defined set of basic social protection guarantees ensuring access to basic healthcare services. *Basic income* is a cash transfer, which is set and paid by the government to all residents of a country as a special kind of social assistance. Some versions of this income were found to have positive social impact (Ortiz, 2018).

At the international level, the United Nations Organization – as stipulated in the Sustainable Development goals adopted by the world leaders in 2015 – makes it obligatory for all countries to implement nationally appropriate universal systems of social protection, including floors, for reducing and preventing poverty (United Nations, 2015).

Scientists use the concepts of «social protection», «social security», «social support», and «social assistance» in the context of providing support to those individuals who are in need of it due to life circumstances. In spite of certain differences in interpretations, scientists view these concepts as interchangeable. For example, in the OECD report, Adema & Ladaique (2009) substantiated the functions of social protection. Drolet (2020) understands social protection as an efficient instrument for reducing poverty, promoting the development and enhancing the resilience to shocks. It is also possible to distinguish the most important attributes of the future universal system of social protection as one which is human-centred, which removes gaps in the coverage and adaptation to new conditions, and which has regard for digital platform-based work and responds to specific situations and needs of employees in order to realise the right of the person to social protection for all (Behrendt et al., 2019). Thus, the interpretation of this concept is consistent, it reflects the views of the scientists and the peculiarities of social development in a specific country, and it singles out the identified peculiarities.

Identifying the peculiarities of social protection systems in the foreign and national theoretical frameworks

Social protection as a social institution was known to humanity since the times when the first civilizations were formed, and thus, its evolution was accompanied by the development of theoretical constructs – ideas, assumptions, propositions, concepts, theories, models, etc. The current social protection system received its defined organizational forms and public financial support in Germany at the end of 19th century. The provisions of this system were developed further in the 1940s and 1950s in Great Britain along with expansion of the power of the government to intervene in the market relations and society in order to collect financial resources and implement the mechanisms of social security (Williamson, & Weiss, 1979).

When adapting to the conditions of world social development, the systems of social protection have been going through continuous transformation depending on the social conditions in particular countries, and thus, the scientists tried to explain the specifics of their functioning, identify the peculiarities and the essence of their problems and offer their own views on specific vectors of their development. A review of the research of this problematics allowed distinguishing the following planes of research: Specific features of a country or a group of similar

countries; factors of influence; and the essence of the suggested concept or theory. Let us discuss them as follows.

1. Specific features of a country or a group of similar countries

The fundamental social security studies performed during the times of the reconstruction of Europe after the Second World War have renewed theoretical developments (Robson, 1957; Wilensky & Lebeaux, 1958). The next surge of scientific interest in social protection has coincided with the 1960s, when aggregate public expenditure on social protection in western countries, according to SOCX database, has accounted for approximately 7.5% of GDP (OECD, 2017). The further studies in the 1970s were directed towards highlighting the advantages of social security in affluent democracies, in particular Swedish, French and Swiss healthcare systems, which proved that centralization and insulation of central executive power authorities from excessive parliamentary control is an important condition for success (Immergut, 1992). In the 21st century, the research has continued with a focus on the problems and their solutions under conditions of globalization, identification of advantages in separate countries, and implementation of promising models taking into account the positive experience of other countries (Bhandari & Burroway, 2018; Beloshitzkaya, 2020; Lupenko et al., 2022). The peculiarities of the social protection system development in Ukraine were outlined in the works by Gitis & Lysenko (2020) and Shapovalova (2022).

2. Factors of influence

Given the cross-country penetration of the models, schemes and mechanisms which typically occurs under conditions of digitalization and social-economic international relations, the social systems, in particular the system of social protection, undergo major transformations under the influence of respective factors. After the Second World War, when almost all countries of the world have been rebuilding their own economies, the economic growth factors were considered to be the most relevant factors of the social spectrum as such that ensured the inflow of budget revenues used to finance the social expenditure (Wilensky & Lebeaux, 1958). In the 1960s and 1970s, the focus of research has shifted towards the identification of cross-country variations in the mechanisms of social protection; the role of the new impersonal factor – the demographic profile; and the formation of conditions with respect to public financing schemes for payment of social protection benefits (Wilensky, 1975; Kerr et al., 1960; O'Connor, 1973).

