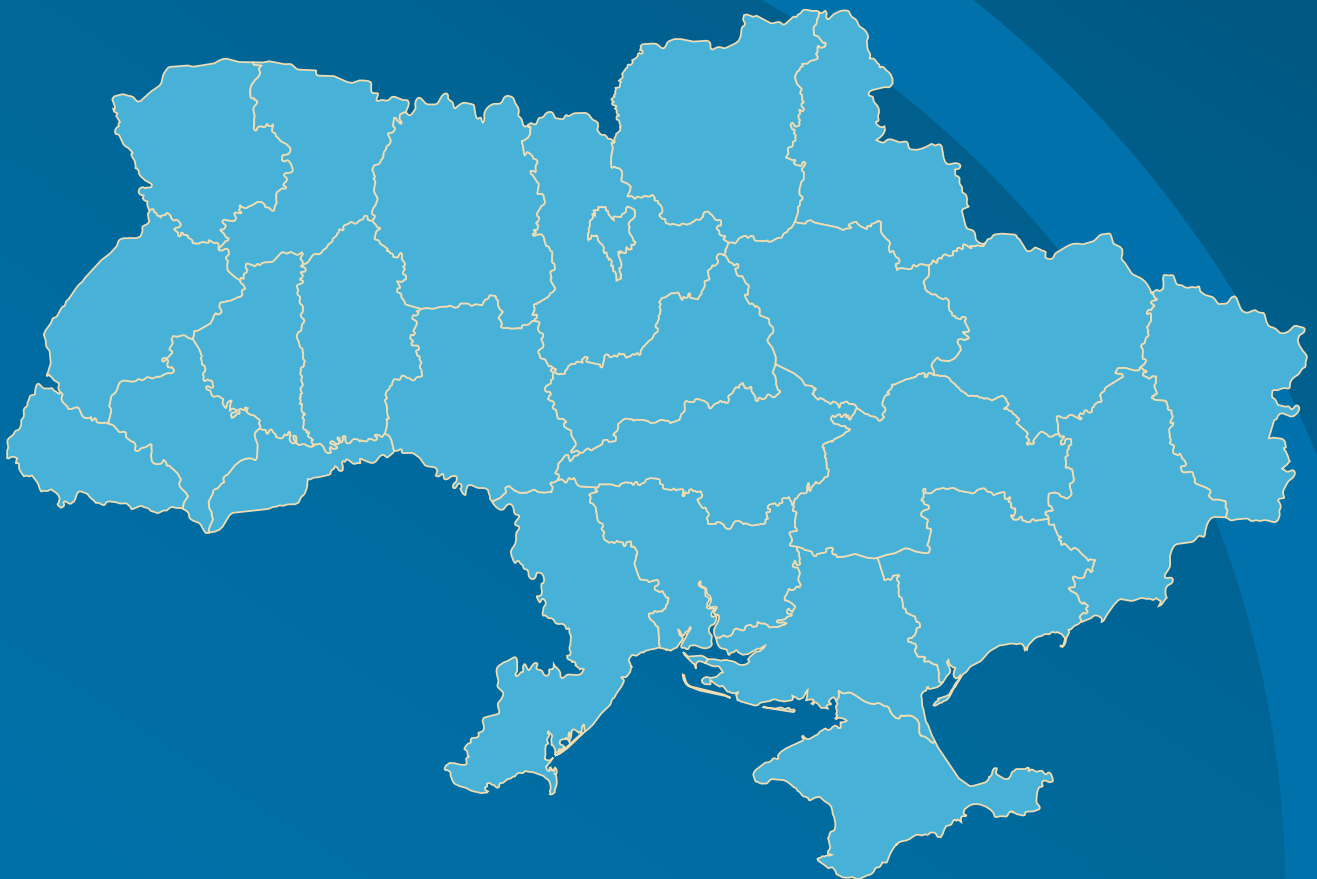




UNITED NATIONS
UKRAINE



UKRAINE COMMON COUNTRY ANALYSIS



Data and analysis as of October 2021



UNITED NATIONS UKRAINE



Resident UN Agencies



Non-resident UN Agencies



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ACRONYMS AND ABBREVIATIONS

AA	Association Agreement with the EU	OECD	Organisation for Economic Cooperation and Development
AIDS	Acquired immunodeficiency syndrome	OHCHR	Office of the United Nations High Commissioner for Human Rights
CA	Conflict area in eastern Ukraine	OHS	Occupational Health and Safety
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women	PLHIV	People living with HIV
COVID-19	Coronavirus disease	PLWA	People living with AIDS/HIV
CSOs	Civil Society Organizations	PETS/QSDS	Public Expenditure Tracking Survey (PETS) and Quantitative Service Delivery Survey (QSDS)
DCFTA	Deep and Comprehensive Free Trade Agreement	PPP	Public Private Partnership
EBRD	European Bank for Reconstruction and Development	RGA	Rapid Gender Assessment
EECP	Entry/exit check point	SDGs	Sustainable Development Goals
EIB	European Investment Bank	GBV	Gender-based Violence
EU	European Union	SME	Small and Medium Enterprises
GCA	Government Controlled Area (in Donetsk and Luhansk regions of Ukraine)	SMS	State Migration Service of Ukraine
GDP	Gross Domestic Product	SOP	Standard Operating Procedure
GHG	Greenhouse gas	SSSU	State Statistics Service of Ukraine
GoU	Government of Ukraine	TB	Tuberculosis
FAO	Food and Agriculture Organization of the United Nations	UAH	Ukrainian hryvnia
FDI	Foreign direct investment	UN	United Nations
HIV	Human Immunodeficiency Virus	UNCT	United Nations Country Team
HRMMU	United Nations Human Rights Monitoring Mission	UNDS	United Nations Development System
IDPs	Internally Displaced Persons	UNECE	United Nations Economic Commission for Europe
ILO	International Labour Organization	UNIDO	United Nations International Development Organization
IMF	International Monetary Fund	UNPF	United Nations Partnership Framework
IOM	International Organization for Migration	UNDP	United Nations Development Programme
ITU	International Telecommunication Union	UNDRR	United Nations Office for Disaster Risk Reduction
MOH	Ministry of Health of Ukraine	UNESCO	United Nations Educational, Scientific and Cultural Organization
MPs	Members of Parliament	UNFPA	United Nations Population Fund
MTEF	Medium-term Expenditure Framework	UNHCR	United Nations High Commissioner for Refugees
M&E	Monitoring and Evaluation	UNICEF	United Nations Children's Fund
NCD	Non-communicable diseases	UNOPS	United Nations Office for Project Services
NEET	Not in employment, education, or training	UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
NFI	Non-food Item	WASH	Water, Sanitation and Hygiene
NGCA	Non-Government Controlled Area (in Donetsk and Luhansk regions of Ukraine)	WHO	World Health Organization
NGOs	Non-Governmental Organizations	WPS	Women, peace and security
OCHA	United Nations Office for the Coordination of Humanitarian Affairs		

EXECUTIVE SUMMARY

THE UN CCA AND ITS PURPOSE

Ukraine's 2021 Common Country Analysis (CCA) has been designed to reflect the United Nations integrated, forward-looking and evidence-based joint analysis of the context for sustainable development in the country, and its progress towards achieving the 2030 Agenda and its Sustainable Development Goals (SDGs). It informs implementation of the UN-Ukraine Partnership Framework 2018-2022, and will shape the design of the new UN Cooperation Framework 2023-2027. The CCA is periodically updated by the

UN team to reflect and anticipate emerging risks and changes.

The CCA provides insights into Ukraine's progress towards fulfilling the 2030 Agenda, highlights risks and opportunities for development acceleration through transformations across specific areas, sectors and SDG domains: society and institutions, economic growth, environment and climate change, demographics, migration, and conflict resolution.

CONTEXT

The 2030 Agenda is part of Ukraine's key long-term development framework, along with the EU Association Agreement. In recent years, Ukraine has achieved significant progress towards many SDGs: from poverty reduction and better health outcomes to gender equality and energy transformation. At the same time the country faces several structural obstacles that impede more inclusive and peaceful development. The CCA focuses on identifying these decelerators and outlines possible opportunities for joint action between the UN, the Government of Ukraine, its citizens and the development community.

The 2019 presidential and parliamentary elections ushered in an entirely new leadership in Ukraine. President Volodymyr Zelenskyy won power in an unprecedented landslide victory in April 2019 on the basis of three key promises: to restore peace, to combat corruption, and to bring about economic revival. His popular mandate, and that of his newly formed party, "Servant of the People" – which won an overall majority in the parliament during the 2019 Parliamentary election – points to a severe disillusionment with old-style politics. Almost three years later, however, both President Zelenskyy and his party have seen their popularity at a much lower level as promises remain unfulfilled, and trust in State institutions is close to historically low figures.

One of the main decelerators of development in Ukraine is the simmering **armed conflict in the east**

of the country. In 2014, when the unrecognized so-called referendum in the Autonomous Republic of Crimea and the city of Sevastopol attempted to change the status of this region of Ukraine, and when an armed conflict engulfed also eastern regions of the country, Ukraine lost temporarily control of 7% of its territory. As a result, domestic reforms have taken place against the backdrop of the ongoing armed conflict in the east of the country in addition to the complex and rather not linear ongoing transformation of Ukraine in the last 30 years since independence. In the last eight years, over 13,000 Ukrainians have been killed (including almost 4,000 civilians – 60% men, 34% women, 3% boys, 2% girls¹), another 40,000 were injured (including over 7,000 civilians). At the time of writing, approximately 2.9 million people are in need humanitarian assistance in 2022 and 853,000 are internally displaced (IDPs)². The elderly, women, children, and the disabled are particularly vulnerable – 54% of the people in need are women, over 30% are elderly (mostly women) and 12% are people with disabilities³. Moreover, among IDPs there are 59% women, 41% men, 50% pensioners, 13% children, 4% people with disabilities⁴. The challenges are aggravated by restricted movement across an over 400-km long 'contact line' separating Donetsk and Luhansk oblasts into areas under Government control (GCAs) and non-government-controlled areas (NGCAs). The NGCAs remain under the *de jure* sovereignty of Ukraine but are controlled by unrecognized entities.

1 <https://www.ohchr.org/Documents/Countries/UA/32ndReportUkraine-en.pdf>

2 This figure of 853,000 represents the current consensus among humanitarian actors of the number of people who are actually displaced (the rest being registered as IDPs but residing in NGCAs at their residences).

3 Draft Ukraine Humanitarian Needs Overview 2022

4 <https://www.unhcr.org/ua/en/resources/idp-dashboard>

CHALLENGES AFFECTING UKRAINE'S DEVELOPMENT

The **ongoing temporary occupation of part of the territory of Ukraine** – the Autonomous Republic of Crimea and the city of Sevastopol – and the **ongoing conflict in eastern Ukraine** led to significant forced internal displacements, especially in the first three years of the conflict. Half of the IDPs are older persons and 59% women. In July 2021, almost 1.5 million IDPs were registered by social protection bodies, mostly in Donetsk region (514,259) and Luhansk region (284,637), in Kyiv and Kyiv region (233,972 in total), as well as in Kharkiv, Dnipropetrovsk and Zaporizhzhia regions. The average per capita income of IDP households is a third lower than national average, and also lower than the actual subsistence level calculated by the Ministry of Social Policy; therefore, many IDPs rely on state support.

Along with corruption, lack of accountability and poor governance, the conflict is one of the central challenges affecting the country's sustainable development and amplifying the socio-economic costs for the Ukrainian society, compounded by the uncertainty around a volatile ceasefire, the impasse in the peaceful settlement of the conflict in the established formats of negotiations and further polarization in the relation with Russia.

