

TOWARDS INTEGRATED SOCIAL PROTECTION IN THE CONEXT OF ONGOING DECENTRALIZATION IN UKRAINE

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OBJECTIVES OF THE PRESENTATION

Past and present

- TO PRESENT THE SITUATION IN THE AREA OF SOCIAL PROTECTION

Near future

- TO PRESENT 'THE NEW THINKING OF THE EUROPEAN MODEL OF **INTEGRATED** SOCIAL PROTECTION' IN LIGHT OF THE ONGOING DECENTRALIZATION REFORMS

Future ...'far'???

- TO OUTLINE THE NEW TRENDS IN THE SOCIAL AREA (Social entrepreneurship and Social investment)

WE SHOULD LEARN TO NAVIGATE ON A SEA OF
UNCERTANITIES SAILING IN AND AROUND
ISELANDS OF CERTANITY

EDGAR MORIN

*(a philosopher and sociologist
recognized for his work
on complexity and "complex thought")*

MACRO CONTEXT

MACRO-ECONOMIC
STABILITY

DECENTRALIZATION

EU INTEGRATION

SECTOR REFORMS

ANTI-CORRUPTION

- ❑ **Economic recovery is still fragile and vulnerable to shocks** (*Sharp decline in 2014-2015; economic recovery by 1% in 2016 and 2% in 2017 is projected by the WB, contingent on reform progress and no further escalation of the conflict in the East ...as well as commodity prices*)

The government hopes to reduce the number of territorial communities from approximately 11,500 to 1,500 in few years. Consolidation of municipalities is not about efficiency or effectiveness – it is about economy of scale which is usually a ‘U shaped’.

Everything is happening at the same time.....and there are conflicting priorities

In Bolivia, the government of President Sanchez Lozada assumed power in 1993. Reform of the state there took the form of reduction of state budgets and **substantial decentralization** of government functions to the municipalities. The government’s health care functions were included in this decentralization program, but **not as an intentional program of health sector reform**. This reform initially resulted in **reduced funding for health facilities**, until a specific “small R” health reform directed municipalities to **assign an earmarked portion of their funding to health** (Ruiz and Guissani, 1998; Dymetriczenko, 1999)

In response to the **macro-economic reforms (WB, IMF)**, the health sector most often responded with “small R” health financing reforms, such as the introduction of user fees.

WHY SOCIAL PROTECTION

- **THE PRIORITIES OF THE GOVERNMENT IN THE SOCIAL SECTOR**

- HEALTH SECTOR REFORM** (MANAGEMENT, FINANCING, HEALTH DISTRICTS, FAMILY DOCTOR, ETC)

- EDUCATION SECTOR REFORM** (HUB SCHOOLS, 12 YEAR EDUCATION, ETC)

- ❖ **(DECLARED AND REAL/FINANCIAL PRIORITIES)** SOCIAL PROTECTION IS NOT PART OF THE 'BIG REFORM' AGENDA BUT THIS IS WHERE THE GOVERNMENT SPENDS MORE (PENSIONS AND SUBSIDIES, INCREASE OF THE MINIMUM SALARY)

- ❖ The social protection system currently consumes over 31% of the consolidated budget expenditures

BRIEF STORY OF UKRANIAN SOCIAL PROTECTION

- **“INHERITED”** SOCIAL PROTECTION (PENSIONS; INSTITUTIONAL CARE; HEALTH BASED APPROACH TO DISABILITY) – **NEVER REACHED THE BASIC LEVEL I.E. COMMUNITY**
- **“EMERGENCE”** OF ADMINISTRATIVE AND NORMATIVE SOCIAL PROTECTION – POVERTY,EMPLOYEMENT – **BASED ON THE RECOGNITION OF ELIGIBILITY FOR THE CERTAIN CATEGORIES OF POPULATION**
- **“FRAGMENTED INTRODUCTION”** OF MODERN ELEMENTS OF SOCIAL AND CHILD PROTECTION SUCH AS SOCIAL WORK; FOSTER CARE; ETC.

...up to mid 1970s millions of people living in rural areas (kolkhoz) did not have a passport

Gradation of people was:

- Village person
- Factory worker
- Engineer
- Military servant
- Artist
- Servant (doctors and teachers were recognized)

...SYSTEM HAS BEEN ALWAYS “POLITICALLY” MOTIVATED ESPECIALLY DURING PRE-ELECTION TIMES

WHAT IS THE CHALLENGE?

