

Non-governmental organisation «Bureau of Social and Political Developments»

Tender No. RFP-UKRA-2015-0009

Stocktaking of Social Sector Reform Processes in Ukraine

Contract No. 43190817

CONCLUSIONS

**ON THE RESULTS OF THE STAKEHOLDERS MAPPING AND
ANALYSIS OF THE STAKEHOLDERS' VISION OF THE SOCIAL SECTOR REFORM
AND THEIR ACTIVITIES IN SUPPORT OF THE REFORM PROCESSES**

1. Outline of the Activities

The contract's objective is to consolidate the existing knowledge on and results of the social sector reform in Ukraine, identify gaps and bottlenecks in planning and implementation of the reform, and develop recommendations on further steps in the social sector reform in Ukraine. The Bureau of Social and Political Developments (hereinafter 'the Bureau') carried out the first two tasks of the contract:

1. Mapping of stakeholders in the social sector reform processes in Ukraine.
2. Analysis of the stakeholders' vision of the social sector reform and their activities in support of the reform processes.

We interviewed 43 respondents in total. They represent:

- Verkhovna Rada of Ukraine – 2 respondents;
- central executive authorities – 13 respondents;
- international and donor organisations – 12 respondents;
- non-governmental organisations – 11 respondents;
- think tanks and research institutions – 5 respondents.

Some stakeholders refused to participate in the survey, referring to either their low expert knowledge in social sector (International Organization of Migration) or the fact that their stance in the matter was well-known and they did not intend to repeat it again. The latter organisations were:

- GIZ;
- The Ukraine National Initiatives to Enhance Reforms (UNITER) [implemented by *Pact*];
- Swiss-Ukrainian project "Decentralization Support in Ukraine" (DESPRO);
- All-Ukrainian Network of PLWH.

The report on the results of the interviews with stakeholders has the following structure:

1. The structure of the social sector.
2. An 'ideal' model of the social sector.
3. Distribution of social functions among different levels of government.
4. Social sector reform processes. Recommendations to the reform.
5. Coordination among the parties to the reform processes.
6. Comparison of the health care, education, and social service reforms.
7. Human development indicators.

2. The Structure of the Social Sector and Human Development

Taking into account the lack of a definition of **social sector** in the legislation, the specification of its structure is an important step in the development of recommendations for further complex changes. *Table 1* shows the constituent parts of the social sector, identified upon interviews with the stakeholders and analysis of their answers.

Table 1. **Constituent Parts of the Social Sector, upon Respondents' Answers**

No	Respondents' answers	Elements of the social sector proposed by the Bureau							
		Employment	Pensions and social security	Social assistance	Social services	Education	Health care	Leisure activities	Civic activities, incl. volunteering
1	Fully agree	35	43	43	43	11	14	16	19
2	Partially agree	5	0	0	0	28	25	23	20
3	Disagree	3	0	0	0	4	4	5	10

The UNICEF's Terms of Reference for this stocktaking exercise (RFP-UKRA-2015-0009) call for particular attention to the *development of human capital* when elaborating a model of the social sector. The social sector's aim is to improve the human potential, and thus its structure is defined as a set of elements that ensure human development. According to UNDP's 2015 Human Development Report 'Work for Human Development'¹, those elements are Long and Healthy Life, Knowledge, and Decent Standard of Living.

These elements are divided, in turn, into smaller components that should be ensured at all levels of the state: national, regional, and community levels.

Structural Elements of the Model, Aimed at Enhancing Human Potential (UNDP)

I. LONG AND HEALTHY LIFE

('Health' is understood *a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity*, in accordance with the definition of the Constitution of the World Health Organization)

- Promotion of healthy lifestyle.
- Prevention of harmful practices and phenomena and elimination of their effects:
 - *the use of psychoactive substances;*
 - *violence and human trafficking;*
 - *crime;*
 - *orphanhood and neglect;*
 - *homelessness;*
 - *HIV, sexually transmitted infections, and unintended pregnancy.*
- Ensuring care in case of illness and in case of old age.
- Restoration of lost skills, capabilities (physical, mental, social), and rights: adaptation, rehabilitation, and resocialization.
- Barrier-free environment for people with disabilities.