At the end of the last decade of the 20th century, political parties were identified as an important factor supporting the social protection system development due to the fact that they could produce an influence – through representatives in power authorities – upon the volumes of budget resources and increase the social protection expenditure (Esping-Andersen, 1999). The impact of this factor has become permanent, and its role continues to be significant in the first quarter

of the 21st century as well (Elomäki & Sandberg, 2020). In what concerns Ukraine, throughout the period of its independence, the significant factors producing an impact upon the situation in the country have been the factors of inflation (Rudkevich, 2009) and the lack of funds that are necessary to balance the needs and the capabilities of social support and to justify the building of financial flows (Mishchenko, 2017).

3. The essence of suggested concept or theory

The volatile conditions of social development in countries have constantly called upon analysis of social situation, identification of problems and their causes, and substantiation of decisions, which attracted scholarly interest with respect to development of certain theoretical constructs. In the mid-1960s, the power resource theory was suggested, which stated that the majority part of population would unite against the minority part – that is, the elites – in order to claim a larger share of social surplus (Lenski, 1966). As demonstrated by the studies, its interpretations are still relevant in the reality of the first quarter of the 21st century (Haggard et al., 2013). A deep assessment of all existing theoretical frameworks available in the middle of 1970s was performed by Wilensky (1975), who empirically explained their efficiency. The significant variations in the volumes of social protection expenditures in developed economies were considered to be a success achieved by the left-wing parties, in particular social-democratic parties, as explained by the power resource theory (Cameron, 1978; Castles, 1982). In the reality of globalized 21st century, this theoretical framework has become the dominant one (Alesina et al., 2018). Ukrainian scientists also offer their respective theories for improvement of the mechanisms and control over use of financial resources for the system of social protection (Gordienko, 2016). During the first quarter of the 21st century, the scientists focus on cross-national variations and concentrate their efforts on creating the universal social protection development theory (Huang & Cai, 2021).

Developing the methodology of research

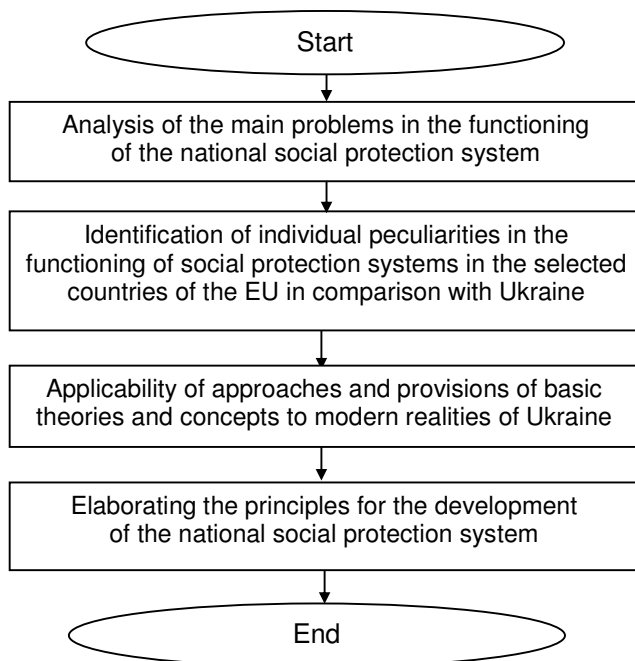
The methodology is formed according to the following algorithm (Figure 1):

Analysis of the main problems in the functioning of the national system of social protection. In spite of continuous efforts of the authorities at all levels to optimise the system of social protection, it still continues to face significant problems with respect to meeting the needs of social protection recipients. Thus, an expert survey performed by Deutsche Welle in 2020 allowed identifying the following problems (Zhuravlyova, 2020):

1. Numerous social benefits. Ukraine currently has approximately 140 benefits, and 18 million people are entitled to them. This is why now is the time to run an audit and put them in order.

