

Government assistance programs for internally displaced persons: assessing the impact on economic growth and labour market

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Abstract: In this paper, we analyse the economic influence of expenditures on social protection of internally displaced persons (IDPs) trying to find a response to the research question: if social expenditures can be used in public administration as an effective tool for fostering economic growth and labour market development, or their only purpose is social support within the social responsibility of the government. Thus, we conduct our research using the case of Ukraine with its unprecedented scope of internal displacement caused by the war. To analyse the dependencies between social expenditures and economic growth we use the multiplier calculations. As a result, we found out that the expenditures on social protection of IDPs cause the growth of GDP with a ratio of at least 1:1,23. Besides, due to the indirect economic influence of social expenditures on consumer spending, it was possible to support no less than 13,7 thousand workplaces annually. To substantiate this impact, we used the authors' method based on the evaluation of marginal propensity to consume and average cost to support workplaces (found as a dependency between consumer spending and employment). The proposed methodology can be useful for scientific analysis and justification of policy measures aimed at different social groups needing financial assistance from the government.

Keywords: economic growth, internally displaced persons, labour market, multiplier of social expenditures, public administration, social protection.

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Introduction

The war in Ukraine led to the appearance of a large number of people who, due to a direct threat to their lives, were forced to leave their places of residence and seek

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safe shelter. A large part of these people went abroad for safety purposes. However, the vast majority of forced migrants became so-called internally displaced persons who, were forced to migrate to other relatively safe regions of Ukraine in order to save their lives. Such citizens, in accordance with international legal norms and the legislation of Ukraine, received the status of internally displaced persons (IDPs). To date, there are no accurate data on the number of IDPs in Ukraine. Different institutions provide significantly different data. Thus, according to the data of the International Organization for Migration, as of October 2022, according to the results of a multi-survey of the population, the total number of IDPs in Ukraine amounted to 6.5 million people (IOM, 2022). The United Nations Office for the Coordination of Humanitarian Affairs (OCNA), analysing such a population category as “people in need”, as of December 2022, provides the following data: “at least 17.6 million people in need of multisectoral humanitarian assistance. This includes 6.3 million internally displaced people, 4.4 million returnees” (OCNA, 2022, p. 6). According to the Ministry of Social Policy of Ukraine, the number of registered IDPs in 2022 amounted to 4.9 million people, of which more than 3.5 million people relocated after February 24, 2022 (Ministry of Social Policy, 2023).

Despite certain differences in the data, the massive scale of the problem of internal displacement of the population in Ukraine is still obvious during the war. This reinforces the need to adapt the national governance of the social protection system to new conditions, due to which the management of social expenses cannot be merely supportive by nature. Among IDPs, there is a high share of the working-age population with the appropriate motivation for economic activity. Concomitantly, on arrival in relatively safe regions of Ukraine, IDPs are often deprived not only of housing accommodation, but also of basic means of living in the form of clothing, food, and minimal monetary savings. In Ukraine, mass internal displacements began de facto with the start of hostilities in 2014, which even then became a serious challenge for the national system of social protection of such people. Without denying the expediency of providing social assistance to IDPs, the question of achieving social and economic goals of government assistance programs for IDPs arises with particular urgency in light of a financial crisis in the national administration system in wartime conditions.

Currently, the attention of scientists is mostly focused on the social goals of public administration of social expenditures, e.g. ensuring the need for housing (Alekseyenko et al., 2021; Ekoh et al., 2022), the availability of basic services, including medical (Cantor et al., 2021), integrating humanitarian assistance and social protection systems (Ham et al., 2022), social adaptation and integration of IDPs into new communities (Bache, 2020; Betts, 2021). The economic orientation of such research is much smaller, but it has also gained significant development and is revealed through the study of the impact of social expenditures on various areas of economic development: in the combination of ideas of national social assistance and inclusive economic development (Sasse, 2020; Ugreninov and Turner, 2023), analysis of the impact on the labour market (Sabyrzhan et al., 2021), tax system and, finally, national financial capabilities (Szymańska, 2022).

Due to the worsening of the problem of forced migration under the influence of war and social protection of internally displaced persons, one of the most urgent tasks today is the analysis of the practice of public administration of social expenditures along with their economic impact. This task is crucial in light of the financing of social protection programs in countries with active military operations and is often accompanied with a serious shortage of own financial resources. In Ukraine, which exemplifies the research carried out, and where this problem is currently very acute, the study of the economic consequences of expenditures on the social protection of IDPs turned out to be important both in a scientific and applied sense.