Climate change will significantly affect Ukraine until and beyond the SDG horizon. Hazards will likely become more frequent, causing significant economic loss and threatening food security. Increasing droughts and heightened weather volatility will make forest fires more frequent and thus increase desertification in Ukraine's south and south-east. The Carpathian Mountains and densely populated areas in the Dniester and smaller river basins are highly vulnerable to floods, while port cities in Odesa, Kherson and Mykolayiv regions in southern Ukraine may be partially submerged by rising levels of the Black and Azov seas. Meanwhile, access to water resources, including drinking water, will likely fall, adding to the reduction of irrigated land by some 15% this century so far. Atypical diseases for Ukraine (malaria, dengue, etc.) may spread. Adaptation requires significant policy change to increase Ukraine's resilience. Continuing water crisis in Crimea caused by the suspension of the supply of fresh water from Dnieper and the inability of the Russian Federation to provide the population and economy of the peninsula with sufficient water resources has led to claims of irrevocable environmental degradation, collapse of agriculture and the decrease in the living standards, including access to safe drinking water, for the population of many parts of Crimea.

In spite incremental progress, Ukraine **reform agenda remains incomplete** and is subject to frequent setbacks, some perceived as result of actions by powerful vested interest groups. Ukraine's progress towards the 2030 Agenda and its ability to achieve needed economic and social transformation will directly depend on the successful finalization of a number of foundational reforms currently being implemented: anti-corruption and judicial reform, public administrative reform, decentralization, land reform, and health care reform. The 2021 IMF [Assessment of the Macroeconomic Impact of Structural Reforms in Ukraine](#) estimated Ukraine would need to grow at close to 7 % for 20 years to reach the level of development of Poland today. Reform reversals, on the other hand, would have significant economic and social costs: under a backsliding scenario, where the quality of legal system deteriorates further, GDP growth would drop to below 2 % per annum.

The **economy** faces several challenges. Institutional weaknesses restrain necessary investment, adverse demographics, significant out-migration, high levels of informality limit domestic resources further discourage productivity investments. Although during COVID Ukraine performed better than initially expected, in 2020 GDP contracted 4 % reflecting the pandemic's heavy toll on the economy and society. Going forward, growth prospects seem to be limited to below 4% in the medium term. The UN estimated pre-COVID that aggregate productivity is 4.4 times lower than Germany's. In 2020, 20,3%⁵ of total employment was informal (40% of informal workers being women, 60% being men, and 55% residing in rural areas, 45% in urban), with agriculture, trade, vehicle repair and construction among the main informal sectors. Foreign direct investment has fallen in recent years. Ukraine continues to face a significant depopulation as millions of citizens migrate in search of decent jobs and improved living conditions. Because of these dynamics, the population of Ukraine is projected to drop to 35.2 million by 2050, almost a 20 per cent decline. All of this undermines the enabling environment for business, leads to greater vulnerability of diverse populations, and limits the sustainability of economic growth.

Weak governance remains a key obstacle to development. This results in loss of revenue, tax evasion, corruption and stolen assets with significant economic costs. If addressed fully, a local think tank estimates governance reforms could bring USD 26.6 billion to the Government, with an additional

5 http://www.ukrstat.gov.ua/operativ/operativ2020/rp/nzn/nzn_smp_20_ue.xls

USD 8.6 billion annually, i.e. ca 6% of 2020 GDP. This could also reduce national debt substantially.

The absence of up-to-date **census** data also significantly hampers development planning and good governance. The country's last census was conducted in 2001. This means that the current population cannot be accurately estimated. This is a significant challenge, as budgeting and provision of people-centred goods and services requires up-to-date, accurate, reliable and disaggregated population data.

Corruption networks affect the economy and society more broadly which prevent the country fully releasing its human, democratic and economic potential. The 2020 Corruption Perception Index places Ukraine only ahead of Russia among its neighbours, ranking 117 out of 180 countries. As in other post-Soviet and post-communist transition countries, corruption has affected governance, economic development and public trust in the state and judiciary, resulting in a political economy that continues to be perceived as mostly benefitting national, subnational and local economic and political élites. Oligarchs with vested interests have resisted reforms which could undermine their monopolistic positions or eliminate sources of rent, resisting efforts to establish a rules-based system and regulations. Volunteer involving organisations play a strong role in civil society, including to straghten transparency, and enjoy high level of trust⁶ by Ukrainians but have limited access to capital and limited engagement by state in decision making processes.

While Ukraine has high proven reserves of mineral resources, as well as being world's seventh-highest producer of nuclear energy, the country uses materials and energy inefficiently with outdated technologies and highly depreciated fixed assets, especially in mining and metallurgy. Thus, Ukraine's **high energy intensity** of GDP (estimated at 0.25 toe/1000 USD in 2018 by the IEA) is over twice the world average (0.11 toe/1000 USD). Sustainable strong economic growth – necessary for SDG attainment – requires markedly reducing the carbon intensity of Ukraine's economy. Key obstacles to the transition include lack of diversification of Ukraine's economy, outdated and inefficient production capacity, and subsidies in energy pricing, including in the tax-benefit system, and owing to lack of internalization of externalities from greenhouse gas emissions.

The lack of systematic tracking and **inclusion of marginalised rights holders** results in policies and

budget allocation patterns that are not adapted to ensure equitable access of women and men from diverse groups to social and economic rights, and which do not reach the most vulnerable populations and do not provide protection from discrimination. Based on a recent UN analysis of Leaving No One Behind, CCA identifies 27 main vulnerable groups, including: the populations in the conflict-affected areas; persons living below the poverty line; persons with disabilities; persons with mental health conditions and disorders; vulnerable categories of women experiencing multiple forms of discrimination; the Roma population; older persons; asylum seekers, refugees and stateless persons; persons living in institutionalized settings, including those deprived of their liberty; homeless persons; LGBTQI+ people; migrants in vulnerable situations including survivors of trafficking; IDPs, irregular and undocumented migrants, COVID first responders and health care workers; and unemployed young people. In many cases people belong to several of these groups, resulting in multidimensional vulnerability.

With **public spending on health care** at 3.2% of GDP in 2020 - considerably behind central European neighbours – along with declining levels of consolidated government spending on health and the spotlight the global COVID-19 pandemic has placed on health system weaknesses and poor resourcing practices, the Government has restarted discussions on ways to better fund health. Spending per capita increased in real terms by 20% from 2015 to 2020, but this is partly explained by a 2.9% decline in population. If current trends continue into 2021, real health spending per capita is expected to decrease by 8.4%. Health has not been prioritized in the state budget but has been crowded out by investment in economic infrastructure and security. Some of the gaps in health system especially during COVID19⁷ have been attempted to be filled by volunteers⁸ especially in providing social, economic and medical support⁹ to the most vulnerable¹⁰. However, volunteers and volunteer involving organisations require effective measures for an enabling environment for volunteerism.

COVID-19 has added to Ukraine's **social protection** challenges. The system requires structural reform to remedy low coverage, adequacy, sustainability and access for the poorest and socially excluded, insufficient quality and gender-responsiveness of social services and growing funding deficits. As a result of the pandemic, UNICEF estimated at least

6 https://risu.ua/en/ukrainians-put-the-most-trust-in-the-army-volunteers-and-the-church_n120766

7 <https://www.opendemocracy.net/en/odr/volunteers-ukraine-coronavirus-response/>

8 <https://www.unicef.org/ukraine/en/press-releases/my-phone-friend-remote-support-people-isolation-launched-ukraine>

9 <https://carnegieeurope.eu/2020/12/07/coronavirus-crisis-as-opportunity-in-ukraine-pub-83144>

10 <https://www.unv.org/Success-stories/volunteering-support-humanitarian-response-eastern-ukraine-amidst-covid-19-pandemic>

6.3 million more people to have been living in poverty in 2020, of whom 1.4 million were children. The pandemic severely affects individuals and groups in vulnerable situations. Older persons, people who are immunocompromised (with HIV, TB) or have chronic diseases (diabetes, respiratory diseases, cardiovascular problems), persons with disabilities, homeless people, Roma, asylum seekers, IDPs and refugees, Ukrainian migrants who have lost their work abroad, undocumented people, people living in conflict-affected areas, and single-parent and women-headed households, and people living in poverty or vulnerable situations are particularly affected. In addition, they have faced significant barriers accessing their **socio-economic rights**. The gendered impacts of the outbreak include differing rates of infection and mortality, differential access to treatments, socioeconomic impacts, which include increasing levels of gender-based violence and women's vulnerability due to falling income coupled with a rising demand for unpaid household and care work. Please refer to the UN Socio-Economic Impact Assessment of COVID-19¹¹.

Expenditure analysis indicates that **inequality and differentiation of Ukraine's population**, particularly the gap between the richest, on the one hand, and the poorest and the median, on the other, has been increasing in the last decade. This trend can also be observed among households with children. The difference in expenditure between the richest and poorest families with children has also been increasing since 2016, and it reached a peak factor of 5.1 in 2019.¹²

Pensioners, one of the most vulnerable groups in Ukraine (24% of the total population, 64% being women, 36% being men), have seen average pensions decreasing from 50.1% of average salary in 2011 to 28.3% in 2020. Of 11.3 million pensioners 82.7% receive pensions below the subsistence budget, while 20% of pensioners (2.23 million persons) have disabilities and require additional assistance. The low participation rate in the pensions system (with only 36% currently contributing to the State pension system) poses the problem of sustainability of the pension system in a medium- to long-run¹³. Pensioners in the NGCA have had particular

problems accessing their pensions as they need to travel to the GCA to access them¹⁴.

Gender-based violence is widespread in Ukraine, though its true scale is likely to be unknown given underreporting because of associated stigma. Sexual conflict-related violence remains a significant risk for women, children and adolescents, especially in the conflict-affected areas in eastern Ukraine. According to a 2019 OSCE survey¹⁵, 67% of Ukrainian women have experienced psychological, physical or sexual violence since the age of 15. Moreover, 14% of women in the country say they experienced some form of physical violence at the hands of an adult before they were 15 years old, compared to the average 27% in the EU. During the coronavirus outbreak, these numbers increase, when women are confined at home with their abusers due to quarantine measures. The National Police of Ukraine registered nearly 50% more domestic violence complaints in 2020, compared to 2019. The Ukrainian Government's commitments to the **Women, Peace and Security (WPS)** agenda, the raised awareness and the improved capacities among policy and decision makers, security sector actors and CSOs, significant work remains to be done on the implementation and monitoring of these commitments.

In 2021 Ukraine **lost 15 positions in the Global Gender Gap Index** by World Economic Forum¹⁶, ranking now 74th out of 156 countries. Despite progress in education, healthcare and the economic participation, the situation with women's political empowerment remains the worst indicator (103rd rank).

The situation in Ukraine is considered critical with regard to cross-border trafficking of **illicit firearms**. In 2018, the Small Arms Survey estimated there are almost 3.6 million unregistered firearms in the country compared to approximately 800,000 registered firearms, and the country has been the scene of an intense illicit proliferation of small arms and light weapons, fuelled by the continuing armed conflict. While most illicit firearms trafficking takes place within the country, fears of illicit firearms trafficking from Ukraine into the European Union have increased.