Figure 1

Methodology of research of the state of the national social protection system



2. Absence of registers of recipients. It should be noted that Ukraine has not conducted any population censuses since 2001. In addition, no national register of the recipients of such benefits has been formed to date, even though recently some activation of work in this direction has been observed.

3. Fraudulent payments of social protection benefits. The audit checks conducted during 2016 have shown that 60 billion hryvnias have been illegally spent every year from the budgets of all levels through different fraudulent schemes, in particular payments of state benefits, benefits to displaced persons, benefits for utility and housing maintenance services.

4. Lack of sufficient public finance needed to pay these benefits in accordance with physical needs of the recipients.

5. Absence of a single authority in charge of control and audit of cash benefits in the system of social protection. The existing designated government ministries and specialized non-governmental organizations did not ensure that

proper control be performed over these transfer schemes. There is hope that this control will be significantly improved taking into account the expected reorganization of ministries in 2023 (Chekis, 2022).

The UN experts indicate that the Ukrainian system of social protection is inefficient (Konstantinova, 2021).

The presence of significant problems in the system of social protection is preconditioned by the processes of population aging, low incomes of households, high inflation, high prices for utility and housing maintenance services and consumer goods (Pikulyk, 2016).

When assessing the views of experts and scientists, it should be noted that these problems are to a certain extent historical in nature, reflecting the mentality of the Ukrainian people and a peculiar path of social development. Generalization allows classifying them according to the following aspects.

1. Mental aspect. The peculiar traits of the Ukrainian people, in particular loyalty with respect to authorities' actions, and insignificant financial resources spent on social needs call for the formation and implementation of the concrete actions in the political, legislative and social dimensions that would establish the respective attributes and criteria for the functioning of certain social institutions, in particular the social protection system. These particular attributes are what distinguishes Ukrainian social protection system from those of foreign, in particular European, countries, which more efficient in general.

2. Strategic and current aspect. During the period its independence, Ukraine has adopted separate legal acts, but their efficiency turned out to be insignificant in view of the low level of population incomes compared to other, in particular European, countries. Thus, the applied mechanisms, schemes and the social protection model turned out to be imperfect, as demonstrated by the mentioned problems.

3. Political aspect. Now, in the reality of the third decade of the 21st century – the era of post-modernism or Fourth Industrial Revolution – the significance of political parties for the development of societies becomes obvious, in particular in ensuring the standard of living of the population. As for Ukraine, taking into account separate social conditions, throughout the entire period of Ukraine's independence, their role in this context was insufficiently effective in supporting the optimal state of this system. At the same time, it is worth noting that during the recent year, there have been attempts to improve the situation.

4. Aspect of external factor influence. Under the conditions of globalization, we can observe an increasing influence of separate countries or their blocks upon other countries. This influence is realized through political, economic, social, and military contacts. Ukraine, being located between the countries of Asia and Europe, is subject to considerable influence by the factors that largely modify its social state and affect the system of its social protection. Evidence to it is the military aggression of Russia, which attacked Ukraine on February 24, 2022.

The identified problems and their causes are the dominant elements of the current state of the social protection system, which should be taken into account when developing the models and directions for its development.

Identifying separate peculiarities in the functioning of social protection systems in the selected countries of the EU compared to that in Ukraine. Taking into account the fact that the EU comprises 27 countries (as of November 2022), in order to assure the comprehensiveness of comparison of the social protection systems, it is necessary to determine the regions of Europe based on the UN classification (Table 1).

For representativeness of social protection indicators, in each EU region we selected two countries with the highest and the lowest values of government expenditure on social protection per person (Table 2).

Table 1

Groups of EU countries by region

Region	Countries
Eastern	Bulgaria, Poland, Romania, Slovakia, Hungary, Czechia
Western	Austria, Belgium, Luxembourg, the Netherlands, Germany, France
Northern	Denmark, Estonia, Ireland, Latvia, Lithuania, Sweden, Finland
Southern	Greece, Spain, Italy, Cyprus, Malta, Portugal, Slovenia, Croatia

Source: United Nations (1999).