...THE SYSTEM THAT IS DESIGNED TO BE INEFFICIENT

- *Significant disparities (big cities vs rural areas)*
- *Chaotic and fragmented both horizontally and vertically;*
- *Overwhelmingly bureaucratic and administrative*
- *Lacks systemic vision and basic logic;*
- *Lacks management and coordination;*
- *Declarative, Reactive and Inert;*
- *Discredits innovations;*
- *Is not able to efficiently cope with existing and emerging challenges*

...THE VERY CORE OF UKRANIAN
SP IS NON OF THOSE
CATEGORIES: INDIVIDUAL,
NEEDS, RIGHTS, SYSTEM,
VISION, POLICY, PRINCIPLES,
KNOWLEDGE, INNOVATION,
BUDGET, RELATIONS
IT IS
A DELIVERY METHOD THAT
CREATES ITS OWN UNIVERSE

- AT PRESENT, UKRANIAN SOCIAL PROTECTION MOSTLY RE-DISTRIBUTES THE INCOME.
- IT IS NOT ABLE TO JUSTIFY ITS **EXISTENCE AND STRATEGIC IMPORTANCE** (ADDITIONALITY SYNDROM) FOR THE NATIONAL AND LOCAL AUTHORITIES.
- IT IS NOT ABLE TO MOBILIZE NATIONAL RESOURCES IN HIGHLY COMPETITIVE ENVIRONMENT...FOR ANY PROBLEM IT OFFERS **EITHER MONEY AND 'IRRATIONAL PRIVILEGES' OR 'UNCLEAR' CONCEPT OF SERVICES THAT 'GOD KNOWS WHY' NEED TO BE HEAVILY STANDARDIZED.**
- CHILD PROTECTION IS A SEPARATE PLANETE (SOMEONE CALLS IT A SYSTEM) THAT IS BASED ON SOVIET 'ATAVISM' - **GTC THAT TREATS THE FAMILY AS AN ENEMY AND SUPPLIES RESIDENTIAL CARE INSTITUTIONS**

BENEFITS AND PRIVILEGES IN UKRAINE AS A PERFECT ILLUSTRATION OF “EFFECIENCY”

Privileges

120 types

Benefits

60 types

Beneficiaries

130 categories

70

by social attributes

50

by professional attributes



- VERTICAL PROGRAMMES CAN NOT COPE WITH VULNERABILITIES ('border issues')

- Everything (service) can not be standardized

WHAT ARE WE PROPOSING? FUNDAMENTAL PRINCIPLES OF SOCIAL WELFARE

- **SOLIDARITY (e.g. 'Kharkiv station')**
- **SUBSIDIARITY**
- **INTEGRATION**



- **EQUITY**
- **GOOD GOVERNANCE**
- **INCLUSION**

If “social” is anything related to interpersonal relationships, it can not be built on individualism or math based formulae....on the contrary it should assume **solidarity** among all players involved in social relationship.

The word “**subsidiarity**” comes from the latin “**subsidium afferre**” that means “to help”. But “to help” in a very particular way ...**Empower the autonomy and potential capacities of beneficiaries, undertaking only those initiatives which exceed the capacity of individuals or private groups acting independently**

Knowing History is important....
Role of SP in early industrial stage and ‘big wars’
Role of church – ‘social work’ function

ELEMENTS OF INTEGRATED SOCIAL WELFARE

INTEGRATION AT INDIVIDUAL LEVEL THROUGH CASE MANAGEMENT

INTEGRATION AT SERVICE LEVEL THROUGH SUB-NATIONAL SOCIAL PLANNING AND INSTITUTIONAL COOPERATION

INTEGRATION AT PUBLIC FINANCE MANAGEMENT LEVEL THROUGH RESPECTIVE DIAGNOSTIC TOOLS AND INSTRUMENTS

INTEGRATION AT THE LEVEL OF DATA MANAGEMENT (STATISTICS, ADMINISTRATIVE DATA)

INTEGRATION AT THE LEVEL OF POLICIES AND PROGRAMMES WITHIN AND BEYOND SOCIAL PROTECTION (CASH TRANSFERS, EMPLOYEMENT GENERATION)

INTEGRATION AT PHYSICAL LEVEL ("ONE WINDOW OR 'THERE IS NO WRONG DOOR'")

SAME CLIENTS

SAME PRINCIPLES

SAME SUPPORTERS

SAME STRATEGIES

ONE TAX PAYER

DIFFERENT NEEDS

LOCAL PECULARITIES

DIFFERENT STATE ACTORS

DIFFERENT PRIORITIES OF SUPPORTERS

DIFFERENT METHODS

WHY SO MANY LAYERS?

CASE MANAGEMENT

Everyone is vulnerable and prone to risk.....

