

Delegated Social Service System in Armenia, Georgia and Ukraine



Comprehensive Report

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Recommendations

Armenia

1. RA government should implement an accessible and transparent information system of providing subsidies, grants, donations to NGOs and publishing their audit results.
2. The procedure of obtaining subsidies, grants, donations by NGOs from the state budget should be made clear and transparent.
3. RA government should legally oblige the NGOs, which receive state funding, to publish annual reports, including financial (for example, to put on the official azdarar.am website) and make available to the public.
4. RA government should also oblige all the subsidy providing state authorities to publish report / information about providing subsidies, grants, donations on their official websites, according to the programs, the legal entities, which implement them, and the amount, as well as publish the state funds monitoring and audit results on the official websites or on «azdarar.am».
5. RA government should promote the extension of CSO participation in the programs financed by the social protection budget.
6. RA MLSA should provide a space to CSOs in the complex integrated social services centers, so that they can offer alternative social, consulting and other services to RA citizens also within non-governmental social programs.

Ukraine

As today Ukraine's social service system is disarranged (on the one hand, there is a gap between the regulatory framework and practice, and on the other hand, a gap between the declared rights to social services and the lack of financial security) it is necessary to employ a integrated approach to remedy the situation. Taking into account local changes resulting from the decentralization, the following key objectives should be addressed:

1) Determine a minimum guaranteed package of services and strictly targeted categories of recipients, taking into account the financial status of recipients, and including social prevention services, and to approve a funding mechanism for these services, which would allow to avoid the risk of underfunding.

2) Provide local authorities and specialists with simple tools to plan their social activities and related expenditures, which would not require regular involvement of individual experts for their interpretation, as is now the case with the existing methodological base (revision of the list of services to avoid split-level services, as well as development of planning software).

3) Plan necessary social activities based on existing community problems (such as high levels of child abandonment, large numbers of poor people, high crime rates, etc.): based on the interaction with the community leaders, make a list of typical problems; afterwards, involve experts to identify typical causes of these problems, target populations associated with them, and link requisite services to the community to mitigate these problems.

4) Introduce a national income level and financial status verification system (understandable to the public) and an appeals mechanism if a person disagrees with verification findings, conduct a large-scale information campaign on all aspects of verification and its possible consequences.

5) Ensure the integration of resources, including through the use of the potential of related sectors (education, health care, administrative services) and raise additional funding (charitable, international, community).

6) Allocate the authority of each level of government in the provision of social services, including oversight of social service funding and provision (local governments must understand what in their communities is funded from the national budget their community, and what they will have to fund from their local budgets).

7) Introduce electronic management for social service planning and delivery.

Georgia

As Georgia's open secret is to support the process of decentralization this also must include decentralization of particular fields, including social services. Therefore, in the process of decentralization of social services both state and non-state actors are assigned with important tasks to perform.

Particularly, there are definitely at least four actors which may play crucial role in the process of decentralization of social service in Georgia. Thus, recommendations are given to following actors:

Government of Georgia:

- Must express political willingness to give real chances for administrative and political decentralization
- Must launch fundamental reforms for gradual decentralization of social services
- Must crystallize political elites form stereotypes dealing with indifferent attitudes towards the local authorities in Georgia

Local Authorities:

- Must intensify dialogue with government and local community on need of decentralization
- Must identify major advantages of decentralized system of delivering social services
- Must organize fundamental changes in management of social services, including accurate observation of local needs

Civil Society Organizations:

- Must facilitate better and effective dialogue between central government and local authorities
- Must organize educational projects and training programs for local authorities on various aspects of decentralization of social services
- Must observe and monitor general trends of local democracy and decentralization policy

International Organizations:

- Must provide support for various activities, initiatives and projects dealing with transformation of social services in Georgia in the context of decentralization

- Together with CSO must facilitate dialogue between central government and local authorities
- Must identify best practices from contemporary European democracies in the field of successful decentralization of social services and to share such practices for local authorities in Georgia

Institute of delegating social services to non-governmental organizations by the state in Armenia

List of Abbreviations

RA - Republic of Armenia

RA MLSA - RA Ministry of Labor and Social Affairs

SNCO - State non-commercial organization

NGO - Non-governmental organization

CO - Charitable organization

ULE - Union of legal entities

CSO - Civil society organization

SPB - Social protection budget

ISS - Integrated social services

SSTA - Social services territorial authority

LLC - Limited liability company

CJSC - Closed joint stock company

USAID - United States Agency for International Development

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Preamble

In 2012 the Government adopted "the decision of approving the program about investing integrated social services (ISS) system in the RA"¹. ISS service is a complex of functions (actions, steps) carried out by state, municipal and non-governmental organization aimed at realization of the right to social security of the person, prevention of difficult circumstances of life, social protection of the individual or family appeared in a difficult situation and the elimination of the causes of a difficult situation.² Its purpose is delivering social services to citizens in "one-window" principle, increasing its efficiency and creating a common field for realization of a beneficiary's social needs.

The Law³ about "Social assistance" was passed on December 17, 2014 establishing the format of multilateral cooperation between public and private sector represented by the the supporting network: "a joint operation system of state and local authorities, partnership between individuals and legal entities aimed at protecting the rights and ensuring the legitimate rights and freedom of individuals, certain groups of peoples and families, which is implemented in accordance with the requirements laid down by the legislation of the Republic of Armenia (RA) through the provision of social services"⁴.

The government approved the concept of institutional and legislative reforms of CSO development in 2014⁵. According to the "CSO Sustainability indicators for Armenia-2014" report published by the US Agency for International Development (USAID), this concept aims to improve the legal environment for CSOs. The report says that CSO and state relations have become more institutional and cooperation on issues of individual policies has been improved.⁶

At the core of ongoing reforms in the social sphere by the RA Government and MLSA the need arises to invest "delegated"⁷ system for social services in NGOs.

¹ <http://www.arlis.am/DocumentView.aspx?DocID=77514>. RA government decision 26.06.2012, 26 N-952-Ն

² <http://www.mlsa.am/up/ALL%20text%20integrvac.pdf>, RA MLSA, Collection of the pilot program for introducing basic regulations of ISS system, Yerevan, 2013, p. 9

³ <http://www.arlis.am/documentview.aspx?docid=94972>

⁴ In the same place, Article 2, Paragraph 15

⁵ https://www.e-gov.am/u_files/file/decrees/arc_voroshum/2104/09/40-42.pdf, RA Government 2014, September 25, N 40 protocol decision

⁶ USAID, CDPF, CSO Sustainability Index - Armenia, Yerevan, 2014, page 2

⁷ We met the term "delegate" only in one line in the study of the social protection budget according to which the Ministry subsidizes 506,518.0 AMD a number of SSTA for rent and utility costs in the frames of "Funding given to the head of community by the state for the implementation of delegated powers in the field of social care

Social services delegating system in Armenia still have to pass through institutional development.

Armenia has a lot of success stories about state-CSO cooperations in social sphere, but the legislative framework remains incomplete in this regard. Mechanisms for financing CSOs by the state are arbitrary and create unequal competitive conditions in the field.

In the frames of this research we will focus on NGOs receiving subsidy from social protection budget (SPB), principles of state co-funding (non-competitive - competitive), transparency and accountability of programmes implemented by state and non-state institutions as well as steps towards ensuring the latter. NGO sector gets financing from other lines of state budget too, such as health, education, but in the frames of this research we have mainly targeted social state budget (SSB), which will later on be the main source of state funding of NGOs for delegating social services.

Methodology

The following sources have been mainly used for collecting and processing information for the given study.

- Websites (including official websites of government institutions and CSOs, as well as other information officially published on the Internet),
- Information systems (arlis.am, etc.),
- Literature related to the activities of CSOs (databases, reports, studies)
- Legal acts (related laws, policies, decrees, orders).

The study's main emphasis was put on the NGOs receiving state co-funding from SPB and providing social services. Accordingly, there have been examined 13 projects implemented by 11 NGOs.

There has been conducted monitoring of websites of NGOs and social pages to find out how these sources of information are transparent and accountable from the perspective of presenting and reporting social programs financed by public funds. The monitoring results included in the table.

Considering the peculiarities of both the subject of study and legal and legislative framework, an attempt was made to bring together and analyze all the existing information materials, which could be a background for investing an institute, which will delegate the implementation of social services to NGOs.

services operation" programme Meanwhile, "delegated" concept is not perceived under the money paid to NGOs with SPB, but is comprehended as subsidies allocated for the provision of other social services.

The present situation of NGOs operating in the social field

According to the data of the Ministry of Justice, there has been registered 4066 NGO, 902 Foundations and 296 ULE in Armenia according to the data of 2014 October.⁸

This number is slightly increased compared to the previous year.⁹ But many consider that only 15-20% of registered organizations operate. Armenia slightly concedes only to Georgia in the region in terms of official registration and active operations. This reality has an objective basis. Karabakh conflict and international recognition process of the Armenian Genocide leads to the economic and political isolation of Armenia in the region by Turkey and Azerbaijan. At the same time, the rejection of signing EU Association Agreement and signing the treaty of the Eurasian Economic Community brought to the reduction in grants coming from the West. Accordingly, international donor organizations prefer Georgia in terms of grants-giving. This situation of obtaining new sources of fundraising brings the CSOs in Armenia to the state budget, from which huge resources are allocated to the NGO sector. For example, from the state budget of 2015 with the line "Subsidies for non-governmental organizations", which includes also NGOs, provided 4.6 billion AMD and with the line "Donations of non-governmental organizations (NGO) " provided 9,06 billion AMD.

In recent years, there is also great interest towards the grants announced by the RA President's Office and the Ministry of Sport and Youth, the budget of which ranges from 500 thousand to 2 million AMD. There is a large number of NGOs operating in the social sphere in Armenia. Financial instability of CSO sector leads to the organizations to be united to create different associations or networks in case of facing common problems and strengthening them.

There operates "National Alliance of People with Disabilities Advocacy", "Child Protection Network", "Inclusive Education Support Network" etc. in the social sphere.

MLSA-CSO cooperation platforms

LSA Minister signed the agreement on social partnership¹⁰ in 2016 May 13, which has already involved 40 organizations. RA MLSA hasn't previously had a similar format of working with CSOs. For the first time these relations are put on an institutional basis and mutual obligations and mechanisms of cooperation are fixed on contractual dimension. The Minister of LSA approved the composition of the Public Council affiliated with the Minister of Labour

⁸ USAID 2014, page 2

⁹ RA 2015 concerning the (economic classification of state budget expenditures)

¹⁰http://www.mlsa.am/home/links.php?id_link=681, See the full text of the Agreement

and Social Affairs¹¹ in June 3, which included 17 legal and 3 physical persons. In terms of raising social issues national committees, like National Commission for Persons with Disabilities¹² and National Commission for Protection of Child Rights¹³ are also important. NGOs are also included in the committees. The mentioned platforms are mechanisms for cooperation, which can be used for delegating social services to NGOs.

