

Roxolana Hreb  
High Tech High School  
Secaucus, NJ, USA  
Ukraine, Conflict

### **Ukraine: Ensuring Social Benefits for All**

To the world, it appears the nation of Ukraine has become reduced to a talking point in American politics, a retired headline in western newscasts, and the residue of a larger lingering post-Soviet mindset. Ukraine is a country of rich and determined history, fertile agricultural lands, and vast industrial and commercial potential. Since the beginning of 2014, however, conflict has spurred in the Eastern regions of Ukraine and jeopardized not only safety of the people and political landscape, but also basic access to clean, safe food. It is imperative for the Ukrainian government to take action in order to mitigate the war's impact on the people and their food security.

Ukraine is the largest country entirely in Europe by land area; the total land coverage is 579,290 square kilometers (The World Bank, 2018). Due to its highly fertile soil and temperate continental climate, the land of Ukraine is especially suitable for farming. The economy is highly dependent on agribusiness, and agriculture is among the nation's largest exports ("Ukraine - agricultural machinery," 2020). Ukraine is often referred to as the "breadbasket of Europe" wherein the most popular agricultural exports in the country include corn, wheat, and barley ("Ukraine - agricultural machinery," 2020). The country's population of 41.67 million (Ukrainian Bureau of Statistics, 2020), has been steadily declining since the 1990s due to mass emigration, armed conflict, and lower birth rates (Edwards, 2020). The residence of the country is largely urban; 67.2% of residents belong to the urban population and 32.8% to the rural population ("Ukraine Population (LIVE)," 2020).

The nation's government is a semi-presidential representative democratic republic currently led by President Volodymyr Zelensky (Misachi, 2017). Zelensky, a first time politician, centered his campaign focus on ending the Eastern Ukrainian war with Russian troops (Forthomme, 2019). The typical monthly income is 10,679 Ukrainian hryvnia (UAH), or about 436 United States dollars (USD) ("Ukraine average Monthly WAGES Forecast: Historical," 2020) – a significantly low value compared to other neighboring countries within Europe.

A portion of this income inequality present can be attributed to the ongoing armed war between Ukrainian backed forces and the Russian Federation in the conflict regions of Luhansk and Donetsk, which are both situated on the eastern border between Ukraine and Russia. The conflict started seven years ago in March of 2014 when Russian-backed separatists of the region rebelled against the Ukrainian government, provoking a conflict that has since led to the killing of over 10,000 and displacing over one million Ukrainians (Bociurkiw, 2019). Nearly 5.2 million Ukrainian civilians have endured the consequences of the conflict, 3.5 million of which are estimated to be in critical need of foreign humanitarian aid. ("About OCHA Ukraine," 2019) At the epicenter of the conflict is the 427-km contact line, the border between Ukrainian and Russian controlled areas (Solianyk, 2020). According to the Norwegian Refugee Council (2020), "Civilians living along the contact line, which separates government-controlled areas and non-government-controlled areas, are considered the most vulnerable. Here, employment is scarce, medical care is difficult to access, and many don't have adequate food, shelter or heating." The Ukrainian government has ceased all funding into Russian controlled conflict territories, forcing residents living there to register as internally displaced persons (IDPs), making them ineligible for government social benefits ("Ukraine: People with Limited Mobility Can't Access Pensions," 2020).

Europe may seem an unlikely destination for a devastating food insecurity issue. However, Ukraine is set apart politically and economically from other countries in the continent because of its EU non-member status. Without the safeguard of EU membership, Ukraine is vulnerable to economic instability, low environmental and food standards, and unable to defend itself from foreign enemies (“What the EU does for its citizens,” 2020). As a result of this, the war has continued to jeopardize the regions’ employment rates and significantly lowered their income within the area. Moreover, social benefits in the form of pensions, unemployment benefits, and social payments, which are the main source of income for 56% of households (WFP, 2018), are increasingly difficult to obtain. While regional economic prosperity and the incomes of its residents have been declining, food prices have continued to rise, making food purchases very difficult for those in affected areas. This presents a situation where food is available and safe to eat, but ultimately inaccessible by the residents because they cannot afford to purchase it with their own funds. Upward estimates of 1.2 million Ukrainians are food insecure (Bociurkiw, 2019), with most estimates ranging from 558,000 (WFP, 2018) to 800,000 (“Over five million people affected by Forgotten Ukraine crisis,” 2019).