11 <https://ukraine.un.org/en/103300-assessment-socio-economic-impact-covid-19-ukraine>

12 <https://www.unicef.org/ukraine/en/child-poverty-and-disparities-ukraine>

13 [wcms_735152.pdf \(ilo.org\)](https://www.unicef.org/ukraine/en/child-poverty-and-disparities-ukraine)

14 <https://ukraine.un.org/en/download/65935/124888>

15 https://www.osce.org/files/f/documents/1/3/440312_0.pdf

16 <https://www.weforum.org/reports/ab6795a1-960c-42b2-b3d5-587eccda6023/in-full>

KEY DEVELOPMENT OPPORTUNITIES

Given this wide range of contextual challenges, the CCA highlights the potential scope of future UN action that could have maximum impact. The 18 agencies, funds and programmes of the United Nations family operating in Ukraine will continue to accompany and support the country to fulfil citizens' aspirations for sustainable development, justice, human rights, gender equality and democratic transformation. In doing so, with other international partners in Ukraine, the United Nations in Ukraine reaffirms its commitment to remain a strong, reliable and long-term partner of the country.

Supported by the UN and the international development community, Ukraine needs to commit to integrated progress along all the challenging development dimensions outlined, putting people as rights holders at the core of public policies, providing a safety net for everyone, protecting workers, prioritizing environmental sustainability, and making better public health a driver of well-being, productivity and a safeguard of peace, security and prosperity, leaving no one behind.

1. Meaningfully promote the 2030 Agenda and the SDGs as a framework for policy decisions

The SDGs must remain the basis for policy decisions to ensure recovery and resilience, in the COVID response and beyond. **Localizing the 2030 Agenda** requires additional efforts for true incorporation in the national development framework, to ensure an integrated approach towards development, and foster multiple positive changes across many SDGs, cognizant of possible impact on women and men from diverse groups, especially the most vulnerable. The current country SDG monitoring mechanisms are being established and benefit from political support but are unable to provide a systematic assessment of the situation of vulnerable groups based on data disaggregated by sex, age and other social identifiers, focusing on the subnational level. National planning and reporting do not include any form of rigorous "leave no one behind" progress report, though the barrier-free environment strategy is a step towards better focus on inclusion in national policies.

The UN's role in co-leading the Development Partners' forum with the EU, as well as co-chairing a number of key Sectoral Working Groups is an opportunity to drive SDG localization in government frameworks, as well as in development partners' strategies and programmes. Piloting a regional network of cities championing the 2030 Agenda could be an opportunity to exchange best practices and peer learning, and leverage joint solutions to development challenges across sectors and borders.

UN-led vulnerability analysis for the Government and development stakeholders could be systematically engaged to ensure development does not create new inequalities but makes growth inclusive and creates access to opportunities for all. An inclusive and equitable society is a key element of resilience and fosters preparedness for future possible crises or emergencies.

Country-specific findings and recommendations of the Universal Periodic Review (UPR), CEDAW Committee and other human rights mechanisms, multilateral environmental agreements, as well as various pieces of UN guidance on "leaving no one behind" provide an important basis for highlighting gaps and corresponding obligations that could be immediately addressed.

The UN Socio-Economic Impact Assessment's Vulnerability and Gender Analysis¹⁷ in the context of COVID-19 as well as the UN Policy papers on key issues of Ukraine's development agenda are powerful examples of how various forms of intersectional discrimination and exclusion need to be systematically addressed as part of the COVID-19 response, tracking the groups most exposed to risk and the new vulnerabilities that they face as a result of the pandemic, and ensuring their rights and interests are at the core of the policy response.

2. Address conflict as key development decelerator foster national unity and advance the Women, Peace and Security agenda

Peacebuilding, restoration of trust in public institutions at various levels is a central pre-condition to

advance sustainable development in Ukraine. Inclusive dialogue among different groups in Ukrainian society

17 <https://ukraine.un.org/en/103300-assessment-socio-economic-impact-covid-19-ukraine>

on issues of national unity and social cohesion, as well as between these groups and the authorities at different levels, respect for human rights and gender equality, accountability, upholding the rule of law should be sought to drive a national sustainable development vision. Efforts to ensure meaningful participation by all groups of citizens in the development of action plans, programmes and mechanisms aiming to increase social cohesion is crucial.

Maintaining connectivity and communication across the contact line in eastern Ukraine, including free people-to-people contacts between the residents of GCA and NGCA and equitable access to services, is an essential prerequisite of human rights centred reintegration process.

The primary goal of **humanitarian action** in Ukraine should continue to be the provision of life-saving assistance and protection in line with humanitarian principles, until such time as the conflict comes to an end. Efforts should be made to help build a bridge between short-term assistance and medium-term outcomes. Development actors (the Government, bilateral donors, and international finance institu-

tions), on the other hand, need to deliver development programming and financing that will extend the reach of development outcomes to include the most vulnerable in order to address needs and reduce vulnerability and risk. **Operationalising the Humanitarian-Development-Peace Nexus approach** is critical to strengthen national capacities and sustainably push forward shared priorities with an end-goal to achieve the SDGs in an inclusive way. In line with the Secretary-General's Sustainable Peace agenda, such solutions would also help to mitigate drivers of conflict, such as inequalities, exclusion and discrimination and put women and girls at the centre of security policy.

Implementation of the Women, Peace and Security agenda in Ukraine requires strengthened accountability of the Government and local authorities for the effective implementation, monitoring and reporting on the commitments of the National Action Plans on the Implementation of UN Security Council resolution 1325 on Women, Peace and Security along with inclusion and meaningful participation of women at all levels in the decision-making and peace processes.

3. Strengthen institutions, promote good governance and accountability to build trust

Transparent and accountable institutions with proper oversight mechanisms in place are the basis of all key transformations for Ukraine. One precondition for all other reforms to work is the improved legal system able to effectively tackle corruption. Although recent legislation has been adopted, large scale corruption remains largely unaddressed with huge cost for the economy and society, assessed at up to 10% of GDP annually. Without governance reform, economic growth is expected to be severely hampered, near zero, while reforms remain significantly distorted through vested interests. Without judicial and anti-corruption reforms it is difficult to secure any significant investment to increase the complexity and productivity of the Ukrainian economy. Corruption is also fuelled by a large public sector and requires reducing the role of the state in the economy. Weak and corrupt institutions also result of high levels of informality estimated to up

to 50% of GDP, eroding domestic resources and further increasing inequality, crowding out talents and deteriorating human development opportunities.

While governance transformations require significant time to take effect, they are at the core of Ukraine's economic growth and social development, competitiveness and cohesive and resilient society. The quality of governance, rule of law and rooting out corruption are key to ensure accelerated growth, allow equitable and efficient distribution of resources that benefit the whole society, provide equal opportunities for women and men from diverse groups, including the most vulnerable, and finally unlocking development potential. Volunteers continue to enjoy high level of trust from citizens in Ukraine. Building capacity of volunteer organisations and increasing their participation in decision making will help in promoting good governance.

4. Stimulate green transition, invest in resilience and climate adaptation

Climate change will have significant consequences for Ukraine both before and after 2030. The main risks to national security in the context of climate change are: increased economic losses and numbers of people suffering as a result of extreme weather events; significant water shortages due to the reduction of water resources, which is exacerbated by increased water use; increased risk of forest fires; increase in the

scale of hazards and loss of biodiversity; threat to food security; the need to overcome hazards associated with hydro meteorological conditions and fires; depletion and damage to forests, deterioration and loss of ecosystems and biodiversity; loss of territories due to flooding of coastal areas, increased risks to healthcare and wellbeing, changing climate migration patterns requiring careful planning and analysis.

Climate change hit the hardest those populations that are more dependent on natural resources and have fewer resources to adapt to the relevant changes. These categories include people in poverty, people with disabilities, elderly, homeless persons, etc. Climate change can affect them directly through destroyed housing, crop losses and other factors, and indirectly through rising food prices due to emergencies. Women are particularly vulnerable to climate change as on average they have fewer financial resources, limited access to decision-making, and an additional burden of unpaid care work. Responsibility for children, household chores and caring for older and sick relatives limit women's mobility, which makes it difficult to change their place of residence in the event of an increased pollution or other emergencies.

Addressing the **climate emergency** is central to resilient recovery and sustainable development and should be guided by efficient implementation of the recently undated Nationally Determined Contributions to the Paris Agreement. Governance, access to information, public participation, access to justice, the rule of law, gender equality and transparency in environmental matters must be further strengthened, in order to step up environmental protection and build the resilience of communities, especially the most vulnerable groups, against the increased environmental risks. Greening the development path by reforming environmental governance and supporting transition towards a green and circular economy will help Ukraine overcome the extensive and polluting industrial legacy of the Soviet era.

Eliminating environmentally harmful direct and indirect subsidies, setting clear incentives for the markets, and re-allocating part of the budgetary

resources thus freed up to provide economic incentives for **green growth** (and for SDG attainment in other areas, e.g., decent work, social protection, livelihoods, health and education, assistance to IDPs) is an accelerator policy. At the same time, it is critical for addressing climate change in both production and consumption, and for sending the right signals to investors and financing entities about investments in energy, to avoid misallocating scarce resources and locking the country into high-emission technologies for decades. For example, developing infrastructure to produce and use hydrogen in Ukraine will facilitate national recovery in an environmentally friendly manner. Revision of the Ukraine's Nationally Determined Contribution to Paris Agreement as well as fast development of various strategic documents on climate action (Environmental Security and Climate Change Adaptation Strategy of Ukraine until 2030) are significant opportunities for green growth.

Integrating the perspective of gender-responsive **disaster risk reduction** and climate change vulnerabilities in multi-sectoral policy decisions will foster preparedness and mitigate impact on critical sectors such as agriculture and food systems, and will reach the groups who are disproportionately affected by disasters. Improving **multidimensional SDG risk analysis** and management in Ukraine would foster better preparedness and resilience. The SDG multidimensional risk framework proposed in Annex I outlines the main risks that could affect Ukraine's development in the coming years. **Risk-informed** societies and economies are more stable and resilient. A set of Early-Warning Indicators could be further developed and regularly updated to trigger policy systems to take early action to more efficiently identify, assess, manage and prevent key SDG risks.

5. *Focus on human capital to leave no one behind*

Failure to adequately invest in human capital limits Ukraine's ability to achieve the SDGs. Human capital development is a central driver of sustainable growth and poverty reduction. The National Economic Strategy 2030 puts human development as latest stage of improved country's competitiveness, although a clear upstream action plan is necessary to ensure citizen-centered and necessary investments in education, health, social protection that would prioritize economic, social and environmental development equally and pave the way towards comprehensive, multi-sectoral and needs-based national development. Political and economic mobilization against the pandemic creates a window of opportunity and broad consensus about increased public and private investment not only in health, but overall, in human capital and in particular education. The ample potential of millions of Ukrainians – including many successful entrepreneurs and

researchers – residing abroad permanently could be mobilized to support the country. **Human capital development** should be brought back to the centre of economic strategy, to ensure necessary investment in human capital throughout the life course, aiming for universal **social protection** systems, including floors, universal **health coverage**, and inclusive and **digital education** solutions. Together, these will provide the best foundation for sustainable growth, preparedness and resilience against future pandemics and risks. Valuing non-monetised economic activities such as unpaid care work, community and volunteer work and building capacity of community volunteers is required to fruitfully engage the civil society in building resilience.

Children make up about a fifth of Ukraine's population, and they are disproportionately affected by

poverty. Ending child poverty is crucial in breaking the inter-generational cycle of poverty and addressing poverty overall. **Child protection** efforts remain fragmented across sectors, especially those directed to prevention of family separation and institutionalization and the number of children separated from their families remains high, estimated at ca. 100,000. Meanwhile, the alternative family and community-based care solutions remain limited. Children with disabilities represent an increasing proportion in state residential institutions including in boarding schools (internats). **Eliminating child poverty, eradicating child labour** and promoting of **equal opportunities for children** in Ukraine could help to ensure that the progress in poverty reduction is sustained, the impact of COVID-19 is mitigated, and the country moves towards progressive realization of equal opportunities for children and future generations.