Non-governmental organizations receiving funding from social protection budget of the RA

A number of NGOs receive state support/funding from the social protection budget for the purpose of provision of social services on co-financing and mostly non-competitive basis. The programmes implemented by the NGOs and having state co-financing are conventionally considered as "delegated". 11 NGOs has been working with MLSA on contractual basis in the frames of different projects since 2016.

1) NGOs receiving co-financing from state budget on non-competitive basis.

1. **"Mission Armenia" CO:** The NGO implements "Social support to lonely elderly people and people with disabilities at home and elderly day care centers in the regions of the RA" program. The cost of the program is 215,341.5 thousand AMD with the state budget of 2016. The aim of the program is home service for elderly and disabled people in the 6 regions of the RA and Yerevan. With this program "the state supports "Mission Armenia" CO on co-funding basis".¹⁴ The organization has 213 employees and 4200 beneficiaries (the food of 1748 beneficiaries is compensated by the state budget with 27 AMD, totally 17,226.5 thousand AMD) in the framework of this project. The allocated funds are anticipated for minimum wages and partial compensation of food.
2. **"Hope of Bridge" NGO:** The organization implements "Children's social care services through day-care centers for children living in difficult situations." The cost of the program is 73,334.0 AMD with the state budget of 2016. The organization has 254 beneficiaries and 84 staff employees in the framework of this project. The aim of the project is to provide state support to "Hope of Bridge" NGO, which conducts children's

¹¹<http://www.mlsa.am/up/62-A-1-hraman.pdf>, staff adjacent to MLSA

¹²<http://www.mlsa.am/up/%D4%B1%D5%86%D5%80%D4%B1%D5%8F%D4%B1%D4%BF%D4%B1%D5%86%20%D4%BF%D4%B1%D4%B6%D5%84%20%D5%83%D5%87%D5%8F%D5%8E%D4%B1%D4%BE.pdf>, personal staff of National Commission for Persons with Disabilities

¹³ https://www.e-gov.am/u_files/file/decrees/varch/2012/12/12_1295.pdf

¹⁴<http://www.mfe.am/index.php?cat=76&lang=1>, Analysis of the performance of RA state budget, 2015.

day care and social care services in 4 day care centers (Dilijan, Ijevan, Noyemberyan, Berd). Co-funding includes compensation of minimum wages of staff units and child care. The amount of co-funding in 2015 covered 70 million AMD.

3. **"Hans Christian Kofoed" Foundation:** The organization implements "Providing temporary accommodation for homeless people" program. The cost of the program is 61,427.2 thousand AMD with the state budget of 2016. The organization has 28 employees and 100 beneficiaries in the framework of this project. State subsidies are intended to compensate salaries, food and utilities. State support to "Hans Christian Kofoed" Foundation amounted to 53.5 million AMD in 2015, through which 100 homeless people constant care and maintenance was conducted.
4. **"Aravot" NGO:** The organization implements "Services for returning children under constant care at institutions to families"¹⁵ and "Providing assistance packages to families of children moved to their biological families" programs. The cost of the programs is 22,570.2 thousand AMD and 20,403.2 thousand AMD correspondingly with the state budget of 2016 (total 42973.4 thousand AMD). The programs are implemented in Lori and Shirak marzes. The total number of beneficiaries is 100 people. Both programs costed 21.1 million and 20.4 million AMD with RA state budget of 2015. The goal of the project is that the child lives with his biological family for which the state creates the necessary conditions and resources. For example, in the frames of the second component of the program, 100 beneficiary (60 biological and 40 disabled families) were provided with in-kind assistance package like food baskets, clothing and footwear, stationery, textbooks, and biological families received compensation part cost of the cost of electricity in 2015. In comparison with 2014, these expenses increased by 24.7% or 4 million AMD in 2015, which is due to the increase of the number of beneficiary children.
5. **"Prkutyun" NGO, center for disabled children and youth:** The organization implements project named "Daycare Social rehabilitation services for children and young people with mental problems". The total cost of the project by the state budget of RA 2016 is 28,020.9 thousand AMD. The project goal is social rehabilitation of children and young people with mental problems in daycare centers through services provision. The organization has 50 beneficiaries (2015), who receive day care and social rehabilitation services in the center from 10:00-17:00, as well as disposable food. The Center gives an

¹⁵<http://www.arlis.am/DocumentView.aspx?docID=91758>

opportunity for beneficiaries to stay in their families promoting the handling of special institutions. Payments were made for 24 staff units and utilities of the Center in 2015 in the frame of the project. In comparison with 2014, the mentioned expenses of 2015 were increased by 9.2% or about 2 million AMD, which is connected by the increase of salary and utilities.

6. **“Vanadzor old people’s home” Foundation:** The organization implements “Vanadzor’s old people’s all day care” social service project by co financing principle. The total cost of the project by the state budget of RA 2016 is 23,571.6 thousand AMD. The project goal is providing all day care and social services for old people and 18 years old and older disabled people. The organization had 55 beneficiaries and 27 staff units in the frame of co financing of 2015 state budget. The size of co financing in 2015 was 22.5 million AMD.
7. **“Umcor” (United Methodist committee of relief-USA, Armenian branch):** The organization implements “Social psychological rehabilitation services for victims of trafficking” project by co financing. The total cost of the project by the state budget of RA 2016 is 18,846.3 thousand AMD. The project goal is providing social psychological services for victims of trafficking. It is remarkable, that it was allocated 18.3 million AMD to this project from the state budget of 2015, in the frame of which only 8 people received social psychological services. It was compensated 14 employees’ salary and space rent expenses from the state funds of the project.
8. **“Akunq” NGO:** The organization implements “All day care for children, assistance and support to graduates from social protection institutions” and “All day care for children, one-time financial assistance to graduates from social protection institutions” projects. The projects costs by the state budget of RA 2016 are accordingly 16,094.2 thousand AMD and 400 thousand AMD (Total-16,494.2 thousand AMD). The first project has been implemented since 2014 for “Vanadzor Orphanage” and “Gavar Orphanage” graduates of 18-23 years old. There were implemented professional orientation, counseling, trainings, medical and legal assistance for the beneficiaries. The project cost was 12,1 million AMD in 2015. The project staff salaries, trips and utilities were financed by state funds. In the frame of the second project 8 graduates of 18 years old were received 50 thousand AMD one-time assistance.
9. **“Full Life” NGO:** The organization is implementing project named “Social psychological assistance to children and young people with disabilities in daycare center”. The project cost by the state budget of RA 2016 is 11,349.3 thousand AMD. It is subsidized by the Social Protection budget the employees’ minimal salaries in the frame of the project.

1) *Organizations financed from the state budget on a competitive basis:*

A. **“Satar” NGO:** The organization is implementing “Providing disabled people with wheelchairs and hearing devices” project. The project cost by the state budget of RA 2016 is 89,550.0 thousand AMD. 600 wheelchairs, 1100 hearing devices and 400 insets (hearing aids) were achieved for disabled people in 2015 in the frame of the project. The actual funding for the winning organization for that purpose was 79,332.4 thousand AMD in 2015.

B. **“Armenian association of the blind” NGO of the disabled:** The organization is implementing a project named “Publication of books in special Braille fonts, preparation of notebooks, "Talking Books" sound services for school graduates, as well as for later age lost sight disabled people”. The project cost by the state budget of RA 2016 is 10,506.400 thousand AMD.

It is also implemented “Day care services provision for disabled children in N 92 inclusive kindergarten of Malatia-Sebastia district in Yerevan” project since 2016 by the Social Protection budget, the cost of which is 26,385.2 thousand AMD.

It is perceived from the above-mentioned statistics that 11 NGOs are working with the Ministry of Labor and Social affairs from the Social Protection budget in 2016, 7 from which receive co foundation of 446,2 million AMD from the state in the frame of 9 projects. The other 2 NGOs (“Satar” and “Armenian association of the blind” NGOs) received state financing by defined competition procedure by the law on procurement¹⁶:

Monopoly prevention measures in social services sector

¹⁶It must be mentioned that “Armenian association of the blind” NGO recognized the “Publishing” CoLtd of Armenian association of the blind as “Publication of books in special Braille fonts, publication of journals, preparation of notebooks and "Talking Books" sound services” monopoly position on the market (having no competitor as a seller) by the decision of the State Commission for Protection of Economic Competition N 664, 2009 March 24. Actually, it is the single organization in its type in Armenia, and despite this, it participates on competition.

As mentioned, only 2 of the above-named programs, carried out by SPB, were funded by tendering procedure. «Provision of the disabled with wheelchairs and hearing devices» program could be also won by a private company and not NGO, on a competitive basis. This is rather a business service than a social function demanding a narrow specialization. The remaining 11 programs are «directly» financed from the state budget, without competition. The staff of the RA Ministry of Labour and Social Affairs annually signs a Service Provision Agreement with the above-mentioned NGOs.

What prevents the Ministry of Labour and Social Affairs from including the procurement procedure for the mentioned 11 programs and providing funds to NGOs from SPB on a competitive basis? It should be noted that this problem concerns not only the social but also all the program funds, provided to NGOs from RA state budget on a non-competitive basis, which are granted non-competitively and recorded in the state budget as subsidy or donation.

On June 22, 2016, RA Prime Minister declared a fight against economic monopolies. Although a number of products of social significance (sugar, flour, wheat, oil, rice, buckwheat, butter, margarine, banana, orange, baby food, poultry, medicine, food, gasoline and diesel fuel)¹⁷ have formally no monopolies in the market, but are rooted in the public consciousness as such: Monopolization of the economic domain cannot remain enclosed, moreover, it cannot but cover the adjacent spheres. If a certain group of NGOs permanently receive funding from SPB without competition, they will become dominant structures in the field over time. It is necessary to solve the problem of investing of the social services delegation system as soon as possible, so as not to have an uneven picture and unhealthy competitive environment, which is available in the economy, when there is one manufacturer, importer and exporter in some spheres, and the state is dependent on them. The same threat exists in the social field, and the only way to prevent it is to form a competitive environment.

Thus, in the line of social protection, 44.76% of funds, provided to NGOs non-competitively, falls on «Mission Armenia» charitable NGO, the 2nd and 3rd places by the amount of funding are taken by the «Bridge of Hope» NGO - 15.2% and «Hans Christian Kofoed» Charitable Foundation - 12,76%. The three organizations together receive 72.72% of the funds provided to NGOs from the social protection budget (data of 2016).

