



From Fragmentation to Balance: Enhancing Institutional Sensitivity for Welfare State Building

WELFARE STATE

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GNI per capita (2024, Atlas method)

Lithuania	Romania	Ukraine
\$26.960	\$17,600	4,380

Fragmentation → Balance

Share of household expenditure on food (2023)

Ukraine	Lithuania	Romania
51,6%	18,9%	25,0%

Composite ISI-LQ (2023)

Lithuania	Romania	Ukraine
0,657	0,569	0,555

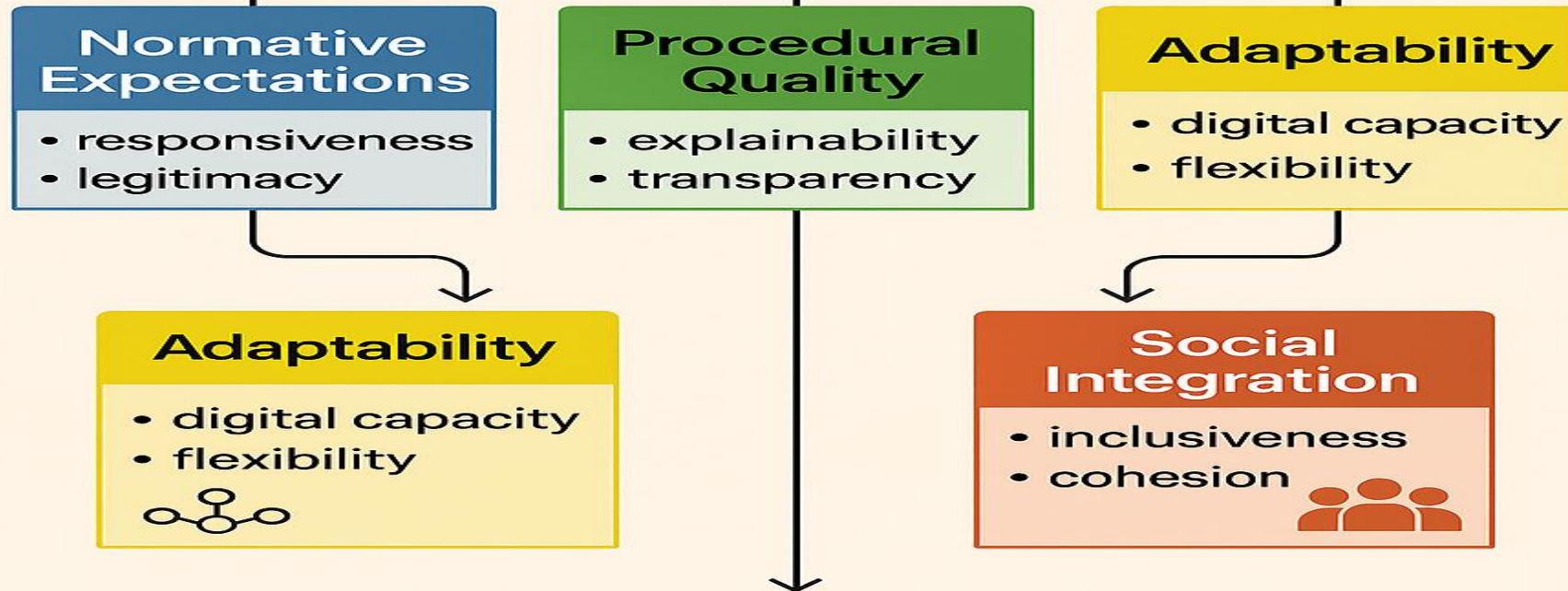
**Quality of
Life and the
Welfare
State:
Conceptual
Linkages**