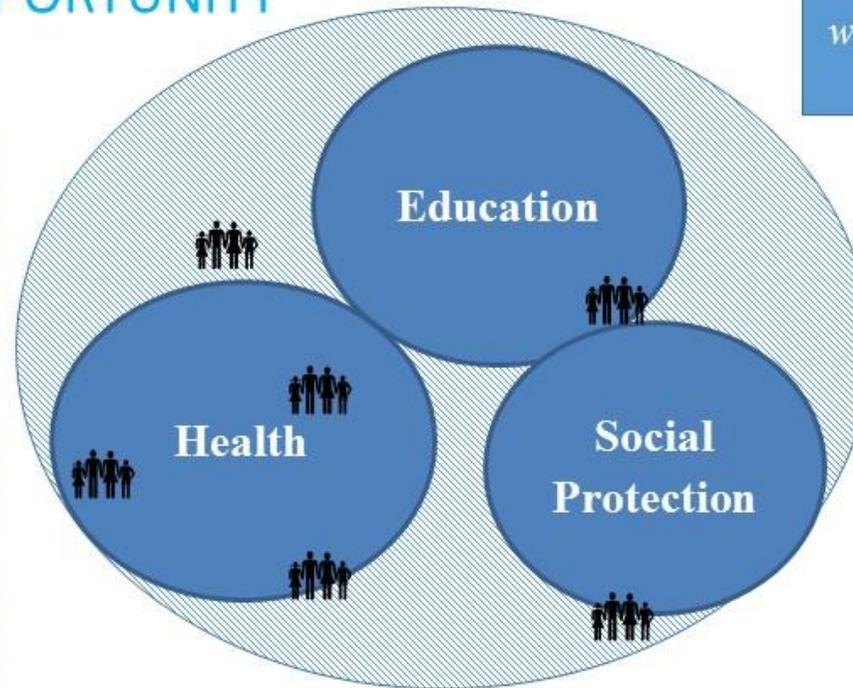
- Is a function not a service
- Allows to integrate services from the bottom
- Reverses the parameters of the relationship of help, where professional support is provided to define individual projects to strengthen the resilience and autonomy of people
- Focus on the needs of vulnerable individuals, and on the setup of networks of services and resources around the client (coping network) rather than on pre-defined performances

Case managers unify Social and Child Protection functions and are **accountable for decisions related to the life of beneficiaries, based on the legal authorization to represent the role and the interest of the State**

SOCIAL WELFARE IN THE DECENTRALIZED CONTEXT. CHALLENGE AND OPPORTUNITY

In reality, the social needs of people are the results of a combination of factors which are not positioned separately in the sectors.

- UNFUNDED MANDATES
- SECTOR BASED PLANNING
- TRADITIONALLY FUNDED FACILITIES
 - POLITISIZED
 - REACTIVE
- PROCESS ORIENTED MANAGEMENT
- LACK OF CENTRALIZED CONTROL