Table 2

Alternative ranges of social protection expenditure in selected EU countries over the period from 2015 to 2020 (Euro per person per year)

Region	Range	Country	Indicator
Eastern	Max	Czechia	4 430
	Min	Bulgaria	1 661
Western	Max	Luxembourg	24 823
	Min	Belgium	13 021
Northern	Max	Finland	13 725
	Min	Latvia	2 766
Southern	Max	Italy	9 591
	Min	Croatia	3 009

Source: Eurostat (2022b).

The comparison of the above-mentioned expenditures is performed for the period from 2015 to 2020, which was selected based on the following arguments: Ukraine has been factually in the state of war with Russia since 2014, thus, in order to ensure data comparability over full years, we selected the year 2015 as the starting year and the year 2020 as the ending year, in accordance with the data available in the Eurostat database (Table 3).

Table 3

**Comparison of government expenditure on social protection
(Euros per person, per year)**

Countries	2015	2016	2017	2018	2019	2020
The EU (weighted average)	7 863	8 037	8 236	8 452	8 777	9 537
Czechia	3 027	3 146	3 359	3 663	3 974	4 431
Bulgaria	1 126	1 185	1 248	1 347	1 460	1 661
Luxembourg	19 651	19 636	20 466	21 173	21 892	24 823
Belgium	11 019	11 093	11 280	11 566	11 948	13 021
Finland	12 261	12 525	12 543	12 732	13 061	13 725
Latvia	1 838	1 933	2 046	2 301	2 495	2 766
Italy	8 091	8 157	8 278	8 457	8 788	9 591
Croatia	2 312	2 443	2 567	2 741	2 901	3 009
Ukraine	170	213	224	227	263	269

Source: Eurostat (2022b); State Statistics Service (2021a, p. 11).

In comparing and evaluating these data, we can make the following conclusions based on the indicators for the analyzed period. Taking into account the evolution of the mentioned systems, the differences in such expenditures among the EU countries is considerable. Thus, Luxembourg, the most advanced country in this respect, outperforms Croatia, the outsider, by a factor of 8.2. Western region is the best performing region in this respect, where Belgium, the outsider, outperforms Czechia, the leading country of the Eastern region, by a factor of 2.9; similarly, Belgium outperforms Italy in the Southern region by a factor of 1.4, and it is almost equal to Finland in the Northern region of the EU. The growth dynamics for these expenditures varies. Thus, if weighted average expenditure in the EU has grown by a factor of 1.21 over the period from 2015 to 2020, this indicator has become 1.46 times higher in Czechia and 1.18 times higher in Italy over the same period. In this context, Ukraine significantly lags behind all countries of the EU, however, it is necessary to note that apart from transfers on so-

cial protection benefits, there exist other social transfers, in particular medical assistance, pensions, housing subsidies.

In order to compare the indicators of total social expenditure we will compare them in Ukraine and in selected countries of the EU (Table 4).

Table 4

Comparison of social expenditure (% of total government spending)

Countries	2015	2016	2017	2018	2019	2020
The EU (weighted average)	59.5	63.5	60.1	60.0	60.2	59.8
Czechia	44.9	47.1	47.0	45.4	45.9	46.6
Bulgaria	43.8	50.0	48.1	45.7	46.8	43.2
Luxembourg	50.6	50.7	51.2	50.4	50.1	51.5
Belgium	54.5	55.1	55.4	55.0	55.4	55.6
Finland	56.3	56.0	56.5	57.8	56.4	55.9
Latvia	37.9	40.0	38.5	38.2	41.8	40.9
Italy	59.0	59.4	59.2	59.6	60.3	60.4
Croatia	44.3	44.6	47.5	46.7	46.0	44.5
Ukraine	58.8	58.8	50.6	53.0	67.9	73.1

Source: Eurostat (2022b); State Statistics Service of Ukraine (2021b, p. 206).

