

THE ROLE OF STATE IN ENSURING BASIC LEVEL OF WELFARE IN UKRAINE: CHALLENGES OF WARTIME

Anastasiia Gaidai¹

DOI: <https://doi.org/10.30525/978-9934-26-602-7-37>

Abstract. Welfare increase of population is the core strategic vector of most state policies, which has a variety of areas for realization considering multidimensional nature of such complex category as welfare. In conditions of modern challenges related to global uncertainty and high risks of external shocks, the more important becomes flexibility and responsiveness of the state policy aimed to secure the basic level of people's well-being. *The purpose* of this work is to analyze the role of Ukrainian state in ensuring the basic material welfare of Ukrainian population and to highlight its changes in response to the challenges of the wartime. The solution of such research goal determines the following logic of material presentation in current paper: analysis of the traditional social policy effectiveness in Ukraine, researching the dynamics and structural changes of the most influential social programs (housing and utilities subsidy program, guaranteed minimum-income program, families with children support) in the period of war compared to the pre-war trends; systematization and analysis of the governmental social measures introduced in Ukraine in order to reduce the risks of extreme poverty increase caused by the devastating consequences of the Russian military aggression in Ukraine. *Methodology* of the research is based on the general scientific methods of analysis, synthesis and systematization, induction, deduction, and generalization, supplemented with graphic method of data visualization. *Main results* of the study showed high level of involvement of Ukrainian government in addressing actual difficulties faced by population in the period of military aggression from Russia, as not only traditional social programs in Ukraine were continued during the wartime, but also a number of new effective solutions were implemented to prevent the spread of extreme poverty. Most social assistance programs demonstrated reduction in total expenditure

¹ PhD student, Department of Finance, National University "Kyiv-Mohyla Academy", Ukraine

volumes as well as in coverage in the first year of the full-scale war in Ukraine due to some territories occupation, massive migration, lack of abilities to follow standard application procedures, and rapid inflation increase. However, most of them demonstrated recovery in further 2023-2024 Among new social initiatives launches by the state in 2022-2023: additional financial assistance from different donors to new vulnerable groups; widen range of Internally Displaced Persons support including providing houses for residence, stimulating employment, monthly financial assistance and reduction in some tariffs; introducing preferential mortgage lending, housing certificates and other instruments for premises recovery purposes. In conditions of budget funds shortage and high priorities to defense purposes the Ukrainian government demonstrated effective state policy aimed at securement of material welfare of Ukrainians' through the productive cooperation with external partners, ability to take quick decisions and integration of progressive technologies in administrating social assistance in unstable circumstances.

1. Introduction

One of the strategic objectives of state policy in most countries is to improve the welfare of the population. It has many directions and areas of implementation, including ensuring a basic material standard of living for its citizens. This task is implemented through a number of state social instruments and programs, which change due to the influence of external and internal factors, as new incentives or challenges arising for certain social groups or the entire population necessitate transformations in the approaches, scope, and targeting of state support.

Russia's full-scale invasion of Ukraine on February 24, 2022, eight years after Russia started the war by occupying Crimea and part of Donbas, led to numerous human casualties, a sharp decline in economic activity, temporary loss of territory, and destruction of infrastructure and housing. The Ukrainian government faced the enormous challenge of significantly increasing defense and security spending at a time when economic activity had declined. The war forced many Ukrainians to leave their homes as the Russian army completely or partially destroyed residential and administrative buildings, plants and factories, infrastructure. Millions of Ukrainians became internally displaced persons, many were forced to leave

the country, and also an unemployment rose. Due to the severe consequences of the war in the spring of 2022, World Bank experts expected the poverty rate in Ukraine to exceed 50%, with some estimates suggesting that it would reach 80% [3, p. 3]. However, the actual poverty rate was approximately 25%, largely thanks to the governmental social policy.

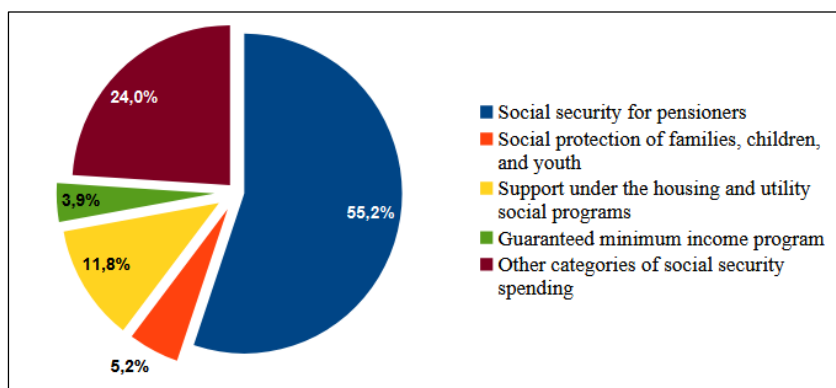
An analysis of trends and structural changes in the main social protection programs in Ukraine allows us to assess the effectiveness and expediency of state social policy in response to the challenges of wartime and to identify potential areas for improving its effectiveness during this difficult period for the country. **The purpose of this work** is to analyze the role of the state in ensuring the basic material welfare of the Ukrainian population, taking into account the challenges of the wartime. It is executed by implementation of the following **scientific tasks**: researching the dynamics and structural changes in the social security and social protection of the Ukrainian population in the period of war compared to the pre-war trends; analyzing the effectiveness of new social policy instruments introduced by the Ukrainian government to reduce the risks of poverty caused by the devastating consequences of the Russian Federation's armed aggression in Ukraine.

The structure of this study includes 1) an analysis of the effectiveness of traditional social policy instruments in Ukraine during periods of crisis, the dynamics of the key indicators and conditions of the most influential social programs; and 2) an overview of the governmental social measures introduced in Ukraine in response to the challenges of the wartime. The main conclusions and references to the primary sources are provided at the end.