¹⁷<https://armenpress.am/arm/news/849384/hh-varchapety-handznarakanner-tvec-menashnorhneri-dem-payqari.html>, «The Prime Minister of Armenia decreed a fight against monopolies», 02.06.2016

So, we can state that these organizations formally have no monopoly (in service provisioning) and receive subsidy from the state. As a result, other organizations are deprived of the opportunity to participate in the government social programs.

Social services implementation effectiveness problem

The most important factor of delegating social services to NGOs is the problem of their effective implementation and transparency. Do NGOs have enough professional skills, capabilities and material resources to be able to carry out social services in a professional manner, and whether the government-NGO partner confidence field is formed to allow to provide the social services delegation to non-governmental organizations? Perhaps, the problem is that only a limited number of NGOs in the field can implement social programs with state funding. And this is also the problem that the government does not want to refuse from its traditional and loyal partners, who can contain minimum risks in implementation of programs.

"Repository of social services in support of children and families» (2015), in addition to 13 organizations of national-community importance, «includes data about 10 services delivered to children and their families by 263 NGOs, 23 funds, 3 associations and churches in 8 dioceses"¹⁸

The repository mentions only the legal entities which are known in the field as organizations dealing with children issues and they actually operate. These organizations have both national and regional coverage. Seen as a whole, the beneficiaries of the organizations, included in the repository, are 0-23 years old disabled, needy, begging, one-parent, abandoned, neglected children being in conflict with the law, and poor, homeless, refugee families. Various services are provided to beneficiaries, such as financial, medical, social-psychological, educational, inclusive, sport, cultural, handicraft-professional, consulting, information and other.

Such an active work of NGOs in child protection and various programs they implement show that there are sufficient human, material and technical resources in BGO field to enable them to participate in public funding programs. If assume that even though 20% of the civil society organizations, included in the repository, are competitive (according to some experts' estimates, 15-20% of SCOs, registered in Armenia, operate¹⁹), they will total 50 NGOs in children's sector. Meanwhile, a total of 11 organizations from various sectors participate in state programs funded by SPB.

¹⁸«Children's Support Center" Fund, the OSCE, «Children and families supporting social services repository», Yerevan, 2015

¹⁹ See T.Margaryan, A. Hakobyan, the CSOs' involvement in the policy development and implementation monitoring: needs and abilities (Armenia), Yerevan, 2015, p. 5.

It is quite difficult to make comparison of the coefficient factor of social programs (having state funding) carried out by governmental and non-governmental organizations. "Mission Armenia" is implementing "Social services to the lonely elderly and disabled domiciliary and in the elderly day care centers" program. The same program only in Yerevan is implemented by the MLSA's "Lonely Elderly and Disabled Social Service Center" SNCO, which received 139.7 million AMD from the state budget in 2016. SNCO provides services to almost 1,500 beneficiaries (only in Yerevan). "Provision of domiciliary care services, adequate to the estimated needs, to the single elderly and persons with disabilities, and improvement of their life quality. Domiciliary care includes household services, social and psychosocial support, medical aid and service, as well as legal advice" is realized within the same program²⁰.

In fact, the same program is divided among governmental and non-governmental organizations, but the problem is that we could not find any audit analysis concerning the two organizations in order to compare the performance and effectiveness of the programs they implemented. Analysis and Monitoring Board and the internal audit department function within the MLSA, which carry out program monitoring and audit every year according to the approved procedure. However, these analyses are for internal use, they are not published and not posted on the ministry's official website²¹. We have met general formulations on the site: "As a result of studies on social protection programs, relevant instructions were given on the recorded violations and shortcomings, as well as analysis of the inspection acts and survey results were carried out in order to rule out and prevent such violations and shortcomings. Various risky problems and phenomena were disclosed regarding benefits, pensions, employment, medical and social examination, nursing homes, orphanages, children's boarding and daycare facilities, based on which discussions with the parties concerned were organized, as well as proposals were presented to improve the service quality, resolve the identified problems and make relevant changes in legal acts"²².

Examination of the same document shows that the Ministry also needs to improve the monitoring and evaluation system and develop a new concept. This has emerged during the survey of state programs being implemented in the area of social protection, as a result of which the following needs were identified:

²⁰<http://www.mfe.am/index.php?cat=76&lang=1>, RA state budget 2015, p. 299-300

²¹mlsa.am

²²<http://www.mlsa.am/up/S.Harutyunyan.pdf>, «About the implementation process and future work of the system of monitoring and evaluating the effectiveness of programs implemented in the field of social protection».

1. Imperfection of the legal sector which regulates the procedures of monitoring and estimation of efficiency of the programs (services) in MLSA system.
2. Uncertainty and non-conformity of objectives and expected results for some programs being implemented.
3. The lack of appropriate monitoring indicators (especially qualitative indicators) for monitoring of the project implementation process.
4. The lack of a common monitoring and evaluation methodology on the service delivery, program management and policy-making levels.
5. The lack of studies of the beneficiaries' satisfaction degree from the programs being implemented and services being provided, as well as lack of analysis of their results.
6. The need to increase the staff potential and knowledge²³.

We believe that the results of monitoring of social services performed by the ministry should also be published and presented to the public, as they are carried out by public funds. The legislative field in this direction is also incomplete. As for the qualitative indicators of social services being provided by governmental and non-governmental organizations, it is still a disputable problem.

The problem of transparency of social programs

Much has been said about the non-transparency, lack of publicness and corruptness of state institutions, while NGOs are labeled as "grant-devourers", "executors of foreign orders", etc. These negative stereotypes are basically rooted in the society, as the level of accountability of government agencies and NGOs continues to be insufficient. The draft law "On Non-governmental Organizations" by the Ministry of Justice sets clear standards of NGOs' accountability: "If an organization was financed from public funds in the sum of five million and more AMD during the reporting year, its annual financial statements, submitted to state authorities, should undergo mandatory audit in a part of financing from public funds, in accordance with the law, no later than on May 15 of the following year, by an independent auditor elected by the organization's meeting. Auditor's opinion is attached to the report as

²³See *ibid*, p. 1-2

prescribed by this law»²⁴. According to Article 8 of the new draft, public organizations may be engaged in business activities.

The question of the importance of increasing the accountability of public funds was emphasized by RA Ministry of Justice. Whereas, this approach was qualified by NGOs as an attempt by the Ministry of Justice to establish control over the NGO sector, interfere with its internal affairs, etc. Being in no touch with this debate, we consider it necessary to emphasize once again that the required transparency and accountability must be ensured for the public resources, i.e. for the amounts generated from taxpayers' funds. Although NGOs point out that they are reporting to tax authorities in the manner prescribed by law and the requirement of the new draft consider with additional workload, but in many cases the same organizations fail to post their annual financial reports on their official websites.

The social services delegation process largely depends on the transparency and accountability of program implementation. Within this analysis, we examined the official websites of NGOs receiving funds from SPB (in terms of state and social programs) to determine whether they are consistent in the issue of accountability with regard to spending public funds (see Table 1).

The results were not satisfactory. Nine NGOs, receiving funds from SPB, had no information on their sites about the cofinancing from the state budget. We tried to search in the internet, and only could find the 2015 annual financial report on azdarar.am website in terms of the "Hans Christian Kofoed" and "Vanadzor Home for Elderly People" fund. For example, only the auditor report of 2013-2015 regarding the grant provided by Japan is placed in the "Financial Statements" section of the "Mission Armenia" CO's website, while there is no information about the state budget co-financing.

Along with the abundance of social programs, their transparency and accountability level in terms of state and social programs is very low. Maximum, that is published, is a dry financial report. The programs' efficiency evaluation and transparency issues are interconnected and remain open, while their non-public nature may cast a shadow over the program's actual results. SNCOs also receive various assistance from the sources not prohibited by law, the information on which is not published either.

In this sense, both SNCOs and the NGOs, which provide social services through state funds, are inconsistent on the issue of transparency of the programs they implement.

²⁴ RA draft law «On Non-Governmental Organizations», Article 26. Regarding this and other articles, p. 164-165, organizations of the public sector must include information «about the workers, their positions, job descriptions, terms of employment, remuneration and other financial transactions» in their reports.

Studies of NGOs, government officials, parties and media, conducted by Transparency International Anti-Corruption Center, indicate a low level of transparency and accountability of NGOs. According to media reports, «there are both transparent and non-transparent NGOs. In particular, those receiving money from the state budget, are not accountable to the public. There is also a perception that NGOs are more transparent than private companies, since at least they are accountable to their donors»²⁵.

The concept of "Institutional and legislative reforms for the development of civil society organizations", adopted by RA Government, stresses the importance of transparency and public control over the programs carried out by the CSO. Unlike commercial companies, says the concept, CSO activity often has great public significance and is very important for the public. CSOs are part of the public administration and self-government, they play active and significant role in a number of areas (education, social security, health care, etc.)²⁶. If you have noticed, the mentioned 3 areas are social. The clause 11.2 of the concept suggests to develop a **system of accountability** which will not create a disproportionate burden for CSOs and will provide both useful and necessary information to the public and the state. Reports published by CSOs will serve as a monitoring tool for the general public, simultaneously ensuring the transparency of CSO activities (11.3).

In other words, it is the first time the concept highlights confirmation of mechanisms of public control over CSOs. We believe that implementation of the main provisions of this concept will be of strategic importance for the whole country in the context of state-CSO institutional cooperation.

Competitive model and licensing process of social services delegating

The field of national purchases relatively got regulated by the new “About the purchases of Armenian Republic” law²⁷ accepted in 2010, however, by national budget non-competitive way of the provision of national means is continued by the view of grants, national support, donation and subsidy.

According to the Armenia's Constitution about purchases, the base of the unit is considered to be 1 mln AMD, so in standard cases RA MLSA should make a contract for

²⁵ Transparency International Anti-Corruption Center, "Opportunities and risks of NGOs development in Armenia", Yerevan, 2011, page 15

²⁶ "Institutional and legislative reforms for the development of civil society organizations" concept, RA government session's protocol decision N 40 dated 25.09.2014.