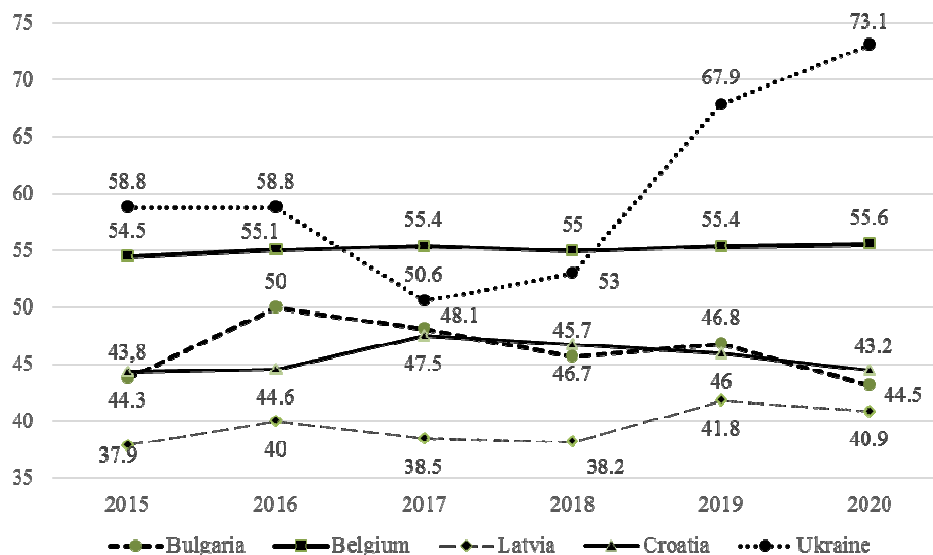
Based on the analysis of these indicators, we can make the following conclusions. *First*, in all of the mentioned countries, including Ukraine, the governments and parliaments assign exceptionally high importance to social protection expenditures, comprising almost half of total public financial resources. *Second*, the highest value of this indicator is observed in Italy, the lowest – in Latvia, which corroborates the existing differences in government approaches to settling the problems of respective recipients. *Third*, in what concerns Ukraine, we would like to note that taking into account the fact that the country has one of the lowest standards of living in Europe, public authorities make an attempt to satisfy the existing needs of the recipients to a certain extent, that is why we can observe this expenditure to grow continuously from 58.8% in 2015 to 73.1% in 2020.

The revealed tendencies in total social expenditure demonstrate the multi-directional nature of social policies depending on the peculiarities of social development.

In order to visualize the dynamics of social protection expenditures in the EU countries and in Ukraine, we compare these indicators, taking for comparison the least performing EU countries (Figure 2).

Figure 2

Social protection expenditure in separate countries of the EU and in Ukraine (in percent of total government spending)



Source: designed using the data of Eurostat (2022b); State Statistics Service of Ukraine (2021b, p. 206).

When comparing these indicators, we can acknowledge that Ukraine has rather high values of the mentioned expenditure compared to selected countries of the EU, which proves that Ukrainian power authorities make efforts to provide for respective needs as much as possible.

In order to perform the analysis of the dynamics of the respective social protection expenditure per person and total social expenditure in the countries of the EU and in Ukraine, we will use the index method and make calculations according to formulas (1) through (6).

1. Index of the dynamics of social protection expenditure per person by country

$$I_i = \frac{A_n}{A_i} \tag{1}$$

where: A_n – expenditure at the end of period, Euros per person, per year

A_i – expenditure at the beginning of period, Euros per person, per year

2. Disincentive index of social protection expenditure per person for a country with the highest value to weighted average social protection expenditure for the EU

$$I_{db} = \frac{B_{max}}{B_{midl}} \quad (2)$$

where: B_{max} – the maximum expenditure per year throughout the period

B_{midl} – weighted average expenditure in the EU over the same year

3. Disincentive index of social protection expenditure per person for a country with the lowest value in relation to weighted average expenditure for the EU

$$I_{dc} = \frac{B_{min}}{B_{midl}} \quad (3)$$

where: B_{min} – minimum expenditure per year throughout the period

B_{midl} – weighted average expenditure in the EU over the same year

4. Index of the dynamics of total social protection expenditure by country

$$I_j = \frac{C_n}{c_j} \quad (4)$$

where: C_n – expenditure at the end of one-year period

C_j – expenditure at the beginning of one-year period

5. Disincentive index of total social protection expenditure in a separate country with the highest value to weighted average expenditure in the EU