Basing our research on the idea that social expenditures can be not only a financial burden (although necessary in the country with a responsible public administration), but also have a positive macroeconomic effect, we **aimed** this paper at studying the impact of social expenditures for IDPs on the national economic development and its labour market.

To achieve the aim, we have defined the following research tasks:

RT1: to analyse the list of basic social benefits for IDPs in Ukraine, to substantiate the social expediency of their provision on the basis of studying the hierarchy of actual needs and the structure of IDPs' incomes.

RT2: to determine the macroeconomic effect of social benefits for IDPs in Ukraine based on the calculation of the multiplicative increase in GDP and the number of saved jobs.

The scientific novelty of the study consists in the development of methodological approaches to assessing the multiplicative effect of government expenditures on social protection of IDPs in relation to economic growth (estimated by the dynamics of GDP). In addition, we have proposed a scientific basis for determining the impact of social benefits for IDPs on the labour market in terms of saving jobs.

In the following, the work is structured in four parts. The first part contains a review of the relevant research regarding the social protection of IDPs, its economic and social aspects. Next, the research methods and process are presented. Then, a consistent section is reserved for the presentation and discussion of the research results obtained in the study. The last section of the paper groups conclusions of the research, including limitations and future research directions.

1. Literature Review

Ukraine is not the only country in the world that has faced the problem of internal displacement of the population, and therefore the need for social protection of IDPs under the conditions of a military conflict. Azerbaijan (military conflict with Armenia over the territory of Nagorno-Karabakh), Bosnia and Herzegovina (conflict between three parties: Serbia and Montenegro; the Republic of Bosnia and Herzegovina; Croatia), Georgia (conflict over the former region of South Ossetia), Cyprus (as a result of Turkey's military intervention), Moldova (the problem of Transnistria), etc. faced similar problems not long ago. As a result of military actions, the problem of migration, both internal and external, as well as the related problems

of social protection of migrants, including refugees, is always exacerbated. Responding to such challenges includes well-developed methods of social protection and social adaptation of migrants. However, due to the existing differences in their public perception, the tools of public administration of social programs for migrants are constantly under consideration by scientists, politicians, and monitoring organizations.

For analytical, and scientific and applied purposes, the best practices of social protection and support of IDPs in low- and middle-income countries are systematised in the thematic report of the Organization for Economic Cooperation and Development (OECD, 2022). An overview of the current levers of social protection for IDPs in twelve countries includes both legal and economic instruments, as well as recommendations for the dissemination of best practices. However, the analysis of social protection systems and public administration of social security tools in the OECD report has a pronounced social focus, i.e. ensuring human rights in crisis conditions, providing social guarantees and satisfying basic needs. This focus of research with the dominance of social ideas in the public administration of forced migration and budgeting of social benefits for IDPs is characteristic of the works of many researchers. For example, Heudtlass et al. (2016) analysed the availability of medical services for IDPs and the relationship with the mortality rate of this population group. Provision of health needs of internally displaced persons is also analysed as a basic vital need for work by Cantor et al. (2021) in light of the fact that internal displacement due to conflict or violence can have profound health impacts. Relevant studies of social protection with the provision of the basic need, the preservation and restoration of health, reflect the focus of national social protection efforts on guaranteeing the basic rights of forced migrants within the limits of the national social responsibility. Such efforts, as well as the effectiveness of other methods of providing the basic needs of IDPs, in particular, in housing (Alekseyenko et al., 2021; Ekoh et al., 2022), correspond to the general direction of government social protection programs. In countries with a developed public administration of social sphere, the implementation of social protection programs involves the use of the mechanism of social contracts and highlights that governments need to deliver three “Ps” – protection, provision, and political participation (Loewe & Zintl, 2021). Today, similar ideas are explored in many studies on social protection not through passive assistance, but through the stimulation of cooperation, integration and active participation in public life (at least through political participation and social integration). Their main idea remains the comfort of living and social adaptation of the migrants themselves, along with considering the consequences for the host communities. In this context, the study of Dirikgil (2023) can be noted, in which an important role is assigned to the protection of the rights of IDPs as a necessary prerequisite for international peace and security. The researcher emphasises “the right not to be arbitrarily displaced”, which the government must ensure by promoting the integration of IDPs into public life, if a critical situation does arise. Regarding the social integration of IDPs as one of the relevant areas of the government’s social policy, important conclusions in this direction were made in a