Elderly pensioners are by far the most at risk of being food insecure. Roughly 50% of food insecure Ukrainians are elderly—the highest percentage internationally (Bociurkiw, 2019), earning the situation the nickname of the “oldest humanitarian crisis of the world” (“About OCHA Ukraine,” 2019). This is because approximately 600,000 of the 1.2 million senior citizens have been cut off from receiving their pension payments from the federal government, which entails a perilous passage across the contact line into Ukrainian government-controlled areas (GCAs) to pension offices for the elderly living in non GCAs (Bociurkiw, 2019). Physically handicapped elderly with limited mobility have outstanding difficulty or are entirely unable to receive their monthly compensations out of caution from armed conflict (“Ukraine: People with Limited Mobility Can’t Access Pensions,” 2020). Additionally, residents of non GCAs are not allowed to appoint an authorized representative to collect the pensions for them (“Ukraine: Ensure All pensioners have access to benefits,” 2018).

In order to ensure food security for the victims of war, the Ukrainian government must work toward the amelioration of the national economy at large and lower the regional unemployment rates in Donetsk and Luhansk, which are the highest in the country (“Peace in Ukraine (III): The costs of war in Donbas,” 2020). Many households in the war regions must rely on other sources of income in order to supplement their regular earning, which fuels a dependence on an unreliable welfare system. It is critical that Ukrainians living in warzones be given the opportunities to build their own capital in order for the citizens of Ukraine to contribute to the economy and lift themselves out of poor financial situations.

The privatization of State-Owned Enterprises (SOEs) would greatly help the effort to improve Ukraine’s economy and transfer industrial and economic power back to the Ukrainian workers. State-Owned Enterprises are legal corporations created and partially or completely owned by the government in order to engage in commercial activities on their behalf (Kenton, 2019). Many of the standing SOEs in Ukraine tend to become corrupt because they are managed by government enterprises. Allowing the SOEs to be corporately run allows for a more transparent and lucrative operation, while the state still receives a margin of the profits and growth opportunity (Gitenstein, 2017). Additionally, this would make the economy more subsistent rather than dependent on Russia, sending a message to foreign investors that the nation is a serious contender in the world of economic development. According to American lawyer and diplomat Mark Gitenstein (2017), “SOE reform can fight corruption, create value and cash flow to government budgets, attract western capital, enforce the rule of law, optimize future legislation, rebuild a

pension system, create a local capital market, reverse corrupt political incentives, and provide confidence to entrepreneurs and the private sector.” (Gitenstein, 2017)

This can be achieved by mirroring the actions of Romania, another former Soviet country with similar post-communist economic issues. Romania created the Fondul Proprietatea, otherwise known as the Romanian Property Fund, a fund worth over 3 billion dollars that has been working to privatize many industries within the country (Gitenstein, 2017). The fund, currently owned by the Romanian government, invests in SOEs in an attempt to privatize their economy. This has been very lucrative for the Romanian government, as western investors have invested millions into Romanian industries and forced these enterprises to adopt private management tactics (Gitenstein, 2017). Ukraine must support a similar Ukrainian State Property Fund, wherein shares of SOEs can be privately sold to domestic and foreign investors, which promotes private corporate growth and creates well paying jobs for Ukrainians. Though this effort will take many years, it is a worthwhile investment in Ukraine’s prospective economic development and necessary to provide jobs for unemployed Ukrainians.

It is important to note the differences between the conditions under which the Romanian property fund was created and the current standing economic conditions in Ukraine. Where Romania created an entirely new fund, Ukraine has an existing Ukrainian State Property Fund (USPF) that has recently begun to operate and make private investments in Ukrainian SOEs (Timtchenko, 2020). The fund, which is the first of its kind in the country, has produced some of the first success stories in Ukrainian economic privatization efforts. In October 2020, the fund began the auction of 78 State-Owned Enterprises and added 4 additional SOEs the following November (Timtchenko, 2020). However, there exist barriers to the success of the privatization efforts. Illegal business practices and corrupt judiciary officers threaten the legal proceeding of privatization efforts (Francis, 2020). Currently, the Ukrainian State Property Fund cannot protect buyers after transactions and it is difficult to launch legal challenges regarding sales (Francis, 2020). The support and development of this fund is crucial to the economic development of the war regions and Ukraine in general. A developmental focus should be placed on the legal aspect of USPF by making changes to Ukraine’s tax and budget codes, which the USPF has already requested (Francis, 2020). Additionally, special attention must be paid to privatizing industries in the war regions of Donbas and Luhansk in order to ameliorate the regional economy and cause an improvement in incomes and overall quality of life for residents of the war regions. Therefore, with the necessary legal changes, State Property Fund should specialize its transactions and operations in these regions.

