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## FUNCTIONING OF THE SOCIAL PROTECTION SYSTEM OF UKRAINE UNDER MODERN CHALLENGES

### ABSTRACT

The social protection system of Ukraine functions under the conditions of numerous challenges, namely demographic changes; the impact of globalization; changes in the labor market under the influence of digitalization; climate change; macroeconomic crisis caused by wartime. This creates pressure on the functioning of the specified system and requires a comprehensive assessment of its functioning.

This paper aims to identify gaps in the functioning of the social protection system of Ukraine and to create recommendations for its further development under modern challenges. It used such tool as a Social Protection System Review (SPSR), which provides instruments for the assessment of a country's social protection system within five dimensions: needs; coverage; effectiveness; sustainability; and coherence. This assessment became a ground for creating recommendations for the development of the social protection system of Ukraine under modern challenges.

The assessment of Ukraine's social protection system within five dimensions led to the finding that the level of social risks in Ukraine is rising as indicated by negative tendencies of economic and social indicators; many social programs exist based on the quite difficult legislative basis what decrease level of effectiveness of social protection; social expenditures exceed social receipts, and this does not support the sustainability of Ukraine's social protection system.

To develop the social protection system of Ukraine under modern challenges, it is important to make social protection inclusive through the implementation micro micro-social insurance in cooperation with the private insurance sector; to visualize eligibility criteria for social benefits and other conditions for social programs what will make legislative basis of social protection clearer; to optimize number of social protection programs for increasing the level of benefits per vulnerable person; to make stronger the coherence and coordination between social institutions; to increase the social and financial literacy of population aimed at rising of their awareness of financial mechanisms of social protection.

**Keywords:** social sustainable development, social risks, social risk management, social protection system assessment, social inclusion

**JEL Classification:** H53, H55, H75, I31

### INTRODUCTION

Ukraine's social protection system is functioning under such modern challenges as:

- demographic changes: "The conflict in Ukraine has forced people to flee their homes seeking safety, protection and assistance. By the end of May 2022, the conflict had displaced some 13 million persons, including 6.8 million refugees who have fled Ukraine, mostly crossing into Poland and other neighbouring countries" (United Nations Department of Economic and Social Affairs, Population Division, 2022). This indicates certain challenges that may affect the stability of the social protection system of Ukraine since those who pay taxes have become fewer than those who consume them in the form of

social benefits. Therefore, the government of Ukraine needs to pay considerable attention to the migration policy to stimulate the return of the indigenous population to Ukraine;

- impact of globalization: one of the important tasks of the social protection system of Ukraine is to reduce income inequality;
- changes in the employment market: because of the growth of opportunities for self-employment due to the availability of various platforms, mobile applications, etc. The social protection system of Ukraine has to find ways to include representatives of new forms of non-standard employment in the social protection system;
- climate changes: The social protection system of Ukraine has to be adaptive to act on the warning of the negative impact of climate change on the social dimension;
- macroeconomic crises caused by wartime: the social protection system of Ukraine has to be stable and mobile for the prompt provision of assistance to those who primarily need it.

It is necessary to assess the social protection system of Ukraine under modern challenges and to reveal the perspective vectors of its adaptation and development.

## LITERATURE REVIEW

Social protection is considered from different points of view in scientific articles, official documents of international institutions and other sources. Social protection system is objectively needed, because of the existence of social risks, that are investigated by such researchers as Berezina S., Hruska-Tvrdy L., Foldynova I., Lupil L. and others (Berezina S., 2019; Hruska-Tvrdy L., Foldynova I., 2011; Lupil L., 2019).

Social protection has some functional space within and beyond social risk management and redistribution in the investigation of Holzmann R. and Jorgensen S.:

- social protection that is beyond social risk management and redistribution (extended social protection in case of social exclusion);
- social protection that is within redistribution and beyond social risk management (income support for the critically poor);
- social protection that is within redistribution and social risk management (social protection like an instrument of social risk management);
- social risk management that is outside social protection and redistribution ("risk prevention and mitigation, such as economic and other governmental policy, reduce vulnerability and income variability and thereby support social protection objectives") (Holzmann R., Jorgensen S., 2001).