Conceptual Structure of ISI-LQ



ISI-LQ captures institutional sensitivity through four interconnected dimensions

Goal: Institutional Sensitivity for Welfare State

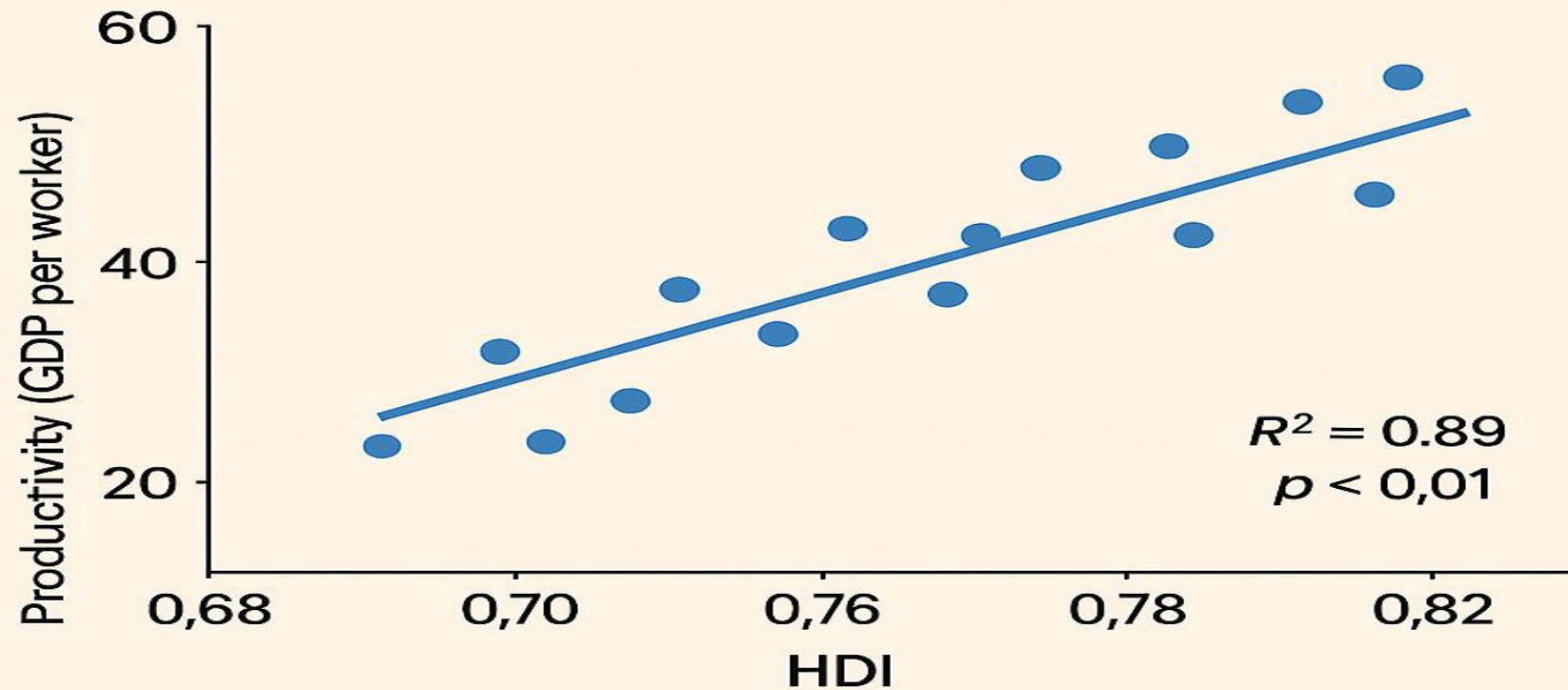


Data → Indicators → Blocks → ISI-LQ

Normalization (0-1) + Weights (AHP)
→ Composite ISI-LQ

Quality of Life → Productivity

(Ukraine, 1996–2021)