Since pensions are funded by federal taxes (“Peace in Ukraine (III): The costs of war in Donbas,” 2020), allowing workers to earn higher wages and contribute to the federal pension fund would directly subsidize the social benefits for Ukrainians over the age of 60. This would contribute to a higher and more stable source of income for both workers and the elderly, allowing them to purchase quality foods.

However, in order for the elderly to benefit from the fruits of the working population’s labor, there must be a systematic change in the way that eligible persons receive social benefits to subsidize their living. Government welfare programs and pensions are largely inaccessible to internally displaced persons because they must cross contact lines in order to retrieve their checks, and many are deemed ineligible due to certain conditions, so Ukraine must pay special attention to ensuring that its citizens do not go without receiving payments.

The repair of the corrupt pension system requires a two step solution. First, ensuring that all eligible people have the chance to receive payments is critical to sustaining Ukraine’s elderly population. The discriminatory law ordering pension-eligible people living in non GCAs to leave and apply as IDPs in

GCAAs must be repealed (Ukraine: People with limited mobility can't ACCESS PENSIONS, 2018). The law, which was enacted by former President Petro Poroshenko in 2017, requires residents of areas not controlled by the government to relocate to Ukrainian controlled areas in order to be eligible for pension (“Peace in Ukraine (III): The costs of war in Donbas,” 2020). Since government offices currently require a permanent address in GCAs in order to deliver pension checks, IDPs and residents of non GCAs are often not able to receive payments because of tumultuous living conditions. By separating pension eligibility from residency status, the Ukrainian government can ensure that internal conflict refugees without permanent residence and those that did not relocate from warzones can receive a living. This would also spare people the burden of being forced to relocate to GCAs to receive payments or periodically cross over into them (“Ukraine: People with Limited Mobility Can’t Access Pensions,” 2020). However, this law would not completely address all of the issues that pension recipients face, particularly the obstacles of pensioners with limited mobility.

After ensuring that all of its citizens are eligible for social payments, the government of Ukraine must next ensure that all of its citizens are able to obtain these payments. By allowing those living in non GCAs to be eligible for pension payments regardless of residency, Ukraine allows social benefit recipients in non GCAs to appoint an authorized collector. However, issues still remain for the elderly with limited mobility and no trusted pension collector appointees. Therefore, a pension delivery system is crucial to providing a living for every Ukrainian. This can be achieved by routing pension payments through the national Ukrainian postal service, as it was prior to 2017 when the delivery system was abolished (Zubkova, 2019). By delivering payments instead of forcing the recipients to travel to receive them, the Ukrainian government eliminates the incredibly dangerous risk posed to pension travelers in the midst of a warzone. With access to consistent pension payments, the elderly citizens of Luhansk and Donetsk warzones can purchase quality food, as well as fund other living expenses.

The solutions mentioned above rely largely on the actions of the Ukrainian government. However, there exists large room for non-governmental organizations (NGOs) to provide temporary aid to affected citizens. With political instability and corrupt governmental operations, reliance on foreign and domestic NGOs may be necessary in order to systematically provide food insecure Ukrainians with the resources necessary to have access to food. It must be noted, however, that the increase of foreign aid is not a permanent solution; it fails to be sustainable in the long term future, as the long-term expenditure of resources for an unlikely country is not manageable. In 2017, the World Food Programme (WFP) pulled its aid from Ukrainian territories due to resource and access limitations, which has proved that prolonged aid to a war-torn country is not sustainable (WFP, 2018).

However, there have been many incredibly successful missions in the past concerning the Ukrainian food crisis. The WFP has been very diligent in its quest to provide Ukrainians living in affected areas with clean and safe food and water. Since 2017 the WFP has been cooperating with NGOs and UN agencies to help supply food to poor citizens through cash-based food assistance food entitlements (WFP, 2018). In 2019, over 4.1 million dollars were contributed to four NGOs by USAID’s Office of Food for Peace (FFP) (“Food assistance fact sheet - ukraine”, 2019). To replicate or continue such programs would be very influential in the areas, as they have been observed to be very substantial. Ideally, the programs would be run by NGOs, as the government in Ukraine tends to skew corrupt.

In conclusion, the food insecurity situation present in Eastern Ukraine today is largely the product of political turmoil, economic instability, and poor access to social benefits. It has had a profound impact on the people living in government-controlled areas and disproportionately impacted the elderly population. It is critical for the Ukrainian government to address its domestic and economic issues through industry

privatization and improving pension access in order to secure a stable income and food for its citizens. Most important to consider when approaching the food insecurity crisis in Eastern Ukraine is the political and social climate of the region and the country as a whole. Pressure from external Russian forces makes it difficult to rely on foreign aid and policy, therefore the most realistic solutions for Ukraine's food insecurity issue rely on internal affairs and domestic changes.

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