²⁷<http://www.arlis.am/documentview.aspx?docID=64473>,

services of provision till 1 mln AMD and in case of exceed is intended a competition.²⁸

Abovementioned financial sizes of 11 programs show obviously that only " One-time monetary help provision for alumni from the institutions of all day children's care of population of social protection " program doesn't exceed 1 mln AMD threshold and it can be supplied by non-competition foundations. By second clause, about the law of purchases, is clearly defined what the purchase is: The achievement of tangible or intangible all kinds of products, jobs and services by clients' compensation. All NGOs that get financed from the budget of social protection for the sort of their service presentation, factually, make a "purchase". So by 11 social projects that have national co-financing and are not provided by competition way, is not served such a service that could be recognized in a commodity market of monopoly, especially, when the demographic image of Armenia's organizations, that work in social field, is pretty spotted.

So how is by non-competition way the problem of financial means supplied from UC to NGOs regulated? How is it decided which one is going by competition, which one is not? The field is arbitrary. NGOs that get co finance from SPB are involved in fixed national projects, which finances are approved by the law about budgetary system of the RA and the ensuing procedures. Namely, the project is real, has a stable budget and a permanent addressee.²⁹

In December 24, 2003 N 1937 decision about " From the national budget of the RA to allocate subsidies and grants to juridical people" got accepted by the government of the RA. This decision regulates the provision of the subsidy and grant to juridical people, however, the question in the legal field is still open, so by what kind of mechanisms and measures are the NGOs that are subject to the subsidy chosen, the cover of which is mostly the same according to subsidized projects?

By the law of the RA "About Licensing", the aims of Licensing are " The protection consumer's rights, the quality increase of products and services, the inspection increase for those who are full threat to the people's life, health, property, the benefits of the country and society, the protection of the nature and cultural inheritance"³⁰

The competition institutions of means appropriation of SPB is radically connected to the process of licensing or accreditation. For instance MSLA and the Ministry of Health have licensing agency that regulates the process of the licensing in that area. Before that in MSLA "The licensing commission of educational projects" has been created since 2008. The main purpose of the commission is to make

²⁸ <http://www.arlis.am/documentview.aspx?docID=64473>,

²⁹ <http://www.arlis.am/documentview.aspx?docid=75497>

³⁰ www.arlis.am/documentview.aspx?docid=73268,

conclusions about licensing that are subject to educational activity in the field of education in the RA In Armenia, factually, there are licensed non-state 77 preschool³¹, 55 secondary³², 27 vocational³³, 31 higher educational institutions³⁴. Those organizations that provide educational services have various juridical status (LLC, CJSC, NGO, Foundation). In the health area of the RA, the purpose of licensing is: 1) the protection of consumers' rights, 2) the promotion of the regulation of developing market relations, 3) the quality increase of products and services, 4) the inspection increase for those who are full of throat to the peoples' life, health, property, the benefits of the country and society, the protection of the nature and cultural inheritance, 5) international security to ensure the fulfillment of Armenia's commitments under international control over the activities of licensees.³⁵ The process of licensing is pretty facilitated and there is a electronic system for issuance of documents and presentation of reports.³⁶

Actually, educational and health services, that are also social and require specialized wills and qualifications, are subject to licensing, and in area of social protection this problem is going to get fixed only since June 1st, 2017.

In September 10, 2015, the government of the RA accepted N 1078 decision "About providing social services confirming events and category of the activity certification". According to the decision the provision of the following social services is certified according to the sorts of institutes.³⁷

"1) Elderly and (or) turned 18 years old invalid peoples' care:

- a) at home,
- b) in common type institutions for social protection of the population,
- c) in special (specialized) institutions for social protection of the population,
- d) in Day Care Centers.

2) Children's (including those who are without parental care, as well as invalid children's care):

- a) at home,
- b) in common type institutions for social protection of the population,
- c) in boarding institutions for social protection of the population,
- d) in Day Care Centers.

³¹<http://edu.am/DownloadFile/745arm-mankpartez-2016.pdf>

³²<http://edu.am/DownloadFile/393arm-dprocner-2016.pdf>

³³<http://edu.am/DownloadFile/733arm-mijin-masnagitakan-1.pdf>

³⁴<http://edu.am/DownloadFile/405arm-cucak-buheri-2016.pdf>

³⁵<http://medsci.asj-oa.am/5914/1/13.pdf>

³⁶<http://edu.am/DownloadFile/5934arm-Lic1283.pdf>, RA Government's decision, 21.09.2010, N 1283-Ն

³⁷<http://www.arlis.am/>, RA Government's decision 10.09.2015 թ. N 1078-Ն

- 3) Providing temporary lodging:
- a) certain people who don't have somewhere to live,
 - b) people who are victims of domestic violence"³⁸

The certification activity of social services will be organized by a committee that includes 5 people (the president of the committee is appointed by the minister). Actually, there are stated certification certain measures by MLSA, and there are satisfied, NGO can get a certificate of social services, by 5 years term. It's important to note that the license given by the Ministry of Health is term less. Concomitant to the certification activity of social services, the government of the RA should make efforts, so that subsidies or means given to NGOs by social project to be allocated by competition basis.

The government of the RA should radically revise the mechanism of giving national financing to NGOs by non competition way. This should also be discussed during " Fighting against Monopolies" in the government of the RA. There should be processed such kind of projects for competition, which will be directed to the promotion of the projects in social field to get real, instead of being directed with several NGOs to the restrictions of the field.

Social protection budget plans that could be delegated to NGOs

27.2 % purchases of the 2015 national budget of the RA is directed to the area of social protection. Allocations have formed 383.7 mlrd AMD, providing 99.6% performing.³⁹

In the area of social protection are implemented about 70 projects getting financed from the state budget of the RA, during which a lot of services are served to the different groups of the population (pensioners, families in need, children without parental care, invalid people, elderly people, people who look for job opportunities, unemployed ones, etc.) and for those projects to get them real 27-30% from the national budget is spent.⁴⁰ About 0.12% of SPB is for NGOs that serve social services, whereas there are several SPB projects, that a lot of NGO should have done successfully, especially the projects of the area of activities. In 2015, 1.5 billion. AMD was provided from the national budget to finance the projects for unemployment. The level of unemployment in 2015 has increased by 0.9% in comparison to 2014 getting from 17.6% to 18.5%.⁴¹ For example during the provision of business projects 45.5 mln AMD is spent. The aim of the project is to provide stable activities and also to create

³⁸See in the same place.

³⁹Report on RA state budget performing, 2015, p. 296

⁴⁰<http://www.mlsa.am/up/S.Harutyunyan.pdf>, p. 2

⁴¹ <http://www.armstat.am/am/?nid=126&id=08010>

additional job opportunities. Beneficiaries of the project are people who are not competitive in labor market, who get expected necessary support like consultation, training, operation of business projects for the start and process of the business activity.

For people who are unemployed and the ones who are on the risk to get fired and look for job opportunities has been provided 102.3% mln AMD or 65.9% of forecasting to organize professional trainings. The aim of the program is to make specialists that are appropriate for labor market. The beneficiaries of the project are unemployed people, as well as people who are on the risk to get fired and look for a job. During the project the professional training is organized for beneficiaries with primary professional training and craft training for 6 months, requalification and increase of qualification for 3 months. During the project there were provided trainings for 1200 people, so in 2015, during December-January period 1600 people applied, however 87 people applied but got rejected, because of the professions and less job opportunities they had. 1480 bids processed but only with 977 people the contracts have been made (from them 85 were invalids).

There are a lot of projects that can be done not only by national buildings (consultation, trainings, organizing, etc.) but also NGOs.

Funding of NGOs (grants, subsidies) from the RA state budget

In this survey, we put the main accentuation on SPB and NGOs that get their financing from them by non-competition way. Actually, the means from the national budget, that NGO get, are way too much> From the national budget of the RA, NGOs get support by articles such as “ donations to non governmental (social) organizations” “ subsidies to non national, non financial organizations” “other expenses” and “ research funds that are not considered as the main sections”.

In 2016, in the Parliament of the RA, during the plenary session about the discussions and presentations for the national budget expenses of 2015, it was found out, that there was made 9 billion AMD donation⁴², instead of 2,44 mlrd AMD for “other expenses”, which is about 0.7% of the national budget in 2015. So, country triple CSO budget, however the system remains unaltered.

The biggest beneficiary of the donations that are allocated for NGOs is the Ministry of Sport and Youth of the RA., which gives the considerable part to sport federations, that are registered as NGOs. From stated articles, various foundations that are established by the government also

⁴²<https://www.youtube.com/watch?v=EY9hUDZBFog>

get financing.⁴³ However, it's hard to consider those sport foundations and the ones that are established by the government as CSOs, because the participation of the government is prevailed in them. By the way, those organizations also get things from national budget by the line of "current grants for other levels of national parts". So, the government itself consider those buildings as NGOs and CSOs, in another case as a part of national section.⁴⁴

The process of providing national financing and grants for CSOs needs legislative reformations during which there should be a competitive and transparent system of the grants, the provision of subsidies and the purchases of services.

The government of the RA has dimensions and procedures for providing grants to the social sector, which need to be revised.⁴⁵ The mechanism of giving grants and the information about it is not available to the society, which makes a security atmosphere for people.⁴⁶

In upcoming years, in the context of legislative reformations it needs to sharpen strategies and procedures of financial support that are given to NGOs from the national budget of the RA, by distinguishing those from procedures that follow personal benefits and providing availability for NGOs. (10.5)⁴⁷

The study developed a series of recommendations, which are presented below. Although they are not exhaustive, but will let us consider the existing stereotypes and find the key to more efficient use of state resources for civil society, laying the foundation for government programs by delegating NGOs to strengthen the culture of our country. These recommendations are general in nature and, in particular affecting the revision of the social security budget.

⁴³For example, in 2011, in the frames of the financial assistance programs by the Ministry of Economy, Gyumri Economic Development Fund, Armenia's small and medium-sized enterprises Development National Center Foundation, National Competitiveness Foundation of Armenia and Youth Foundation of Armenia are represented as CSOs.

⁴⁴Concept on institutional and legislative reforms CSO Development

⁴⁵RA Law on "The State Budget", the "Law on Procurement", Funds allocated from the presidential administration to establish a procedure of allocating grants to NGOs NH-118-N decree, "Armenia's state budget approval procedure for the allocation of subsidies and grants to legal persons." N 1937-N decision

⁴⁶State financing mechanisms for civil society organizations in the RA. PFCS, USAID, CDPF, Yerevan, 2012, p. 5; 10:

⁴⁷Concept on institutional and legislative reforms of CSO development

Recommendations

7. RA government should implement an accessible and transparent information system of providing subsidies, grants, donations to NGOs and publishing their audit results.
8. The procedure of obtaining subsidies, grants, donations by NGOs from the state budget should be made clear and transparent.
9. RA government should legally oblige the NGOs, which receive state funding, to publish annual reports, including financial (for example, to put on the official azdarar.am website) and make available to the public.
10. RA government should also oblige all the subsidy providing state authorities to publish report / information about providing subsidies, grants, donations on their official websites, according to the programs, the legal entities, which implement them, and the amount, as well as publish the state funds monitoring and audit results on the official websites or on «azdarar.am».
11. RA government should promote the extension of CSO participation in the programs financed by the social protection budget.
12. RA MLSA should provide a space to CSOs in the complex integrated social services centers, so that they can offer alternative social, consulting and other services to RA citizens also within non-governmental social programs.