In designing human capital investment plans, specific attention should be given to allocating adequate budgeting to meet the needs of the most vulnerable groups. Guided by the recommendations of the

various human rights mechanisms, **just and fair distribution of resources** across the regions should be ensured, paying particular attention to rural areas and areas along the contact line. Increasing **equal opportunities for women's participation** in the work force and closing the pay gap between women and men will have a positive impact on economic growth in Ukraine.

Ukraine's **transition to a modern, democratic market-oriented society and inclusive economy** and ability to generate **sustainable and inclusive economic growth** requires important transformations aimed at reinforcing the state's role as regulator, harnessing digitalization solutions for development of human capital and productivity while taking account of demographic challenges. The country also needs to genuinely improve the investment climate by addressing governance and corruption issues (including through use of open contracting data on the public e-procurement system), and stimulating green recovery and growth based on a robust and agile MSME sector.

6. Eliminate Gender-Based Violence against women and girls, promote gender mainstreaming and women's and youth economic empowerment

Advancing the 2030 Agenda requires a consistent commitment to **gender equality**, gender mainstreaming and human rights-based approaches across strategies, policies, budgets and programmes.

Discriminatory gender norms and stereotypes, unequal economic and political participation of women and men, gender pay gap, and the high burden of unpaid care work on women are the structural barriers that both limit progress towards attaining gender equality and unlocking the full potential of both women and men in the labour market, in political leadership, and beyond. Such progress contributes to better health and well-being, social cohesion and sustainability. Accordingly, the accelerator in this area is closing the gap in women's economic and political participation, and eliminating sexual and gender-based violence (SGBV) against women and girls, violence against children and discriminatory gender stereotypes.

Promotion of **increased participation of women and young people in employment** in the public and the private sectors, and women's full participation in the labour market, are significant economic transformations that could contribute to the country's development and reduce inequalities. Specific attention should be paid to addressing the needs of vulnerable groups who are at greatest risk of being left behind (including, among others, women with disabilities, IDP women, women with many children, single mothers, , women living with HIV and Roma women, refugee women and women seeking asylum).

Volunteerism can facilitate empowerment of young people, especially women, facilitate inclusion in the public sphere of social interaction. Aligned to the Youth of Ukraine 2021-25¹⁸, raising the level of volunteerism among young people will be a priority.

7. Address demographics and migration as both development amplifiers and risks

Ukraine's **population is shrinking**, as a result of low fertility rates, high mortality rates, and growing levels of increasingly permanent emigration combined with low immigration rates.

The lack of **decent and well-paid job opportunities** is a significant challenge in Ukraine resulting in out-migration, and Ukrainians being "forced" to take up jobs outside the competencies or in the

18 <https://www.kmu.gov.ua/en/news/uryad-zatverdiv-derzhavnu-cilovu-socialnu-programu-molod-ukrayini-na-2021-2025-roki>

massive informal sector without any social protection instead of working in their field of expertise. There is a significant risk of wasted talents and skills that can hamper the sustainable development of Ukraine.

According to official statistics in Ukraine, in 2019 3,46 million people in Ukraine were employed in the **informal sector** which equals 20.9 per cent of the total number of population in employment, 16.6 million. In 2020, 20.5%¹⁹ of total employment was informal (40% of informal workers being women, 60% being men, and 55% residing in rural areas, 45% in urban). The State Statistics Service reported that the level of the “shadow” economy in Ukraine in recent years is in the range of 16-19 per cent of the GDP. Many Ukrainians decide to migrate for various reasons including lack of decent job opportunities in Ukraine. Ukraine thus continues to face a significant depopulation as millions of citizens migrate in search of decent jobs and improved living conditions. Because of these dynamics, the population of Ukraine is projected to drop to 35.2 million in 2050.

Population dynamics affect virtually all national and subnational development objectives in the 2030 Agenda. Ukraine requires a wide-ranging and comprehensive strategy in order to capitalize on the opportunities presented by changing population dynamics. Public policy should foster sustainable development by moving beyond remittance-dependent (Ukraine receives more remittances than FDI) and consumption-led economic models towards an investment-led model. There is high interest in

investing in local infrastructure projects, especially by long-term migrant workers in EU countries.

Although immigration to Ukraine is limited in terms of numbers, it is likely to increase in the future and will be part of the solution to address the demographic resilience in Ukraine. Only a human rights-based, gender-responsive and non-discriminatory approach will have a positive influence on the decisions people take about the size and composition of their families, fully leverage the **development potential of migration**, and allow all individuals including those who are vulnerable and marginalized to fully contribute to society. This also requires that reception conditions for asylum seekers and the fairness and efficiency of the asylum procedure are enhanced, and that the economic integration of refugees and the access of asylum-seekers to the labour market and the social protection system are promoted.

The UN Guiding Principles on Business and Human Rights provide a clear framework, and a timely opportunity to address these challenges. The framework has a particular high relevance in the context of the internal displacement the vulnerability of people affected by the conflict, as well as in light of the COVID-19 pandemic. The UNGP implementation in Ukraine is also an important element of the EU approximation process and the Ukrainian legal system alignment with the EU legal order creating favourable trade conditions for Ukrainian companies operating in the EU markets, including companies involved in European supply chains.

8. Harvest the developmental effect of digitalization on governance, economy and social cohesion

The ongoing **digital transformation** has the potential to significantly accelerate positive shifts, as well as cover current data gaps and facilitate innovation, if steered towards reducing inequalities and ensuring inclusive and equitable coverage of its benefits. Ukraine has declared political commitment to sustainable development, reinforced by a strong focus on **digitalization**. The Government-launched ‘Diia’ portal and mobile application has embodied the newest trends of digitalisation for citizens. If progressing as planned, ‘Diia’ will expand rapidly to include not only means of identification (passport, driver’s license, or student ID) but also access to public services online, ultimately aiming to ensure that 100% of public services are available in digital formats.

The digitalization trend is reflected in fast-rising use of internet and computer technology in the home and in schools. For example, the proportion of the population who reported using the internet over the previous 12 months increased from 48.9% in 2015 to 75.5% in 2020. Meanwhile, new challenges are also emerging, such as privacy, legal accountability, and potentially increasing inequalities among groups resulting from unequal access to devices and internet and to digital literacy skills. These issues need to be closely managed in order to avoid the new digital divide in the society. Considering the significant impact on human capital, special attention should be given to children who have not been able to access distance education services during COVID-19 as they lack access to internet or computers and tablets, and to rural women who do not have access to internet at home.

19 http://www.ukrstat.gov.ua/operativ/operativ2020/rp/nzn/nzn_smp_20_ue.xls

Digitalization of business is a key priority for the Government in overcoming the negative impact of the COVID-19 pandemic on the economy. Realizing the benefits of digital transitions and solutions must be balanced by a conscious effort from various stakeholders to address the interrelated risks for gender equality and human rights, including data protection and privacy, cyber security and protection against digital fraud, ensuring a safe working environment, and preventing discrimination. Failure to address any of these issues will negatively impact the trust that businesses and consumers have in digital solutions, regardless of their purpose.

Therefore, the most vulnerable, underprivileged populations should not be left *behind* or *excluded* from discussions when services are digitalized. Ukraine has many marginalized communities, including IDPs, NGCA residents, retirees, people with disabilities, people who lack identification documents or proper registration/residency permits, women who have to balance child-rearing with work or running a business, GBV survivors, single parents, women-headed households, persons with low income and those who have recently become unemployed, rural dwellers, veterans returning to civilian life and others. Hence, human rights and a human-rights based approach are central to e-governance reform and should guide the overall process, from scope, design and implementation to monitoring, adaptation and evaluation. For this to succeed, engagement is critical on the part of duty bearers to ensure an active and meaningful dialogue with rights-holders and oversight bodies and the integration of the most vulnerable groups into the service design.

Significant improvement in **data** collection, disaggregation by sex, age and other social identifiers, and analysis is needed to meaningfully monitor SDG progress, including for those belonging to the most vulnerable groups. This should include conducting a national census that will provide gender disaggregated data. Reliable data will strengthen the evidence base for more informed policies and more effective planning, and enable measurement of progress and improved accountability.

1 UKRAINE'S DEVELOPMENT CONTEXT

KEY NATIONAL DEVELOPMENT PRIORITIES

An inclusive process in 2016-2017 to adapt the SDGs for the Ukrainian context resulted in a national SDGs system consisting of 86 national targets with monitoring indicators,²⁰ which have been incorporated in 162 Governmental regulatory legal acts (4,300 planned actions).²¹ The Decree of the President of Ukraine “On the Sustainable Development Goals for Ukraine up to 2030” (September 2019) consolidates the SDGs as benchmarks for policy and legislation,²² alongside the EU-Ukraine Association Agreement and the Paris Agreement on Climate Change. An important milestone for implementation of the SDGs was preparation and presentation of the first Voluntary National Review (VNR), and this remains a key reference for long term strategic planning in Ukraine. Strategic partnership with the EU under the EU Association Agreement is a clear enabler and opportunity for the Agenda 2030 in Ukraine. The Government of Ukraine has also developed a National

Economic Strategy up to 2030, its implementation will need to be grounded in a human-rights based, gender-responsive, and consultative approach. In 2021, the Government of Ukraine committed to developing a comprehensive National Strategy on Equal Rights and Opportunities of Women and Men by 2030 to set out national GEWE commitments, aligned with the priorities of the Beijing Platform for Action and localized Sustainable Development Goals. The GoU is further implementing a set of foundational reforms aimed at restoring economic growth and bringing the country closer to the EU. In 2020, Ukraine joined several international initiatives aimed at the advancement of gender equality and the empowerment of women and girls, such as the G7 Biarritz Partnership,²³ the ILO-UN Women-OECD initiative EPIC for equal pay²⁴ and most recently the UN Women-led global initiative Generation Equality Action Coalitions²⁵.



KEY DEVELOPMENT OPPORTUNITY: LEVERAGING BROAD PARTNERSHIPS AND JOINT DEVELOPMENT PROGRAMMING TO PROMOTE AGENDA 2030

Currently, the Government and development partners have multiple, at times competing strategic programming frameworks. UN's partnership environment in Ukraine benefits from a shared political commitment to Agenda 2030, widely supported by a development community that is co-led by the UN RC The EU and EU development banks (EIB, EBRD), as well as key IFIs (IMF, World Bank) allocate the bulk of financing for Ukraine's macro-economic stability and various support programmes. The UN has a key role in convening this, and the UN is exploring dedicated EU and IFI engagement strategies to foster joint programming and advocacy on key developmental issues. The UN's role in co-chairing the Development Partners' forum with the EU is an opportunity to drive SDG localization in GoU frameworks, as well as in development partners' strategies and programmes.

If implemented effectively, this could allow strategic high-quality cost-effective planning, increased, more predictable and transparent financing for development, as well as increased trust and multi-stakeholder engagement towards SDG implementation.

20 SDGs: Ukraine, National Report, 2017, <https://bit.ly/2JAGZ72>

21 Ukraine 2020 Voluntary National Review, https://sustainabledevelopment.un.org/content/documents/26295VNR_2020_Ukraine_Report.pdf

22 Order of the President of Ukraine №722/2019 “On the Sustainable Development Goals by 2030” <https://www.president.gov.ua/documents/7222019-29825>

23 President of Ukraine (official website), “Ukraine has become a full member of the Biarritz Partnership”, 12 September 2020. Available at <https://www.president.gov.ua/en/news/ukrayina-stala-povnopravnoyu-uchasniceyu-partnerstva-biarric-63521>.

24 ILO, “Equal Pay International Coalition (EPIC)”. Available at <https://www.ilo.org/global/topics/equality-and-discrimination/epic/lang--en/index.htm>.