2. Traditional social instruments in Ukraine during periods of crisis

Ukraine has a rather complex social protection system based on a targeted approach, where most benefits are financed on a categorical basis, which includes various types of assistance and compensation for the population and consists of a social security system and a social insurance system. This means that many social programs do not take into account the income level of recipients. For example, childbirth assistance is equal for all families, as it is aimed at stimulating the birth rate. Categorical payments to persons with disabilities, foster families, large families, and the elderly are made

according to a similar targeting principle. In contrast, the low-income family assistance program, also known as the guaranteed minimum income (GMI) program, is aimed at supporting the poor. Another social security program that involves verification of recipients' incomes is the housing and utility subsidies program (HUS), eligibility for which depends on the household's income level and the proportion of that income spent on housing and utility services. In addition, there are certain categories of persons who are entitled to benefits for housing and utility services (war and labor veterans, large families). Other social programs that are smaller in scope and coverage include assistance to persons with disabilities, unemployed, Chernobyl victims, and single mothers or fathers after verification of their income. A significant part of the social protection system budget is dedicated to provide regular payments to pensioners, over 55% in 2024 (Figure 1).



**Figure 1. Structure of social protection
and social security expenditures in Ukraine in 2024**

Source: constructed by author based on the data from [7; 8]

In addition to pension payments (55%) and other categories of social protection expenditures (24%), the largest social security programs that are worth considering and analyzing in relation to the challenges of wartime are the following: 1) expenditures under the housing and utility subsidies program, which account for almost 12% of Ukraine's social spending; 2) social protection of families, children, and youth – more than 5% of

the country's social spending; 3) assistance to low-income families or the guaranteed minimum income (GMI) program, which in 2024 made almost 4% of all social protection and social security expenditures in the country (Figure 1).

2.1. Housing subsidy program

In Ukraine, the social housing and utility subsidies (HUS) program provides targeted financial support for utility payments by compensating part of households' expenses to cover standardized by state consumption of housing and utility services, determined in accordance with state social norms. The maximum share of household income spent for the HUS payments is determined by a formula that takes into account the level of household income in relation to the subsistence minimum.

The actual amount of the housing and communal services subsidy to be compensated to the household is determined as the difference between the amount of HUS payment within the limits of social norms and standards calculated for a given household and the amount of the maximum HUS payment for the household [11]. Thus, the Housing and Utilities Program takes into account the level of household income and does not take into account its actual expenses for housing and communal services, replacing this component with social standards of consumption of housing and communal services established at the state level.

The Housing and Utility Subsidy Program is the largest state program that verifies the income level of recipients. The coverage rate of the poor population with housing subsidies before the start of the full-scale war in Ukraine was insufficient – according to the absolute criterion, it was 45.5% in 2018 and fell sharply to 20% in 2019, when four out of five poor households were not covered by the housing subsidy program. This indicated the low effectiveness of the housing subsidy program in the pre-war period – only 6.9% was the share of such cash assistance in recipients' incomes in 2019 [1, p. 299], which illustrates that there were many high-income households among HUS program recipients.

During 2022, the government simplified the procedure for providing housing subsidies in response to significant income losses among households, including the introduction of the possibility for internally displaced people to receive HUS subsidies at their new place of residence,

thereby expanding protection for this category of the population. The administration of housing subsidies has also changed, with the Pension Fund of Ukraine taking over responsibility in early October 2022. With the start of the full-scale war, the coverage of the HUS program decreased by 18% compared to 2021 level, total funding amount was reduced by 38.8%, and the average monthly amount of housing subsidies declined by 14.5% (Figure 2). In 2023, the increase in the average amount of payments under the HUS subsidy program was accompanied by a further reduction in the coverage by this program. However, a positive trend was projected for 2024 in terms of both the overall funding of the program and the number of expected recipients of such assistance, as well as the average monthly payments.

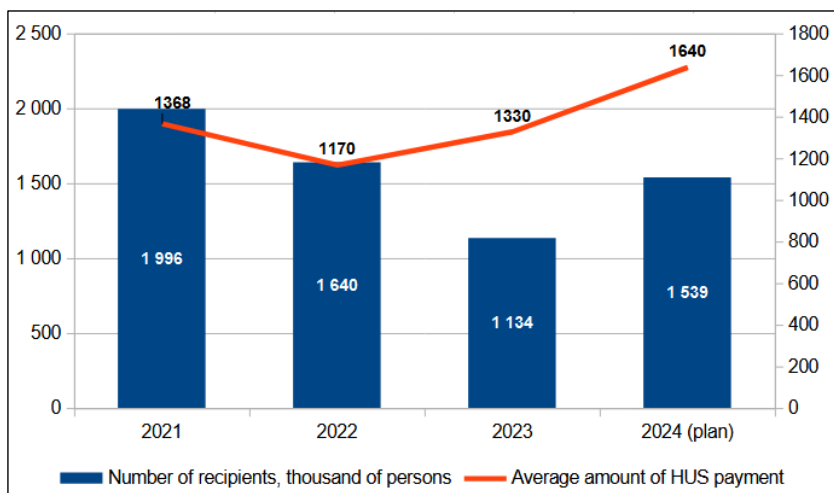


Figure 2. Dynamics of changes in the average size of payments and the level of coverage by the state social program for housing and utilities subsidies program, 2021-2024

Source: constructed by author based on the data from [8]

Among the reasons for the observed changes the temporary occupation of the territories, destruction of houses, external migration, and governmental restrictions on tariff policy should be mentioned. The number of recipients

of HUS has also decreased due to the government decision to keep tariffs for gas, electricity, and heating unchanged for households in order to prevent extreme poverty among the population. Also in the spring of 2022 local authorities in cities where hostilities were taking place introduced zero HUS tariffs to be covered by local budgets, as a temporary short term measure [3, p. 12].

It should also be noted that in Ukraine the governmental measures aimed to provide financial assistance to the population in the area of housing and utilities expenses are not limited to the HUS programme mentioned above, although it is fairly the largest one in this area of governmental social spending. In addition, state support for people's expenditures on housing and utilities services also includes subsidies and benefits for the purchase of solid fuel and liquefied gas for households that do not have centralized gas supply and heating, as well as benefits for housing and utilities services for certain categories of citizens, depending on their average monthly family income. The total share of state expenditures on these HUS programs in pre-war 2021 accounted for 30% of all government social expenditures related to the housing and utilities services support (the remaining 70% were expenditures on HUS subsidies). However, their share increased significantly after the start of the full-scale invasion of Ukraine by the Russian Federation – to 46% and 48% in 2022 and 2023, respectively [8]. This trend indicates an increase in the level of financial support provided by the government to cover the housing and utilities services costs of Ukrainians' in times of crisis, which clearly demonstrates positive trends in flexible responses to changes in the people's needs in the area of social policy in Ukraine.