Such a point of view on social protection as a poverty reduction instrument was identified by Schüring E. and Loewe M. from the documents of the UN, the FAO, and the ILO (Schüring E., Loewe M., 2021). This is one of the important roles of social protection among providing well-being, supporting vulnerable people etc.

The latest research devoted to Ukraine's social protection system was done by such scientists as Pasichnyk Yu. and Sukach O. They grounded the main components of the national social protection model in the context of European choice (Pasichnyk Yu., Sukach O., 2022). Consideration of non-contributory and contributory schemes of social protection in Ukraine was performed by Myroshnychenko G., Osaula M. and Myroshnychenko I. as for social services (Myroshnychenko G., Osaula M., Myroshnychenko I., 2021); Pidlypna R., Makara O. and Shevchuk B. as for social insurance schemes (Pidlypna R., Makara O., Shevchuk B., 2022); Libanova E.M., Makarova O.V., Sarioglo V.G. as for programs promoting employment and activating socially vulnerable groups of the population (Libanova E.M., Makarova O.V., Sarioglo V.G., 2020) and others.

Despite everything the assessment of Ukraine's social protection system under modern challenges based on international methodology is absent, but it has to be primary, afterwards a recommendation for its further development can be suggested.

## AIMS AND OBJECTIVES

This paper aims to identify gaps in the functioning of the social protection system of Ukraine and to create recommendations for its further development under modern challenges.

For this purpose, we have defined the following tasks:

- to assess the social protection system of Ukraine;
- to create recommendations for the further development of the social protection system of Ukraine under modern challenges.

## METHODS

In our investigation, we used such a tool as a Social Protection System Review (SPSR) (the OECD, 2018), which provides instruments for assessment of a country's social protection system within five dimensions: needs; coverage; effectiveness; sustainability; coherence. For each dimension indicators and data sources were precised counting available information from open data sources on social protection in Ukraine. (Table 1).

**Table 1. Characteristic of the SPSR toolkit.** (Source: compiled by authors based on the OECD, 2018)

Dimensions of assessment	Characteristic	Indicators	Data source
Needs	Forward-looking analysis of risks and vulnerabilities across the lifecycle to determine the need for social protection	Social and economic indicators	Data of the State Statistics Service of Ukraine, The World Bank, Minfin.ua
Coverage	Identification of existing social protection schemes and gaps in coverage	Assessment of the institutional, political, and legislative context for social protection; social protection expenditures; purchasing power standard (PPS) per inhabitant	Data of the Ukrainian Parliament Commissioner for Human Rights; the Open budget; the State Statistics Service of Ukraine; Minfin.ua
Effectiveness	Assessment of the adequacy, equity and efficiency of social protection provision	Performance indicators of the budget program (costs, product, efficiency, quality) as an example of non-contributory social protection schemes, performance indicators of unemployment social insurance as an example of contributory social protection schemes	Data of the Ministry of Social Policy of Ukraine; the State Employment Service
Sustainability	Assessment of the financing of social protection and fiscal policy more broadly	Share of social protection receipts and spending in GDP; structure of social protection receipts and spending	Data of the State Statistics Service of Ukraine; Minfin.ua
Coherence	Assessment of the institutions and political processes for social protection and their alignment with other policies	Identification of fragmentation of social protection system and lack of coordination between key actors; contributory and non-contributory social protection schemes etc.	Qualitative information

In our opinion, this SPSR toolkit is a basis for further deeper assessment and can be done in cooperation with the country's social protection institutions.

## RESULTS

### Assessment of needs

The population of Ukraine primarily live-in cities (69,3%), where the cost of living is higher (The State Statistics Service of Ukraine, 2021). Because of the wartime different groups of people based on the lifecycle face extremely high risks. Moreover, the war in Ukraine caused a negative impact on climate change (unprecedented floods, droughts etc.) that also led to migrations (Table 2).