25 UN Women, “About Generation Equality”. Available at <https://www.unwomen.org/en/get-involved/beijing-plus-25/about>.

PROGRESS TOWARDS ACHIEVEMENT OF AGENDA 2030 IN UKRAINE

SDG Dashboards and Trends



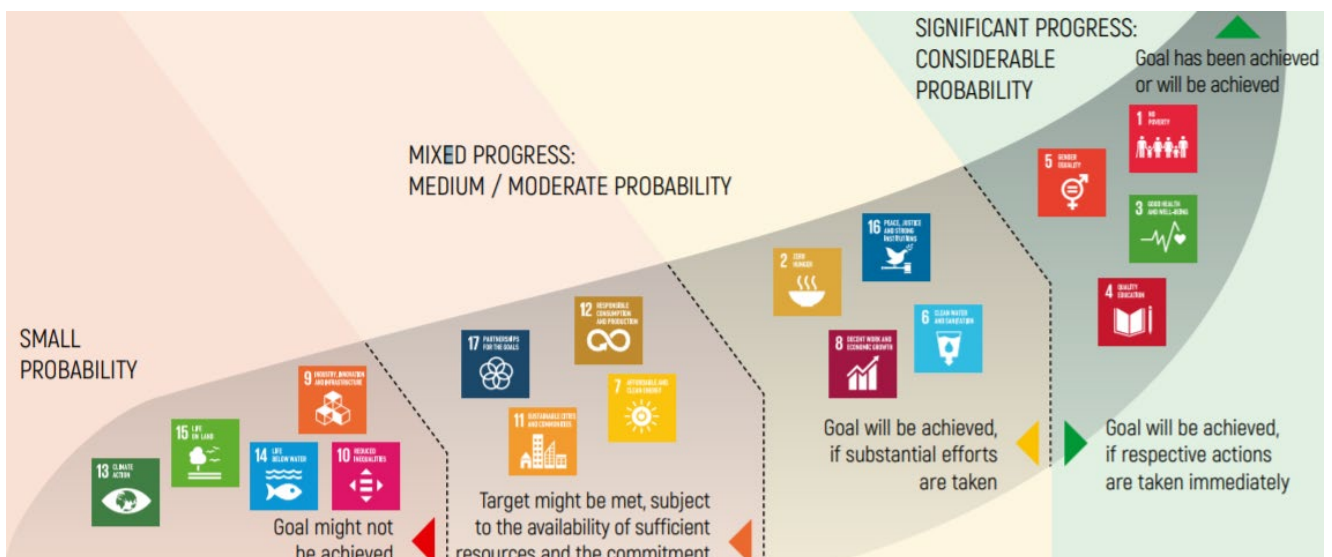
Dashboards: ● SDG achieved ● Challenges remain ● Significant challenges remain ● Major challenges remain ● Information unavailable

Trends: ↑ On track or maintaining SDG achievement ↗ Moderately improving → Stagnating ↓ Decreasing ●● Trend information unavailable

Source: Sachs et al. (2021): The Decade of Action for the Sustainable Development Goals. Sustainable Development Report 2021. Cambridge: Cambridge University Press.

Ukraine’s progress towards achieving the internationally defined targets for the 2030 has been mixed. By 2020, the targets for reducing poverty and inequality had already been achieved (though COVID-19 may have reversed some of this advance). The Sustainable Development Report 2021 (graph above) notes on most SDGs Ukraine’s performance in moderately improving, although insufficiently to attain the goal by 2030. Major challenges remain around SDG 14 and SDG 15 where scores are stagnating, in part due to low level of public funding.

Meanwhile, Ukraine has made progress towards its nationally defined targets under 15 of the 17 SDGs, according to the first Voluntary National Review (VNR). Significant progress has been made towards 63% of the target indicators set for 2020. The Ukraine SDG Monitoring report 2020²⁶ provides the latest update on the nationally developed indicators. The figure below shows goal ranking by integral estimation of SDG achievement progress from the Voluntary National Review.



26 http://www.ukrstat.gov.ua/csr_prezent/ukr/st_rozv/publ/SDGs_Ukr_2020_Monitoring_Report_eng.pdf

CHALLENGES TO ACHIEVEMENT OF AGENDA 2030



Impact of conflict

The conflict in eastern Ukraine, into its eighth year, continues to undermine Ukraine's ability to meet the SDG targets, as well as overall development prospects. It has paralyzed economic development in the country's eastern industrial heartland, arrested investor confidence, and polarised the political discussions. While severe humanitarian impacts continue to be felt, particularly in the NGCAs and along the line of contact that divides the NGCAs and GCAs, these are increasingly accompanied by mid to long-term development challenges such as widespread job loss, impact on service delivery, infrastructure and urban development, and a large IDP population, putting additional pressure on Ukraine's already overstretched social protection systems. Furthermore, the conflict has led to an increase in defence spending which crowds out

investment in other sectors. Defence spending has increased more than three times since 2013 (before the conflict began), from approx. 1% to approx. 3% of GDP in 2020, and currently consumes about 9% of the budget. The conflict has also resulted in serious damage to the infrastructure, limiting access of around 2.8 million people in the conflictzone to basic social services, 54% of them being women. A political solution to the conflict would go a long way to redressing these obstacles, but the cost of recovery and reintegration grows exponentially as each year passes and there is a real concern that at one point the cost of political resolution and reintegration may be perceived as exceeding the cost of the status quo, including in terms of Ukraine's ability to adhere to the SDG agenda.



Health care services

The COVID-19 pandemic has exacerbated vulnerabilities in the health care system, demonstrating the need for a strengthened public health system; a qualified, fairly remunerated and empowered health workforce based on gender equality; and better coordination between the Government and health care workers. Problems are particularly acute in the areas of the country affected by conflict, as a result of damaged health care infrastructure, lack of medical workers, and a higher concentration of the most vulnerable and disadvantaged population, including families with children and people with disabilities, including persons injured in the armed conflict. COVID outbreak is also having a negative impact on access to fundamental health care services such as routine immunization, and supervision of pregnancy and newborn health.

60% were women and 40% were men (58K deaths, 51% women and 49% men).

Preventing outbreaks of other communicable diseases, like HIV, TB and vaccine preventable diseases require ensuring that services are continuously provided to the population. However, the vast majority of mortality and morbidity in Ukraine still results from non-communicable diseases, so there is a need to strengthen the infrastructure (including at points of entry in the country) and service delivery to ensure that the health system can provide good quality, timely, and patient-centred health services – from prevention and promotion to treatment, rehabilitation and palliative care that are affordable and inclusive.



The pandemic has further exacerbated existing gender disparities and inequalities in terms of access to care. Older women, women with disabilities, women diagnosed with chronic diseases and/or HIV have limited access to the necessary health services or specialized goods due to the COVID-19 restrictions (lack of public transport, availability of necessary medicines in pharmacies, etc.).²⁷ Given that women constitute 82.8% of health care workers in the country and play a central role as front-line responders, they are particularly exposed: according to National Public Health Centre, around 20% of all infected are medical workers. As of October 2021, of 2.5 million people with confirmed COVID-19 status

Ukraine has made significant progress in reducing child mortality, but rates of neonatal mortality remain a concern. The main causes of neonatal mortality in Ukraine – birth complications and congenital abnormalities – are also key causes for developmental delays and disabilities among survivors. Poor diagnosis and inadequate support mean important opportunities for early interventions are missed. Low vaccination rates for children are indicative of extremely weak preventive care systems in Ukraine, but this weakness is less an issue of access than one of trust. Adolescent health is under prioritized, and the gradual closure of Youth Friendly Clinics (YFC) under the healthcare reform is a matter of concern.

27 UN Women "Rapid Gender Assessment of the situation and needs of women in the context of COVID-19 in Ukraine" (At: <https://eca.unwomen.org/en/digital-library/publications/2020/05/rapid-gender-assessment-of-the-situation-and-needs-of-women?fbclid=IwAR36T71bzBMC5DtwS8iRKiLuY49JFGESEhKVOa83j3pMTH5u-SDmMb951Pg>)

Education

Ukraine's education system faces longstanding challenges, including low quality learning, inadequate skills, and deteriorating public trust in education. Ukraine spends more of its GDP on education than most EU and OECD countries, but those resources are not used efficiently. Access to early learning remains problematic, particularly in rural areas. Many children with disabilities are marginalized from mainstream education. In the areas of the country affected by the conflict, boys, girls and teachers living on both sides of the contact line continue to experience its immediate and cumulative impacts and over 400,000 of them are still in need of education-related assistance. The COVID-19 pandemic resulted in an unprecedented school and preschool closures in Ukraine, affecting 5.4 million children and increasing risks to children's education, protection

and wellbeing. The pandemic has also deepened existing inequities in access to education, social and other services.

Since 2018 Ukraine has been implementing a major education reform programme: *The New Ukrainian School*. Attracting, retaining and continuous training of qualified teachers, along with developing high quality flexible and competency-based curricula, are among the most crucial parts of education reform. The new Strategy for the development of technical and vocational education adopted by the Ministry of Education and Science in 2021 foresees to address the skills match in the labour market by reaching the job placing rate of 80%.²⁸ However, the reform process has been uneven and additional efforts are needed to ensure its success and continuity.²⁹

FOCUS: OUT-OF-SCHOOL CHILDREN

UNICEF estimates that there are about 76,000 children in Ukraine living or working on the streets who have severely limited access to education and other services requiring access to catch-up programmes, re-engagement programmes focused on development of transferrable skills and vocational training. Other groups of out-of-school children include children with disabilities, children from minorities and children in conflict-affected areas.

Efforts to provide programmatic support to children who might be deprived of education services or are in risk of dropping out from school in Ukraine are traditionally hampered by inconsistencies in child-related data collection and monitoring across sector agencies. This fragmented approach and broken cross agency coordination prevent the building of national consensus around the issue. The absence of a clear and contextualized definition of out-of-school children and dropout and understanding of multiple profiles of related risk groups as well as the deficiencies of the national Education Management Information System (EMIS) are among the most immediate actions that need to be taken to improve policies and develop targeted programming.

The recent comprehensive mapping of existing systems of children-related data collection completed by UNICEF revealed that more than 36,000 children aged 6-18 are currently captured by various fragmented systems as being outside the full cycle of secondary education. Evidence also shows that data systems fail to provide any enrolment data on almost 9,000 school-aged children and suggested an urgent need for further improvements to the EMIS and identifying areas of potential joint programming on out-of-school children and dropout prevention.

Good governance and justice

Since Ukraine's independence, states institutions face a consistently low level of public confidence. Perceptions of corruption, nepotism and a selective application of justice remain high, with the rule of law remaining a major source of concern. Low trust in the judicial and law-enforcement systems and a lack of real progress in tackling corrupt connections between the judiciary and the power elites continues to impede any transformative change, and in the

country's aspiration to achieve the 2030 Agenda, it is crucial for Ukraine to implement anti-corruption reform by ensuring the independence and effective functioning of key anti-corruption institutions. Current judicial reform is also an essential element that needs to continue and be finalized as an independent judiciary is key to the fight against corruption and establishing the rule of law.