II. KNOWLEDGE

¹ http://hdr.undp.org/sites/default/files/2015_human_development_report_1.pdf

- Ensuring professional training for future employment.
- Inclusive education for people with disabilities.
- Career guidance.
- Assistance in organisation of independent living for people with disabilities (habilitation).
- Organisation of leisure activities (interest groups and clubs, educational activities, volunteering).

III. DECENT STANDARD OF LIVING

- Social security at workplace.
- Pension.
- Availability of cash aid / material aid / shelter options (under certain conditions).
- Employment assistance services (including for people with disabilities).
- A system of incentives for business to create jobs, for people with disabilities in particular.
- Assistance to victims of natural disasters and armed conflicts (shelter, employment, benefits).

3. General Distribution of Functions among Different Levels of Government

The decentralisation reform envisages the reformatting of raions into consolidated communities during several years. Therefore, in our interviews with stakeholders we used the management function distribution among three levels: national, regional (oblast), and community.

Based on the above and using the stakeholders' answers, we propose the following distribution of functions among national, regional, and community levels as the most appropriate:

National Level:

- development of regulatory documents;
- setting social policy priorities;
- social sector situation analysis on the basis of information received from regions;
- introduction of electronic record keeping and e-governance;
- information campaigns of national scope;
- participation in international projects at the state level;
- development of the methodological support basis for regional and community level work;
- identification of requirements to the quality of social services by means of standardisation;
- accumulation of reserve funds in case of a natural disaster or armed conflict;
- accumulation of financial resources for the payment of social benefits.

Regional Level:

- analysis of the situation in the social sector of the region;
- social sector regional development planning;
- methodological support to the social work in communities, including training of specialists;
- information campaigns of regional scope;
- record keeping of all-Ukrainian databases and registries;
- provision of complex and high-cost services (financing of institutions);
- supervision over the quality of social service provision in communities and institutions / facilities;
- organisation of social commissioning tenders;
- supervision of local specialists.

Community Level:

- community needs assessment;
- service provision;
- paying of salaries for specialists;

- ensuring barrier-free environment;
- cooperation with business;
- organisation of social commissioning tenders;
- support to NGOs and volunteer movements.

4. An 'Ideal' Model of the Social Sector

In the opinion of the respondents, an '**ideal**' social sector model shall pursue the following tasks:

- An able-bodied person shall receive adequate remuneration for his or her work, comparable with market prices.
- A person who is unable to work shall receive assistance to ensure his or her decent quality of life.
- Health care shall be focused on prevention and promotion of a healthy lifestyle.
- Education shall ensure that a person could compete at the labour market.
- Streamlined work of social security funds, with a transparent flow of social security contributions.
- Electronic management of the social sector; existence of a single database with the person's identification code as the main reference point; existence of registries of providers and beneficiaries.

The respondents identified the following **core principles of the 'ideal' social sector model**:

- **Transparency.**
- **Accessibility** (economic and territorial).
- **Involvement of different actors** in addition to government actors.
- **Targeting of the person and his or her needs** (as opposed to infrastructure or a public official).
- **Automation** of record keeping and control processes (minimizing the involvement of public officials).

For new approaches to be introduced in the organisation of the social sector, the social policy shall be:

- **easy to understand** (its objectives are understandable to the public and it should be clear to the public who is responsible for achieving the set aim and who is the recipient of dividends);
- **based on consensus** (policy aims are formulated with involvement of a wide range of experts and NGOs);
- **cooperative / based on common values** (common values of the country's social doctrine);
- **just** (social justice, absence of discriminatory norms in relation to various categories of population).

5. Recommendations to the Reform

5.1. State Guarantees:

- Pension benefits guarantees: the minimum pension level shall be guaranteed by the state while the other part of the pension (its major part) should depend solely on the person's pension contributions throughout his or her life, with inflation rate adjustments.
- Education shall remain guaranteed by the state (preschool, primary, and secondary education).
- Guaranteed minimum package of healthcare services (yet to be determined).
- Vast majority of subsidies and cash benefits must be replaced with targeted assistance based on the client's needs.

