



P A D C O

Social Sector Reform in Ukraine

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D R A F T:

**WORKPLAN FOR 1999 FOR SOCIAL PROTECTION
MONITORING CENTERS**

**Prepared for Ministry of Labor and Social Policy
By PADCO Social Sector Reform Project**

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1. INTRODUCTION

1.1 BACKGROUND

Economic problems have adversely affected the living conditions of many families in Ukraine -- especially those dependent on state pensions, invalid benefits, stipends, unemployment benefits and family income allowances. In the short term, it is envisaged that income inequalities among occupations, industries, and regions will persist. These problems will require greater social assistance and social protection for poor families.

But the growing need to provide social protection for the neediest families coincides with shrinking tax revenues. Thus, Ukraine must develop ways to protect needy people and families in ways that minimize the financial burden to the government. Protecting the poor, in the short run, therefore requires the careful targeting of expenditures for general social assistance programs -- subsidies for housing, transportation, social services and other benefits.

Major savings can also be made through greater efficiency in the management and administration of social programs. But more effective targeting as well as increased efficiency will require a significant investment in data collection and processing activities by the Ministry of Labor and Social Policy.

1.2 GOALS OF MONITORING CENTERS

In 1999, the Ministry of Labor and Social Policy created Social Protection Monitoring Centers in Kharkiv and Kyiv. These centers were created to fulfill the following goals:

1. To assess the economic and social needs of the whole population of Ukraine for social protection services and to assess the special needs of vulnerable groups of the population;¹
2. To measure the effectiveness of existing social insurance and social assistance programs in meeting the needs of the people of Ukraine;
3. To measure how economic and social reforms in Ukraine are affecting the well-being of the people and their needs for social protection; and
4. To assist the Ministry of Labor and Social Policy and Oblast Departments of Social protection to manage social protection programs.

The data and analyses conducted by the Monitoring Centers will enable the Cabinet of Ministers, the Ministry of Labor and Social Policy, as well as oblast and local departments of social protection to generate comprehensive reports on the economic and social status of the population, the characteristics of individuals and families receiving social benefits, cumulative budgetary allocations for social programs, administrative costs of running the programs, rates of enrollment, renewals, drop-

¹ This will fulfill the goal specified in Decree of the Cabinet of Ministers of Ukraine, No. 326, "Concept of National Statistics of Ukraine," dated May 4, 1993, which states: "The main assignments of welfare statistics shall be to improve analysis for the social protection of the most vulnerable groups in the population (pensioners, invalids, and children), to upgrade methods of determining the safety net for such people, to introduce a system of cost indicators which would reflect their status and the government's outlays for social programs."

outs, and socio-demographic profiles of program beneficiaries. The data and analysis generated by the Social Protection Monitoring Centers will provide the foundation for improving the targeting and cost-effectiveness of social protection programs.

This Workplan describes the planned activities for the Monitoring Centers during 1999. Because the Monitoring Centers are only just beginning their tasks, the first two sections of this workplan describe the types of data sources that are envisaged to be developed for the Monitoring centers and the types of regular reports that the Monitoring Centers will be required to prepare for the Ministry of Labor and Social Policy.

2. SOURCES OF DATA ENVISAGED TO BE DEVELOPED BY SOCIAL PROTECTION MONITORING CENTERS

2.1 OVERVIEW

To meet their objectives, it is envisaged that the Social Protection Monitoring Centers will develop four sources of data.² These are:

1. Data reported directly from oblast and local offices of the Ministry of Labor and Social Policy and other social protection offices such as housing subsidy offices subordinated to local administrations;
2. Data gathered through regular surveys of the population of Ukraine by the State Committee for Statistics and other entities;
3. Data from other Ministries reported to the Social Protection Monitoring Centers under special agreements with the Ministry of Labor and Social Policy.
4. Data resulting from special surveys and studies undertaken by the Social Protection Monitoring Centers.

2.2 DATA REPORTED DIRECTLY FROM OBLAST AND LOCAL OFFICES OF THE MINISTRY OF LABOR AND SOCIAL POLICY

The most important sources of data to be used by the Monitoring Centers will be those generated by the Ministry of Labor and Social Policy through its local offices that administer social insurance and social protection programs. These data will be collected on the computers in which data concerning the individuals and families assisted by social protection programs are maintained. The data may be transmitted to the Centers either on disk or directly through modem and e-mail. Data transmitted in this way can be used to provide fast and accurate measures of important program variables such as the number of families enrolled in the program, the costs of program expenditures, and other data.