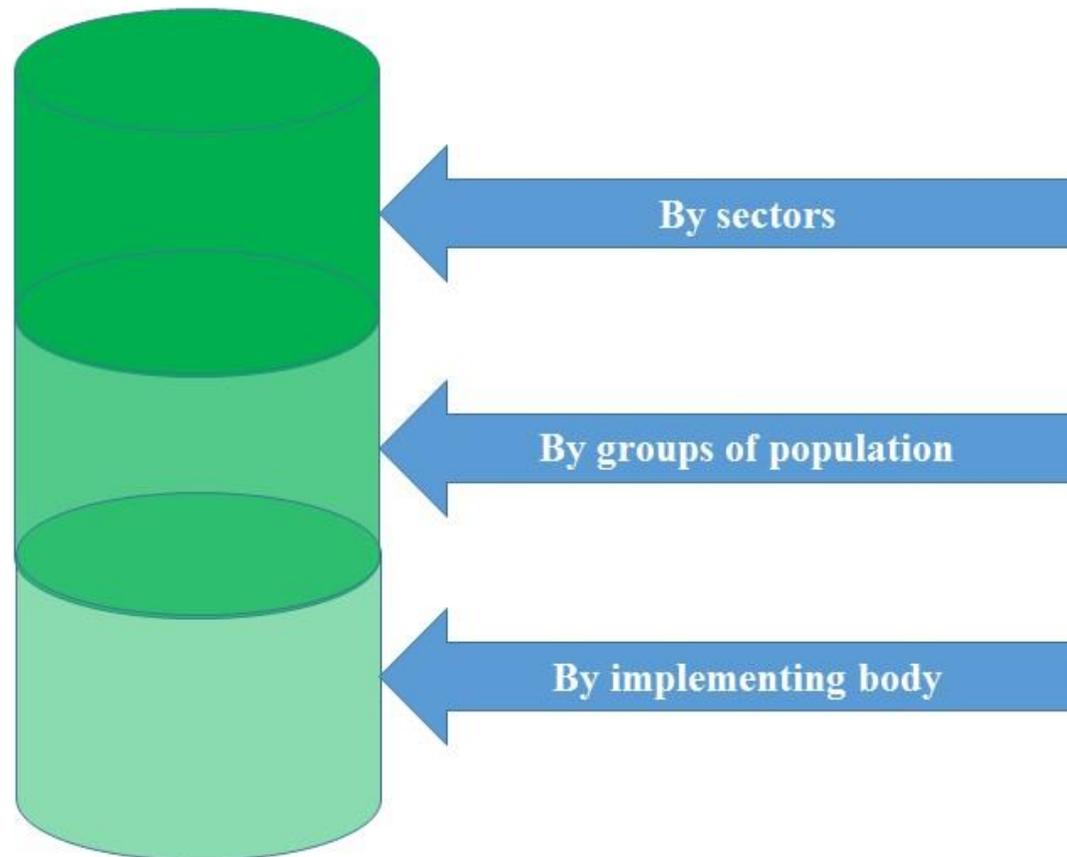


**SERVICES FOR CHILDREN
DESIGNED ON THE BASIS OF
NEEDS AND INFORMATION
RECEIVED FROM CASE
MANAGERS**

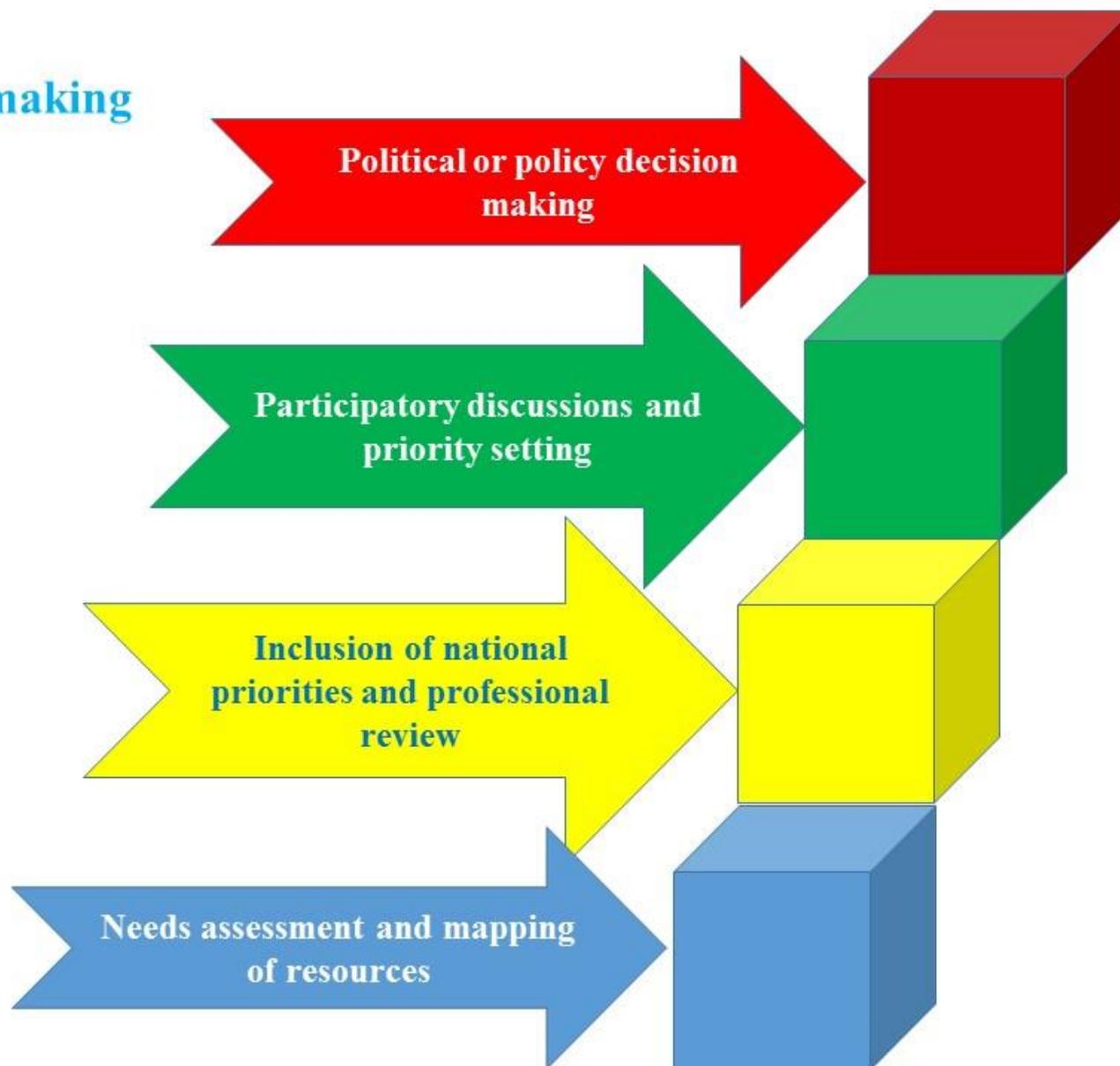
- UNIVERSAL
- VULNERABLE GROUPS
- RESULT ORIENTED
- PARTICIPATORY DESIGNED
 - INCLUSIVE
- FLEXIBLE YET RATIONALLY STANDARTIZED
- ECONOMICALLY VIABLE
 - PREDICTABLE
- OUTSOURCED WHEN NECESSARY
 - AFFORDABLE
 - TIMELY