thematic series of scientific studies conducted under the auspices of the International Institute for Applied Systems Analysis (IIASA) and the Internal Displacement Monitoring Center (IDMC, 2018), dedicated to assessing the impact of internal displacement on the economic potential of host communities. IDMC launched a research program in 2017 to examine how internal displacement affects the economy and to propose new methodologies to comprehensively measure this impact. In particular, the 2018 study analyses the connections between the components of social protection of the population, e.g. how health care affects other components (education, environment, housing and infrastructure, well-being and livelihoods, security, social life), which results in a conclusion about the importance of comprehensive support for IDPs. Another important consequence of this study is the proven significant impact of internal displacement on the macroeconomic situation, in particular in terms of the formation of demand for consumer goods and services, the dynamics of the general price level, GDP growth, the structure of population incomes, etc.

The importance of economic consequences for host communities and countries (in the case of migration flows of external refugees) stimulates the interest of researchers in the analysis of migration management systems, which are based on an inclusive approach and ensuring socio-economic efficiency. Such recommendations are based, e.g. on the basis of the study of the experience of Egypt (Andrade et al., 2021), where significant migration flows of the population have been an important problem. Similar principles, but in a much broader generalisation of the experience of social support and social integration of IDPs, are also laid out by Ghráinne (2022) with an emphasis on evaluating the effectiveness of institutional efforts for the social protection of IDPs.

The works of Bache (2020) and Betts (2021) are devoted to the issue of social adaptation and integration of IDPs into new communities with similar conclusions about the importance of adaptation to new conditions both for the social protection of IDPs and ensuring the inclusive development of communities. At the same time, an important aspect of research is focusing on the potential of IDPs and conducting research on their needs in the context of ensuring mutual benefits, i.e. improving social protection for the long-term integration of IDPs into the community to ensure the communities' economic progress in terms of accumulation and efficient use of the capacity of internally displaced persons (Voznyak et al., 2023).

In Ukraine, where the problem of mass displacement due to the war has become one of the largest in global experience, the problems of social protection of IDPs are being studied in order to reduce their social exclusion and create a system of incentives for their reintegration into the labour market (Perehudova, 2022). An important result of this study is the proposed model for considering the results of social and labour integration in the calculation of social assistance to IDPs. Such recommendations, as well as the conclusions of other researchers who analyse the problems of social protection of IDPs in the context of economic results for the community and the country, are important for understanding the current directions of governmental assistance for migrants and choosing those tools that meet the

conditions of both social and economic efficiency at the same time. Under the conditions of the financial crisis fuelled by the war, such instruments are a priority. In this regard, useful results have been obtained in studies aimed at assessing the impact of migrants on labour markets. Such results are to a greater extent substantiated in studies of external migration, including in the context of global changes and management of migration flows (Alshoubaki & Harris, 2021), as well as the economic consequences for host communities and countries associated with changes in labour demand (Al-Dalahmeh & Dajnoki, 2021; Oliinyk et al., 2022; Urbański, 2021), earnings (Kersan-Škabić & Blažević Burić, 2022), risks for social security systems (Vučković & Škuflić, 2021), reproduction of human capital (Mishchuk et al., 2019; Zakharova & Prodanova, 2023), differences in starting a business by migrants and problems of financial resources availability migrants face compared to local entrepreneurs (Ashourizadeh et al., 2022). These works, whose conclusions can be applied to assess economic consequences of internal forced displacement, raise the problem of a fair assessment of the conditions and results of the government social assistance to migrant. After all, the financing of social benefits is often perceived by migrants as a necessary guaranteed benefit, which is not always accompanied by their own efforts to actively integrate into the social and economic life of the host community and violates the principles of social justice in public administration of social relations, the effectiveness of social welfare systems, which are actively discussed at different hierarchical levels of relations (Mishchuk et al., 2018), including the rights and consequences for the indigenous population and migrants (Přivara, 2020).

In general, in the direction of researching the economic consequences of IDPs migration, researchers justify the importance of economic integration, since the economic consequences for communities are quite tangible, including GDP growth and positive changes in the labour market (Sultana, 2022; Ugreninov and Turner, 2023).