28 <https://mon.gov.ua/ua/news/u-rezultati-spivpraci-osvityan-ta-biznesu-riven-pracevlashtuvannya-vipusknikiv-maye-stanoviti-ne-nizhche-80-kolegiya-mon-shvalila-strategiyu-rozvitku-profesijno-tehnichnoyi-osviti-do-2023-roku>

29 World Bank, *Sectoral Review*, 2019

Lack of accountability for human rights violations continues to affect the overall human rights climate in the country. Flaws of the procedural legislation, deficiencies of the judiciary plunged into constant reforms for already more than six years, selective investigation and lack of independent prosecution of serious crimes impede accountability and deny victims' rights to effective remedy and reparations even in high-profile cases. This particularly pertains to: (i) intolerance-based crimes, (ii) crimes perpetrated by the Government forces in the context of the armed conflict, and (iii) crimes perpetrated by law enforcement agents. The first category includes everything from hate motivated attacks to killings of individuals believed to have anti-Ukrainian views. The second encompasses various cases, perpetrated mostly by the militias battalions and security forces at early stages of the conflict. The third refers broader category of violations not limited to the armed conflict or intolerance-motivated offences.

Over seven years of armed conflict in eastern Ukraine, no comprehensive state policy and mechanism for remedy and reparation to civilian victims of the conflict, i.e. for those injured as a result of hostilities (over 7,000, including estimated 1,000 whose injuries resulted in disability) and families of those killed (estimated 4,500 individuals)³⁰ have been adopted.

Torture and ill-treatment by law enforcement officials remain systemic in Ukraine. While investigation and prosecution of torture and ill-treatment by law enforcement officials has increased considerably compared with previous years, still a lot is yet to be done. The implementation of the Istanbul Protocol³¹ is one of the ways to effectively prevent and prosecute torture and ill-treatment by law enforcement. Despite a significant decrease in the number of children in detention and in the length of their stay in detention, the Ukrainian judiciary system lacks special expertise to work with

children and the approaches used are more punitive rather than restorative.

In August 2019, the President established a working group charged with developing a legal framework for the reintegration of the temporary occupied territories and of its population, and in September 2020, the working group submitted to the President a draft State Policy Framework on the Protection and Restoration of Human Rights and Fundamental Freedoms during Armed Conflict and Combatting Its Consequences, which outlines a transitional justice model for Ukraine. The draft law "On fundamentals of the state policy of transition period" was finalised by the Ministry for Reintegration of Temporarily Occupied Territories that offered it for public discussion in January 2021 and submitted for review to the Venice Commission in June 2021. Despite the In August 2021, the Cabinet of Ministers submitted the revisited draft to the parliament. The new text incorporated very few concerns and recommendations shared by the human rights community in Ukraine. In October 2021, the Venice Commission published its opinion on the draft law "On the Principles of State Policy of the Transition Period", critical of some of the provisions and certain aspects of the approach of the draft law. After the November 2021 partial government reshuffling, the new MR-TOT leadership indicated that the draft bill may be further considered.

Juvenile Justice

Despite some progress met in addressing the Juvenile Justice system like introduction of models of mediation and diversion, probation and the overall coordination at national level, Ukraine still lacks adequate measures to ensure a child-friendly justice system in order to protect rights of children in contact with the law. This includes children being witnesses to crimes, being victims of crimes and violence, children deprived of parental care, neglected or abused.

data gaps, as well as limited technical capacity and budgetary allocations for the State Statistics Service to regularly generate and make accessible gender statistics in line with international standards and methodologies. The lack of a **definition of people in situation in vulnerability** results in policies and budget allocation patterns that are not adapted to ensuring access to the rights for those belonging to the most vulnerable groups and for ensuring policies are not discriminatory.

Data quality and availability

Significant improvement in **data collection and disaggregation** (sex, age, geographical location, and so on) is needed to meaningfully analyse and monitor SDGs progress against the 86 nationalized SDG indicators, including for the most vulnerable, in order to strengthen the evidence basis for informed policies that are human rights based and gender responsive, for more effective planning and budgeting, and for measuring and ensuring accountability. In spite of commitments to improve the availability of gender-sensitive data³², there are still significant

30 OHCHR/HRMMU data

31 <https://www.ohchr.org/documents/publications/training8rev1en.pdf>

32 The State Statistics Service developed a national List of Indicators for the Monitoring of Gender Equality, adopted by the Government in 2020, available at <https://zakon.rada.gov.ua/laws/show/1517-2020-%D1%80#Text>.

During the VNR preparation process, however, experts emphasized the need to revise and update the national baseline report on the SDGs as the “national targets and indicators” developed are to some extent quite different from the global ones. Indicators for rights-based monitoring for gender equality, i.e., the United Nations Minimum Standards Indicators, could be utilized to better explore the gaps between the national targets and SDG goals.

A 2018 report on the capacity of the State Statistical Service of Ukraine found that, while streamlining had taken place, staffing was still high. However, it expressed concern that the overall financial resources available did not leave any room for development activities and future investments in infrastructure, repair of the building and the creation of a modern working environment, or salary levels that would attract and retain highly qualified staff.³³

KEY DEVELOPMENT CHALLENGE: DELAYED CENSUS AFFECTS THE DESIGN OF RELEVANT POLICIES

Ukraine conducted its last census in 2001 – the first time since 1989 and since independence – when the population was found to be 48 million. The current population is estimated at 42 million.

Only a traditional census can generate the granular, sex-disaggregated and reliable data to measure government agreed SDG indicators, and ensure efficient resource allocation in line with GoU decentralization plans. In addition, only a traditional census takes accurate account of marginalised members of society, people lacking documents, IDPs and migration patterns. A traditional census supported by an awareness campaign can serve as a “national project” and so build identity and citizen engagement. Reflecting this, the United Nations fully supports GoU efforts to complete a full census at the earliest possible date, and welcomes the GoU’s approval of the plan to conduct the census in 2023. Please refer to the **UN Policy Paper on Census**³⁴ for further details.

KEY DEVELOPMENT OPPORTUNITY: NATIONAL ECONOMIC STRATEGY 2030

In March 2021 the Government approved the National Economic Strategy 2030 (NES 2030), which the UN has commented to ensure that it is inclusive and consultative, designed bottom-up, and outcomes-oriented, supported by a proper monitoring system, and largely owned and accepted by the Ukrainian people. Systematic tracking of vulnerability, ensuring the principles of leaving no one behind, human rights, gender equality and empowerment of women, resilience, sustainability and accountability should guide the implementation of the NES 2030.

Human capital development should be brought back to the centre of the economic strategy, to ensure necessary investment in human capital throughout the life course, aiming for universal social protection systems, including floors, universal health coverage, and inclusive and digital education solutions. Together these will provide the best foundation for sustainable growth, preparedness and resilience against future pandemics and multidimensional SDG risks. NES 2030 implementation should prioritize economic, social and environmental development equally and pave the way towards comprehensive, multi-sectoral and needs-based national development.



SDG Accelerators in Ukraine

A “Mainstreaming, Acceleration and Policy Support” (MAPS) mission³⁵ in 2018 identified a number of concrete flagship priority policy steps the Government could take to accelerate progress towards the SDGs. Along with the need to progress toward addressing the ongoing conflict in eastern Ukraine and its adverse effects on development, those accelerators included:

- Implementing a youth employment plan, transitioning to the formal economy;
- Removing remaining direct and indirect fossil fuel subsidies to stimulate green growth and increase fiscal space;
- Building an integrated, fiscally sustainable system of social protection services and benefits, taking into account the needs of the conflict-affected population including those residing in NGCA;
- Building an effective justice system including a fully independent judiciary;

33 <https://www.efta.int/sites/default/files/publications/statistics-eso/reports/2017-03-ukraine.pdf>

34 https://ukraine.un.org/sites/default/files/2020-07/UN%20Policy%20Paper%20on%20LAND%20REFORM_ENG_FINAL.pdf

35 Contribution to Ukraine’s roadmap to achievement of SDGs Agenda 2030. MAPS Mission, Ukraine August 2018.

- Developing and implementing an integrated, coherent, and adequately funded National Health Program to improve health and well-being for all; and

- Closing the existing gender gaps, including in women’s economic and political participation, eliminate discriminatory provisions in the legislation, address gender stereotypes.



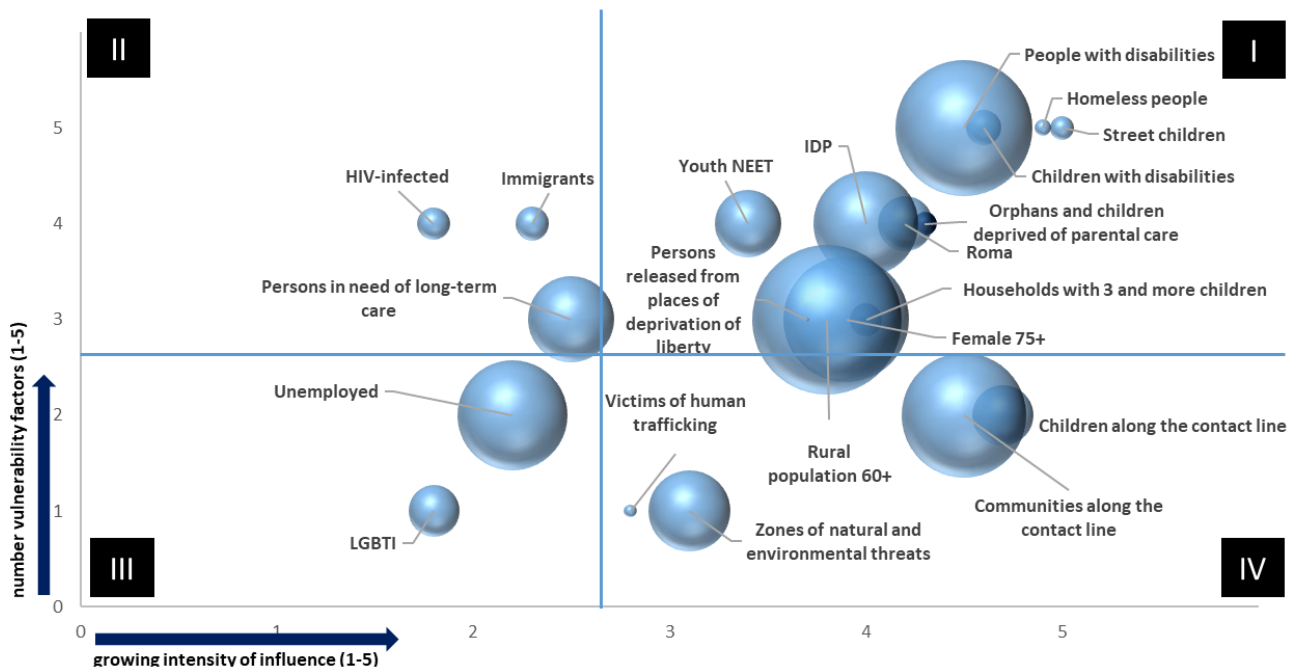
LEAVING NO ONE BEHIND: PEOPLE WE MUST REACH

The United Nations internationally has the following definition of vulnerability to guide its work:³⁶

“...people who are left behind in development are often economically, socially, spatially and/or politically excluded – for example, due to ethnicity, race, gender, age, disability or a combination of these, leading to multiple discriminations. They are disconnected from societal institutions, lack information to access those institutions, networks, and economic and social support systems to improve their situation, and are not consulted by those in power. They are often not counted in official data – they are invisible in the development of policies and programmes. They have no voice. People left behind are those most at risk of not enjoying their civil, cultural, economic, political or social rights.”

Different groups of people in Ukraine experience different forms of vulnerability, discrimination and marginalization. These vulnerabilities are highly intersectional, multi-layered and cross-cutting. This overview of vulnerable groups in Ukraine is explicitly positioned at the beginning of the CCA to keep the attention on the main promise to leave no one behind and ensure the most vulnerable groups – those exposed to multiple forms of discrimination, exacerbated by the COVID pandemic and related restrictions – remain at the centre of national and international development action. Reaching these people remains the core element of building resilience of the Ukrainian society.