$$I_f = \frac{F_{max}}{F_{midl}} \quad (5)$$

where: F_{max} – maximum annual expenditure over the period

F_{midl} – weighted average expenditure in the EU over the same year

6. Disincentive index of total social expenditure in a separate country with the lowest value to weighted average expenditure in the EU

$$I_g = \frac{G_{min}}{G_{midl}} \quad (6)$$

where: G_{min} – minimum annual expenditure over the period

G_{midl} – weighted average expenditure in the EU over the same year

The results of our calculations are aggregated in Table 5.

Table 5

Comparing the indices of expenditures on social protection and social needs in selected countries of the EU and in Ukraine

Countries	Indices					
	<i>Ii</i>	<i>Idb</i>	<i>Idc</i>	<i>Ij</i>	<i>If</i>	<i>Ig</i>
Czechia	1.46	0.46	0.38	1.04	0.74	0.75
Bulgaria	1.48	0.17	0.14	0.98	0.79	0.72
Luxembourg	1.26	2.60	2.50	1.02	0.86	0.84
Belgium	1.18	1.36	1.4	1.02	0.93	0.92
Finland	1.12	1.44	1.56	0.99	0.96	0.93
Latvia	1.50	0.29	0.23	1.08	0.68	0.64
Italy	1.18	1.01	1.03	1.02	1.01	0.99
Croatia	1.30	0.32	0.29	1.01	0.79	0.74
Ukraine	1.58	0.03	0.02	1.24	1.22	0.84

When evaluating these indices, we can make the following generalizations. *First*, the largest increment in social protection expenditure per person was achieved by Latvia and Bulgaria. Ukraine in this context has also demonstrated the highest growth rate among the selected countries. *Second*, the highest ratios of maximum social protection expenditures per person to weighted average values for the EU and minimum social protection expenditures per person to weighted average values for the EU were observed in Luxembourg, being well ahead of other countries. *Third*, Ukraine significantly lags behind in terms of social protection expenditure per person, but has the highest growth rate in terms of total social protection expenditure.

Applicability of approaches and provisions of major theories and concepts to the current reality of Ukraine. In view of the basic theoretical frameworks laid out in evolutionary presentation and taking into account the specifics of functioning and the vectors of development of the national system of social protection, the proposed research outputs should specifically reflect the peculiarities of Ukrainian situation. The provisions of foreign theories and concepts can be applied only partially, in what is comparable to similar situations, incidents, mentality, and problems. Here, it would be appropriate to mention the words of Lilienfeld-Toal who noted that «any artificial imposition of alien, even though more perfect institutions, any perception of another, even though higher civilization, is usually connected with dangers» (Lilienfeld-Toal, 2012, p. 272-273).

Elaborating the principles for the development of the national system of social protection. Because principles are at the core of the scheme of research and are the focus of the study, their substantiation will be based on the following:

- the feasibility of engaging scientists in forming the strategic and current directions for development of the national social protection system;
- consideration given for the mentality of Ukrainian people;
- discreteness in the questions of foreign experience application;
- permanence in the development, analysis, official approval of legal and regulatory acts, introduction of models, mechanisms, schemes of social protection;
- monitoring of the efficiency of functioning of all elements of the social protection system;
- gradual advancement to physical social protection standards.

Developing the national model of social protection

Based on the revealed problems of national social protection system and taking into account the positive prior experience of Ukraine and foreign countries, we develop the respective model in Figure 3.