2.2. State assistance to families with children

During the war Ukrainian government continued its policy of supporting families with children in accordance with all existing social programs that were introduced before the start of the full-scale invasion of Ukraine by the Russian Federation. Families with children were able to receive additional assistance from international organizations and foundations that launched special programs to support Ukrainian families with children during the war. Among these international organizations, it is worth highlighting the United Nations Children's Fund (UNICEF) in Ukraine, the International

Committee of the Red Cross Mission in Ukraine, the Red Cross Society of Ukraine, and the Estonian Refugee Council. A special unified state platform, «eDopomoga», was created to receive various types of international support and assistance from non-governmental national organizations.

Traditional state programs supporting families with children include assistance related to pregnancy and childbirth, benefits at a childbirth, payments to single mothers and fathers, payments and benefits to large families, assistance for children under guardianship or care, state support for orphans, temporary state assistance to children whose parents evade child support payments, as well as various types of assistance and benefits for children with disabilities. Among these programs, it is worth considering the largest ones in terms of volume and coverage (Figure 3), which are: childbirth assistance and assistance related to pregnancy and childbirth, state support for large families, and assistance to single mothers (or fathers).

Although *state support for women related to pregnancy and childbirth* accounts for slightly more than 1% of the total governmental social spending on child support, it is a fairly widespread type of social child assistance in terms of coverage, accounting for more than 8% of the total number of recipients of all types of child support in Ukraine (almost 265 thousand of people in 2023). This type of assistance is mostly provided through the woman's place of employment in the form of *paid leave for pregnancy and childbirth*, which is 126 calendar days (or 140 calendar days in case of two or more children born and in case of complications during childbirth) and is provided to women 70 calendar days before childbirth on the basis of a medical opinion, regardless of the number of days actually used before childbirth (in accordance with Article 178 of the Labor Code of Ukraine). At the request of the mother or father of the child, one of them is granted *unpaid leave to care for the child until he or she reaches the age of three*, during which social payment of state assistance are provided for these periods in accordance with the law (Article 179 of the LCA). The right to such leave (full or partial) may be exercised primarily by the mother of a child both at the main place of work and at the place of part-time work, as well as the child's father, grandmother or grandfather, other relatives who actually care for the child; a person who has adopted or taken custody of the child, or one of the foster parents. At the request of the woman or persons caring for the child, during their childcare leave, they may work part-time

or from home (Part 9 of Article 179 of the Labor Code, Part 4 of Article 18 of Law No. 504).

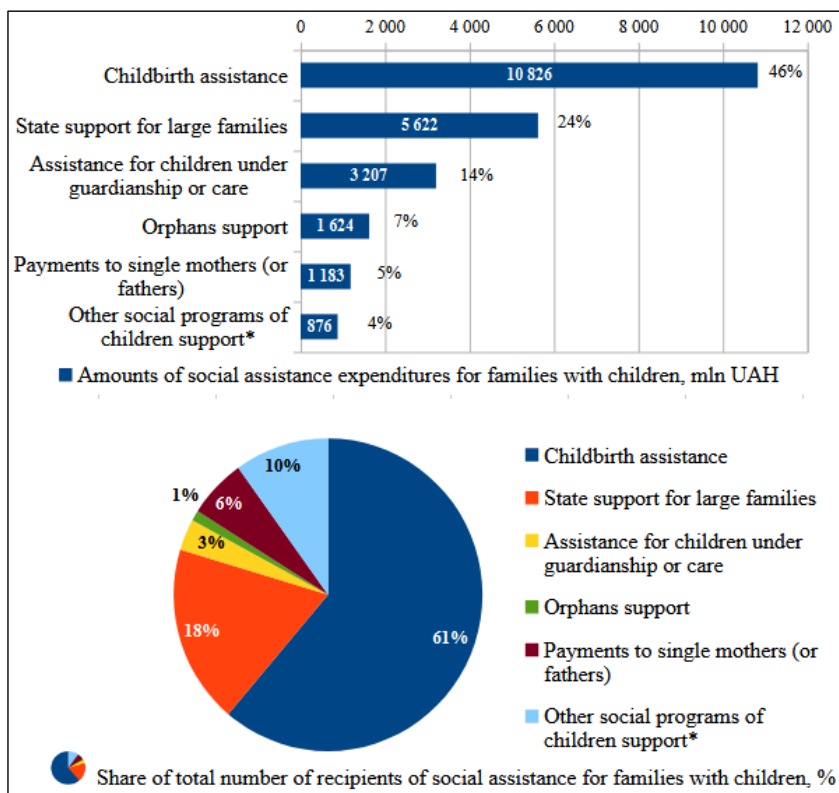


Figure 3. Volumes and coverage of state assistance for families with children in Ukraine in 2023 by type of assistance

Source: constructed by author based on the data from [8]

*Note: other social programs of children support includes temporary assistance for children, assistance related to pregnancy and childbirth (which takes 8% from total 10% of the category "other social programs of children support" by number of recipients) and assistance for children without disabilities who are seriously ill.

Pregnant women who are not insured under the compulsory state social insurance system are also entitled to the state assistance for pregnancy and childbirth, provided that they are registered with the employment center as unemployed. The amount of such assistance to unemployed women from the state is set at 25% of the subsistence minimum, which in 2024 and until the end of 2027 is 757 UAH per month [12]. The dynamics of the actual amounts of the main social payments for families with children are shown in Figure 4.