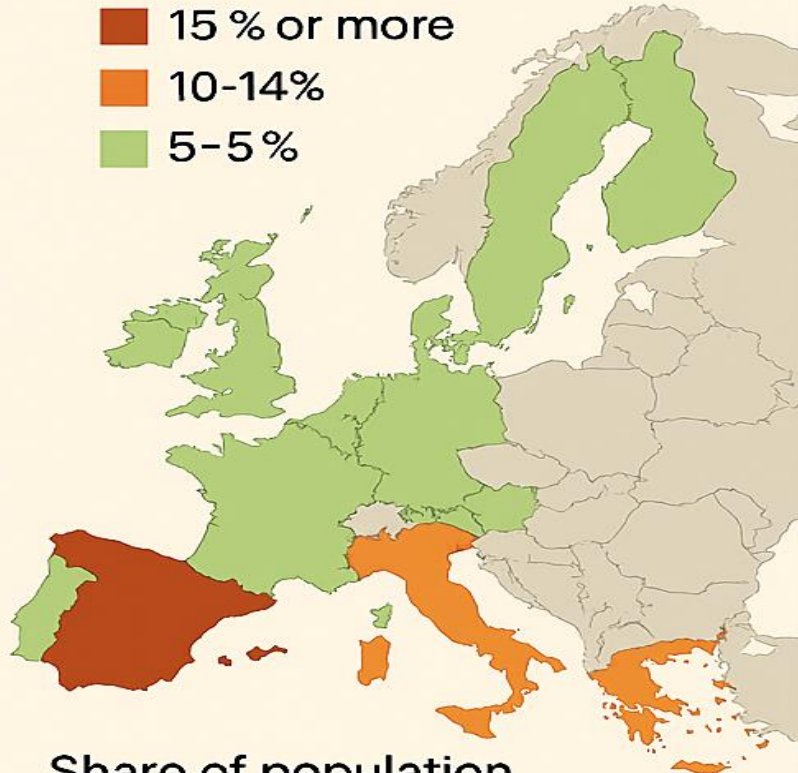
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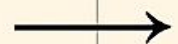
Econometric
Testing

Share of population in severe material and social deprivation, 2024

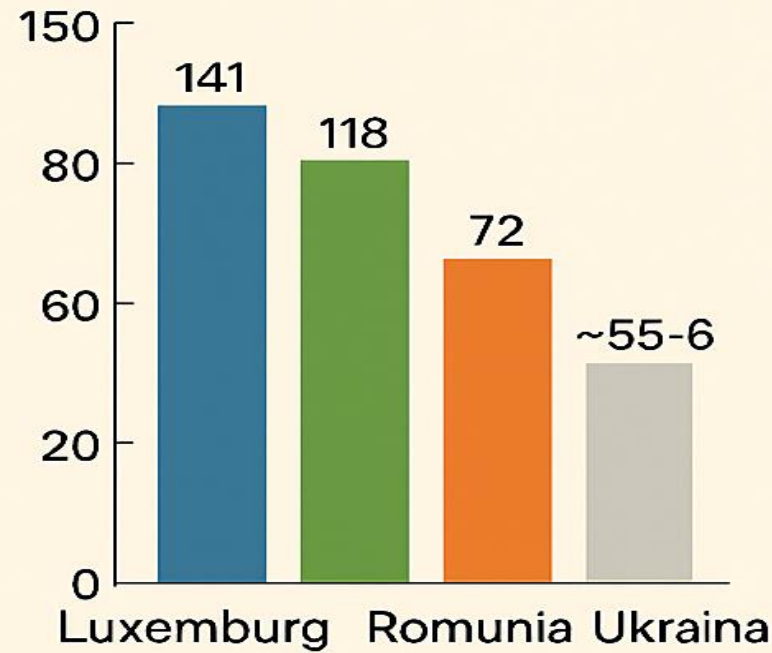
- 15 % or more
- 10-14%
- 5-5 %



Share of population
in severe material
and social deprivation, 2024



Actual Individual Consumption per capita, % of EU average, 2024



Material well-being =
protection from deprivation
+ access to consumption

Material well-being = protection from deprivation

*Material
Well-being*

Labour Market

EU

6%



Employment resilience:
+5,8 mln jobs since 2019

Ukraine



71%
qualification



88%
opened
new vacancies



87%
pinlcesswan

Resilience (EU)



→ Stress (Ukraine)