- The list of client categories eligible for social assistance or state subsidies must be reviewed and shortened.

5.2. Management Structure

- The regulatory framework needs to be streamlined. Instead of a series of sectorial laws governing separate categories and aspects of social work or social assistance, a single law or a code of laws needs to be adopted.
- The structure of relevant ministries needs to be revised (the Ministry of Social Policy, the Ministry of Education and Science, and the Ministry of Health).
- Methodological support to social work at local level and the control / supervisory function needs to be set up.

5.3. Needs Assessment and Planning

- Needs assessment and planning of the needed volume of services and social assistance must be carried out at the community level, taking into account the financial status of potential beneficiaries to preclude any violation.
- The system of data collection on household standards of living must be improved.

5.4. E-governance:

- Introduction and management of an electronic record keeping system, including the development of databases to be used in effective resource planning and for other intended uses, a single database of citizens' income and real estate in particular.
- Development of indicators to be used in the analysis of previous activities in order to identify the ways to ameliorate them in the future.

5.5. Resources and Funding for the Social Sector

- Social services need to be funded at the community level. If a community lacks financial resources, several communities should be allowed to combine their budgets.
- Complex services need to be funded at the regional level.
- Communities shall fund the minimum package of services. In addition, each community may extend the minimum package in accordance with its needs.
- If a community lacks financial resources to fund even the minimum package, those resources shall be provided by the region, or, as a last resort, by the central government.
- The social sector need to attract additional resources:
 - o paid services;
 - o fines;
 - o donations;
 - o socially responsible business;
 - o social entrepreneurship;
 - o attraction of social benefits recipients to activities to the benefit of the community;
 - o public-private partnership.

5.6. Organisation of Social Service and Social Assistance Provision

- There should be an option to outsource social services for particular beneficiaries.
- Social workers / specialists of social work should be introduced in the staff of local self-governance bodies.
- Establishing a one-stop shop for social assistance and services.

- The community should identify by itself the most appropriate option of how to organise social assistance and services.

5.7. The Role of Non-Governmental Organisations in the Social Sector

- Non-governmental organisations may become service providers to whom the state would outsource the provision of social services to all target groups, if some mechanism of financing social services has been introduced, for instance, through a voucher mechanism, social commissioning or a ‘money follows the client’ model.
- It is impossible to ensure the required number of providers of social services without establishing conditions for the development of the market for social services.

6. Coordination among the Parties to the Reform Process

Upon the respondents’ answers, we grouped the challenges that may hinder the coordination among the parties to the reform processes:

- Conflicting legislation.
- The decentralization process exacerbates the issue of personnel and their competencies in managing the community, its financial resources, etc.
- Lack of indicators for measuring the effectiveness of reforms.
- Ministries are interested in preserving their vertical power and control over various institutions at the local level.
- There are overcomplicated and ‘void’ procedures in the system of social service provision. For example, one of the respondents indicated: *“How local authorities could identify priorities in social service provision if the Needs Assessment Procedure lists over 40 social groups eligible for social services?”*

The respondents also identified **challenges of systemic nature** in the reform processes:

- Lack of communication between reformers and the rest of stakeholders. Reformers are not aware of the initiatives and plans of the rest of stakeholders, and oftentimes their efforts turn out to be at cross-purposes. It is essential to know stakeholders, engage them in the reform processes, and be able to drive home your ideas. For instance, ministers do now know how to substantiate the need for a particular reform.
- Few politicians wish to get involved in unpopular reforms, as they are afraid of ‘getting dirty.’
- There is no support at the highest level because of different priorities. For instance, those in power are still thinking how to ‘push’ for the changes in the Constitution to remove the articles that provide for free health care.