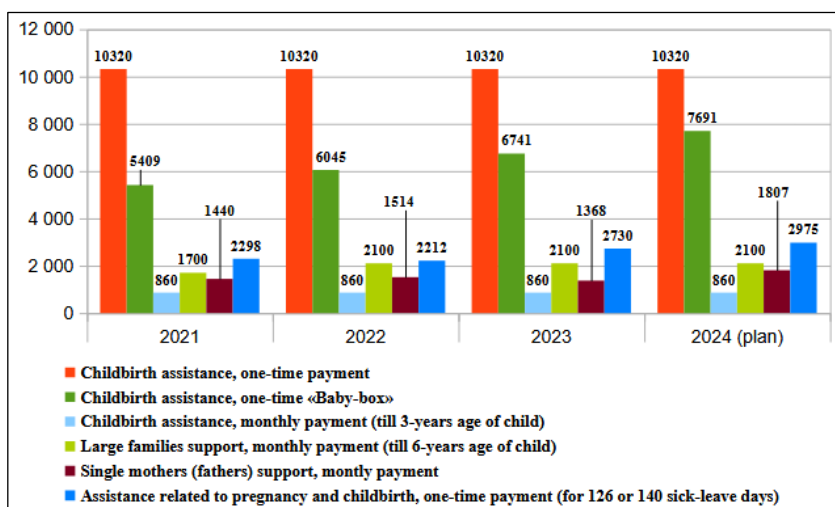


Figure 4. Dynamics of average amounts of state social assistance for families with children in Ukraine by type of assistance, 2021-2024 (in UAH)

Source: constructed by author based on the data from [8]

It should be noted that the number of women receiving pregnancy and childbirth assistance steadily decreased in 2022-2023 compared to pre-war 2021, which clearly illustrates the decline in fertility in times that are difficult not only for the country, but foremost for its people. The continuation of this trend was also reflected in the governmental plans for the amount of this assistance for 2024, which was almost 20% decrease in the number of

recipients compared to 2023 (or 49% less than in 2021), and 12% reduction in the total expenditure amount compared to 2023 (or one-third compared to 2021). Thus, in 2024, there was a decrease in the effectiveness of this state support program, which is also reflected in the general trend for social programs for 2025-2027 due to the fixing of the subsistence minimum for this period, and therefore the amounts of many social cash payments to various demographic groups.

State assistance for the childbirth is the largest type of social assistance for children in Ukraine, both in terms of volume and coverage of the population by this social program. It does not depend on the level of family income, consistently amounting to UAH 41 280 (a one-time payment of UAH 10,320 and UAH 860 per month during three years) over the past 12 years. Due to the fixed amount of childbirth benefits over such a long period, the real value of this assistance has decreased by more than 2.5 times, taking into account the annual rate of consumer inflation, which totaled more than 167% from 2012 till the end of 2024. Also, starting in 2022, parents of newborns are receiving a set of baby items ("Baby Box") necessary for caring for a child during the first year of life, or a cash equivalent of such a "baby box" in the amount of three subsistence minimums for children under 6 years of age, which is UAH 7 689 since of January 2024, and will remain at this level at least until the end of 2027, in accordance with the Budget Declaration for 2025-2027 [6].

Large families, or those with three or more children, receive broad and diverse support from the state, including both cash payments and certain benefits. Financial assistance from the state to large families in Ukraine includes a monthly cash payment of UAH 2 100 for the third and each subsequent child, which is paid to one of the parents until the child reaches the age of 6 and does not depend on the income level of the large family, neither the allocation of other types of assistance from the state, including childbirth assistance. State assistance to large families also includes a number of social benefits, both for parents and for children upon reaching the age of 6. Among such benefits, the main ones are worth noting: a 50% discount on utilities, housing costs within state norms, and fuel costs if the family's home is not equipped with central heating; free travel on all types of public transport within the area of settlement and on some types of interregional transport with the country; annual free health improvement and

recreation for children under the terms of state programs for large families. In addition, during the war, temporary or one-time financial assistance was also provided directly to large families by international organizations such as the Red Cross Society of Ukraine, UNICEF, and others.

It should be noted that the amount of monthly financial assistance to large families is fixed and does not depend on the established minimum subsistence level in the country, so its effectiveness is constantly decreasing. However, in March 2022, in order to support the financial situation of large families, the amount of this social payment was increased by UAH 400 (Figure 4), by 23.5% from its previous value (UAH 1700 during April 2019–February 2022), which was reflected in a corresponding increase in the absolute amount of expenditure on assistance to large families in 2022–2023 despite of a decrease in the actual number of recipients of these social payments. In 2024, a fairly harmonious increase in the effectiveness of social program for large families was planned, both in terms of total expenditures and the expected number of recipients – by 19% and 16%, respectively [8], which indicated the stable direction of the Ukrainian social policy toward the supporting large families in Ukraine, considering the additional financial challenges of wartime for the population.

The maximum amount of *assistance for children of single mothers (fathers)* in Ukraine is 100% of the subsistence minimum for a child of the corresponding age and is granted in cases where this assistance is the only source of income for such a family. In other cases, the amount of assistance to single mothers (fathers) is calculated as the difference between 100% of the subsistence minimum for a child of the corresponding age and the average monthly total income of the family per person for the previous six months [2]. This means that the actual effectiveness of this assistance will decrease during 2025-2027 due to the fixing of the subsistence minimum for this period at the 2024 level [6]. In addition, there are significant downward trends in the dynamics of total expenditures and the coverage of the Ukrainian population by this program since the start of the full-scale invasion of Ukraine by the Russian Federation – more than 10% in 2022 and more than 40% in 2023 in terms of the number of recipients, compared to the 2021 level, and a 7% and 45% decline compared to the pre-war period is observed in terms of total government spending on this program, respectively.

According to the study on the quality of life of Ukrainians and its changes during the first year of the war, conducted by the Institute of Demography and Social Studies of the National Academy of Sciences of Ukraine [1, p. 316], almost every second family with children (45.1%) was covered by social assistance supporting children and families with children in 2022. The first and second quintile groups of the population by income had a higher level of coverage by these social programs – 66.3% and 48.8%, respectively, which illustrates the focus of the state assistance system for children in Ukraine on the poor, financially disadvantaged population.

2.3. Low-income families assistance (Guaranteed Minimum Income program)

The Guaranteed Minimum Income (GMI) program in Ukraine is primarily supporting low-income and poor families who need additional assistance to achieve the minimum income level guaranteed by the state. Therefore, it is provided as a cash payment to households in the amount equal to the difference between the guaranteed income level set by the state and the family's total available income. The guaranteed income level, defined as a percentage of the subsistence minimum depending on the demographic group (see Figure 5), was increased in accordance with the Budget Declaration for 2025-2027 [6], in particular:

for people capable of working – from 45% to 55% of the subsistence minimum (UAH 1665);

for children – from 130% to 140% of the subsistence minimum for children of relevant age, which in 2025 amounts to 3588 UAH for children under 6 years of age, 4474 UAH for children aged 6 to 18, and 4239 UAH for young people aged 18 to 23 (provided they are studying).

for persons with disabilities and those who have lost their ability to work – remained at 100% of the subsistence minimum for working-capable people (UAH 3,028).