The graph below provides ranking and prioritisation of the identified vulnerable groups in terms of multidimensional vulnerability based on the UNSDG operational guidance on the LNOB methodology and the 5 factors of vulnerability (discrimination, geography, vulnerability to shocks, governance and socio-economic status). The factors of their vulnerability, as well as the intensity of their impact were determined by expert assessment, size of the circles reflects group size.



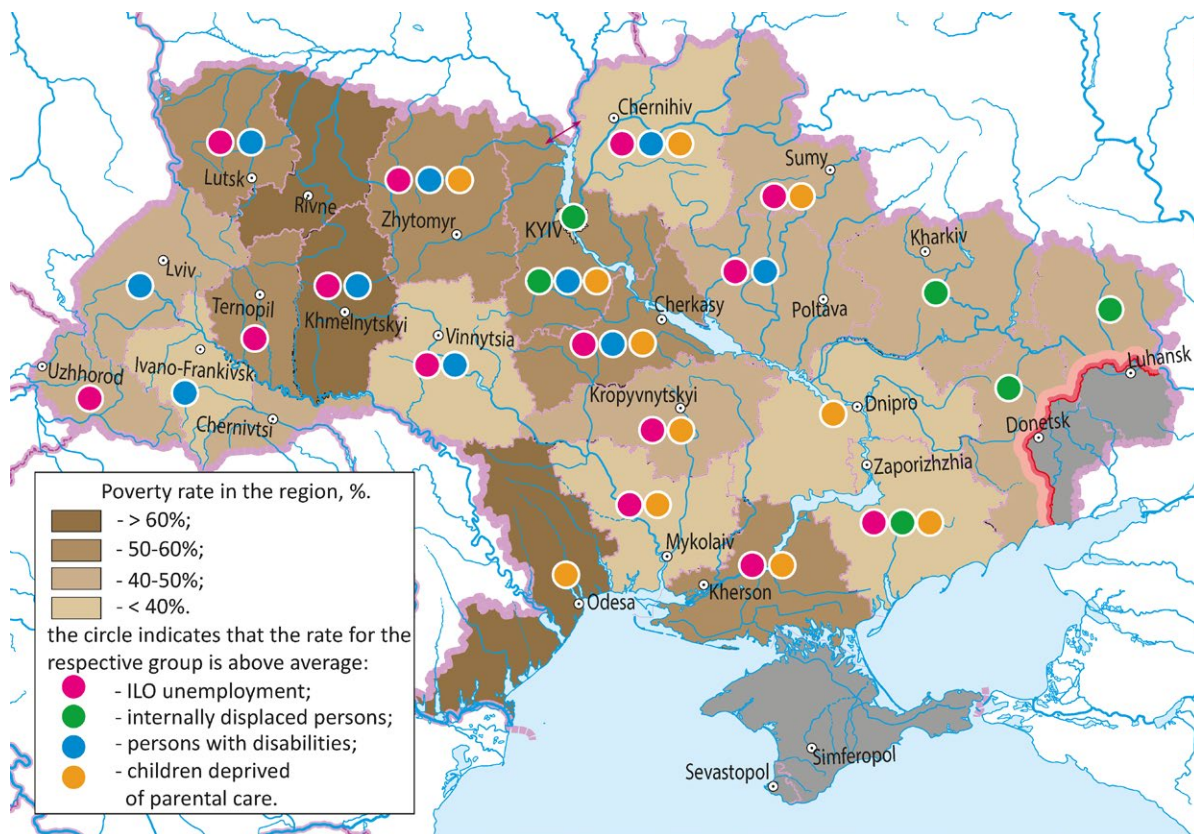
36 Leaving No One Behind: A UNSDG Operational Guide for UN Country Teams. <https://unsdg.un.org/ru/node/685>

Furthermore, the following map gives a brief understanding of geographic distribution of vulnerable

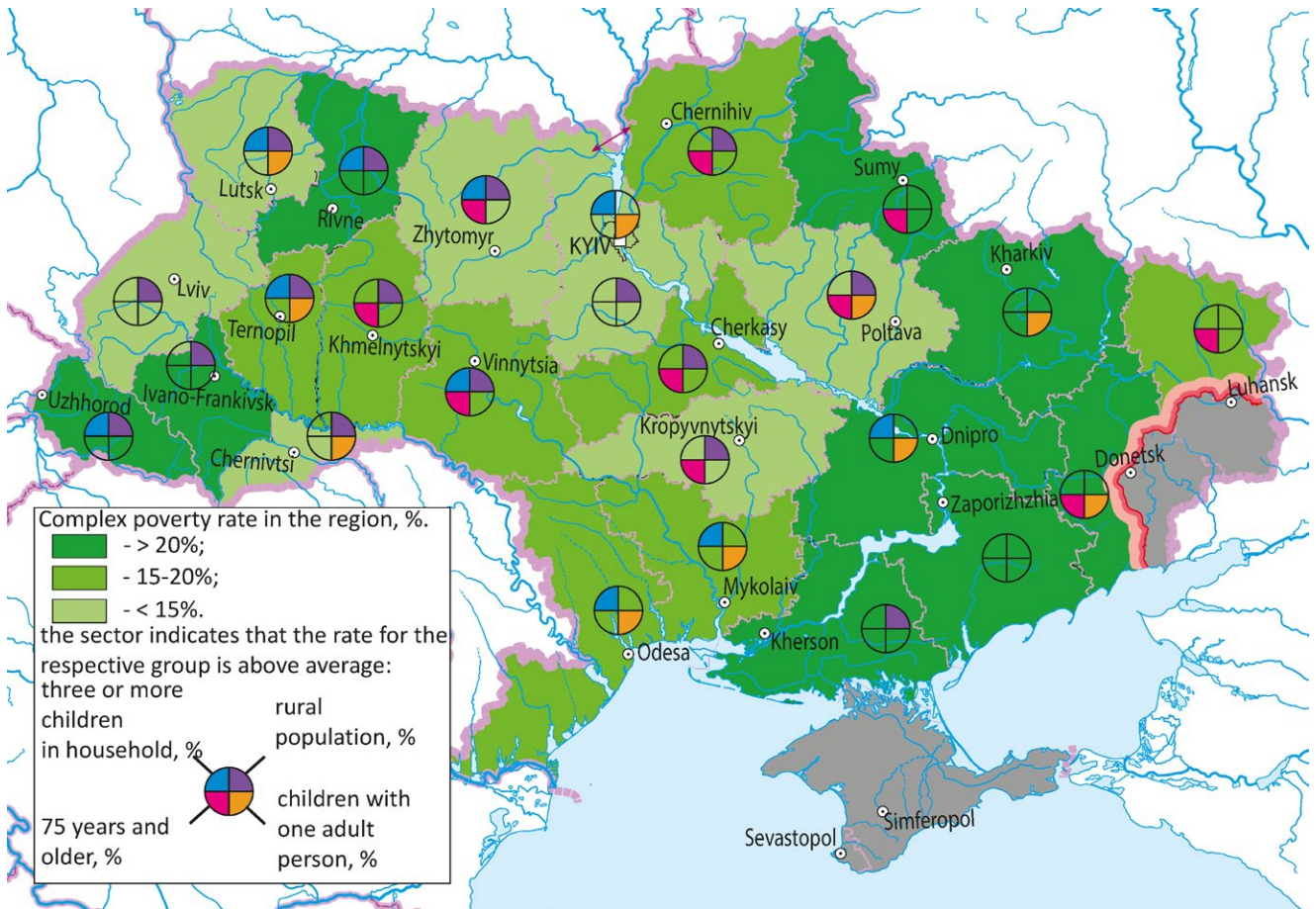
populations. Specific characteristics of the groups are elaborated further below.



Map 1: distribution of vulnerable groups in rural areas



Map 2: distribution of vulnerable groups by level of poverty



Map 3: Multidimensional poverty in Ukraine



Map 4: Most vulnerable rural communities (hromadas)

Note: The list of those left behind below is evolving as the situation changes and new data become available. It will be regularly reviewed and updated to guide ongoing and planned UN programmes and advocacy.

Populations in the conflict-affected areas (an estimated 5.58 million people total population in Donetsk and Luhanska oblasts) including:

- **IDPs:** 853,000 people are estimated by the UN to be displaced, of whom 58% are women.³⁷ IDPs from both eastern Ukraine and Crimea (estimated 50,000 persons) live throughout Ukraine, with an estimated 223,000 in the GCA of Donetsk and Luhansk regions. IDPs have limited or no access to justice; restrictions to mobility due to COVID-19 and conflict limited access to basic socio-economic rights; at risk of eviction as they lost income sources; family separations, psychological stress and loneliness; some live at collective centres where they are at higher risk of infection and without adequate protection/sanitation.
- **Persons living along the 'contact line'** (conflict-affected persons) face risks to their physical safety. They face death or injury as a result of shells, small arms fire and mines/unexploded ordnance. Their homes are damaged. Along the contact line, jobs have disappeared, and the authorities struggle to provide services. Some communities do not have access to water, electricity and gas; others lack medical services, public transportation and shops for buying food. **Women** account for over half of people in need (56%), and many of these are heads of household. Elderly persons are also in vulnerable situations – over 30% of the people in need are the elderly. A generation of over half a million children (more than 16% of people in need) are growing up surrounded by violence and fear, which will have a long-lasting effect on their future, and on the social fabric.
- **Persons with disabilities (PWDs) living along the contact line** and in NGCAs in Donetsk and Luhansk regions. Almost 15% of the population in areas close to the 'contact line' has a disability, much higher than the average of 6% across Ukraine.³⁸ They have limited access to essential health and social services, justice, and livelihood opportunities. In addition, PWDs living near the 'contact line' face serious personal security issues due to shelling, inaccessibility of bomb shelters, and absence of infrastructure to provide protective facilities, including basements in multi-story buildings.³⁹ Pre-pandemic, persons with disabilities, particularly women and girls, already experienced higher rates of violence than the general population. The prolonged isolation and reliance on family members and caregivers during lockdown presents heightened risks of violence. They also often lack accessible information sources.
- **Persons living in NGCAs** must travel long distances at considerable expense and through dangerous territory to government-controlled areas (GCA) in order to maintain family ties and access administrative and social services (e.g., birth/death registration, issuance and renewal of passports/IDs, banking, pensions, access to justice, etc.). Such travel has been further restricted since the COVID-19 pandemic.
- **Children living in conflict-affected areas:** The hostilities are estimated to have affected over 700,000 children and teachers in more than 3,500 education facilities in eastern Ukraine. Over 250,000 children living near the 'contact line' regularly experience shelling and exposure to landmines and explosive remnants of war, which has made them more prone to physical injuries and mental health issues.⁴⁰

Additional problems have arisen because the 2020 school year has been mainly conducted via remote learning, leaving many children who live along the 'contact line' with no real way to continue their education. This is mainly due to limited internet connectivity and insufficient access to the necessary digital learning tools. The emotional trauma caused by movement restrictions, school closures and isolation have intensified the already high levels of stress with which vulnerable children in frontline communities have to contend. In addition to daily physical and psychological threats, school-aged children see their education interrupted because of the targeting of education facilities. This is despite Ukraine becoming the 100th state to endorse the Safe Schools Declaration in 2019. School-aged children living in NGCA also face numerous obstacles in using regular or simplified procedures when seeking to continue higher education outside of these territories.