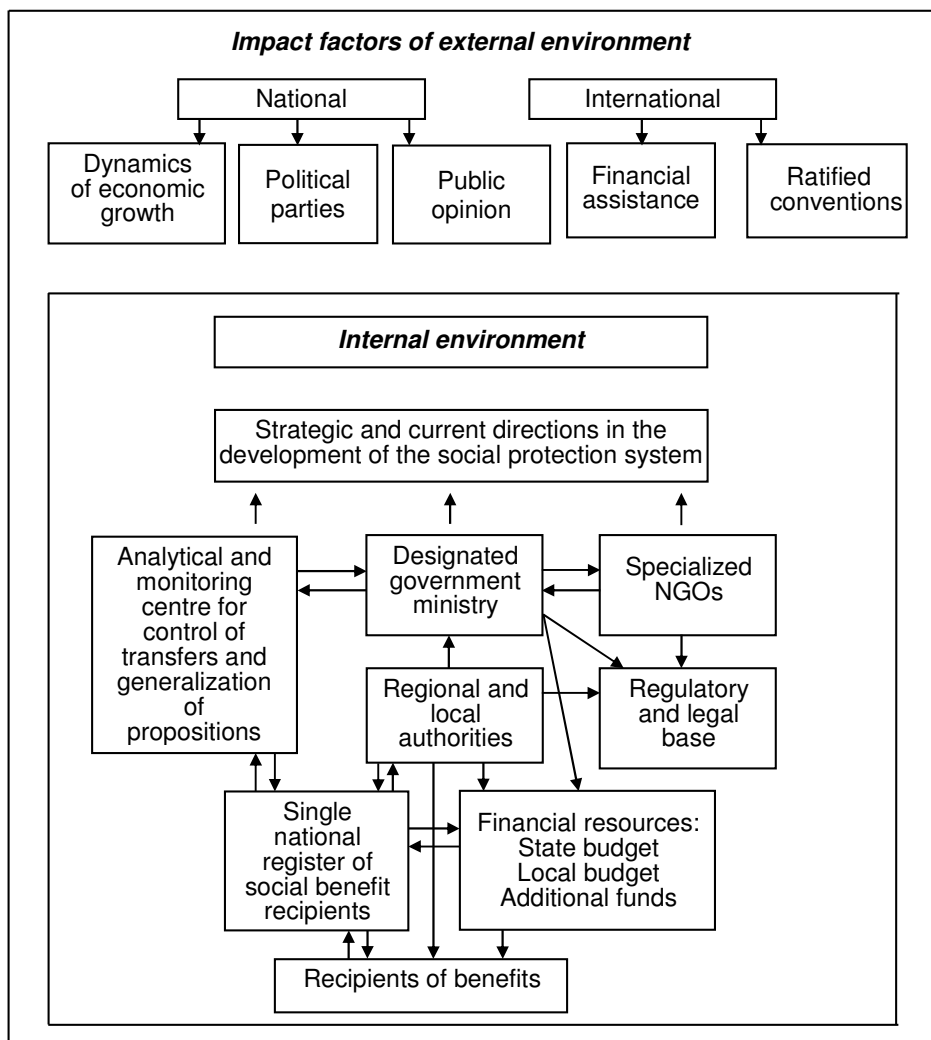
Let us substantiate the separate elements of this model. An important role belongs to financial resources, which should be formed from different sources, in particular involving the attraction of additional funds from potential, including foreign, donors. An analytical and monitoring centre should be formed, which would concentrate all important information about the process of transfers and work out the necessary decisions. All representatives mentioned in this model should be included in the structure of this centre. The suggested model is prospective; it takes into account the selected vectors of social development and should be implemented.

Providing substantiation for the conditions to implementation of the suggested national social protection model

In view of the existing problems in the national system of social protection and the need to solve them in an optimal way, the revealed essence of the respective theoretical frameworks the provisions of which can be applied in Ukraine, as well as taking into account the dynamics of socio-economic development, the following conditions are proposed.

Figure 3

National model of social protection



1. The scientific substantiation and official approval of the social standards, in particular social protection standards, which would reflect the real physical needs of the recipients, and their gradual implementation in accordance to real financial capabilities.

2. Complementing the regulatory and legislative base with necessary laws of Ukraine, Decrees of the Verkhovna Rada of Ukraine, other legal acts of designated government ministry and its regional departments, and local self-governments, which would regulate the question of social protection taking into account the European vector of Ukraine's development.