It is important to note that the maximum amount of cash assistance under GMI program is 100% of the subsistence minimum for a family.

On the one hand, using only a portion of the subsistence minimum to calculate the guaranteed minimum income for able-bodied persons provides an incentive to seek work and earn a higher wage. On the other hand, this approach limits the number of families covered by this program. According

to the Institute for Economic Research and Policy Consulting [3, p. 11], in 2020, the GMI program covered 318 thousand households, comprising 1.2 million people, 60% of whom were children. In 2021 economic growth in Ukraine resumed, however, the GMI program covered only 221.5 thousand households (Figure 6).

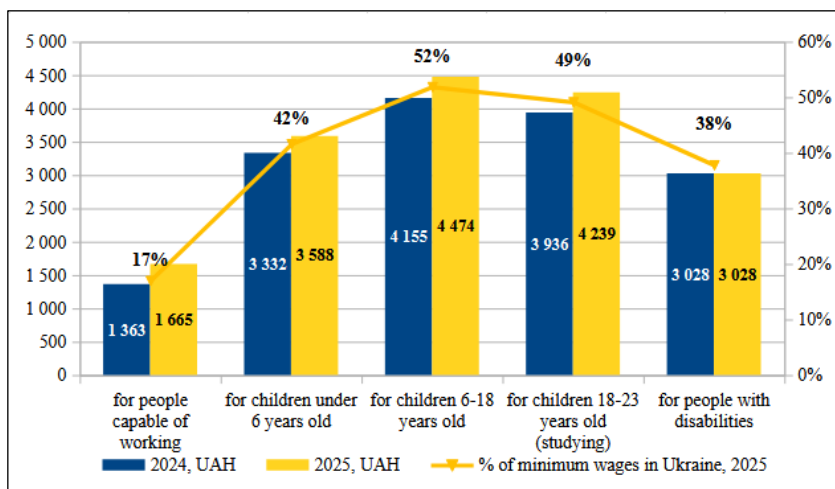


Figure 5. Guaranteed income level in Ukraine in 2024-2025 by demographic group in UAH and as a percentage of the minimum wage in Ukraine in 2025

Source: constructed by author based on [5; 6]

In 2022, the government raised the subsistence minimum, as planned before the full-scale invasion. Thus, the size of the GMI increased in nominal terms, although it fell significantly in real terms, taking into account the level of inflation (26.6% in 2022 according to the NBU [10]). The planned budget for the GMI program for 2022 was UAH 14.8 billion, while actual funding in 2022 amounted to UAH 13.88 billion, which is almost 10% more than in 2021. The average amount of assistance under the GMI program increased by 12.6% in 2022 to UAH 5350 per family, but the number of families receiving cash payments under this program decreased

by 2.4% in 2022 to 216.2 thousand households. Thus, one of the largest programs, which includes verification of recipients' income levels, reduced its coverage in 2022, when poverty increased. One of the reasons for this may be the low guaranteed income level (45% of the subsistence minimum for able-bodied persons) used for GMI amount calculation.

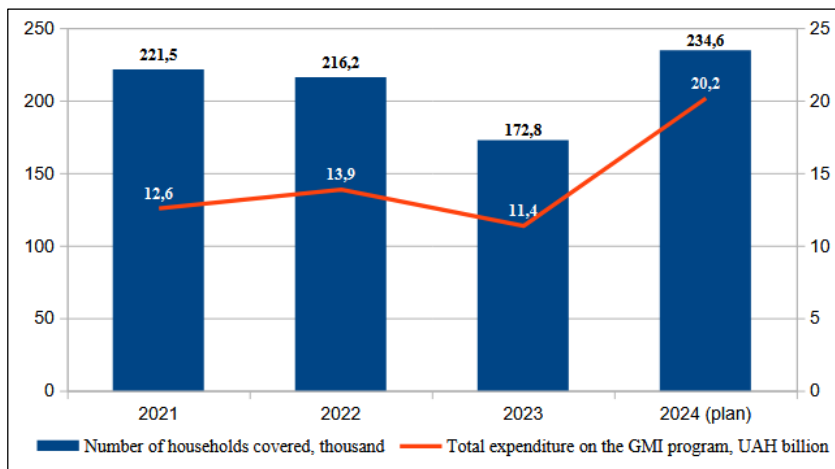


Figure 6. Dynamics of changes in the volume and level of coverage of the Ukrainian population by the state social program «Guaranteed Minimum Income» in 2021-2024

Source: constructed by author based on the data from [8]

In 2023, the planned budget for the GMI program was UAH 15.6 billion, which is 13% higher than the actual expenditure on this program in 2022. However, since the actual number of recipients of cash payments under the GMI program in 2023 was only 64% of the expected 269.5 thousand households (actually 172.8 thousand households), the total actual expenditure under this program amounted to only UAH 11.4 billion, more than a quarter less than planned. And the increase in the average payment under this program (almost +3%) did not even compensate the moderate rate of inflation, which officially was reported at 5.1% level in 2023. Thus, state support under the GMI program in 2023 decreased by 20% in

terms of recipient coverage, with a simultaneous decrease in the average payment amount of this assistance in real terms, considering the rate of consumer inflation in Ukraine. The trends in changes to the GMI program in 2022-2023 indicate a decline in the effectiveness of this social policy tool in combating poverty in Ukraine, which is also exacerbated by the fixing of the subsistence minimum in Ukraine at the 2024 level until the end of 2027. At the same time, it is worth noting the positive developments in this program related to the increase in the guaranteed income level by 10% of the subsistence minimum for children, as well as for able-bodied persons, in accordance with the Budget Declaration for 2025-2027 approved by the government. For 2024, it was planned to increase the coverage of recipients under this program to 35% and to increase the average payment amount by 30% (up to UAH 7160), which provided for an increase in the total budget for this social program in 2024 by 77% compared to its actual volume in 2023.

The decline in the level of public involvement in traditional social support programs is also explained by the high level of internal migration due to the hostilities in a significant part of Ukraine, which makes it impossible to carry out the standard procedure for applying for certain types of assistance at the official place of residence. Instead, since 2022, Ukraine has seen an increase in the amount of assistance provided to internally displaced persons (IDPs) and under other new government social programs designed to reduce the unprecedented burden on the socio-economic life of the population during the difficult period of wartime in the country.