It is next to impossible to revamp and optimise the social sector of Ukraine without moving beyond the boundaries of the relevant ministries. **It is essential to:**

- Restore public confidence in public policy aimed at improving the citizens’ life, development and the upholding of fundamental principles of social justice.
- Carry out a complex change of approaches to remuneration, taxes, and social insurance. The government should introduce such mechanisms of distribution of economic activity results that would hold in check any further social and economic polarisation of the society.
- Modernise the social security system as the basis to shift from overcoming the consequences to creating opportunities.
- Promote effective employment and create new jobs. Able-bodied persons should fully meet their needs and the needs of their families without resorting to any assistance or support from the state.

- Enhance the effectiveness of social dialogue to ensure the balance between social and economic tasks in the development of the state.

7. Comparison of the health care, education, and social service reforms

The respondents noted that the health care reform logic proposed by the government and experts from non-governmental sectors defines directions that are relevant also for the reform of social services and social infrastructure. The directions are as follows:

- identify the list of services guaranteed by the state;
- carry out the optimisation of the network of social service providers;
- base the planning and funding on real needs;
- outsource a part of services to non-state providers;
- develop a database of citizens' income and real estate; and
- calculate the costs of social services to enable their further procurement.

There are also a number of **distinctive features**, which, according to the experts' opinion, do not allow for the consolidation of health care and social sector reforms:

- Differences in the principles of the training of social and health care workers. A volunteer in social work who completed two training sessions or even completed one year of training cannot provide primary healthcare services. To provide primary healthcare services, one needs to have a medical university diploma or at least a diploma in nursing. Indeed, medical professionals need to get detached from the medical facility itself, medical facilities being some form of feudalism, and receive some support and assistance (many other barriers need to be lifted as well), but you cannot vacate specialised education.
- While the core logic in social service reform lies in privatisation and financial decentralisation of the system, the health care reform calls for centralisation of financial flows.
- Financing the minimum (guaranteed) package of services. In the case of social service reform, the term 'guaranteed' implies that new consolidated communities would ask the state to provide funding not envisaged in the legislation. Therefore, the financing of the healthcare services package will come at the expense of the state budget (centralised agency with its branches at the local level). Communities, insurance companies, or patients themselves may buy additional healthcare services from hospitals.

There are also some '**disputable issues**' between health care and the system of social services:

- Residential institutions that are on the balance sheet of the Ministry of Health shall not be under its management.
- Prevention of socially dangerous diseases is the task of public health, not of the system of social services. The transfer of prevention activities and partial transfer of treatment of such diseases to primary health care are being discussed.
- Health care system reform experts have not yet discussed the issue of the future of hospices, palliative care, home care, etc. The majority of them believe that such services cannot be in the minimum (basic) package of services since those services are considered additional in Europe.
- The Ministry of Social Policy is developing the concept of medico-social insurance, which enrages health care reform experts. The latter have doubts that the Ministry of Social Policy may have experts in the matter. They also see no possibility to introduce such type of insurance (in Moldova and the Russian Federation, such funds do not receive enough money due to salaries being paid in the 'shadow economy').

The respondents identified the following **directions for the education reform**:

- Bringing the structure of education into compliance with the modern economy and Ukraine's integration into the European economic and cultural space.

- Reforming the essence and content of education.
- Ensuring equal access to quality education for all citizens and transforming education into a social lift.
- Reforming the system of training and professional development of teaching and administrative staff in the education sector as well as ensuring high social standards for the employees of the education sector.
- Reforming the remuneration system for the employees of the education sector.

According to the respondents, the **reform of the education system** should ensure:

- the child's right to choose school in accordance with his or her abilities (access to quality education);
- children's access to organised leisure activities (leisure clubs, after-school classes);
- de-institutionalisation of residential care facilities under the Ministry of Education and Science (the children from institutions shall have access to education in common school facilities);
- the access to education for people with disabilities (including children) – through inclusive education and distance education.

8. Indicators

The respondents suggested to:

- Develop indicators to be used in the analysis of previous activities in order to identify the ways to ameliorate them in the future.
- Improve the system of data collection on household standards of living.
- Improve the statistical reporting system in accordance with the developed indicators.
- Introduce a system of quick response to indicators in short- and long-term planning.