Today, this system is ready for implementation only for the Housing Subsidy Program. It is envisaged that, during the next twelve months, systems be developed and their implementation started for the implementation of similar reporting systems for family assistance programs and for programs

² The collection of all these types of data by the Ministry of Labor and Social Policy is envisaged under the Law of the Supreme Rada "On State Statistics," No. 2615-12, dated September 17, 1992. This law explicitly gives the power to collect and process state statistical data to Ministries and departments of Ukraine and other legal entities engaged in state statistics (Article 13). These activities may be carried by these entities with the approval of the cabinet of Ministers (Article 7).

related to the distribution of pensions.

By March 30, 1999, the Social Protection Monitoring Centers will prepare a draft workplan describing how the transfer of the system of pilot raion monitoring from USAID contractor PADCO to the social protection Monitoring Centers will be achieved during 1999.

2.3 DATA FROM REGULAR SURVEYS OF THE POPULATION³

To understand the changing needs for social protection of the population of Ukraine, it is necessary to be able to compare the economic and social conditions of the groups served by social insurance and social assistance programs with the economic and social status of the population at large. Therefore, data from the survey of the incomes and expenditures of the population conducted by the State Committee for Statistics will be needed.

By May 30, 1999, the Social Protection Monitoring Centers will prepare a proposal to be submitted for review to the Ministry of Labor and Social Policy that describes ways for sharing information systems and procedures for cooperation with the Department of Social Statistics within the State Committee for Statistics that will enable the Centers to prepare reports comparing the characteristics of families receiving social assistance programs with the characteristics of the population as a whole.

2.4 DATA FROM OTHER MINISTRIES SHARED WITH THE SOCIAL PROTECTION MONITORING PROGRAM UNDER SPECIAL AGREEMENTS

The population survey described in the previous subsection should be augmented by data provided from other ministries that are useful in showing the economic and social well-being of families in Ukraine. For example, as the State Tax Administration develops its new system of wage and income reporting based on individual Tax Payer Identification Numbers (TINs), it will be possible to prepare quarterly summary information that show levels and rates of changes in incomes from different sources among individuals and families in Ukraine. It will be necessary to ensure that the data protect the privacy of taxpayers and also that the data are prepared in such a way as to ensure compatibility with data generated from other sources.

As the system of reporting on wages by the Pension Fund of Ukraine is expanded to include information on individual employees, it may be possible to develop additional databases to analyze changing patterns of wages among working Ukrainian. Further, offices that serve unemployed people will also be developing machine-readable systems for maintaining records of unemployed people. Since many unemployed people may also require social assistance and social protection, it will be important to develop links between the Monitoring Centers and a sample of these offices.

By October 15, 1999, the Social Protection Monitoring Centers shall prepare a plan for the development of special agreements between the MLSP and other Ministries to provide or exchange information relative to the task of assessing the social protection needs of the population of Ukraine. This plan shall include descriptions of proposed data base development projects to be conducted jointly with the National Tax Administration, the Department of Employment, the Pension Fund of

³ State statistical bodies – which include the Ministry of Labor and Social Policy of Ukraine, have the right “to organize and provide for the collection of state statistical information, surveying family budgets with the families’ consent, population censuses, one-time surveys, questionnaires, and other surveys” (Article 12: “On State Statistics,” Law of the Supreme Rada, No. 2615-12, September 17, 1992). These activities may be conducted “by decision of the Cabinet of Ministers” (Article 10).

Ukraine, and the State Committee for Statistics.

2.5 DATA FROM SPECIAL SURVEYS UNDERTAKEN BY THE SOCIAL PROTECTION MONITORING CENTERS

Many social insurance and social assistance programs are aimed at specific groups within the population – usually those who are least able to provide for themselves: these include invalids, the elderly, and single mothers with young children. If these programs are to meet their objectives, it is essential that the conditions facing these groups are carefully monitored. In conducting its regular assessments of the needs of the population and the effectiveness of social assistance programs, therefore, the Social Protection Monitoring Centers will need to conduct special surveys, interviews and statistical analyses of these target groups. The Centers may also undertake surveys to measure public opinion toward different aspects of the social protection system, public awareness of programmatic changes, and other public opinion issues.

By July 31, 1999, the Centers will develop a draft plan for the realization of special surveys of categories of population that require social protection programs including single mothers, pensioners, invalids, and other categories. This report will be submitted to Deputy Minister M. P. Noshchenko, Department of Social Assistance.