Concomitantly, summarizing the existing directions of research into the public governance of social assistance to IDPs, including relevant programs funding, it can be noted that there is currently no objection to the leading role of the government in providing social assistance to IDPs. The authors' argumentation is somewhat different; they emphasize the importance of ensuring personal needs or mutual benefits for host communities and IDPs, whereas the economic context of research often focuses on discussions about the impact of government assistance programs on the labour market, the observance of equal rights of the local and displaced population in economic relations. This direction of research, despite the different goals of researchers and conclusions regarding the stimulation of IDPs to participate in the life of communities, we consider to be well covered in the economic literature today. Despite certain differences, it can be stated that a well-thought-out policy regarding IDPs leads to a positive economic impact on macroeconomic indicators of development due to changes in the demographic structure of the population, saturation of labour markets with new competencies and entrepreneurial initiative.

At the same time, an understudied aspect of public governance of social programs for IDPs remains the study of the peculiarities of managing social assistance and payments for IDPs in the context of achieving both social goals and ensuring the positive impact of expenditures on macroeconomic dynamics. A successful solution to this task would mean reaching a public consensus between the need for social support of IDPs, including financial instruments of passive social policy, and the possibilities of attracting the potential of IDPs for economic development through financing active programs, as well as government assistance through social mobility, primarily funding education and employment programs.

The concept of open-economy multiplier, known from the works of Keynes (1954, p. 61), Samuelson and Nordhaus (2010, p.569), Samuelson (1939), can be the theoretical basis for research into the economic impact of social expenditures. An expanded multiplier-accelerator model with taxation added, presented in the study of Todorova & Kutrolli (2019), is most suitable for determining the effect of government expenditures in an open economy. This approach suits our work as well. At the same time, out of all government expenditures, we will analyse the impact of social expenditures on the social protection of IDPs. Determining the impact of public expenditures on the labour market and economic growth (through GDP dynamics) based on the multiplier will be useful for assessing the economic role of social benefits and answering the question of whether they should be perceived only as a means of supporting vulnerable population groups within the limits of the government social responsibility, or whether such expenses can simultaneously serve as an effective lever of economic influence on consumer demand, the development of the labour market and, finally, macroeconomic growth.

2. Methodology

To solve the research tasks given in the Introduction section, we will use the experience of Ukraine and aim to test the following hypotheses:

- within **RT1**:

H1: social benefits for IDPs are socially appropriate given the hierarchy of IDPs' needs and income structure.

- within **RT2**:

H2: social benefits for IDPs have a positive effect in the form of GDP growth (estimated by the value of the multiplier).

H3: social benefits for IDPs lead to a positive economic effect in the form of saving jobs due to the formation of consumer demand.

Verification of **H1** will be carried out on the basis of the results of a comprehensive study conducted by the International Organization for Migration (IOM, 2023). Processing of the report data includes an analysis of compliance with the needs of IDPs and social protection tools defined in the legislation of Ukraine and used for practical purposes. The data selected for our own calculations are based on the results of a sociological survey of the population as of January 2023 (IOM, 2023).

To test **H2** and **H3**, we will use the government expenditures multiplier (GEM) formula given in the study by Todorova & Kutrolli (2019):

$$GEM = \frac{1}{1 + m - \beta(1 - \delta)} \quad (1)$$

β shows the share of income that is consumed, i.e. the marginal propensity to consume; δ is the income-tax rate; m is the marginal propensity to import.

To quantitatively measure social benefits for IDPs on the labour market, it is worth using the author's methodological approach, which involves calculating the cost of maintaining a workplace based on current consumption expenditure in the following sequence:

1) Calculation of the cost of maintaining a workplace (W) as a ratio of final consumption expenditure (C) to the total number of employees (E) in the current year:

$$W = C / E \quad (2)$$

2) Calculation of the amount of consumption expenditure of IDPs at the expense of provided social benefits (C_{BHO}) as a product of the paid social assistance sum (D_{BHO}) and the marginal propensity to consume (MPC):

$$C_{BHO} = D_{BHO} \times MPC \quad (3)$$

3) Determination of the number of jobs saved at the expense of current consumption expenditures of IDPs (E_{BHO}) as the ratio of consumption expenditures of IDPs at the expense of provided social benefits (C_{BHO}) to the cost of maintaining a workplace (W):

$$E_{BHO} = C_{BHO} / W \quad (4)$$

The statistical basis of calculations is the data of:

- The State Statistics Service of Ukraine for 2017-2021: the number of IDPs registered due to difficult life circumstances; the number of IDPs who receive targeted social assistance due to difficult life circumstances in monetary and in-kind form; GDP and its main components (SSSU, 2023);
- The Ministry of Social Policy of Ukraine, obtained on the basis of the authors' request for access to public information. In response to the request, we received data on the amount of monthly targeted assistance for IDPs to cover their living expenses.