**Table 2. Analysis of risks, from which, different groups of Ukrainian people based on the lifecycle suffer.** (Source: compiled by authors based on the State Statistics Service of Ukraine, 2021; the World Bank, 2023; the World Bank, 2021)

Stage of lifecycle	Population in 2021	Main risks in 2022-2023	Suggested social protection	General risks in 2022-2023
Infants (up to 1)	292 037 (0,7%)	Loss of primary breadwinners. Less access to affordable and quality food, healthcare	Social transfers, social services	Before the wartime life expectancy at birth was 71 years with negative population growth at level -0,8%. By late February 2023, approximately 5,4 million people had been displaced within Ukraine and over 8,1 million Ukrainians have been displaced to neighboring countries. Large-scale losses of human life. Loss of assets. Inflation reached 20,2% in 2022, with food price inflation of 26,6%
Children (1-18)	7 533 795 (18,2%)	Loss of primary breadwinners. Less access to affordable and quality food, and healthcare. Less access to remote learning because of damaged energy infrastructure and to offline learning because of damaged education infrastructure or not enough shelters	Social transfers, social services	
Working-age adults (19-59)	23 471 261 (56,7%)	The ILO estimates a loss of 2,4 million jobs in 2022 from the pre-war employment of 15,6 million, and national surveys indicate that one-third of the respondents who had worked before the war were still not employed by late 2022. Loss of income, less access to basic necessities	Social transfers, social insurance, active labour market policies, social services	
Elderly (60 years and above)	10 121 624 (24,4%)	Negative economic trends decreased the access to basic necessities of retiring people with such primary sources of income as pensions	Social transfers, social pension insurance, social services	

The complex indicator, that is able to reveal the vulnerabilities of people is the poverty rate. According to the World Bank's assessment "Poverty in Ukraine (measured as consumption below the global US USD 6,85 per person per day line in 2017PPP) is estimated to have increased from 5,5 per cent in 2021 to 24,1 per cent in 2022, pushing more than 7 million people into poverty" (The World Bank, 2023). Then it is possible to conclude that the need for social protection is sharply rising under conditions of negative trends of economic and social indicators (Table 3).

**Table 3. Trends of economic and social indicators in Ukraine during 2017-2022.** Note: \* approximately. (Source: compiled by authors based on Minfin, 2022; the World Bank, 2022)

Year	GDP, USD mln	GDP per capita (current USD)	Unemployment, total (% of the total labour force)	Inflation, consumer prices (annual %)	Gini index	Poverty head-count ratio at USD 6.85 a day (2017 PPP) (% of population)	Life expectancy at birth, total (years)
2017	112154	2640.3	9.5	14.4	26	11	72
2018	130832	3095.2	8.8	11	26.1	9	72
2019	153781	3659.8	8.2	7.9	26.6	7	72
2020	155582	3725.6	9.5	2.7	25.6	7	71
2021	200090	4834.3	9.8	9.4	n/a	5.5	70
2022	129776*	3772.6*	15.4*	26.6	n/a	24.1	n/a
Trend 2022/2021	↓	↓	↑	↑	n/a	↑	↓

Summarizing the abovementioned information, Ukraine's social protection system faces an extremely high level of financial pressure under modern challenges and needs support.

#### Assessment of coverage

The legislative basis for ensuring social protection coverage in Ukraine can be grouped by types of social protection instruments (Table 4).

**Table 4. Legislative basis for ensuring social protection coverage in Ukraine.** (Source: compiled by authors based on the Ukrainian Parliament Commissioner for Human Rights, 2023; the ILO, 2016; the UN WFP, 2017)

Type of social protection instruments	Specific laws on social security benefits	General legislation
Social transfers	The Laws of Ukraine on state assistance for different target groups (for example, "On state assistance to families with children")	The Constitution of Ukraine. The Law of Ukraine "On state social standards and state social guarantees". a. National legislation includes around 30 laws defining social policies, and roughly, 58 laws and 120 regulations defining mostly general eligibility criteria for the social benefits and social assistance at the national level, but also local governments' socio-economic strategies and budget purpose-oriented programs; b. development strategies (national and local level) are designed over a certain course of time to influence certain social protection spheres and subsequently, harmonise the legislation to avoid inconsistency and conflict of laws; c. international instruments (treaties, conventions, strategies, etc.) to which Ukraine has committed. Key documents include the Convention on the Rights of Persons with Disabilities" (the UN WFP, 2017). "The Ukrainian social security legislation complies with both Convention: the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), which was concluded on 16 March 2016 and the European Code of Social Security" (the ILO, 2016)
Social insurance	The Laws of Ukraine "On fundamentals of the legislation of Ukraine on mandatory state social insurance"; "On mandatory state pension insurance"; "On mandatory state social insurance"; "On mandatory state unemployment social insurance"	
Social services	The Laws of Ukraine "On Social Services"; "On Social Work with Families, Children, and Youth"	
Active labour market policies	The Labor Code of Ukraine; the Law of Ukraine "On Employment of the Population"	