**Report on the results of social service delivery system
monitoring in Ukraine**

Introduction

Monitoring of the social services system in Ukraine is a task of the NGO "Bureau of social and political development" as part of the project "**Advanced Reform, Advanced Civil Society**", jointly implemented by the Armavir Development Centre (Armenia) for NGOs, NGI "Dialogue of Generations" (Georgia) and SCO "Bureau of social and political development" (Ukraine) with the support of the Secretariat of the Forum Civil Society Eastern Partnership. The report is based on a review of the legal support of social services rendering process and also on opinions of experts that are developing the relevant regulations or are providing social services themselves, as well as on the seminar for NGOs and on focus group for stakeholders.

Altogether there were interviewed 14 experts: 3 - representatives of the central authorities, 4 - from international and national organizations, 4 - service providers and 3 - from scientific institutions. The seminar was attended by representatives of two NGOs, the focus groups – by 12 experts from all the stakeholders.

The purpose of the survey, workshop and focus group was to find out how the process of social services reforming in Ukraine is organized and how it relates to decentralization, that is being implemented in the country, how is the redistribution of functions and powers being made.

Content and social services providers

Social policy of any state is aimed at social protection of various social and demographic groups of citizens, especially those in difficult life circumstances. Effective social protection - is not only governmentally guaranteed social benefits, but at first place - developed network of social services rendering that are to be provided with taking into account all the peculiarities and needs of different categories of customers. An important role is granted to social services as a process of material conditions of the population improving , in particular Poverty Reduction Strategy (approved by the Cabinet of Ministers at March 16, 2016 Number 161-p) as one of the important work directions defines "Minimization of the risk of poverty and social exclusion of the most vulnerable strata" and among as one of the tasks is mentioned the one "to increase the accessibility and quality of social services for vulnerable people".

According to the Law "On Social Service" - social services can be defined as a set of assistance measures aimed at solving life problems and provided to certain social groups in difficult life circumstances not able to overcome them without external help. The Law "On social services" identified 8 social services types: life conditions/welfare, psychological, socio-educational, socio-medical, socio-economic, legal services, informational and employment services. However, such a types division of social services has been criticized for a long time by the experts and currently there is registered a draft bill on the new wording of the law, in which the approach to classification of social services would be changed.

Due to the imperfection of the basic Law, Order of the Ministry of Social Policy of Ukraine (№ 537 from 03.09.2012) approved a "list of social services provided to individuals who are in difficult circumstances and are not able to overcome them." The list of services radically differs from the list proposed in the Law, and includes the following:

- Home care (stationary and day type);
- Supported accommodation
- Palliative / hospice Care
- The service of arranging the family upbringing care
- Service of social adaptation
- Service of social integration and reintegration
- Service of habilitation
- Social rehabilitation services (including services of social and psychological rehabilitation)
- Asylum arrangement
- Crisis intervention and emergency
- Counselling providing

- Social support / patronage (including social support for employment and at the workplace)
- Interest representation
- Intercession (mediation)
- Social problems prevention

Since the approval of the above mentioned list among the experts do not cease debate on the proposed set of services. First of all, raised the questions of different complexity services and facilities include some other services. Thus, the service of social support could include counseling and interests' representation, social adaptation, and others. In this case, the specialists that directly provide services face the question of their accounting: to consider our work as 1 bulky or 10 simple services?

The second problem of this list is that often the services referred in the law regulations to a particular institution (and particularly the law regulations is a decisive instrument for institutions' workers) do not comply with this list. For example, for the local centers for single disabled citizens the household services are typical (cleaning, cooking, grocery shopping, digging gardens, etc.), while the services of social service centers correspond to the content of social work. In addition, the above list of services is not a minimal list of social services that would ensure the most basic needs of people who find themselves in difficulty, and which would be guaranteed by the state in any economic situation, regardless of the area of residence of citizens. So, today, in each case, the list, the contents, and the volume of social services are determined by the social worker, which was applied to by a person, taking into consideration, on the one hand – person's health, individual needs, individual rehabilitation program and other objective factors, resulting in difficult life circumstances, and on the other hand, based on the other - the capacity of institutions to meet those needs, which mainly is quite limited (especially regarding dwelling and employment).

Social services are provided by different actors (including various forms of ownership), but mostly by the state or municipal social service institutions, whose activities are coordinated by the relevant central and local executive bodies and local authorities, and are funded from the state and local budgets as well as from other sources stipulated by law.

In general, the social protection system is not interested in the withdrawal people out of difficult life circumstances (rehabilitation, adaptation) or in preventing social groups getting in difficult life circumstances (prevention). Support of people trapped in difficult circumstances ensures the functioning of these institutions, ensures a flow of significant amount of materials and financial support that goes through the institutions heads, directors of divisions and departments of social protection at the local level. Each provider who operates in these "different areas" of social services provision is trying to keep stable funding of their own institutions and is lobbying for changes in legislation that aim to ensure the interests of suppliers rather than the recipients of social services. That's why de-institutionalization is such an acute issue at the moment. For decades it has been declared as a priority, but effective steps for its implementation have still not been made: the system resists in all possible ways. Its workers fear losing their jobs, and because of the widespread practice of placing the stationary institutions in small inhabited settlement, localities, including rural areas, the dissolution of institutions is indeed a threat for workers to stay unemployed.

The most actively the system institutions for children are being discussed. As a positive shift in this context can be considered the scheduled by the Implementation of the National strategy in the field of human rights for the period up to 2020 Plan (Annex to the decree of the Cabinet of Ministers of Ukraine as of November 23, 2015 No. 1393-R) for the 4th quarter of 2017 "The Approval of the National program implementation for the period up to 2025, which contains a clear practical definition of the term and the necessary resources to conduct piecemeal reforms, aimed at stopping the education of children in institutions and the development of services to support families with children on the ground." But, in fact, the issue of providing care in the community for adults and de-institutionalization of the corresponding institutions is not less important.

However, creation of the necessary for deinstitutionalization conditions at the community level – is a complex task, as nowadays at the level of territorial communities there are not implemented effective mechanisms for strategic forecasting and planning, provision of social services with meeting of people's needs, mechanisms for monitoring and evaluating the quality of social services, independent monitoring, social services performance assessment, sanctions for violation of social services provision standards and for poor quality of social services.. As a result, the available social services are not focused on the prevention of difficult life circumstances occurrence, do not form people's reintegration into society skills, resulting in the retention of a significant number of such persons in residential institutions. But besides

the technological problems of organizing the process of social services provision there is another extremely important factor - the lack of local funds needed to provide services.

Social services funding

In case of a need to purchase something (including social services) the first to arise is a question of clear understanding of the subject of the procurement. The task formulated as "to clearly define the meaning of social services" was asked during the course of their standardization. Currently the vast majority of social services defined by the List of social services of the Ministry of social policy, is standardized. However, the services prescribed in the standards are very variable, which complicates the calculation of their cost. If rely on the "Order of development of the state standard of social services" (Order of the Ministry of social policy № 282 as of 16.05.2012), the objectives of the Standards are the following:

- organization of social services rendering;
- evaluation, monitoring and quality control of social services;
- determination of tariff rates to be paid for social services provision.

As you can see, speaking on calculation of the cost of social services, we are talking only about paid services, so for the moment the developers of the Standards did not have a task of determining the cost of basic services for further budget procurement. Accordingly, approved Standards are not focused on calculation of the cost of services that are being standardized. However, without regulation of social services financing issues it is hardly possible to hope that their quantity and quality will meet the needs of the population.

Today there are approved methodological recommendations on calculation of social services costs (approved by Order of Ministry of social policy № 1186 as of 07.12.2015), but they don't connect the process of calculating the cost of services with the existing standards. In the course of social order, in particular when determining the conditions of tenders and tender evaluation of entities providing social services" the calculation of the cost of social services is offered to be done according to these methodological recommendations. Despite the absence of a minimum guaranteed package of social services, and the prevalence of the phenomenon of budget deficits and the need for involving of quite a high qualification specialist to do the calculations proposed in the recommendations, it is possible to predict that the use of this document is unlikely to become a common practice in the local budgeting.

Overall, Ukraine's budget system functions on the basis of the "precedent" principle. Funds allocated in the previous fiscal year are planned for the following fiscal year with a slight adjustment for the projected inflation rate. This approach also complicates the realistic planning of social policy priorities and allocation of funds for social services. As a result, funds for social services are spent to maintain social welfare institutions, with 90% of their budgets spent on utilities and salaries, which is ineffective. Furthermore, there is a contradiction between the government's trying to cut national budget expenditures and social service providers' efforts to increase these expenditures.

At present, social services are financed through several mechanisms:

- Subvention-based financing of social service institutions (primarily, residential ones); their maintenance is financed through national budget protected expenditure items;
- Financing of social service institutions from local budgets (heavy dependence on local budgets, territorial have a different number of institutions and specialists, which is why territorial are covered with social services differently);
- social service (commissioning) procurement: procurement of social service using budget funds (primarily from private social service providers) – which occurs episodically in Ukraine, depending on the financial capacity of a territory and understanding of this mechanisms by local governments;
- the "money follows the patient" principle, which has been applied in Ukraine to orphans and children deprived of parental care (in fact, the principle has only been proclaimed, as funds are not redistributed from the amount planned for the maintenance of residential institutions for children; instead an additional subvention is allocated);
- financing of the approved list of non-governmental organizations (including national level), which provide social services as part of their activity;
- financing of non-governmental organizations through competitive bidding (at local level), whose projects may include social service delivery;
- international business and public grants and charitable funding for social service providers (primarily, private ones).

These mechanisms work separately, which renders social serviced financing in Ukraine devoid of a common logic. At the same time, there's a cumbersome regulatory framework for implementing most of these mechanisms, which is complicated for social service providers, who pay for these services, to use.