3. Research results and discussion

Directions of social protection of IDPs, which are justified in the context of their active economic, including labour, integration involve intensifying IDPs' own efforts. However, even supporters of the inclusive direction of social policy regarding IDPs do not deny that proper support and social protection of IDPs is not possible without the provision of social benefits, because they, in turn, can be used not only to finance current needs, but also to achieve important goals in terms of personal development. In any case, the economic impact of social benefits involves the analysis of their application in relation to the needs of IDPs, which is determined by the first task and the first hypothesis of our research.

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In Ukraine, social benefits that are assigned and paid to IDPs can be divided into two groups: 1) universal (awarded according to current legislation for certain categories of the population, including IDPs); 2) special (appointed in accordance with relevant laws only for those with IDP status). The first group of social benefits includes all social insurance and non-insurance payments, including: pensions, temporary disability benefits, maternity benefits, subsidies for housing and communal services, help for low-income families, one-time benefits for the birth of a child, etc. It is worth noting that relevant social benefits for IDPs in Ukraine are paid on a par with other categories of the population in certain cases without certain special conditions. However, in order to prevent violations of the rights of IDPs in the field of social benefits, the government has legislated a guarantee of maintaining social benefits for IDPs, which are assigned according to the current legislation.

More debatable in the context of social expediency and economic efficiency is the issue of the appointment and payment of special (targeted) social benefits for IDPs. After all, in this regard, the question may arise whether they need to be paid, given that the guarantee of the payment of so-called universal social benefits is preserved. Systematisation and analysis of special social benefits for IDPs in Ukraine is a necessary prerequisite for responding to this debatable question.

The analysis of the regulatory framework in the field of social protection of IDPs (Table 1) shows that Ukraine provides for the payment of one-time cash assistance for IDPs who are in difficult life circumstances. At the same time, the source of the corresponding payments is defined as the funds received as a charitable donation, humanitarian aid, grants, and gifts. Unlike other types of benefits, this benefit is only one-time, and its amount is determined by a special commission taking into account all the circumstances and living conditions of the IDP's family.

Table 1. List of targeted social benefits for IDPs in Ukraine

Social assistance / benefits	Characteristics
<i>One-time cash assistance to IDPs being in difficult life circumstances</i>	To receive financial assistance, IDPs apply to the structural unit for social assistance to the population. Based on the results of considering the submitted documents, the local commission makes a decision on the feasibility of providing monetary assistance, its amount or refusal to provide monetary assistance for each person who submitted an application for receiving monetary assistance.
<i>Housing assistance for IDPs (effective from March 2022)</i>	Assistance is provided monthly as from the month of application to each internally displaced person whose information is included in the Unified Information Database on IDPs, in the amount of: ⇒ UAH 3,000 for persons with disabilities and children; ⇒ UAH 2000 for other persons.
<i>Humanitarian and other assistance to the civilian population under martial</i>	It provides for the provision of humanitarian and other assistance to the population under martial law in Ukraine at the expense of funds received in national and foreign

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Social assistance / benefits	Characteristics
<i>law conditions in Ukraine (including IDPs)</i>	currency to the current account of the Ministry of Social Policy for humanitarian assistance to Ukrainians (including IDPs). The distribution of funds is carried out by the Ministry of Social Policy on the basis of the decision of the commission on the distribution of funds for the provision of assistance under martial law. Subjects that submit proposals (applicants) to the Ministry of Social Policy for the directions of the use of funds are the Fund for Social Protection of Persons with Disabilities, the National Social Service, centralised purchasing organisations, local (village, town, city) councils, their executive bodies, military administrations, and social service providers.

Source: authors' compilation

Housing assistance is important for solving the accommodation problems of IDPs. The procedure and amount of this benefit payment in Ukraine have changed. Thus, until March 2022, the specific amount of this benefit was determined depending on the composition of the family, age, type of employment and status on the labour market. The lowest amount of UAH 442 per month was provided for able-bodied IDPs, and the total amount of assistance per IDP family should not exceed UAH 3,000. Since March 2022, the amount of housing assistance for IDPs has increased to UAH 2,000. per person per month, and UAH 3,000 per month for the disabled and underage IDPs. Such a change in the amount of housing assistance significantly improved the situation of able-bodied IDPs (because instead of the guaranteed UAH 442, the corresponding category receives UAH 2,000 per month).