The legislative basis for ensuring social protection coverage in Ukraine is quite difficult and includes lots of laws and documents with eligibility criteria for social benefits.

Expenditures for contributory and non-contributory social protection schemes in Ukraine in comparison to neighbouring European countries are represented in Table 5.

**Table 5. Expenditures for contributory and non-contributory social protection schemes in Ukraine in comparison to neighbouring European countries during 2017-2020.** (Source: calculated by authors based on the State Statistics Service of Ukraine, 2021; the NBU, 2023; the Eurostat, 2023; Minfin, 2022)

Country	Year								
	2017		2018		2019		2020		2020
	Total, million EUR	PPS per inhabitant	Total, million EUR	PPS per inhabitant	Total, million EUR	PPS per inhabitant	Total, million EUR	PPS per inhabitant	Ranking by PPS per inhabitant
Hungary	22748.5	3737.0	23565.4	3868.4	23939.5	3859.3	24749.2	4153.0	2
Poland	91579.1	4337.6	95430.4	4451.4	109893.4	5051.4	122692.0	5712.3	1
Slovakia	14965.3	3636.6	15655.0	3661.4	16367.4	3753.5	17842.6	3964.9	3
Romania	27196.1	2799.2	30130.3	3066.8	33476.3	3414.0	37392.5	3890.2	4
Ukraine	17251.8	2063.3	19158.6	2187.9	23591.7	2300.7	24306.5	2391.5	5

Expenditures for contributory and non-contributory social protection schemes in Ukraine in comparison to neighbouring European countries during 2017-2020 exceeded only such expenditures in Slovakia and were less than in Hungary, Poland and Romania. But if to compare this indicator per inhabitant Ukraine took the last place among these studied countries. This indicates, that it is necessary to increase the level of benefits to vulnerable people.

The inventory of main social protection programs (based on contributory and non-contributory schemes) in Ukraine in 2022 is represented in Table 6.

**Table 6. Inventory of main social protection programs in Ukraine in 2022.** (Source: compiled by authors based on NGO "Legal Hundred", 2020; the Open budget, 2022; the State Employment Service, 2022; the Social Insurance Fund of Ukraine, 2022; the Pension Fund of Ukraine, 2022)