THE SHARE OF LOCAL BUDGET EXPENDITURES IN THE CONSOLIDATED BUDGET IS **40.7%**
EDUCATION - 30% OF LOCAL BUDGET EXPENDITURES
HEALTHCARE - **21.3%**
SOCIAL PROTECTION AND SOCIAL SECURITY – **25.9%**
TOTALLY **77.2%** OF LOCAL BUDGETS ARE SPENT SOCIAL SECTORS
FUNCTIONALLY, **37.7%** OF LOCAL GOVERNMENT EXPENDITURES
GO ON PAYROLL WITH TAXES

Mapping of existing projects and services within LSP



**LSP
decision making
process**



Integrated investment in health, education and social protection.....

- School feeding programme with additional classes (education or social protection or economic development both)
- Low cost kindergarten model for small communities
- Pre-school service is often a response of economic nature that helps women to join the labour market
- Health insurance schemes (subsidized) for poor groups of population allow to broaden the insurance market and avoid 'out of pocket' payments
- Early intervention and Inclusive education at pre-school level as well as rehabilitation and multi-functional centers for children with disabilities (farms)
- Parents coaching programmes including 'finance management'
- Flexible child care services
- Gang focused social work, crisis management, integration oriented projects

INSTITUTIONAL COOPERATION

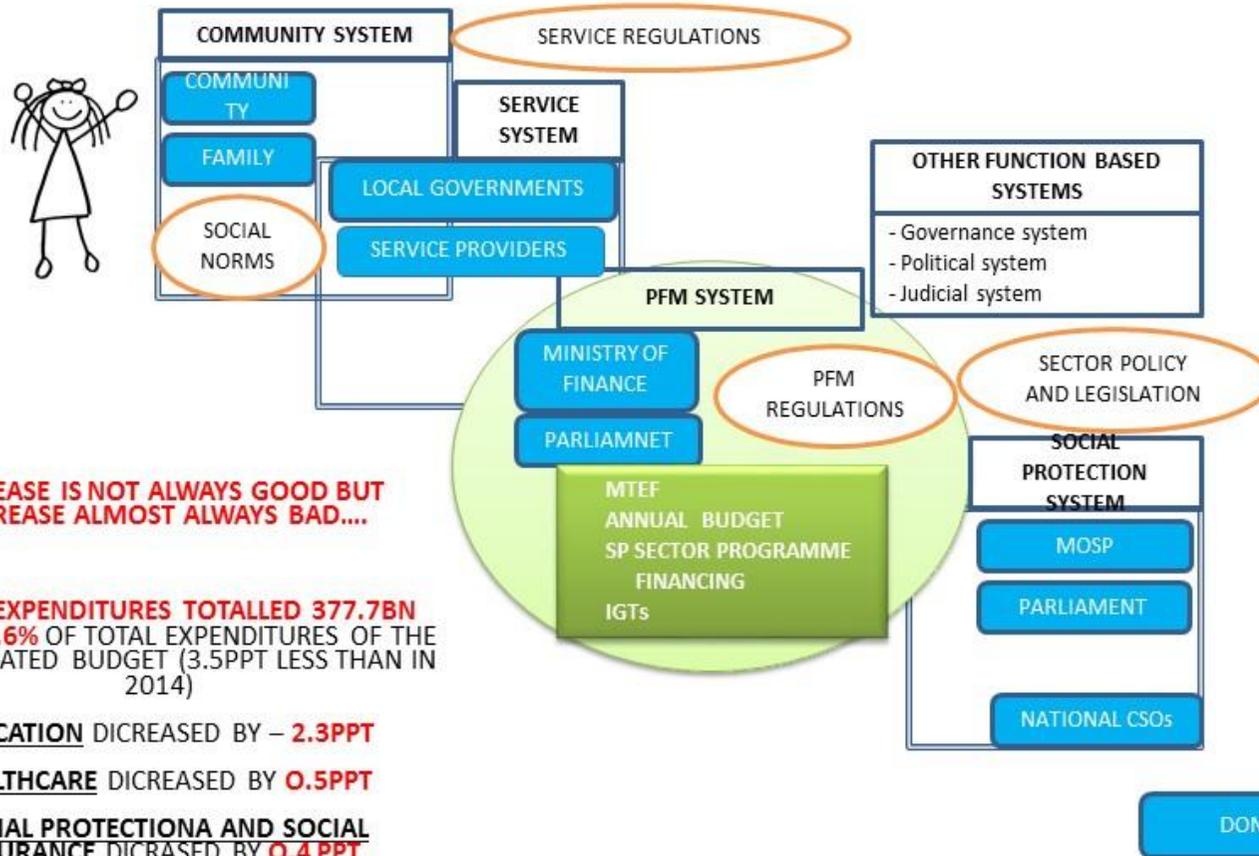
- Horizontal and vertical cooperation
 - Voluntary protocols of cooperation
 - Mandatory legal acts
- Ensures coordination of activities
 - Addresses inter-sectoral issues
 - Create synergies
 - Reduces unit costs through the achievement of economies of scale and sharing of administrative overheads