3. New state social policy instruments introduced in response to the challenges of wartime

In order to overcome the additional challenges for the population associated with Russia's full-scale military invasion of Ukraine, in 2023 the Ukrainian government introduced a number of new social programs for the most vulnerable categories of the population, the largest of which are the expanded support program for internally displaced persons (IDPs) and the subsidized mortgage lending program "eOselya" (eHome). Additionally, based on operational technological developments of the unified state digital service "Diya" ("Action") large-scale online initiatives "ePidtrymka" ("eSupport"), "eVidnovlennya" ("eRecovery") and "eDopomoga" ("eHelp")

were launched. These digital initiatives ensure the full administration of such important support programs for the population as one-time cash payments to vulnerable categories of Ukrainians from various sources of funding (eSupport), compensation for property and real estate damaged as a result of military actions (eRecovery), and the provision of humanitarian aid from various volunteer and donor organizations (eHelp). Mentioned online services provide the possibilities to execute all necessary steps of relevant process of support – from identity verification, application submission with the obligatory package of documents to the actual receipt of payments, restoration certificates, or other types of assistance.

More detailed analysis worth the most significant innovations in the area of social protection introduced by the Ukrainian government with the support of international partners in order to minimize the devastating effects of the war on the Ukrainians' welfare.

3.1. Support for internally displaced persons (IDPs)

According to the Law of Ukraine "On Ensuring the Rights and Freedoms of Internally Displaced Persons," *internally displaced persons* are citizens and other legal permanent residents of Ukraine who were forced to leave their place of residence due to armed conflict, temporary occupation, general violence, mass human rights violations, or other consequences of emergencies. To register IDPs, the Ministry for Reintegration of Temporarily Occupied Territories has approved a list of territories and localities that are temporarily occupied and/or where hostilities are taking place. Residents of the approved list of cities, towns, and villages have been granted the right to register as internally displaced persons. This list is reviewed regularly, considering the changing landscape of the war.

Before the full-scale invasion, there were up to 1.5 million internally displaced persons in Ukraine. According to the International Organization for Migration (IOM), the highest number of IDPs was observed in May 2022 (estimated at the level of 8 million people), however, this estimation had fallen to 5.9 million by the end of 2022, although the Ministry of Social Policy reported 4.9 million people registered as IDPs at the end of 2022, 3.5 million of which became IDPs after February 24, 2022 [3, p. 21].

Registered IDPs are entitled to social assistance to cover their basic living needs. *Monthly cash payments payments to IDPs* amount to

3000 UAH for each child and person with a disability and 2000 UAH for each other person. This assistance is the same for all households and does not require income verification. According to the Ministry of Social Policy, about 1.8 million of people received cash assistance in 2022 (1.4 million IDPs applied for assistance online). In total, state budget funding to support IDPs in 2022 reached 53.5 billion UAH, compared to 3.0 billion UAH in 2021. Payments to IDPs in 2023 were automatically extended without the need for additional referrals and appeals to social protection authorities. Considering the number of new applications approved in 2023, the volume of payments to IDPs amounted to a total of 73.2 billion UAH during 2023, which is 37% more than in 2022 (Figure 7).

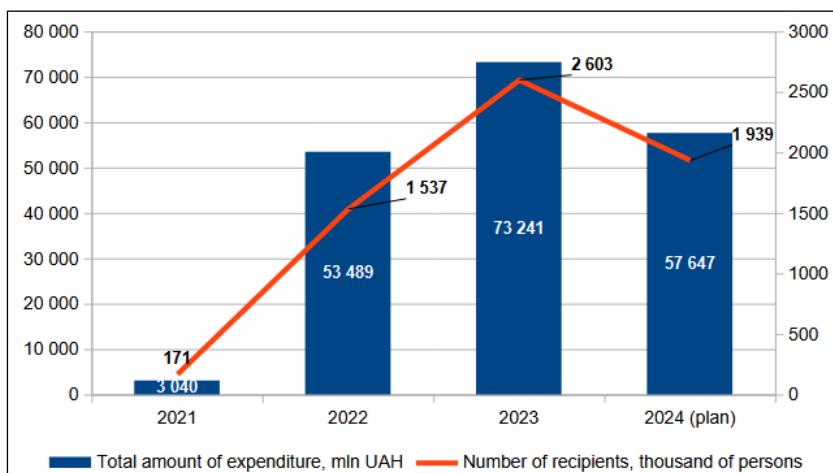


Figure 7. Dynamics of changes in the volume and level of coverage of the Ukrainian population by the state social program for IDPs in 2021-2024

Source: constructed by author based on the data from [8]

In July 2023, Ukrainian government revised the procedure for granting IDP payments and approved a number of conditions for continuing to provide this assistance in order to improve its targeting. In particular IDP state assistance was automatically extended for six months (until January 2024)

to those who were receiving it as of August 2023; at the same time, payments to IDPs were suspended for those who returned to their previous place of residence or stayed abroad for more than 30 days for unjustified reasons (reasons related to medical care, rehabilitation, care for a child or disabled person, etc. are considered valid).

On September 1, 2023, the methods of verifying the appropriateness of providing IDP assistance was expanded in order to increase the effectiveness of this program, also in terms of its proper targeting. Such strengthen of verification process was aimed to focus financing on the needs of persons in difficult life circumstances. As a result, state payments were suspended to those IDPs who, as of July 2023:

- purchased a car with a service life of less than five years (except for those purchased by volunteers and transferred for the needs of the country's defense);
- purchased a land, apartment, or house worth more than 100 000 UAH;
- had funds in bank deposit accounts totaling more than 100 000 UAH;
- purchased foreign currency or bank metals with a total value of more than 100 000 UAH;
- owned housing with an area exceeding 13.65 square meters per family member (except for those located in areas where hostilities are taking place or which were occupied).

Since many IDPs have lost sources of their income, the government has introduced *a subsidized employment program for IDPs*. Employers who hire IDPs can receive compensation in the amount of the minimum wage for each IDP employed for two months. To participate in the program, employers must submit an application to the regional employment center or through the Single State Web Portal of Electronic Services "Diya".

Such programs are important as according to a survey conducted by the International Organization for Migration (IOM) in the beginning of 2023, 60% of IDPs have lost their jobs. Many of them were trying to integrate into new places of their residence, among which 68% needed financial support, and 19% said they needed assistance to increase their ability to earn an income (education, training, grants, etc.) [3, p. 12].