3. TYPES OF REPORTS AND ANALYSES TO BE PREPARED BY THE SOCIAL PROTECTION MONITORING CENTERS

The Monitoring Centers will prepare two types of reports: 1) the regular reports described in this section; and 2) special reports as requested by Deputy Minister Noshchenko of the department of Social Assistance. It is envisaged that the Monitoring Centers prepare the type reports described in the following subsections.

3.1 ANNUAL SOCIAL PROTECTION REPORT

Each year, the Centers will prepare and the Minister of Labor and Social Policy will issue an annual report intended to be read by the people and elected officials summarizing the developments in the need for and provision of social protection to the population. The report will summarize the economic and social changes that have affected the population of Ukraine during the previous year and describe the effectiveness of the major social protection programs (pensions, invalid benefits, targeted subsidies, etc.) in meeting those changing needs. The report will, therefore, provide a context against which to review the requests for budget appropriations for social protection spending.

The report is also intended to provide a reliable and easily understandable picture of the changing circumstances for Ukrainian families and individuals. The result should be a more informed media on issues related to social protection and also a more informed debate about the condition of the people.

By May 30, 1999, the Monitoring Centers will prepare a plan for the first annual report on social protection in Ukraine to be submitted to the Minister of Labor and Social Policy. A draft of the report will be prepared by August 30, 1999, and submitted to the MLSP.

3.2 MONTHLY SOCIAL PROTECTION STATISTICAL BULLETINS

Each month, a statistical bulletin would be issued reporting the previous month's developments in

social protection indicators and programs. The report would be automated – using computerized data reported from a statistically representative sample of local social protection offices. This data can be processed and converted into summary tables with the minimum of time and effort from Monitoring Center staff. A model of this type of report has been developed by the MLSP in collaboration with USAID contractor PADCO for the housing subsidy program based on automated reporting from of up to 32 raion and city level housing subsidy offices. The procedures used to develop the monthly housing subsidy statistical bulletin can now be applied to all other social protection programs.

By June 30, 1999, the Social Protection Monitoring Centers will begin the implementation of monthly *Statistical Bulletins* describing developments in the housing subsidy program – modeled on the *Statistical Bulletins* now prepared by the MLSP in collaboration with USAID contractor PADCO. By December 31, 1999, the Monitoring Centers will prepare a detailed workplan for the implementation of similar Statistical Bulletins describing developments in programs providing childcare assistance, targeted family assistance, pensions, and invalid benefits.

3.3 UPDATED ELECTRONIC LIBRARY

The MLSP in collaboration with USAID contractor PADCO has developed an electronic library of all normative documents (and will include all reports issued by the Social Protection Monitoring Centers) that has been installed in all oblast departments of social protection. The library may be updated electronically – via e-mail.

Today, the library includes material relevant to the housing subsidy program and other social protection programs. Data will be added to the library on programs related to the administration of state pensions and programs for invalids.

By December 31, 1999, the Monitoring Centers should assume responsibility for the management of the electronic library system on behalf of the MLSP. Also by December 1999, the Monitoring Centers should prepare a plan for the development of a data and information system to be distributed to all housing subsidy and MLSP offices on CD-ROM containing extensive data and documents.

3.4 SOCIAL PROTECTION POLICY REPORTS

In addition to the regular reports described in the preceding subsections, it is envisaged that the Monitoring Centers will prepare special reports on policy and on social protection issues at the request of the MLSP.

Policy reports will review the impact of the GOU's existing social protection programs on the economic situation of the poor. They would estimate how well public transfers of cash and in-kind benefits (such as the housing subsidy program) meet the needs of different groups of the poor. The inevitable widening of income disparities that accompanies economic transformation make it vital that policymakers be able to monitor what types of low-income families and individuals are receiving benefits, the extent that this lifts them above poverty, and the gaps remaining in Ukraine's emerging social protection system.

Special reports could examine how benefits from social protection programs are distributed among different income groups, the impacts on program efficiency of the introduction of computers, analyses of social protection pilot programs and projects that have been conducted, and other issues im-

portant to public sector managers and to policymakers.

3.5 SOCIAL PROTECTION RESEARCH REPORTS

The database that is assembled by the Social Protection Monitoring Centers would be a valuable resource for longer-term research and analysis. While the first four types of reports described above are relatively short term, it will be necessary for the department to support long-term research as well. The database (with appropriate safeguards to maintain individual privacy) should be made available to Universities and Institutes as a research aid. Eventually, the Centers may be able to contract with university researchers to provide careful and rigorous analyses of social protection issues.