The current legislation provides for the provision of humanitarian and other assistance to the civilian population (including IDPs) during the period of martial law. In contrast to the social benefits discussed above, the applicants for this benefit are specified public institutions and social service providers. They apply to the Ministry of Social Policy to receive assistance, which will then be provided to the affected population (including IDPs) under certain conditions.

To respond to the question of the feasibility of providing social benefits for IDPs, the results of a survey on the needs of IDPs are to be applied (IOM, 2023). According to the results of the survey (Fig. 1), the most urgent need indicated by IDPs is the availability of money / monetary assistance (75%), as well as clothes, shoes and other non-food items (47%). Concomitantly, the need for monetary assistance is quite high for IDPs in all regions of Ukraine. Such data on the ranking of the needs of IDPs according to their own assessments testify to the expediency of their financial support in the form of targeted cash and in-kind social assistance. Along with this, the results of their survey regarding the main source of income testify to the importance of social assistance for IDPs (Fig. 2). Thus, for almost one in four IDPs (24%), the main source of income is monthly targeted assistance, the importance of which is only 6% less compared to wages. Thus, it is possible to state the expediency of providing social assistance to IDPs from the point of view of meeting their needs and generating income.

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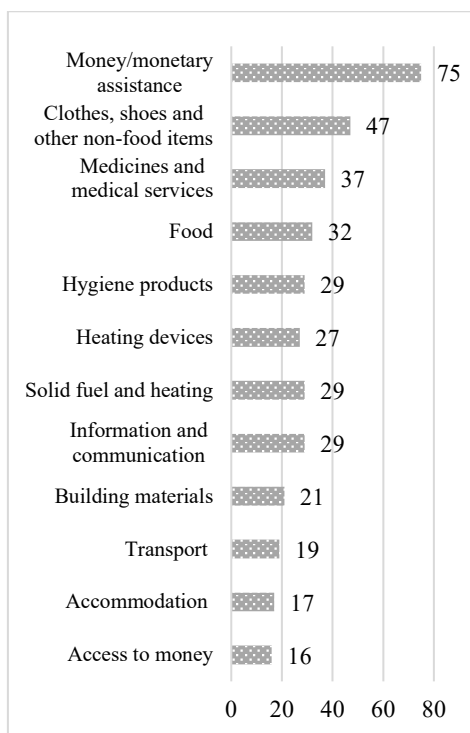


Figure 1. Assessment of the needs of IDPs (according to the survey results from January 2023)
Source: (IOM, 2023)

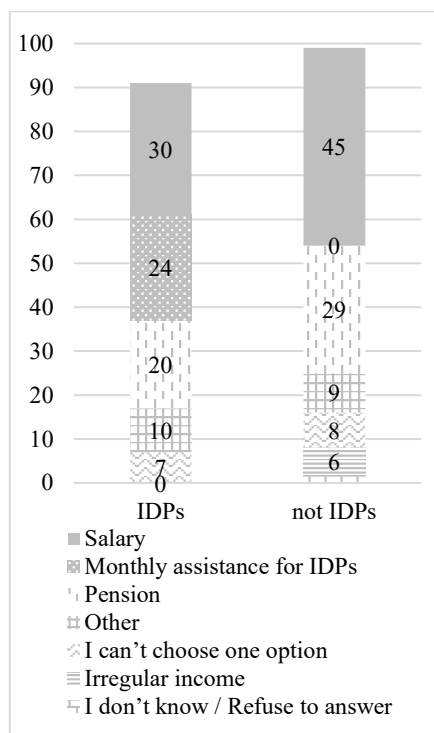


Figure 2. Distribution of IDP households by main source of income, %
Source: (IOM, 2023)

A survey of the number of IDPs who are registered due to difficult life circumstances and need targeted in-kind and monetary assistance shows a decrease in their number during 2017-2021 (Table 2). In addition, less than 1% of IDPs apply for targeted assistance due to difficult life circumstances. This indicates that really needy sections of the population among IDPs, predominantly women and urban residents, apply for this assistance.