Research findings showed that after fifteen months of full-scale war, the reintegration of IDPs into economic activity remained problematic: as of May 2023, only 40% of IDPs were employed, including self-employed.

The limited participation of IDPs in economic activity made social benefits a critical source of income for them. As of May 2023, 49% of IDP households reported that various types of social assistance were their main source of income, including 22% of households dependent on IDP assistance, 21% dependent on pensions, 4% on social benefits, and 2% on disability assistance. Wages were the main source of income for 38% of IDP households in 2023 [3, p. 15].

An important part of IDP support is the provision of housing. In a contrast to the IDP treatment during the previous period of war in 2014-2021, now Ukrainian government, and local authorities in particular, are making efforts to organize accommodation for IDPs. Initially, these were mainly special centres for gathering displaced persons, such as assembly halls and sports halls of educational institutions, dormitories and industrial premises in safe areas of Ukraine, which continued to serve as shelters for displaced persons during the summer 2022 and even later. However, in the late summer and autumn 2022 there were opened several modular residential areas and villages, where IDPs were provided with housing. They are also often exempted from paying for housing and utilities services for several months [3, p. 23].

3.2. Other social programs preventing extreme poverty in Ukraine

After Russia's full-scale military invasion of Ukraine, Ukrainian government introduced various measures to support the population, some of which were rather fragmented, but all aimed at protecting Ukrainians from extreme poverty. One of the first such initiatives was the “*ePidtrymka*” program (“*eSupport*”), launched in March 2022, under which residents of fourteen regions affected by the full-scale invasion were eligible to apply through the «Diya» app for the one-time payment of 6500 UAH, provided they were employed before February 24. Later, other financial payments to Ukrainians, mostly one-time transfers, were also executed through this digital tool. In total, government spent 31 billion UAH on this program, provided payments to almost five million people.

In February 2023, Ukrainian authorities approved the law introducing the compensation program for those, whose housing was destroyed or damaged. In case of destruction of premises, compensation will be provided in the form of a *housing certificate* or monetary compensation to a special bank

account if a private house was destroyed. The housing certificate allows the purchase of an apartment or house or investment in construction until 2028. Cash compensation can be used to purchase building materials and order services. The collection of applications for such compensations are executed through the online portal "Diya" starting from July 2023. In May 2023, the government also introduced the "*eVidnovlennya*" ("*eRecovery*") program for the restoration of damaged housing, which allows to apply for up to 200 thousand UAH in compensation. It is important to note that expenses for repairs made prior to the program introduction can also be submitted for the compensation. Obviously, this program requires significant funding from the state, which jeopardizes its full implementation in accordance with all submitted applications. Therefore, it is supposed to finance this program from the state and local budgets, funds from international support, reparations from Russia, and any other legal sources.

To support low-income Ukrainians, the procedures for applying for social assistance, for registering internally displaced persons and unemployed persons were also simplified, and can now be executed online via the "Diya" application. In 2022, new public online platform "*eDopomoga*" ("*eHelp*") was launched, which offers three types of financial support to the population: receiving cash assistance from the state; receiving assistance from volunteers or becoming a volunteer; and receiving cash assistance from international organizations. Along with the state, many international and Ukrainian organizations have been providing humanitarian and financial assistance to Ukrainians in need since February 24, 2022. The Ministry of Social Policy verifies the data of individuals who apply for assistance through the "*eDopomoga*" ("*eHelp*") platform, using existing state registers and databases to avoid parallel funding by different donors.

Even though people in the temporarily occupied territories were unable to physically receive their pensions and social benefits due to the lack of access to functioning banking institutions, the government continued to transfer the appropriate amounts to their bank accounts, allowing people to use their funds again as soon as their villages and towns were de-occupied. Such possibility was also facilitated by the government solutions developed during the first weeks of spring 2022 and aimed at providing people with cash in conditions of limited functioning of banks and ATMs. According

to this solution people were able to obtain cash by withdrawing it at the cash registers of designated supermarkets, pharmacies, or gas stations when purchasing any goods. This method also helped to quickly resume assistance and pension payments in the de-occupied territories, as all procedures had already been worked out. In addition, cash can be obtained at the offices of the state-owned post company (“Ukrposhta”), which usually resumes operations at its branches within a few days after the liberation of cities, including providing the ability to withdraw money or receive money transfers for the population.

The government and donors also provided one-time payments to all residents of the liberated territories who remained there under occupation. Due to budget constraints, these were financed by donors and humanitarian organizations. In October 2022, such payments were set at the amount of 3000 UAH for children and persons with disabilities and 2000 UAH for other persons, and their delivery was made mainly through «Ukrposhta» branches. There was also a time-limited opportunity to receive UAH 1,200 from the Ukrainian Red Cross and/or UAH 2,200 from the International Organization for Migration for persons who had been liberated from occupation. In addition, people in the liberated territories regularly receive humanitarian aid, including food, clothing, and other essential items [3, p. 13].

In October 2022, the government launched the «*yeOselya*» (“*isDwelling*”) program, which is important for the population in these critical times as provides subsidized housing loans. Households that meet the established criteria can obtain a bank mortgage with an interest rate of 3% (the difference with the market rate is covered by the government) and a maturity of up to 20 years, with an initial down payment of 20%. The maximum loan amount is set at UAH 6 million, and the groups of the population eligible for such a preferential loan from the state include military personnel and security service employees, health and education workers, war veterans and their families, IDPs, as well as households without housing or with small housing according to state standards. The conditions for participation in this program were updated twice, in August 2023 and January 2024, with the aim of expanding the coverage of potential recipients, namely: the number of population categories eligible to participate in the program at an increased interest rate of 7% was expanded; the down payment requirement

for young people under 25 was reduced to 10%; the IDP category was expanded to include first-degree relatives; private houses, townhouses, and duplexes were also included in the real estate properties participating in the program; the possibility of using "eVidnovlennya" ("eRecovery") certificates as a down payment was added. As a result, according to Ukrfinzhytlo, as of February 12, 2025, over 15.5 thousand loans totaling UAH 25.3 billion had been issued under the «yeOselya» ("isDwelling") program. Most of the loans (54%) were granted to military personnel and security forces, followed by education and science professionals (10%) and medical personnel (8%) [13].