To make it happen

- Include concrete roles and responsibilities for inter-sectoral coordination in job descriptions.
- State the amount of time staff members are expected to engage in inter-agency activities.
- Establish formal, written inter-agency official documents.
- Assess the performance of inter-sectoral work
- Provide incentives



PF4C IN THE CONTEXT OF SOCIAL WELFARE



**INCREASE IS NOT ALWAYS GOOD BUT
DECREASE ALMOST ALWAYS BAD....**

**SOCIAL EXPENDITURES TOTALLED 377.7BN
UAH – 55.6% OF TOTAL EXPENDITURES OF THE
CONSOLIDATED BUDGET (3.5PPT LESS THAN IN
2014)**

EDUCATION DECREASED BY – **2.3PPT**

HEALTHCARE DECREASED BY **0.5PPT**

**SOCIAL PROTECTIONA AND SOCIAL
INSURANCE** DICRASED BY **0.4 PPT**

PF4C Objectives

Transpar
ency

Adequacy

Efficiency

Equity

Analyze and Monitor Expenditures

- Sector budget brief
- Territorial expenditure analysis
- Public Expenditure Review (PER)
- Public Expenditure Tracking Survey (PETS)
- Child-focused public expenditure measurement (C-PEM)

Identify Resource Gap

- Assessment of revenue potential, including cost recovery
- Financial impact analysis of scaling up