Program	Type of transfer	Responsible ministry/agency	Legal basis Eligibility criteria
2501030 Payment of certain types of benefits, compensations, financial support and payment of services to certain categories of the population	Social transfers	The Ministry of Social Policy of Ukraine	The law of Ukraine "On the State Budget of Ukraine for 2022" and approved by the Resolution of the Cabinet of Ministers of Ukraine procedure for the use of the state budget funds
2501480 Provision of monthly targeted assistance to internally displaced persons to cover living expenses, including the payment of housing and communal services	Social transfers	The Ministry of Social Policy of Ukraine	The law of Ukraine "On the State Budget of Ukraine for 2022" and approved by the Resolution of the Cabinet of Ministers of Ukraine procedure for the use of the state budget funds
2501130 Measures for the social protection of children, families, women and other most vulnerable categories of the population	Social transfers	The Ministry of Social Policy of Ukraine	The law of Ukraine "On the State Budget of Ukraine for 2022" and approved by the Resolution of the Cabinet of Ministers of Ukraine procedure for the use of the state budget funds
2501350 Rehabilitation and recreation of children who need special attention and support in children's rehabilitation and recreation facilities of the highest category, which are located in mountainous areas	Social transfers	The Ministry of Social Policy of Ukraine	The law of Ukraine "On the State Budget of Ukraine for 2022" and approved by the Resolution of the Cabinet of Ministers of Ukraine procedure for the use of the state budget funds
Temporary disability	Social insurance	The Social Insurance Fund of Ukraine	The law of Ukraine "On mandatory state social insurance", the Law of Ukraine "On Employment of the Population"
Assistance during pregnancy and childbirth	Social insurance	The Social Insurance Fund of Ukraine	The law of Ukraine "On mandatory state social insurance", the Law of Ukraine "On Employment of the Population"
Funeral assistance	Social insurance	The Social Insurance Fund of Ukraine	The law of Ukraine "On mandatory state social insurance", the Law of Ukraine "On Employment of the Population"
Pension provision (old-age pensions Average UAH 4359,91; disability pensions UAH 4522,98; survivor's pensions UAH 495,31; seniority pensions UAH 3966,43; social pensions UAH 2140,03)	Social pension insurance	The Pension Fund of Ukraine	The law of Ukraine "On mandatory state pension insurance"
Housing subsidies and benefits (Average UAH 2421)	Social pension insurance	The Pension Fund of Ukraine	The law of Ukraine "On mandatory state pension insurance", the Resolution of the Cabinet of Ministers of Ukraine dated September 16, 2022 No. 1041 "Some issues of providing housing subsidies and benefits for the payment of housing and communal services, solid and liquid household stove fuel and liquefied petroleum gas by the Pension Fund of Ukraine"
Provision of services to persons who have additional guarantees in the promotion of employment	Social unemployment insurance, active labour market policies and social services	The State Employment Service, the Fund of mandatory state social insurance in case of unemployment	The laws of Ukraine "On mandatory state unemployment social insurance", "On Employment of the Population", "On Social Services"
Provision of services to persons with disabilities	Social unemployment insurance, active labour market policies and social services	The State Employment Service, the Fund of mandatory state social insurance in case of unemployment	The laws of Ukraine "On mandatory state unemployment social insurance", "On Employment of the Population", "On Social Services"
Provision of services to unemployed combatants	Social unemployment insurance, active labour market policies and social services	The State Employment Service, the Fund of mandatory state social insurance in case of unemployment	The laws of Ukraine "On mandatory state unemployment social insurance", "On Employment of the Population", "On Social Services"
Provision of services to internally displaced persons who have received a registration certificate	Social unemployment insurance, active labour market policies and social services	The State Employment Service, the Fund of mandatory state social insurance in case of unemployment	The laws of Ukraine "On mandatory state unemployment social insurance", "On Employment of the Population", "On Social Services"
Professional adaptation of veterans and participants of the Dignity Revolution (Professional training of persons - up to 12 months in the case of organization of training in labour professions. The duration of the academic week is up to 36 academic hours)	Active labour market policies	The Employment centres	The law of Ukraine "On the status of war veterans, guarantees of their social protection"

It is worth noting that in the difficult year of 2022, the main institutions of social protection continued to function, but the high rate of inflation essentially significantly devalued the benefits provided by them to vulnerable target groups. The Ministry of Social Policy of Ukraine was a chief administrator of budget funds within over 20 budget programs in 2022. In our opinion it is necessary to reconsider the number of programs and to make an optimization and a possible result of this measure will be an increase in benefits per vulnerable person.

### Assessment of effectiveness

Assessment of effectiveness is quite well organized for non-contributory schemes of social protection within the legislation on the budgetary process, that is based on program-target method. This approach allows to creation of budget programs with appropriate passports and then reviews a report on the performance of the budget program passport for a concrete year, prepared by the chief administrator of budget funds (for example Ministry of Social Policy of Ukraine). The structure of such report for budget program 2501480 "Provision of monthly targeted assistance to internally displaced persons to cover living expenses, including the payment of housing and communal services" in 2022 is shown in Table 7.