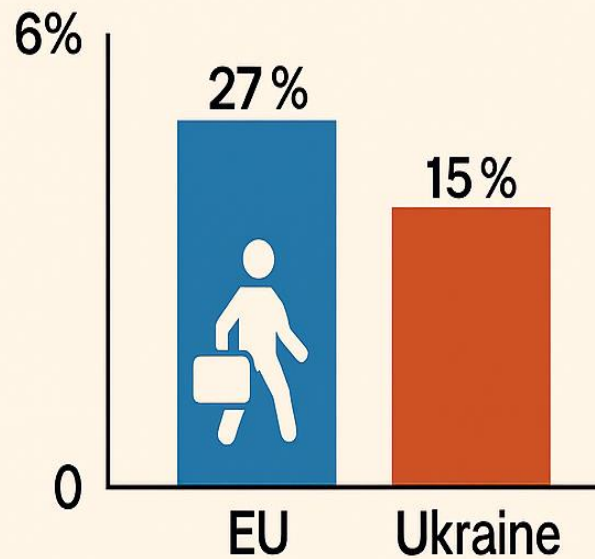


Structural stress:
labour shortages,
wage pressure
displacement

Resilience (EU) → Stress (Ukraine) → ISI-LQ

Financial Transfers

Social protection expenditure, % of GDP



Health & Demography



71% EU ~81
Life expectancy



88% ~72
Mortality rate
higher at working age
in Ukraine



87% EU ~1,5
Fertility rate



3,7 mln Ukraine 1,2

Social protection + health & demographic resilience = sustainable

Resilience (EU) ← Stress  → sustainable welfare state

***Social
Protection &
Medico-
demographic
Resilience***

Environmental Quality Index

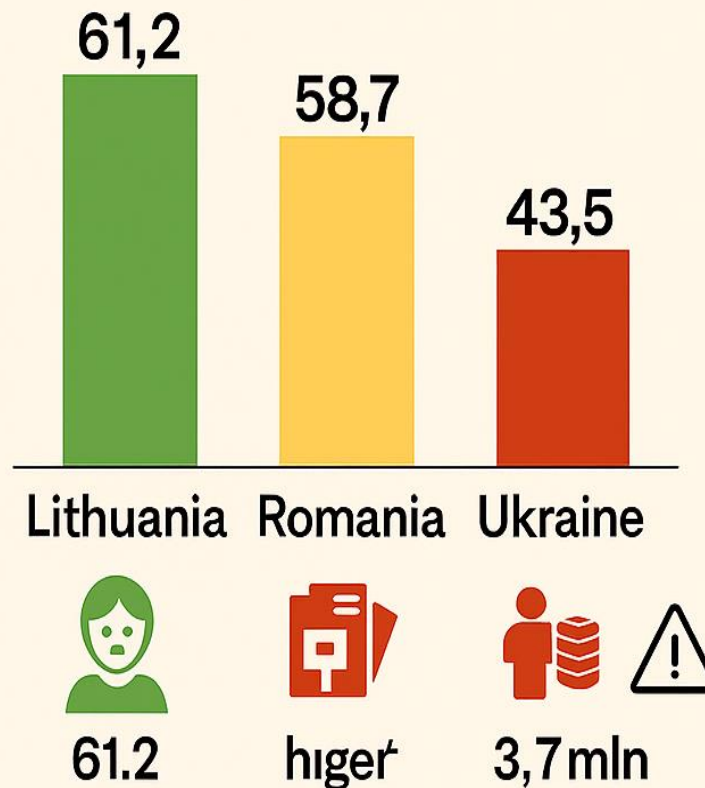


Environmental
Quality Index



Environmental resilience = clean environment + balanced spatial development

Environmental Quality



*Spatial &
Environmental
Resilience*

Human Capital Index



education
spending >90%



students



labor force



mobility



Education + Human Capital = foundation
of welfare resilience



Education investment → Human Capital quality → Economic competitiveness

*Education &
Human
Capital*

Structural Gaps & Conclusions



Fragmentation → to balance
Structural gaps = imbalance of institutional
sensitivity dimensions

*Structural
Gaps &
Conclusions*

Slide 12. Policy Proposals & Recommendations



From fragmentation to resilience