3. Taking into account the reorganization in 2023 of the designated government ministry, formation of the necessary administrative departments, divisions in the structure of ministry, its regional structures, as well as respective structures in the bodies of local self-governments, in order to find a comprehensive solution for the needs of the recipients.

4. In accordance with the developed regulatory and legislative base, creating a single national register of all recipients of all kinds of social assistance, including social protection transfers.

5. Availability of the necessary funds in the current budget year for performing the determined transfers with respective indexation.

6. Establishing the mechanisms of interactions between the designated government ministry, its structural departments, local self-governments, scientific institutions, specialized non-governmental organizations, analytical agencies, and experts on formation and analytical assessment of the developed regulatory and legal acts, permanent monitoring of the state of transfer payments, and development of respective propositions.

7. Using the positive foreign experience with respect to pragmatics and provisions of theories and concepts, in particular the Italian experience of dynamic expenditure growth in comparison with average European indicators, and further development of provisions of the universal theory of social protection development.

The mentioned conditions should be realized on the social grounds of being aware of the capabilities of all Ukrainian people to rebuild the destroyed economy, using the intellectual potential in the first place, and perceiving the nation as a progressive community advancing on the European path.

Forming major strategic and current directions for the development of social protection system

The choice of the optimal way for the development of the social system of Ukraine is the guarantee of its efficient functioning. The system of social protec-

tion is an element, or a subsystem of the system of higher hierarchy – the social one. The subsystems of lower hierarchical level are dependent on the vectors of development of the system of higher level. Thus, the social protection system has been functioning according to the rules and regulative and legal base, resources, and links that were preconditioned by the social system. According to one of the postulates of the systems approach, in order for a system to transition to another, higher level of development, it is necessary that a sufficient stock of energy be available in the points of bifurcation. Should such energy be unavailable, the systems will move down to a lower level of functioning. Ukraine has been passing through such points several times: When the Soviet Union broke down in 1990; during the world financial crisis of 2007-2009; after annexation of the part of territories of Donetsk and Luhansk regions and Crimea by Russia in 2014; and it is there once again after Russia's aggression on February 24, 2022. If we take GDP as the main measure of social development, we need to note that for nine years after it received its independence – from 1991 to 2000 – Ukraine has been dealing with permanent decreases in GDP, which was the longest period among the post-communist countries. Also, one of the largest drops in nominal GDP among the European countries was observed in Ukraine during the financial crisis of 2009, when GDP dropped by 3.7% in national currency or by 34.9% in dollar equivalent. Also, a significant decrease in GDP (measured in US dollars) was recorded after the annexation of the part of territories of Ukraine by Russia in 2014, namely by -28.1% in 2014 and by -31.3% in 2015 (Minfin, 2022). Also, a considerable decrease in GDP of up to -32% is expected in 2022.

Given the lack of necessary resources, primarily the financial ones, the social system could not function properly. One of the erroneous strategic vectors in the development of social system of Ukraine was the attempt to copy the Russian mechanisms and development schemes, instead of choosing the European direction and accession to the NATO, as it has been done in the majority of post-communist countries.

In view of the above-mentioned arguments, we suggest the following directions for the development of the system of social protection: *legal and regulatory direction* - formation of this base should take into account the vectors of social development; *administrative direction* – when reorganizing the respective designated ministry, it is necessary to take into account the need for it to perform new functions; and *organizational direction* – it is necessary to establish cooperation with scientific organizations and specialized non-governmental organizations.

Conclusions

The European vector in the development of Ukraine induces the search for the respective models and mechanisms of functioning for all subsystems of the social system. In this context, the results of performed study, which are represented by the respective model and the mentioned directions in the development of the social protection system, will contribute to considerable improvement of the approaches to formation of cash transfers to social benefit recipients. In view of the urgency of the research topic, there is a need for further scientific research, in particular in the directions of social standard formation and control over use of funds.

Practical application of the results. In view of the exceptional significance of the role of social protection system for the majority of the citizens of Ukraine, it would be feasible to implement it with active participation of the designated government ministry.

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Received: December 8, 2022.

Reviewed: December 12, 2022.

Accepted: December 15, 2022.