**Table 7. The structure of the report on the performance of the budget program passport for the 2022 year within 2501480 "Provision of monthly targeted assistance to internally displaced persons to cover living expenses, including the payment of housing and communal services".** (Source: compiled by authors based on the Ministry of Social Policy of Ukraine, 2022)

Characteristic	Description	Units	Plan	Fact	%
The goals of the state policy, the achievement of which is aimed at the implementation of the budget program	Support of the vulnerable population	x	x	x	x
The purpose of the budget program	State support for internally displaced persons	x	x	x	x
Tasks of the budget program	Task 1. Provision of monthly targeted assistance to internally displaced persons; Task 2. Providing accommodation assistance to internally displaced persons (added)	x	x	x	x
Expenditures (provided loans from the budget) and directions of use of budget funds according to the budget program	Task 1. Provision of monthly targeted assistance to internally displaced persons; Task 2. Providing accommodation assistance to internally displaced persons (added)	UAH UAH	693785.9 56953517.3	693298.9 52795327.9	99.9 92.7
Performance indicators of the budget program and analysis of their implementation:	x	x	x	x	
Costs	The average monthly number of families that need to receive monthly targeted assistance	Number of families	169700	145737	85.9
Product	Task 1. Average monthly number of families receiving targeted assistance	Number of families	169700	145737	85.9
	Task 2. Average monthly number of housing allowance recipients (added)	Thousands of persons		1537.1	
Efficiency	Task 1. The average monthly amount of targeted assistance per family	UAH	1498.5	1496.9	99.9
	Task 2. The average monthly amount of housing allowance per recipient (added)	UAH		3816.4	
Quality	Task 1. The level of providing families with monthly targeted assistance	%	100	100	100
	Task 2. The level of provision of living allowance (added)	%		100	100

Such structure of the report provides four dimensions of performance indicators of the non-contributory budget program and lets to conclude for success of the budget program targeted on social issues. But it is also necessary to add to quality indicators errors of inclusion and exclusion that will let to assess the resultativity of the program completely. As for contributory social protection programs we can observe a one-sided presentation of open reporting: product performance

indicators or efficiency performance indicators. As a result, it is quite difficult to assess the efficiency of contributory social protection programs from open data sources. On the other side, we know that the average social pension in 2022 was UAH 2140, but it is less than the subsistence minimum in Ukraine UAH 2589, then it is almost nothing under conditions of high inflation. That is why it is necessary to reconsider all indicators, connected with social protection. The situation is not better with other social protection programs, based on contributory schemes (Table 8).

**Table 8. Unemployment benefit coverage level in Ukraine during 2020-2022, %.** (Source: calculated by authors based on the State Employment Service, 2022)

Year	Types of unemployment social protection programs			
	Provision of services to persons who have additional guarantees in the promotion of employment	Provision of services to persons with disabilities	Provision of services to unemployed combatants	Provision of services to internally displaced persons who have received a registration certificate
2020	86.3	88.3	90.8	75.9
2021	89.4	91.3	98.5	80.8
2022	52.8	52.3	36.4	61.1

From Table 8, it is clear that in 2022 less unemployed people were covered by unemployment benefits because of the state of war and many difficulties with affordability in the way of applying for such benefits. From the end of May, it became possible to apply for unemployment benefits in the Diya application and portal, but for this it is needed appropriate level of informing and digital literacy.

#### Assessment of sustainability

Such sources of receipts of social protection schemes in Ukraine as social contributions were sustainable rising during 2017-2021 and since 2019 are exceeding general government contributions (Table 1).

**Table 9. Share of receipts of social protection in GDP and structure of receipts of social protection schemes in Ukraine during 2017-2021, %.** (Source: calculated by authors based on the State Statistics Service of Ukraine, 2021; Minfin, 2022)

Year	Sources of receipts				As % in GDP
	Social contributions	General government contributions	Transfers from other schemes	Other receipts	
2017	47.2	52.7	0.0	0.1	15.4
2018	49.6	50.3	0.0	0.1	16.1
2019	53.8	46.1	0.0	0.1	16.1
2020	54.3	45.6	0.0	0.1	16.4
2021	57.5	42.4	0.0	0.1	13.7

Data from Table 9 shows that contributory social protection schemes are becoming more popular, but the share of receipts of social protection in GDP rose from 15,4% in 2017 to 16,4% in 2020 and decreased to 13,7% in 2021 because of quite sharp GDP growth.