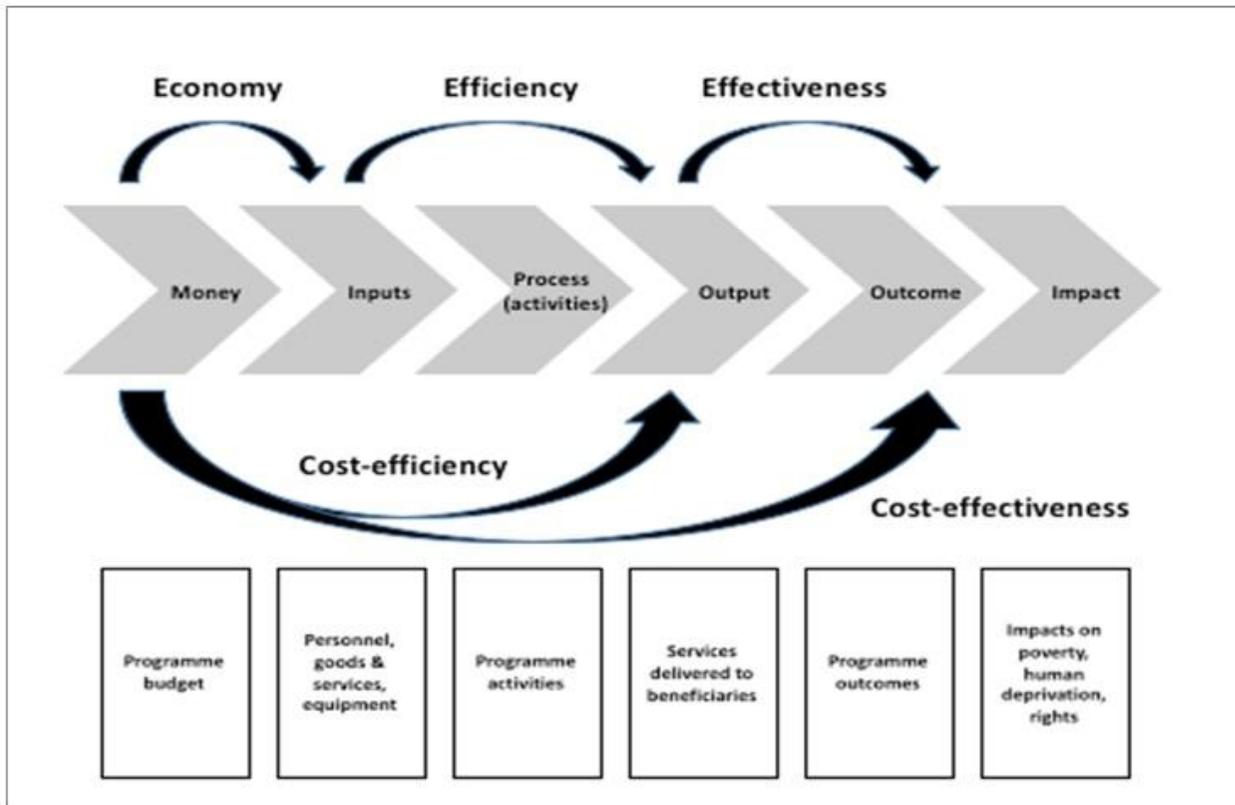
Model and Cost Policies

- Modelling the impacts of policy proposals
- Cost-effectiveness analysis

Impact Budgeting Processes

- Annual budget preparation
- Medium Term Expenditure Framework
- Inter-governmental fiscal transfers
- Results/performance-based budgeting
- Value for money analysis

VfM and the results chain



- **Economy** is the relationship between money spent and inputs purchased. **(PROCUREMENT)**
- **Efficiency** (or productivity) is the relationship between inputs and outputs (such as public services produced). **Cost-efficiency** relates to the relationship between money spent and outputs produced.
- **Effectiveness** is the relationship between inputs and higher-level results (outcomes and impacts). **Cost-effectiveness** relates to the relationship between money spent and those higher-level results.

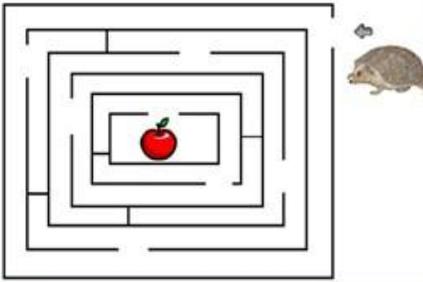
Source: Derived from White, Hodges and Greensdale (2011).

INTEGRATED SOCIAL CENTERS

- ONE PHYSICAL INFRASTRUCTURE BASED ON THE PRINCIPLE OF 'ONE WINDOW' OR 'THERE IS NO WRONG DOOR'
- UNIFIED SYSTEM OF ADMINISTRATIVE SOCIAL SERVICES;
- ONE SYSTEM OF FINANCIAL PAYMENTS (NO PAPER WORK; NO DUPLICATION)

ADMINISTRATIVE DATA MANAGEMENT AND MONITORING



Effectiveness	Efficiency	Relevance	Universality
			
<p>An intervention removes or mitigates the problem against which it is implemented</p>	<p>The relation between costs and social advantages is positive</p>	<p>An intervention is effective to those with the most severe forms of social need</p>	<p>An intervention is available for all people who need it</p>

Timeliness	Affordability	Approachability
		
<p>An intervention is provided in time</p>	<p>A service is bearable financially</p>	<p>A service is physically available</p>

WHY ? OR THE RATIONALE

- REFORMING SOCIAL PROTECTION IS A MATTER OF **NATIONAL SECURITY**, PROGRESSIVE REALIZATION OF RIGHTS, FIGHTING WITH POVERTY AND RESPONDING TO EXISTING CHALLENGES SUCH AS INTEGRATION OF IDPs, EFFECIENCY, ETC
- SUCCESS OF **DECENTRALIZATION** REFORMS GREATLY DEPEND ON THE COMBINED EFFORTS IN SOCIAL PROTECTION (**RISK OF CREATION OF UNHAPPY AND DISTRACTIVE “OUTSKIRTS” INSTEAD OF STRONG LOCAL GOVERNMENTS**);
- THE SUCCESS IN OTHER SOCIAL SECTORS (HEALTH AND EDUCATION) AND ECONOMIC SECTORS CAN BE ACCELERATED THROUGH SOCIAL PROTECTION – **SUPPLEMENTARITY EFFECT**

A DESCENT NUMBER OF EFFECTIVE CASE MANAGERS TOGETHER WITH LOCALLY IMPLEMENTED SOCIAL PLANS AND EFFECTIVE MANAGEMENT OF PUBLIC FUNDS WILL CHANGE THE SOCIAL CLIMATE IN THE COUNTRY

How side of the coin

Reform wise...

- STAGE 1: Innovation
- STAGE 2: Technology
- STAGE 3: Tradition

Focus on the 35 model consolidated municipalities

Some thoughts on Odessa.....

- Attracting investment requires holistic approach and particular focus on the 'social aspect'

Small example: Whom do we want to attract? (International retired professionals, young professionals with families, just young professionals....)