The issue concerning social service funding is who is to pay for these services. Under Article 34 of Law of Ukraine #936-VIII (of 01.26.2016), para. 2-1 (“On amendments to selected legislation of Ukraine to improve social protection of children and support families with children”), the provision of social service for persons and families in difficult life circumstances who need outside assistance (including as a result of disability) is delegated authority. The provision of social services for socially deviant persons as a result of their lifestyle (the homeless, ex-prisoners, people with chemical dependencies) has for 2 years now been financed from local budgets (since the termination of national budget allocations for centers of social services for families, children and youth). However, there is no basic guaranteed package of social services, which is to be financed irrespective of a territorial (local) economic situation.

Ukraine’s local government and territorial administration reform concept (the Cabinet of Ministers’ directive #333-p of April 1, 2013) empowers basic level local governments to ensure the provision of social assistance (not services) through territorial centers. Basic level territorial divisions of central executive authorities are expected to provide social protection (pensions, subsidies, compensations, exemptions). Under the Concept, local (raion level) governments are basically responsible for the fostering and education of children at general residential schools. The Concept does not define an entity responsible for the provision of social services for the population at different levels.

At the same time, in addition to the term “social services” the Concept introduces “public services” (administrative, social and other services in corresponding territories). Concept implementation stage 2 (2015-2017) is intended to unify and standardize public services provided by local governments and executive authorities to maximize access to services and ensure adequate funding at legislative level. Concept implementation in terms of public service delivery is expected to:

- ensure accessibility and improve the quality of public services;
- introduce a mechanism for local state administrations and communities to oversee the provision public services by local governments and territorial bodies of central executive authorities;
- introduce standards of quality of social services provided to the population by basic and regional level local governments, as well as service quality assessment criteria.

As part of the Concept, an action plan was approved to implement the local government and territorial administration reform concept (the Cabinet of Ministers’ directive #688-p of

September 22, 2016). This document directs central executive authorities (the Ministry of Social Policy is not mentioned separately), including national associations of local governments, to approve a descriptive and financial basis for social standards for each of the powers delegated to local governments per average administrative territory, and define a minimum and maximum value of these standards based on available financial resources. The implementation deadline for this task is October 2016. Another objectives of the Plan to be achieved by the end of 2016 is to make changes to the documents that regulate the application of sectorial service provision norms and standards. The Ministry of Social Policy is mentioned as one of the implementers under this objective.

In addition to the above-mentioned Concept, the term “public services” can be found in the National regional development strategy for the period until 2020 (approved by Cabinet directive #385 on August 6, 2014). Goal 3 of this Strategy reads as “Effective governance in regional development” contains the following public service objectives:

- define a substantiated territorial basis for the activity of local governments and executive authorities, which will make it possible to ensure accessibility and quality of public services provided by these bodies;
- ensure accessibility and quality of public services;

Of special mention is the Territorial community capacity building methodology (approved by Cabinet directive #214 on April 8, 2015). The Methodology offers a format for the United territorial community certificate, which will not contain information about social service provision in the community.

As part of the decentralization reform, the Ministry of Social Policy (MSP) approved the “Guidelines on the execution of own (self-government) powers of a united territorial community in the area of social protection of population” (MSP order #26 of 01.19.2016). Its Annex 2 contains a **“Tentative list of social support services to be provided by structural divisions of raion state administrations”**, which includes **84 services**. Based on these recommendations, the MSP sent out a letter to local authorities concerning the activity of united territorial communities. In response, First Deputy Minister of Regional Development, Construction and Housing of Ukraine wrote that the proposal to delegate new powers to local governments should be implemented only through amendments to legislation, and should include information about mandatory transfer of requisite financial and material resources to

local governments. Therefore, it is evident that local communities are not ready to assume powers delegated to them.

As you can see, there's a conflict of interest between the desire to expand the package of services and the desire to reduce expenditures. The social service delivery regulatory framework is aimed at expanding the state's social guarantees, however, when it comes to funding services, financial realities come into the forefront, and budget financing of social services has never been a budgetary priority. As a result, an array of declared social services are financed with remaining leftover funds in much smaller amounts compared to those declared by the state.

In addition to the limited capacity to finance social services, there is another facet to the problem i.e. a lack of local service providers, especially in rural areas, and the unwillingness of existing private providers to deal with the "state" as a customer of social services and the payer due to complicated procedures for obtaining money through the Treasury. The decentralization process is expected to smooth away problems in dealing with the Treasury, but in any case, it will take time for the stereotypes to be broken and for a sufficient number of budget-funded providers to appear. To expand public access to social services for population in many territories it is proposed in strategic documents to develop the market of social services.

Representatives of NGOs involved in the social services reform through the partnership with the Ministry of Social Policy point out "the need to ensure the provision of social services at the level closest to the user". They believe that "at regional level only those services should be provided that, due to external factors, cannot be provided locally". As for funding, they agree that "community-based services should be financed from the local budget, although there is a risk that the needs of stigmatized and discriminated groups will be funded residually."

Social service market creation and development through NGO involvement

Transitioning to the market and the implementation of the national transition strategy (from maintenance of social service institutions to funding social services), which involves government funding of private social service providers, is a challenge. It will be difficult to simultaneously eliminate the extensive network of institutions. On the other hand, all regulatory documents developed by the Ministry of Social Policy with regard to private providers of social services are implemented by the Departments of Labor and Social

Protection of Population with consideration of the financial interests of public and municipal social service institutions (providers).

Currently, NGOs are funded at different levels. For example, there is a small number of organizations that traditionally receive funds from the national budget, in particular, such as the Ukrainian Society of the Deaf and the Ukrainian Society of the Blind.

The scope of government support for NGOs in 2015:

- Financial support for NGOs of the disabled and veterans – 71 134,1 thousand hryvna
- Financial support for physical training and sports NGOs – 31 845,7 thousand hryvna
- State youth policy activities and government support for youth and children’s NGOs – 12 777,0 thousand hryvna

However, most organizations can only seek local budget funds that is to say those funds remaining after public and municipal social service institutions and establishments have been financed, since ensuring public and municipal providers’ financial interests are a priority. Each social institution “determines the needs” of its own target populations: children, family, youth; pensioners, veterans; disabled; other social groups, which are funded only from local budgets. As a result, the planning of local budgets for social services ignores NGOs thereby depriving them of financing.

Social service procurement (commissioning) is declared in the regulatory framework to be a mechanism for funding NGOs. This mechanism is intended to stimulate competition among social service providers, and improve the quality of such services; it is also planned to develop and introduce a social service funding mechanism on the principle of “money follows the recipient”. However, these mechanisms, which are intended to create a market of social services, are secondary to the subject of social service procurement, i.e. the amount of budget funds for the provision of a certain scope of social services. Since service costing mechanisms in Ukraine are imperfect and the state-funded minimum package of services is not defined, this makes it impossible to determine “the subject of social service procurement” and engage NGOs in the provision of social services using budget funding.

The social service procurement mechanism involves several stages, each of which has its barriers to its successful completion:

1) Determining the scope of services to be the subject of social service procurement in a particular territory. At this stage, the problem is the lack of information about the sizes of many vulnerable social groups as well as the number of those members of these groups that really need help. Often, only estimated data are available for larger territories rather than for local communities or raions. In addition, persons not registered in a particular territory, for example a city, can reside there (the homeless, displaced persons, Roma ...), whose numbers are changeable throughout the year. For several years now, the MSP has been trying to assess the social service needs of populations in administrative territories (such an assessment was first conducted in 2013 in accordance with the Guidelines approved by MSP order #648 of 10.15.2012). However, a preliminary analysis of the assessment results showed that:

- the needs assessment has been conducted partly;
- priority social service needs were not identified at oblast level;
- the potential of private social service providers was not taken into account;
- types of social services were not used correctly to identify the needs of certain social groups;
- potential demand for social services in most oblasts had not been calculated;
- quantitative indicators of needs of selected social groups are not adequate compared with their total sizes (according to official statistics and estimated data);
- estimated volumes of funding of social services to meet the demand were not substantiated.

At the beginning of 2014, the MSP issued order #28 (of 01.20.2014) (registered with the Ministry of Justice of Ukraine under #253/25030 on February 7, 2014) "On approving the Procedure for determining social service needs of a population in an administrative territory". In 2014, experts of the Bureau also conducted an independent needs analysis that showed that:

- the needs assessment procedure did not ensure adequate data collection and analysis;
- the definition of the target populations eligible for certain types of social services was unclear and sometimes discriminatory;
- the needs assessment had been conducted partly; in most oblast the collected data had not been analyzed and core priority services were not defined;
- priority social service needs were not identified at oblast level. Administrations of most oblasts do not consider it necessary to analyze and set priorities since this is the responsibility of the Ministry of Social Policy;

- it was impossible to analyze the capacity of various social service providers and infrastructure, under the new social service needs assessment procedure;

Therefore, the needs assessment so far does not provide necessary information on the scope of social services that need to be procured.

2) Determining the amount of funding to budget for future procurement of social services and their inclusion in local budgets. As was mentioned in the section on funding, the cost of services calculated based on standards is often “unaffordable” for local budgets. The use of the MSP Methodical recommendations for costing social services also requires the involvement of high level specialists (the same applies to the costing of services according to the existing standards). In addition, most of the funds are already distributed among public and municipal institutions, and those remaining (if any) are not enough to cover all expenditures proposed in the standards or guidelines. Furthermore, budget process participants might not have information at all about the existence of these regulatory documents to rely on in their calculations.

3) Developing scopes of work and organizing the complete bidding process (call for proposals). This stage seems to be the least problematic provided that the previous 2 stages are completed successfully, especially given that the Cabinet of Ministers of Ukraine issued directive #324 on April 29, 2013 approving the “Procedure for social service procurement using budget funds”. However, it should be noted that this directive restricts the provisions of several existing laws of Ukraine:

- the law of Ukraine “Government procurement”, Article 2, which provides that bidding procedures for the procurement of services from the budget must be employed starting with 100,000 hryvna. The Procedure introduces bidding in amounts under 100,000 hryvna;

- the law of Ukraine “On social services”, Article 14, which provides that social services are to be funded from the national and local budgets. The procedure mandates that funding is to be allocated only from local budgets (under Article 91 of the Budget Code of Ukraine);

- the law of Ukraine “On social services”, which establishes the equality of public and private social service providers. The Procedure uses social service procurement only for services that are not rendered by public or municipal social service providers.

4) Participation of social service providers in social service competitive bidding. As was already stated, at this stage, there could be a lack of providers of necessary services in a particular territory, or their unwillingness to receive funds from the budget under complex procedures, or to expose their organization to additional state audits (including because of previous negative experience, information from partners). Another problem may be that potential bidders may not have information about the call for proposals, especially if such competitive bidding processes have been conducted in the past, and they are not used to monitoring information sources where such information may appear. Here is an interesting example: in 2013, one of the international projects in the Zaporizhzhia oblast was piloting a social service procurement mechanism in accordance with the Cabinet's directive #324. Only one provider (the Red Cross) took part in the bidding process and received the same budget funds that it had received in previous years without competitive bidding.