4. TRAINING PROGRAMS FOR STAFF OF SOCIAL PROTECTION MONITORING CENTERS

In order to develop the capacity of staff of the Monitoring Centers to complete the tasks outlined in the previous sections of this workplan, PADCO and the Monitoring Centers will collaborate on training programs related to statistical techniques and the use of special software. PADCO experts who have been preparing Statistical Bulletins and designing the caseload software used by the housing subsidy program, childcare assistance programs, and targeted family assistance programs, will work with staff of the Monitoring Centers to prepare a detailed training plan by February 28, 1999. The training will be conducted throughout 1999. This plan will include the following elements:

- Training in the use of SPSS statistical software package used in analyzing large databases and preparing reports. This training will be conducted in collaboration with staff from the State Committee for Statistics who will also be using the same program to analyze the data collected as part of the Quarterly Survey of Income and Expenditure. PADCO will provide participants with installations of SPSS as well as copies of instruction manuals in Russian.
- Training in the use of NASH DIM and (when developed) NASHA SIMYA caseload management software used in local housing subsidy offices and also in other MLSP offices providing targeted social assistance. This training will be conducted in collaboration with staff from oblast and raion housing subsidy offices where appropriate.
- Training in the techniques of gathering data from pilot raion offices and preparing Statistical Bulletins. This training will focus not only on the use of databases but also on report preparation.
- Training in basic statistical techniques – including regression analysis, data collection, identifying and remedying data problems, basic statistical methods, and a description of sources of social and economic statistics in Ukraine.

5. SUMMARY OF TASKS FOR THE SOCIAL PROTECTION MONITORING CENTERS FOR 1999

5.1 TASKS RELATED TO DATA BASE DEVELOPMENT

1. By March 30, 1999, the Social Protection Monitoring Centers will prepare a draft report describing the transfer of the system of pilot raion monitoring from USAID contractor PADCO to the social protection Monitoring Centers. By June 30, 1999, the Social protection Monitoring Centers will prepare a report for MLSP with a detailed workplan for the implementation of reporting systems from pilot raions on other social protection programs.
2. By May 30, 1999, the Social Protection Monitoring Centers will prepare a proposal to be submitted for review to the MLSP and the State Committee for Statistics that describes ways for sharing information systems and procedures for cooperation with the Department of Social Statistics within the State Committee for Statistics that will enable the Centers to prepare reports comparing the characteristics of families receiving social assistance programs with the characteristics of the population as a whole.
3. In addition, by December 1999, the Social Protection Monitoring Centers will design, in collaboration with the Department of Social Statistics within the State Committee for Statistics, supplementary questions to be included in the monthly survey of household income and expenditure. These questions would be submitted on a rotating basis to a sample of the 16,000 families. The questions would be related to individual and family participation in social assistance and social protection programs, the experience and opinions of respondents related to the use of these programs and other issues.
4. By October 15, 1999, the Social Protection Monitoring Centers shall prepare a plan for the development of special agreements between the MLSP and other Ministries to provide or exchange information relative to the task of assessing the social protection needs of the population of Ukraine. This plan shall include descriptions of proposed data base development projects to be conducted jointly with the National Tax Administration, the Department of Employment, the Pension Fund of Ukraine, and the State Committee for Statistics.
5. By July 31, 1999, the Centers will develop a draft plan for the realization of special surveys of categories of population that require social protection programs including single mothers, pensioners, invalids, and other categories.

4.2 TASKS RELATED TO PREPARATION OF REPORTS AND ANALYSES

1. By May 30, 1999, the Monitoring Centers will prepare a plan for the first annual report on social protection in Ukraine to be submitted to the Minister of Labor and Social Policy. A draft of the report will be prepared by August 30, 1999, and submitted to the MLSP.
2. By June 30, 1999, the Social Protection Monitoring Centers will begin the implementation of monthly Statistical Bulletins describing developments in the housing subsidy program – modeled on the Statistical Bulletins now prepared by the MLSP in collaboration with USAID contractor PADCO. By December 31, 1999, the Monitoring Centers will prepare a detailed workplan for the implementation of similar Statistical Bulletins describing developments in programs providing childcare assistance, pensions, and invalid benefits.

3. By December 31, 1999, the Monitoring Centers should assume responsibility for the management of the electronic library system on behalf of the MLSP. Also by December 1999, the Monitoring Centers should prepare a plan for the development of a data and information system to be distributed to all housing subsidy and MLSP offices on CD-ROM containing extensive data and documents.