Table 2. Dynamics of the number of IDPs who are registered due to difficult life circumstances and need targeted in-kind and monetary assistance

Years	The total number of registered IDPs as of 01.01. of the corresponding year, persons	The total number of IDPs identified and registered due to difficult life circumstances and in need of targeted in-kind and monetary assistance			
		persons	% to all IDPs	incl. women, %	incl. those residing in urban areas, %
2017	785370	5969	1,10	52,7	81,9
2018	1089056	6137	0,99	43,5	84,5
2019	1308089	5690	0,63	51,6	81,9

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Years	The total number of registered IDPs as of 01.01. of the corresponding year, persons	The total number of IDPs identified and registered due to difficult life circumstances and in need of targeted in-kind and monetary assistance			
		persons	% to all IDPs	incl. women, %	incl. those residing in urban areas, %
2020	1404469	4748	0,53	47,3	83,8
2021	1434949	4676	0,44	55,3	84,9

Source: authors' calculations

The analysis of the amount of financing basic social benefits for IDPs in Ukraine (Table 3) reveals their significant growth in 2022 (mainly at the expense of housing assistance).

Table 3. Dynamics of financing basic social benefits for IDPs in Ukraine, UAH million.

Budget program	Actually used					
	2017	2018	2019	2020	2021	2022
Provision of monthly targeted assistance to IDPs to cover living expenses	2798,2	2923,9	2991,3	3014,1	3039,5	53488,6
Provision of targeted social assistance for IDPs due to difficult life circumstances in:						
- a monetary form;	840,2	1002,7	1098,4	677,7	809,5	X
- an in-kind form.	1734,5	718,1	1825	1954,2	936,1	X
Total	5372,9	4644,7	5914,7	5646,0	4785,1	X

Source: authors' calculations

The social expediency of providing appropriate payments is substantiated above, based on a comparison of Figure 1 and Figure 2.

In parallel, there is a question about the economic efficiency of budget programs regarding the provision of social benefits for IDPs, which is intended to be checked within *RT2* and, accordingly, hypotheses 2 and 3.

There is currently no universally recognised methodology for assessing the effectiveness of social expenditures, as there are difficulties in quantifying their beneficial effect. However, it is advisable to use the concept of a multiplier for the purposes of evaluating the effectiveness of social expenditures. Adapting the formula for the calculation of general government expenditures to the definition of the multiplier of expenditures on the social protection of IDPs, we proceed from the general logic of such calculations: the multiplier of social expenditures allows determining the increase in real GDP as a result of directing the provided social payments to the consumer market, which determines the formation of consumer demand, and therefore growth of production volumes and incomes of the employed population.

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Calculations of social expenditure multiplier according to formula (1) for the macroeconomic system of Ukraine (Table 4) show that its value ranged from 1.23 to 1.65 in 2017-2021. That is, the social expenditures financed from the budget led to a greater increase in GDP than the total amount of corresponding expenditures (each UAH from the budget for social expenditures led to an increase in GDP by UAH 1.23-1.65). Taking into account the amount of social assistance provided for IDPs, it can be argued that due to the multiplier effect, this led to a positive economic effect in the form of an annual increase in GDP from UAH 5.9 to 9.3 billion in 2017-2021. At first glance, the calculated GDP growth is not too significant (0.12-0.17% annually), but it changes the relationship to the very nature of social benefits for IDPs, which only increase the financial burden on the budget and do not have a positive economic effect. As our calculations show, the economic effect, although small, fully compensates for the costs and even leads to an increase in GDP.

Table 4. Calculation of the social expenditure multiplier and multiplicative growth of GDP as a result of financing social assistance for IDPs in Ukraine, 2017-2021

Indicators	2017	2018	2019	2020	2021
<i>GDP and its main components (actual data)</i>					
Gross domestic product, UAH billion	2983,9	3560,6	3978,4	4222,0	5450,8
Final consumption expenditures, UAH billion	2618,1	3209,3	3704,9	3908,8	4734,3
Taxes excluding production and import subsidies, UAH billion	467,3	547,6	563,7	593,8	742,5
Import of goods and services, UAH billion	1662,1	1919,9	1957,8	1702,9	1944,8
<i>Calculation of the social expenditure multiplier</i>					
Marginal propensity to consume	0,877	0,901	0,931	0,926	0,869
Marginal tax rate	0,157	0,154	0,142	0,141	0,136
Marginal propensity to import	0,557	0,539	0,492	0,403	0,357
Social expenditure multiplier	1,224	1,288	1,443	1,645	1,65
<i>Calculation of GDP growth caused by the multiplier effect of social benefits for IDPs</i>					
Social benefits for IDPs, million hryvnias.	5372,9	4644,7	5914,7	5646,0	4785,1
Multiplicative increase in GDP at the expense of social expenditures for IDPs, UAH billion.	6576,4	5982,3	8534,9	9287,7	7895,4
% to official GDP	0,122	0,129	0,144	0,165	0,165

Source: authors' calculations

In fact, we can say that social benefits for IDPs determine the economic effect according to the following chain of cause-and-effect relationships: social assistance for IDPs → formation / increase of domestic consumer demand → increase in production volumes (GDP) → preservation / creation of jobs in the relevant types of activities → formation / increase of incomes of the employed population involved in the production of relevant goods and services.