In December 2023, the mechanism for obtaining and assigning rehabilitation aids was improved by simplifying the procedure for making decisions on their assignment and increasing their eligible maximum cost. As a result, in 2023, more than 15000 people were provided with various rehabilitation aids worth UAH 3 billion, and in 2024, UAH 4.3 billion was planned to be allocated for this purpose. In addition to financial and material social assistance to Ukrainians, several experimental projects were launched to provide social and psychological support to military personnel and their families, families in difficult life circumstances, and particularly vulnerable categories of IDPs [9, p. 14].

Thus, the Ukrainian government introduced a number of new social support tools in response to various challenges for the population during the difficult period of wartime, mainly supporting the financial and material basis of welfare through cash support and preferential lending programs, as well as by providing additional opportunities for professional development for IDPs, increasing inclusiveness for vulnerable groups by simplifying bureaucratic procedures and creating consolidated digital platforms for receiving material assistance, introducing psychological support programs, and much more. The diversity of the latest approaches to social support for the population in wartime demonstrates its focused orientation towards overcoming specific challenges facing Ukrainian society caused by the consequences of military actions on the territory of our state. Although the depth and scale of the problems faced by Ukrainians during this crisis period, combined with budget constraints associated with increased defense spending, make it impossible to fully resolve these financial and other problems in the society at the expense of the state budget only, the strategic

direction of innovations in the area of social support, its diversity, and transformational trends indicate a high level of government involvement in solving the actual issues of the Ukrainian people.

4. Conclusions

In response to the challenges of world today, modern governmental welfare support involves a multi-vector state policy, in which international cooperation between countries and the recommendations of international and global institutions also play an important role. On the one hand, there is a development of the traditional social function of the state, whose tasks have expanded to ensure social inclusion and justice, encourage social solidarity, stimulate market risk-taking and innovation. At the same time, national policies are increasingly influenced by the system of regional and global international relations due to the need to regulate the global movement of labour and capital, as well as to resolve issues that go beyond the competence of individual countries while making a significant impact on the welfare of people around the world – wars, pandemics, large-scale financial crises, natural disasters, environmental threats, etc.

Ukraine provides a clear example of such transformations in the state public policy aimed at supporting the welfare of its population, which has suffered devastating losses from the full-scale military invasion of the Russian Federation – the loss of loved ones and physical injuries as a result of rocket attacks and hostilities, deprivation of homes, jobs, employment opportunities and psychological trauma. In the difficult conditions of an overburdened state budget with additional defence and military needs, it is impossible to fully preserve traditional social programmes and introduce new large-scale measures to support the financial situation of Ukrainians without the powerful assistance of international partners. And although the effectiveness of most traditional social protection instruments in Ukraine is a matter of debate, the scope and methods of providing material assistance to new vulnerable groups (IDPs, war veterans) demonstrate the high level of commitment and progressiveness of Ukrainian government in addressing the acute urgent needs of the population during the crisis, including the speed of implementation of new social programmes and the level of their digitalisation.

References:

1. Cherenko, L. M. (2021). *Model of living standards in conditions of socio-economic instability: Monograph*. Kyiv: Ptukha Institute of Demography and Social Studies of the National Academy of Sciences of Ukraine. 423 p. Available at: <https://www.idss.org.ua/arhiv/Model.pdf> (in Ukrainian)
2. Department of social and veteran policy. Available at: <https://dsp.kyivcity.gov.ua/derzhavni-sotsialni-dopomohy/dopomoha-na-ditei-odnyokym-materiam> (accessed February 26, 2025)
3. Institute for Economic Research and Policy Consulting (2023). Social Policy in Ukraine in Wartime: 2022-2023. Available at: <http://www.ier.com.ua/files/Projects/2023/%D0%A1%D0%BE%D1%86%D1%96%D0%B0%D0%BB%D1%8C%D0%BD%D0%B0%20%D0%BF%D0%BE%D0%BB%D1%96%D1%82%D0%B8%D0%BA%D0%B0%20%D0%B2%20%D0%A3%D0%BA%D1%80%D0%B0%D1%97%D0%BD%D1%96.pdf> (accessed) (in Ukrainian)
4. International Organization for Migration (IOM), June 2023. Ukraine Internal Displacement Report. Round 13. June 2023. IOM, Ukraine. Available at: <https://dtm.iom.int/reports/ukraine-internal-displacement-report-general-population-survey-round-13-11-may-14-june-2023?close=true> (accessed February 28, 2025)
5. Law of Ukraine ‘On the State Budget for 2024’. Available at: <https://zakon.rada.gov.ua/laws/show/3460-20#Text> (accessed February 19, 2025)
6. Ministry of Finance (January, 2025). Budget declaration for 2025-2027. Available at: https://mof.gov.ua/uk/budget_declaration_for_2025-2027-733 (accessed February 19, 2025)
7. Ministry of Finance in Ukraine. Open Budget data. Available at: <https://openbudget.gov.ua/national-budget/expenses?class=functional&view=table> (accessed March 12, 2025)
8. Ministry of Finance (January, 2025). Social Assistance Expenditures of Ukraine in 2021-2024. Available at: https://mof.gov.ua/uk/expenditures_on_social_assistance (accessed March 12, 2025)
9. Ministry of Social Policy. 2023 results report. Available at: <https://www.msp.gov.ua/legislation/regulatory-framework/regulatory-framework-64> (accessed February 22, 2025)
10. National Bank of Ukraine. Inflation report from 8th of November, 2024. Available at: <https://bank.gov.ua/ua/news/all/inflyatsiya-pochne-znijuvaty-sya-v-nastupnomu-rotsi-a-ekonomika-y-nadali-zrostatime--inflyatsiyniy-zvit-nbu> (accessed February 28, 2025)
11. Pension Fund of Ukraine. Available at: <https://www.pfu.gov.ua/dn/320225-yak-rozrahovuyetsya-rozmir-zhytlovoyi-subsydiyi-na-opalyuvalnyj-period-2/> (accessed February 20, 2025)
12. Social policy Department of Cherkasy city council. (2024). Available at: <http://dspek.gov.ua/news-blog/999-novi-rozmiri-sotsialnikh-viplat-z-01-01-2024> (accessed February 19, 2025)
13. “Ukrfinzhytlo” organization (2025). Available at: <https://ukrfinzhytlo.in.ua/analytyka-mb/> (accessed March 12, 2025)