5) Selecting and contracting social service providers. If local authorities do not have information about the activity of NGOs in their territory, they may have difficulty selecting a provider. Formally, selection should rely on the social service provider criteria, approved by the Cabinet of Ministers' directive #1039 of November 14, 2012. They are fairly brief and simple, although some of the requirements are too demanding (for example, the availability of a motor vehicle in an organizations that provides social prevention services) and reduce the chances of organizations that can not meet them. Overall, it was planned that a Register of social service providers will be created based on the criteria, which will include only those providers that meet the approved standards. In particular, it is noted in the Social service system reform strategy (approved by the Cabinet's directive #556-p of August 8, 2012). When this register is created, only registered social service providers will be allowed to bid for social service procurement.

6) Provision of social services under contracts, process monitoring and results evaluation by the customer. For monitoring and evaluation purposes, the social services monitoring and evaluation Guidelines should be used (MSP order #904 of 27.12.2013). However, it requires an expert whose job description would include such responsibilities. Often, specialists, who could perform such tasks, are overloaded with other functions, which is why there is a risk that monitoring and evaluation will not take place or will be conducted only on paper. In addition, the guidelines status of a regulatory document does not make its provisions binding since they are recommendatory in nature.

Another risk for social service procurement and stimulation of private social service providers is the fact that on January 1 2014 amendments to Budget Code of Ukraine #11298

(10.04.10.2012) were came into effect (specifically, articles 87 and 20 were amended) “financial support for NGOs on a competitive basis for national policy implementation”, as well as Articles 91, 20) “financial support for NGOs on a competitive basis for regional implementation”. Such competitive bidding will be organized under the Competitive bidding procedure, approved by the Cabinet of Ministers’ directive #1049 (of 10.12.2011). Given the uncertainty of the mechanism for the formation of "subject of social service procurement”, one can anticipate that funds will be distributed not to procure social services but to provide financial support for NGOs.

Conclusions

Problems

Facility-oriented funding complicates transition to service-oriented funding in the community and prevents de-institutionalization, which is also opposed by the system: institution personnel and management at different levels.

There is no basic guaranteed package of social services, which should be funded regardless of the economic status of a territory.

The issue of decentralization of social services has not yet been addressed seriously and is not detailed in the regulatory framework. The attempts that the MSP has made meet with the resistance from the Ministry of Regional Development.

The introduction of the social service procurement encounters a lot of barriers at each of its stages. Specifically, the lack of reliable data on the sizes of different target populations who need social services; the complexity of the methodology for determining needs for social services (proposed by the Ministry of Social Policy); the complexity of coating social services to be procured; limited territorial financial resources, given the priority of facility-oriented instead of service-oriented funding, not services; the lack of local social service providers; the lack of a system to monitor and evaluate of social service procurement recipients.

The various elements of the social service delivery system such as social service procurement, setting priorities to determine the scopes of funding for social services, raising

additional funds to provide social services etc., are not used in the regions as a single mechanism.

Existing regulatory documents are cumbersome and do not meet the needs of the social service reform. Moreover, due to their complexity they are often not used or misused locally, especially in rural areas. For example, determination of needs is primarily aimed at ensuring the financial interests of public and municipal providers. Every social institution “determines needs” of their target populations: children, families, youth; pensioners, veterans; disabled; other social groups funded only from local budgets. As a result, local budgeting for social services hardly considers NGO services and funding.

Proposals

As today Ukraine’s social service system is disarranged (on the one hand, there is a gap between the regulatory framework and practice, and on the other hand, a gap between the declared rights to social services and the lack of financial security) it is necessary to employ an integrated approach to remedy the situation. Taking into account local changes resulting from the decentralization, the following key objectives should be addressed:

1) Determine a minimum guaranteed package of services and strictly targeted categories of recipients, taking into account the financial status of recipients, and including social prevention services, and to approve a funding mechanism for these services, which would allow to avoid the risk of underfunding.

2) Provide local authorities and specialists with simple tools to plan their social activities and related expenditures, which would not require regular involvement of individual experts for their interpretation, as is now the case with the existing methodological base (revision of the list of services to avoid split-level services, as well as development of planning software).

3) Plan necessary social activities based on existing community problems (such as high levels of child abandonment, large numbers of poor people, high crime rates, etc.): based on the interaction with the community leaders, make a list of typical problems; afterwards, involve experts to identify typical causes of these problems, target populations associated with them, and link requisite services to the community to mitigate these problems.

4) Introduce a national income level and financial status verification system (understandable to the public) and an appeals mechanism if a person disagrees with verification findings, conduct a large-scale information campaign on all aspects of verification and its possible consequences.

5) Ensure the integration of resources, including through the use of the potential of related

sectors (education, health care, administrative services) and raise additional funding (charitable, international, community).

6) Allocate the authority of each level of government in the provision of social services, including oversight of social service funding and provision (local governments must understand what in their communities is funded from the national budget their community, and what they will have to fund from their local budgets).

7) Introduce electronic management for social service planning and delivery.

Author: *Olga Tsviliy, Bureau of social and political developments*

In Search of Effective Social Service: Prospects and Challenges of Decentralization in Post-Communist Georgia

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This paper attempts to briefly analyze and assess the system of social service in Georgia and it also seeks for the advantages and disadvantages of the decentralization of social service. This is a desk research based on utilization of major texts on social services and general state of the process of political and administrative decentralization in contemporary Georgia

Introduction: Democratization, Post-Communist Transformation and Local Democracy in Georgia

The collapse of Soviet Union and emergence of new independent states on the territories of former Soviet Union gave birth to setting up of completely new public institutions and implementation of administrative reforms in order to achieve social progress and effective functioning of state in the process of transformation and democratization. Obviously, transition to democracy became extremely difficult task for new post-soviet states. Vast majority of post-soviet countries could not find relevant cultural determinants to establish truly democratic order. Due to deep economic crisis and social stagnation followed by the disintegration of Soviet Union, post-communist states did not enjoy necessary social requisites to achieve success in the process of democratic transformation.

Obviously, high level of economic development is the most important requisite to create democratic society which certainly means that without good life there is no democracy⁴⁸. Unfortunately, model of transition chosen by post-communist political elites was not focused on creating relevant social requisites for post-communist democratic aspirations. Shock therapy became major ideological strata of economic reforms which undoubtedly ended up with greater social and economic catastrophes reflected with growing trends of injustice and inequality.

In spring of 2016, Robert Wade of LSE wrote *“Georgia was one of the most prosperous states of the Soviet Union. In just 15 years, to 2005, Georgia plunged from among the most prosperous USSR states to one of the poorest. Growth did not resume until the mid-2000s. Between the early 1990s and today, Georgia’s population fell by one third, to about 3.4 million: its diaspora is now mostly in Russia, Turkey and Europe”*⁴⁹

Obviously, disintegration of Soviet Union has resulted with dramatic social consequences. Well-developed system of social services which Georgia enjoyed during the Soviet Union has dramatically crashed; new post-communist state emancipated itself from social responsibility and has provoked harsh atomization of society. Neoliberal policies which dominate Georgia’s post-communist life have empowered the idea of small government and shadowed the perspectives of social state. Yet, despite of neoliberal strategies of diminishing or even completely eliminating state intervention in economic life, there are observed various state and non-state activities in the field of development of social services. The tendency has become

⁴⁸ See Seymour Martin Lipset, “Some Social Requisites of Democracy: Economic Development and Political Legitimacy,” *The American Political Science Review*, Vol. 53, No.1 (1959): 75

⁴⁹ See Robert Wade, “Georgia: Neoliberalism and Industrial Policy”, *Le Monde Diplomatique*, May 2016, English edition

increasingly visible after neoliberal regime change in Georgia (2012) when new ruling political class has declared the idea of welfare state as central for Georgia's new agenda of transformation. However, recent advances in the field of social service do not necessarily mean that Georgia moved successfully towards the idea of welfare state. There is need of transforming whole agenda and organizing strong structural and social changes for establishment of true welfare state where equality and development will take respected place in new social order.

Fundamental problem for post-soviet states to organize successful democratic reforms was about lack of experience of being historically independent and moreover democratic states. To say it precisely, in case of Georgia the process of democratic transformation became completely painful task as country never ever experienced what it means to live with democratic manner. Also, due to difficult legacy gained from Soviet totalitarian systems majority of Georgians since the day of declaration independence until now have rather authoritarian-minded spirit than democratic one. This is very important to determine, to identify and to observe the nature of mass beliefs in certain state as mass beliefs have direct impact over democracy or authoritarianism⁵⁰. Thus, Georgia, that had extremely difficult political past faced dozens of challenges in times of post-communist transition as country did not have any empirical experience on how to deal with independence and with new agenda of democratization.

Development of local democracy and decentralization of the country was always important segment of Georgia's aspirations of effective socio-political transformation and democratic transition. Also, to put it in more general terms, challenges of decentralization and development of local democracy has become important trouble for many post-communist societies, so that Georgia is not indeed exceptional case. As scholars argue, decentralization of governance is important component of transformation processes in CEE and the idea of decentralization is to bring government nearer to the citizens in order to create conditions for democratization of governance and for increasing its efficiency⁵¹

Political elites who rule Georgia in times of post-communist transition frequently expressed sympathies towards the policies of decentralization. Many projects have been organized to

⁵⁰ See Christian Welzel and Ronald Inglehart "Mass Beliefs and Democratic Institutions", in: Charles Boix and Susan C. Stokes (eds.) *The Oxford Handbook of Comparative Politics*, Oxford, UK: Oxford University Press (2007): 297-317

⁵¹ Michal Illner "Issues of the Decentralization and Reforms in Former Communist Countries", *Informationen zur Raumentwicklung*, Heft 7/8.2000: 391-402

strengthen the process of decentralization and many state or non-state actors were involved in such projects or initiatives. And still, Georgia remains the country with the lowest degree of decentralization in almost all dimensions, including political, administrative and fiscal. Obviously, decentralization of social services is another challenge for so called new Georgian democracy, and this is especially important when country passionately declares its gorgeous aspirations for European integration. Surely, effective process of European integration for Georgia also means effective process of decentralization which is still very weak and specifically in terms of providing social services. In a nutshell, we may conclude that the problem of decentralization in Georgia is part of complex of problems and challenges which Georgia faces in times of post-communist transformation.