One of the most important social protection performance indicators in the context of sustainability assessment is the percentage of spending on social protection in GDP and the structure of expenditures for contributory and non-contributory social protection schemes in Ukraine (Table 10).

**Table 10. Share of spending on social protection in GDP and structure of expenditures of social protection schemes in Ukraine during 2017-2021, %.** (Source: calculated by authors based on the State Statistics Service of Ukraine, 2021; Minfin, 2022)

Year	Expenditure of the function								As % in GDP
	Sickness/health care	Disability	Old-age costs	Survivors	Family/Children	Unemployment	Housing	Social exclusion	
2017	17.4	1.4	54.3	0.6	8.6	1.4	14.0	2.3	17.4
2018	20.0	1.5	55.8	0.6	7.2	1.3	11.8	1.8	17.3
2019	20.5	1.4	60.4	0.7	7.2	1.4	6.8	1.5	17.2
2020	21.1	1.7	61.2	0.7	6.5	2.5	4.9	1.5	17.8
2021	19.1	1.8	64.0	0.7	6.1	2.0	4.7	1.6	14.3

Information from Table 10 shows that expenditures of the function old-age costs are rising and take more than half of total spending on social protection. Expenditures of the function sickness/ health care take one-fifth of total spending on social protection. Other expenditures are fluctuating from 0.7% to 7%. The share of spending on social protection in GDP was almost at the same level during 2017-2020, but in 2021 it declined by 3.5%, which is not a favourable tendency.

So, the potential of expanding existing social protection schemes or introducing new ones is quite low, because the share of expenditures in GDP is higher than the share of receipts during 2017-2021. This means that expenditures on social protection exceed receipts of social protection, but such exceeding is tending to become less from 12% in 2017 to 4% in 2021.

### Assessment of coherence

This stage of assessment is based on previous dimensions of analysis of the social protection system of Ukraine and is a basis for aiming at its further development under modern challenges (Table 11).

<b>Table 11. Recommendations for the further development of the social protection system of Ukraine under modern challenges.</b>		
<b>Dimensions of assessment</b>	<b>Revealed problems</b>	<b>Recommendations</b>
Needs	Negative trends of economic and social indicators; numerous social risks; Ukraine's social protection system faces an extremely high level of financial pressure	It is necessary to implement and promote micro-social insurance in cooperation with the private insurance sector to achieve inclusive social protection
Coverage	The legislative basis for ensuring social protection coverage in Ukraine is quite difficult and includes lots of laws and documents with eligibility criteria for social benefits. PPS per inhabitant in Ukraine was the lowest among neighbouring European countries during 2017-2020. Too many social protection programs	It is necessary: <ul style="list-style-type: none"> <li>to make legislative basis simpler and easier to understand, for example, through using infographics for existing programs and eligibility criteria for social benefits;</li> <li>to increase the level of benefits per vulnerable person through combining similar programs with similar target groups;</li> <li>to make stronger the coherence and coordination between the Ministry of Social Policy of Ukraine, the Social Insurance Fund of Ukraine, the Pension Fund of Ukraine, the State Employment Service, the Fund of mandatory state social insurance in case of unemployment and other social-oriented institutions. Counting also the negative impact of the war on climate change (unprecedented floods, droughts etc.) that lead to migrations it is necessary to add coordination social institutions with the Ministry of Environmental Protection and Natural Resources of Ukraine</li> </ul>
Effectiveness	It is quite difficult to assess the effectiveness of contributory and non-contributory social protection schemes based on open data sources	It is necessary to create and implement a National report on contributory and non-contributory social protection programs with quantitative and qualitative indicators, based on international approaches
Sustainability	The share of expenditures in GDP is higher than the share of receipts during 2017-2021, but it is tending to become less	It is necessary to form a community of conscious citizens who understand the importance of participating in public social insurance with basic coverage and private insurance with average coverage or higher by strengthening educational activities on financial literacy aimed at increasing awareness of financial mechanisms of social protection of the population

## DISCUSSION

Recommendations for the further development of the social protection system of Ukraine under modern challenges are different from other investigations (for instance Pasichnyk Yu., Sukach O., 2022) because they are the result of findings, based on using international methodology of the country's social protection system assessment. In our opinion, the Social Protection System Review has to be implemented in Ukraine officially. We believe that made assessment of the social protection system of Ukraine under modern challenges can become a ground for deeper analysis in cooperation with social government institutions.