According to the chain of cause-and-effect relationships given above, social payments for IDPs lead not only to GDP growth, but also to the creation / preservation of jobs and the formation of incomes of the employed population. Thus, it is quite difficult to accurately measure the impact of social benefits for IDPs on the creation / preservation of jobs. After all, social payments for IDPs, which form domestic consumer demand for goods and services, cannot be considered capital investments, which are the basis of job creation. In this regard, based on the available information support, it is worth talking about the quantitative measurement of social benefits for IDPs to retain jobs according to formulas (2) - (4).

**Table 5. Impact of social benefits for IDPs
on the labour market in terms of job retention**

Indicators	2017	2018	2019	2020	2021
Final consumption expenditure (C), UAH million.	2618126	3209292	3705058	3908788	4734271
The number of the employed population (E), thousand persons	16156,4	16360,9	16578,3	15915,3	15610,0
The cost of maintaining a workplace during the year (W), UAH thousand.	162,0	196,2	223,5	245,6	303,3
Consumption expenditures of IDPs at the expense of provided social benefits (C_{BHO}), UAH million.	4718,5	4186,8	5510,0	5227,1	4156,0
<i>The number of saved jobs due to the current consumption expenditure of IDPs (E_{BHO}), thousand units</i>	29,1	21,3	24,7	21,3	13,7

Source: authors' calculations

As we can see, social payments for IDPs lead to an increase in consumer demand for goods and services in the domestic market, and thus ensure the preservation of jobs. According to the author's calculations, the total number of saved jobs during 2017-2021 ranged from 13.7 to 29.1 thousand. As a result, this number of economically active population did not lose their jobs, but on the contrary, was employed and had a source of income for existence.

4. Conclusions

The problem of large-scale involuntary migration is one of the most urgent global risks. War in Ukraine causes the growing problem of forced external and internal displacement. In light of numerous challenges in the socioeconomic sphere, the problem of social protection of internally displaced persons arises dramatically due to obvious funding issues. Under such conditions, the search for financial means for the social protection of IDPs leads to the question - do such expenses not only become a financial burden for the national financial system, even though they are

necessary? To respond to this question, as shown in the literature review above, authors and research organisations use different approaches, e.g. the unconditional guarantee of basic rights and the financing of appropriate payments, which is more consistent with the concept of a socially responsible government than with the economic efficiency of public administration of social expenditures. Another important direction is the effort to involve IDPs in active economic integration in new communities, which allows shifting the responsibility for providing life needs from the government to the IDPs themselves.

A certain compromise is the study of the economic impact of social expenditures for IDPs. As our research shows, their social role is important, because otherwise part of the IDPs could not meet their needs in the crisis period. We proved the economic effectiveness of social payments for IDPs in the form of GDP growth, which was achieved due to the indirect impact of expenditures on the formation of consumer demand, and as a result, the support of the national economy through consumption and jobs preservation. Such results make it possible to partly weaken the debate regarding the financing of payments for IDPs, especially if the results obtained in our study are supplemented by existing approaches to the activation of social and economic integration of IDPs in new communities.

Leaving space for a scientific discussion on the extent and means which are most expedient to stimulate the inclusion of IDPs in active social life (which, in our opinion, can vary significantly depending on the national characteristics of the public administration of the social sphere and the conditions of internal displacement), we only propose new opportunities for applying the well-known tool of macroeconomic analysis (multiplier) to assess the impact of a specific type of social spending on economic growth and the labour market.

An important applied issue that remains is only the correct planning of the share of such expenditures, their structure and volumes relative to the most urgent needs. However, the proposed evaluation method allows combining decent conditions for social support and macroeconomic efficiency of social payments. The issue of distribution of expenses, which according to the results of calculations should at least provide a non-zero economic return, should be resolved using the social protection standards existing in the relevant society.

Conflict of Interest Statement

The authors declare no conflict of interest.

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