Institutions and Actors in the Field of Social Service: General Overview

Social services in Georgia are provided by both local and international institutions. Various NGOs, international organizations or governmental institutions (e.g. UN, Swiss Cooperation Office for the South Caucasus, Social Service Agency of Georgia and etc) are involved in implementation of various programs or initiatives focused on such social services as are housing, child care, health, employment and etc.

Major governmental institution in Georgia dealing with social service is Social Service Agency of Georgia. The official webpage of the agency defines its functions as following: “Social Service Agency administers tens of state social and health protection programs. The Agency is the service that disposes the multi-million expenses and directs them to provision of the beneficiaries - the various contingents which requires service or assistance, with social disbursements, state health and social programs maximally. State pension, social assistance, health insurance, appropriate provision of the persons with disabilities, guardianship and custody of children deprived of care, etc - these are the issues, within the frameworks of which more than 2000 employees of the Agency serve approximately 2.5 million Georgian citizens (about 60 percents of the Georgian citizens).”⁵²

The Social Service Agency implements certain significant projects supported by various donor institutions including UNICEF, USAID, Save the Children, EveryChild, World Vision, Caritas and etc. The projects are focused on: vocational trainings, street children, probation of undergraduate students and so on.

⁵² See http://ssa.gov.ge/index.php?lang_id=ENG&sec_id=14

Currently, the Social Service Agency maintains many activities in the field of social service, including:

- Social programs (day centers, community organizations, support of rehabilitation of war veterans, support of communication of the deaf, etc)
- Child care (child adoption, protection of child from violation, rehabilitation of children, early child development, alternative forms of child care, etc)
- Health programs (universal health care)
- State disbursements (state pension, household subsidy, reimbursement of leave for maternity and childcare, as well as for adaption of a new-born child, state compensation, social package, etc)

Several international organizations like UN and SCO are also involved in providing of social services for the citizens of Georgia. Particularly, they provide social service for the vulnerable groups (this specifically means social housing in Tbilisi, Gori, Kutaisi, Zugdidi and Batumi)⁵³. USAID and EU also have supported various projects focused on employment, health, vocational trainings and etc organized by local NGOs and governmental institutions.

Social services in Georgia are strictly centralized and central governmental institutions representing as SSA is dealing with providing of major social services for the citizens of Georgia. Although, Georgian legislation for local self-government gives opportunity for local authorities to provide certain components of social services, for example providing of shelters for homeless people but major areas of social services are not delegated to the competence of local authorities.⁵⁴ Obviously, providing of social services are not delegated to the local authorities, but usually, local authorities who maintain their own budgets in certain circumstances provide social services for local citizens, usually this happens for urgent health assistance, for families with low income, for war veterans and so on. According to the research works done in the field of analyzing local services and local authorities in Georgia, there are

⁵³ See http://www.ge.undp.org/content/georgia/en/home/operations/projects/poverty_reduction/social_service.html

⁵⁴ See Code of Local Self-Governance <https://matsne.gov.ge/ka/document/view/2244429>

serious problems in the sphere of regulations and for quality of services provided for the citizens by local authorities in Georgia ⁵⁵

Various researchers in the field of studying social services in Georgia argue that the level of providing social services in times of Soviet Georgia did not enjoy any high quality, however, this became more difficult process in times of independence and particularly in 1990s when in parallel with collapse of state structures the sphere of social services also experienced significant collapse. Also, situation became more dramatic in times of post-communist transition when division of the sphere of competencies among the state, private sector and local authorities became fragile. Private sector was privileged to provide various components of social services and thus local authorities did not have any real mechanism to influence over the private sector. In such case, local authorities could not advocate the interests of local citizens as private sector do not maintain effective communication with local governmental bodies⁵⁶

Strict centralization of social services in Georgia has also negative public attitudes. To put it in general term, more centralized system certainly means bureaucratic problems we face. Also, in order to improve the level of local democracy it is very important that local governmental institutions are those who deal with providing of social service. Also, it is empirically proven practice that local authorities are more near to the citizens than central authority, and its about everyday life. There are best practices also from both old and new European democracies for successful process of decentralization which also means successful transformation of the field of social service. Moreover, we must also mention that inclusion of the citizens and growth of citizens political participation also gives inspiration to local political elites to struggle for effective advocacy of the interests of citizens and to demand more decentralized system for satisfying interests of local community and this first of all means decentralization of social service. However, the process of rapid and effective decentralization, including decentralization of social service can be explained and understood as long and relatively painful and difficult process due to lack of Georgia's experience of maintaining the traditions of local democracy. Surely, international assistance may take important place and role in such process but it is not the most effective and the most reliable determinant for successful process of decentralization in Georgia.

⁵⁵ See ადგილობრივი თვითმმართველობის სერვისების მოწოდების სტანდარტები, CIESR, 2010, თბილისი

⁵⁶ See დავით ლოსაბერიძე „თვითმმართველობა საქართველოში: პოლიტიკის ანალიზი - დეცენტრალიზაციის პროცესების ზოგადი შეფასება (1991-2012)“, OSGF

Need of Decentralization: Advantages of Decentralized System and Decentralization of Social Service

As it is mentioned above more decentralized system means more integration into the interests and needs of citizens in everyday life. All forms of decentralization including political, administrative and fiscal usually results with success stories for advancing well-being of local population. Political decentralization is the most important category of centralization which directly impacts over the decentralization of social services. Political decentralization not only influences effective process of democratization but it also strengthens local political and social structures and without powerful local institutions there are no perspectives for successful decentralization of social services. Therefore, for Georgia, powerful political decentralization is absolutely necessary phenomenon in order to ensure decentralization of social services.

Delegation as extensive form of decentralization (in terms of administrative one) is also very important in order to equip local authorities with the power of decision making delegated from central governmental institutions. Delegation is the most successful type of administrative decentralization which strengthens and empowers local authorities for providing best quality of social services without any bureaucratic and technocratic obstacles. Also, for development of local democracy and decentralized system its very important ministries to transfer their functions and authority to regional and local authorities which will make providing of social service more effective for citizens.

Today, in Georgia central government and political elites in the centre are reluctant to support real implementation of various types of decentralization, including deconcentration, delegation, devolution and etc. Obviously, Georgian legislation and formal political agenda are focused on more decentralized system but in practice real power is always in the hand of central authorities and local authorities tend to be extremely loyal to the decisions and approaches taken by governmental institutions in the center. Weak local governmental bodies also practically provoke low trust in local administrative bodies and they stipulate skeptical and nihilistic attitudes from citizens towards the idea of local self-governance.

Also, Soviet tradition of strictly centralized system still remains active component in political life of Georgia which became another important source of citizens' apathy towards local decision makers. Definitely, more decentralized social services would also reduce skepticism and critical attitudes towards the local governmental bodies.

Decisionmaking decentralization as one of the most important conceptions of decentralization is also key instrument to mobilize effective process of decentralization of social service.

Decision-making decentralization precisely means that local government have right of making decisions which means that central government has no privilege to decide the issues that have central importance for local community⁵⁷. Therefore, to conclude it once again, without strong component of political decentralization which enables local authorities to take power of decision making there will be no real perspectives for decentralization of social service in Georgia.

To conclude it, future decentralization of social services in Georgia has following advantages:

- Decentralization of social services will increase general quality of providing social services
- It makes policy of social service more responsive to local needs
- Local authorities will enjoy right to advocate rights of citizens in much more effective manner
- Decentralization of social services will increase trust for local governmental bodies
- Decentralization of social services will decrease level of state bureaucracy
- Decentralization of social services will guarantee more transparency and good governance in the field of providing social service in Georgia
- Quality of local democracy will be relatively increased

Despite of advantages related to decentralization of social service, it does not mean that the process of such decentralization will be relatively easy task for local and central political elites. There are lots of steps ahead that must be taken by central and local authorities to ensure practical implementation of the process of decentralization of social services.

Problems of Decentralization: In Search of Disadvantages?

Sadly for contemporary Georgia democracy, there is a strong believe among certain political groups that central government may perform tasks better than local government. Thus, despite of legal and constitutional mechanisms which give source for decentralization in Georgia, there are many issues that are in competence of central authorities to make decision in practical life and central government enjoy more power, reputation and recognition than local

⁵⁷ See Daniel Treisman “Defining and Measuring Decentralization: A Global Perspective” <http://www.sscnet.ucla.edu/polisci/faculty/treisman/Papers/defin.pdf>

authorities. There is a general belief in Georgia that government in capital city may work better than government in regions and with such conceptually wrong approach we see sort of intellectualization and legitimization of centralized system in Georgia.

Definitely, local authorities in Georgia are not strong enough to be assigned with certain important tasks and yes it may probably also include skepticism on competence to deliver social services but everything depends on political will to strengthen local government. However, definitely despite of popularity of all types of decentralization in contemporary democracies there are some disadvantages that may emerge in the field of decentralization of social service in Georgia and such disadvantages may include following:

- Due to lack of experience of decentralized administrative system in Georgia decentralization of social services may provoke technical and procedural problems
- Local governmental officials don't know how to deal effectively and properly with the issues of management of social services
- It may strengthen and empower local clientelistic traditions

However, despite of such disadvantages which we may experience the process of decentralization of social service there must be taken risk to organize such process. This is especially important for development of the process of democratization in Georgia and for modernization of administrative system.

Recommendations

As Georgia's open secret is to support the process of decentralization this also must include decentralization of particular fields, including social services. Therefore, in the process of decentralization of social services both state and non-state actors are assigned with important tasks to perform.

Particularly, there are definitely at least four actors which may play crucial role in the process of decentralization of social service in Georgia. Thus, recommendations are given to following actors:

Government of Georgia:

- Must express political willingness to give real chances for administrative and political decentralization

- Must launch fundamental reforms for gradual decentralization of social services
- Must crystallize political elites from stereotypes dealing with indifferent attitudes towards the local authorities in Georgia

Local Authorities:

- Must intensify dialogue with government and local community on need of decentralization
- Must identify major advantages of decentralized system of delivering social services
- Must organize fundamental changes in management of social services, including accurate observation of local needs

Civil Society Organizations:

- Must facilitate better and effective dialogue between central government and local authorities
- Must organize educational projects and training programs for local authorities on various aspects of decentralization of social services
- Must observe and monitor general trends of local democracy and decentralization policy

International Organizations:

- Must provide support for various activities, initiatives and projects dealing with transformation of social services in Georgia in the context of decentralization
- Together with CSO must facilitate dialogue between central government and local authorities
- Must identify best practices from contemporary European democracies in the field of successful decentralization of social services and to share such practices for local authorities in Georgia

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