## CONCLUSIONS

A Social Protection System Review was used for the assessment of Ukraine's social protection system within five dimensions: needs; coverage; effectiveness; sustainability and coherence. It was found that the level of social risks in Ukraine is rising as indicated by negative tendencies of economic and social indicators; many social programs exist based on the quite difficult legislative basis that decreases the level of effectiveness of social protection; social expenditures exceed social receipts, and this does not support the sustainability of Ukraine's social protection system.

To develop the social protection system of Ukraine under modern challenges, it is important to pay attention on micro social insurance in cooperation with private insurance sector to make social protection inclusive; to use visualization approach for existing programs and eligibility criteria for social benefits what will make legislative basis of social protection clearer; to optimize number of social protection programs for increasing the level of benefits per vulnerable person; to make stronger the coherence and coordination between the Ministry of Social Policy of Ukraine, the Social insurance Fund of Ukraine, the Pension Fund of Ukraine, the State Employment Service, the Fund of mandatory state social insurance in case of unemployment and other social oriented institutions through implementation the National report on contributory and non-contributory social protection programs with quantitative and qualitative indicators, based on international approaches; to increase social and financial literacy of population that will let them to understand the importance of participating in public social insurance with basic coverage and private insurance with average coverage or higher.

Further research for the assessment of the social protection system of Ukraine under modern challenges can be deeper, especially in cooperation with social government institutions.

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## ADDITIONAL INFORMATION

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## **ФУНКЦІОНУВАННЯ СИСТЕМИ СОЦІАЛЬНОГО ЗАХИСТУ УКРАЇНИ В УМОВАХ СУЧАСНИХ ВИКЛИКІВ**

Система соціального захисту України функціонує в умовах численних викликів, а саме: демографічні зміни; вплив глобалізації; зміни на ринку праці під впливом диджиталізації; зміни клімату; макроекономічна криза, зумовлена війною. Перелічене здійснює тиск на функціонування означеної системи та вимагає комплексної оцінки її стану.

Метою дослідження є виявлення прогалин у функціонуванні системи соціального захисту України та розробка рекомендацій щодо її подальшого розвитку в умовах сучасних викликів. У статті використаний такий підхід, як огляд системи соціального захисту, що надає інструменти для оцінки системи соціального захисту країни за п'ятьма вимірами: потреби; покриття; ефективність; стійкість; узгодженість. Ця оцінка стала основою для надання рекомендацій щодо розвитку системи соціального захисту України в умовах сучасних викликів.

Оцінка системи соціального захисту України за п'ятьма вимірами дозволила виявити, що рівень соціальних ризиків в Україні зростає, на що вказують негативні тенденції економічних і соціальних показників; існує багато соціальних програм, які базуються на досить складній законодавчій базі, що знижує рівень ефективності соціального захисту; соціальні витрати перевищують соціальні надходження, що не сприяє стійкості системи соціального захисту в Україні.

Для розвитку системи соціального захисту України в умовах сучасних викликів важливо зробити соціальний захист інклюзивним через упровадження мікросоціального страхування в співпраці з приватним страховим сектором; візуалізувати критерії права на соціальні виплати та інші умови соціальних програм, що зробить законодавчу базу соціального захисту більш зрозумілою; оптимізувати кількість програм соціального захисту для підвищення рівня виплат на одну соціально незахищену особу; зміцнити узгодженість і координацію між соціальними інститутами; підвищити соціальну та фінансову грамотність населення з метою зростання рівня його обізнаності щодо фінансових механізмів соціального захисту.

**Ключові слова:** соціальний сталий розвиток, соціальні ризики, управління соціальними ризиками, оцінка системи соціального захисту, соціальна інклюзія

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