Place of living:

- *Security*
- *Atmosphere*
- *Climate*
- *Language*
- *Social services (health, education, social and child protection)*
- *Entertainment*

'New trends' in the social area - Social entrepreneurship and Social investment and centers of excellence

- **Number of definitions**

(SCHWAB FOUNDATION DEFINITION) Social entrepreneurs drive social innovation and transformation in various fields including education, health, environment and enterprise development. They pursue poverty alleviation goals with entrepreneurial zeal, business methods and the courage to innovate and overcome traditional practices. A social entrepreneur, similar to a business entrepreneur, builds strong and sustainable organizations, which are either set up as not-for-profits or companies.

Some organizational models

- ***Leveraged non-profit ventures***

The entrepreneur sets up a non-profit organization to drive the adoption of an innovation that addresses a market or government failure.

- ***Hybrid non-profit ventures***

The entrepreneur sets up a non-profit organization but the model includes some degree of cost-recovery through the sale of goods and services to a cross section of institutions, public and private, as well as to target population groups.

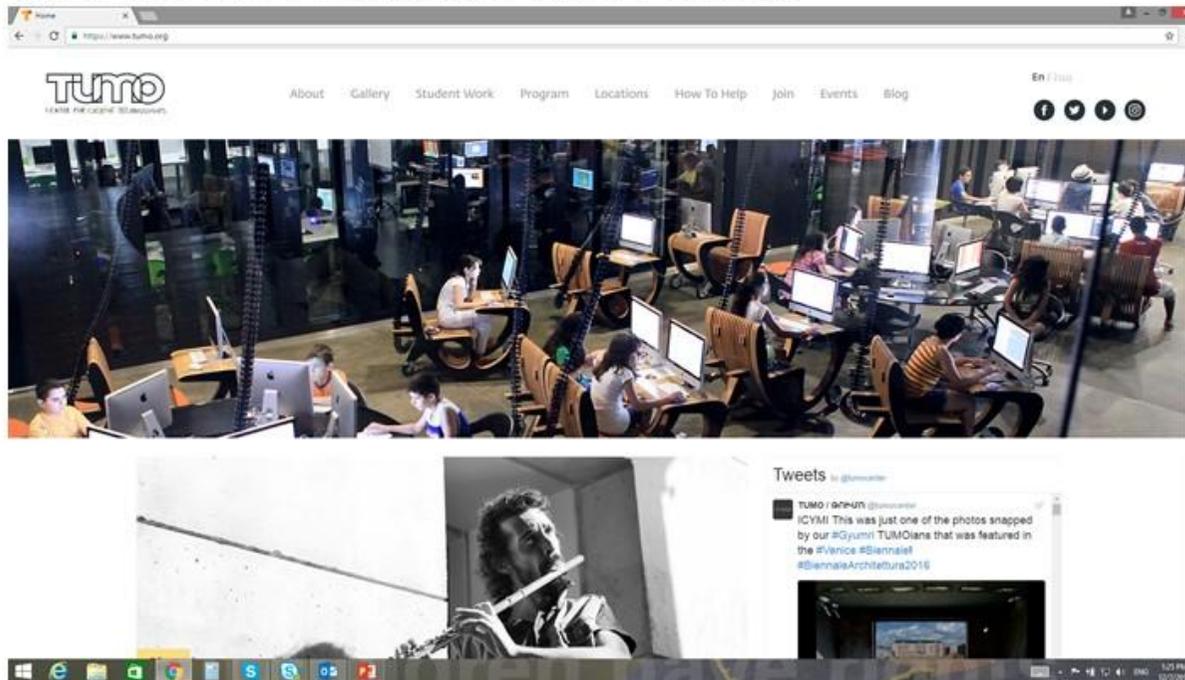
- ***Social business ventures***

The entrepreneur sets up a for-profit entity or business to provide a social or ecological product or service. While profits are ideally generated, the main aim is not to maximize financial returns for shareholders but to grow the social venture and reach more people in need.

Centers of excellence

During the recent conference entitled “Spreading excellence and crossing the innovation divide” held in Brussels, the EU Commissioner for Research, Science and Innovation Carlos Moedas shared his impressions TUMO Center for Creative Technologies in Yerevan.

This center is designed for school-age children which enables them to perform experiments with digital technologies and their creativity. No child is forced to attend TUMO, however, there are queues for visiting the center. The children do not receive official certificate, instead, they are creating the package of their programs and capabilities. Children form associations by combining the art, science and their preferences. TUMO environment and technical equipment was better than the one I saw in the Silicon Valley.



The after-school learning process at Tumo is based on a highly versatile but rigorous system. Members advance through the Tumo program based on their individual preferences and at their own pace. Within that flexible framework, they work towards very specific learning targets organized around four focus areas:

- Animation
- Game Development
- Filmmaking
- Web Design

Thank you for the attention

The question is not whether we will be successful or not but when it will happen (in 5 or 25 years) and what will be the losses on the way....