37 Humanitarian Response Plan, June 2020.

38 REACH, 'Humanitarian Trend Analysis 2019'.

39 www.unhcr.org/ua/wp-content/uploads/sites/38/2019/08/2019-08-19-PA_ENG.pdf

40 Education Cluster

- **People over 65 years of age** make up more than a third of the people in need in eastern Ukraine (37%) and 41% in isolated settlements, the highest proportion of older people in need in any humanitarian setting in the world. As an estimated 56% of families in NGCA rely on pensions as the main source of income, pensioners from NGCA must cross into GCA to collect their pensions, which, while the entry-exit crossing points (EECPs) are operational, makes them even more vulnerable to exposure to COVID-19.⁴¹ With the closure of the five EECPs in March 2020 and only a partial reopening of two EECPs in June 2020, the number of monthly crossings fell by more than 90% (by 97% in October 2021). As a result, most pensioners in NGCAs have not been able to cross the 'contact line' to access their pensions in GCA. The number of NGCA pensioners able to

access GCA pensions has dropped significantly from 42% pre-COVID-19 to 13% in October 2020.⁴²

Crimean Tatars residing in Crimea face human rights violations as described in successive General Assembly resolutions and monitoring reports.⁴³ Remote monitoring by UN and other international organizations indicates a deteriorating human rights situation in Crimea. Since 2014, OHCHR has documented credible allegations of human rights violations such as arbitrary detentions and the enforced disappearances of 39 men and 4 women, including pro-Ukrainian activists, affiliates of Crimean Tatar institutions and journalists, most of whom were detained, held incommunicado, and later released. There is now almost no access in the school curricula to education in or of the Crimean Tatar language, while Ukrainian language education has dramatically decreased since 2014.

Persons living below the poverty line including children

19.6 million **persons live below the poverty line**, including children.. Households with more than three children and households with children below the age of 3 are especially vulnerable. The challenges facing persons living in poverty include lack of access to savings; limited or inaccessible unemployment benefits for certain categories such as informal workers; limited social assistance coverage; no access to medicines or PPE (unaffordable; scarcity) and health care (undocumented migrants, asylum seekers; cannot afford informal payments to health care practitioners or medicines); no child care available after school, nursery and kindergarten closures; and no or limited access to network of support due to lockdown or separation from families.

Ex-combatants

At the beginning of 2020, according to a survey conducted by IOM, some 404,000 military veterans (ex-combatants) were attempting to reintegrate into civilian life in Ukraine. About one-third of this population group (in majority aged between 25 and 45) who had a job before the conflict, are now unemployed, partially due to negative perceptions among employers, including challenges with post-traumatic stress disorder, disabilities, and general mistrust. Almost half of the veterans suffer bias and mistreatment in their daily lives, with one third feeling excluded from society. Research conducted by the US Depart-

ment of Veteran's Affairs suggests that the highest rate of suicide in ex-combatants occurs eight years post-conflict. As this will be in 2022 in Ukraine, it is anticipated that there will be an increase in the percentage of people traumatised by the conflict, and concerns about those traumatised by the conflict, in the forthcoming period.

People with disabilities

As of 1 January 2020, 2,703,006 persons with disabilities were registered in Ukraine. Of these, 163,886 were children (42.7% women). The actual number of people with disabilities in Ukraine is likely to be higher as the Government only counts persons registered as having a disability, and several barriers exist to registering. Women with disabilities living on the contact line and in conflict-affected rural areas are face more limitations and barriers due to pre-existing inequalities and exclusion.⁴⁴ About 4% of IDPs are persons with disabilities; they encounter difficulties passing through checkpoints and are cut off from support services.⁴⁵ In Ukraine, persons with disabilities face discrimination in accessing public services, facilities and information, including in health care, education, justice, social protection, public transportation and sports, leisure and culture. This is because public services and facilities have not been designed to be accessible by all and regulatory provisions to ensure reason-

41 REACH, 'Multi-Sectoral Needs Assessment in NGCA', February 2020.

42 REACH, 'Humanitarian Situation Monitor', October 2020

43 UNGA Res. 71/205, 19 December 2016; Res. 72/190, 19 December 2017; Res. 73/263, 22 December 2018; Res 74/168, 18 December 2019, Res 75/192, 16 December 2020., See Report of the Secretary-General on the situation of human rights in the Autonomous Republic of Crimea and the city of Sevastopol, Ukraine, 2 August 2021 (A/76/260) available at www.undocs.org/A/76/260

44 UN Women "Rapid Gender Assessment of the situation and needs of women in the context of COVID-19 in Ukraine" (available at: <https://eca.unwomen.org/en/digital-library/publications/2020/05/rapid-gender-assessment-of-the-situation-and-needs-of-women?fbclid=IwAR36T71bzBMC5Dtws8iRKiLuY49jFGESEhKVOa83j3pMTH5u-SDmMb951Pg>)

45 Rights of Persons with Disability in the Armed Conflict in the East of Ukraine, Analytical Report of the Ukrainian Helsinki Human Rights Union, Kiev, 2016.

able accommodation remain weak. Persons with disabilities also face multiple barriers in personal mobility. Good quality technical aids and assistive devices are not available for free and often persons with disabilities living in remote communities have limited access to these public services, facilities and information because of the cost of transportation, the distance lack of clarity on their eligibility and poor referral pathways. Support services, such as personal assistance and auxiliary aids are also a challenge for the majority of those in need. Community-based support services for persons with intellectual and psychosocial disabilities are nearly absent.

Persons with mental health conditions /psychological disabilities: In Ukraine, more than 1.6 million citizens are registered at psychiatric and narcological clinics and units. IDPs, older persons and those living in the east of the country are especially vulnerable. Close to a third of the population are estimated to have experienced at least one mental disorder in their lifetime. Gender differences exist with PTSD and alcohol use disorders more common among men, while depression and anxiety disorders are more common among women. Ukraine has one of the highest suicide rates in Europe region (15.3 per 100,000 in 2017).⁴⁶ Poor mental health in Ukraine is tightly interconnected with poverty, unemployment, and feelings of insecurity, compounded by the effects of the conflict. Most people affected may not seek help at all due to lack of trust in the old system, stigma and other barriers.⁴⁷ Phase II of the healthcare reform significantly affected funding for the psychiatric hospitals, which impacted access to inpatient psychiatric treatment. Lack of the effective system for outpatient psychiatric care and overall stigmatization of psychiatric treatment are issues of serious concern.

Vulnerable categories of women experiencing multiple forms of discrimination

Women in Ukraine face multiple forms of discrimination, amplifying their vulnerability. Gender discrimination is highly intersectional with other forms of social, economic and political vulnerability mentioned in this chapter. Vulnerable groups of women in Ukraine who experience multiple forms of discrimination include (but are not limited to): survivors of domestic violence and SGBV (over 1.1 million women a year); single mothers (20% of all families); women

and girls with disabilities (who experience higher rates of abuse): older women in rural, isolated or conflict-affected regions; women IDPs and those living in conflict-affected areas: women living with HIV; and, women human rights defenders, including lesbian, bisexual, trans and queer (LBTQ) women, victims of abuse and exploitation (for labour, for sexual purposes and for begging). These women face a range of issues increasing their vulnerability, including discrimination and stigma, difficulties accessing services, heavy volumes of unpaid care responsibilities, low representation and limited involvement in decision making.

Roma population, specifically Roma women and children

UNHCR estimates that 400,000 Roma people live in Ukraine.⁴⁸ Conditions for Roma communities living in informal settlements are particularly harsh; most of these are located in the west of Ukraine,⁴⁹ with some informal settlements also found in the south and near large cities throughout the country. Informal settlements often lack access to on-site water and sanitation and are over-crowded, putting residents at particular risk of COVID-19. Children face major challenges accessing health care. Roma girls are more frequently subject to early marriage than other girls in Ukraine and are more likely to drop out of school. The lack of identity documents also prevents Roma from enjoying various rights, including access to courts, health services and the formal labour market. This contributes to their further marginalization and increased risk, exacerbated by widespread discrimination and stigma.

Older persons, particular pensioners with pensions below subsistence levels and those living in rural and remote areas

The 11 million people over the age of 65 in Ukraine make up 27% of the population; 3 million (27%) are men, 8 million (73%) are women, and 2 million live alone. About half of all older people have a disability.⁵⁰ Older people are exposed to extreme poverty, have limited access to services, and have seen average pensions fall from 50.1% of average salary in 2011 to 28.3% in 2020. Pensioners are among the most vulnerable groups in Ukraine. Of 11.3 million pensioners 82.7% receive pensions below subsistence level, while 20% of pensioners (2.23 million persons) are people with disabilities requiring additional assistance. Older people

46 <http://documents1.worldbank.org/curated/en/310711509516280173/pdf/120767-WP-Revised-WBGUkraineMentalHealthFINALwebvpdfnov.pdf>

47 <https://en.moz.gov.ua/article/news/mental-health-system-transformation-in-ukraine-improving-mental-health-services-and-bringing-mental-health-care-in-line-with-international-standards>

48 UNHCR estimates, 2020.

49 Especially in Zakarpattia region, including the two largest known settlements in Berehove and Mukacheve with up to 7,000 residents each. See OHCHR/HRMMU Briefing Note 'Impact of COVID-19 Pandemic on Roma communities in Ukraine', Kyiv, 15 May 2020.

50 Report of the Special Rapporteur on the rights of persons with disabilities, Catalina Devandas-Aguilar, A/74/186, para 4, 17 July 2019

often face overlapping vulnerabilities such as chronic diseases, disability and dire financial constraints, with a high proportion of older women amongst the conflict-affected population. Other vulnerabilities include isolation, limited mobility, loss of livelihoods, lack of access to and difficulty affording health care services and heightened risk of abuse.

Asylum-seekers, refugees and stateless persons

According to UNHCR's statistics, as of 31 December 2020, there were 2,255 refugees and 2,390 asylum-seekers residing in Ukraine.⁵¹ While some refugees and asylum-seekers have managed to learn Ukrainian, find a job, start a business and integrate, others have encountered challenges in integrating and becoming self-sufficient due to their specific needs. Refugees also face discrimination, legislative inconsistencies, corruption,⁵² as well as language or administrative barriers which prevents them from accessing employment opportunities.⁵³ One of the major challenges for integration is lack of appropriate documentation and a low refugee recognition rate⁵⁴ on the part of the government, and the lengthy status determination procedure. As many as 35,000 persons are with undetermined nationality or stateless in Ukraine in 2021, according to available estimates.⁵⁵ Without identity documents, these people cannot exercise their human rights and are marginalized in Ukrainian society.

Adults and children living in institutionalized settings

- Child protection efforts remain fragmented across sectors, especially those directed to prevention of family separation and institutionalization and the number of children separated from their families and living in institutions remains high- around 100,000 according to the MOSP. Meanwhile, the alternative family and community-based care solutions remain limited. Children with disabilities represent an increasing proportion in state residential institutions including in boarding schools (internats).
- The 13,000 people living in the 286 Ministry of Social Policy-managed **residential institutions** are

among the most vulnerable groups in Ukraine. They are at high risk of COVID-19 infection because of underlying medical conditions (most are older persons or persons with disabilities), scarcity of PPE for both the residents and the staff and their inability to implement social distancing as they often depend on close contact with staff to tend to their basic needs.⁵⁶

- **Prisoners and penitentiary staff:** Currently in Ukraine there are 32,900 people in prison and 20,000 in pre-trial detention, alongside 28,000 penitentiary staff. These groups are at significant risk of COVID-19. While the government has adopted measures to limit the spread of COVID-19 in penitentiary institutions, this has not included early release programmes for older persons and those with underlying health conditions, nor alternatives to detention to reduce the health risks associated with the COVID-19 pandemic among detainees. The COVID-19 pandemic has exacerbated pre-existing deficiencies in health care in pre-trial detention facilities and penal colonies, such as a lack of specialized medical care, including sexual and reproductive health services, and a shortage of psychologists. In addition, transfers of prisoners and detainees to hospitals have delayed due to COVID-19-related restrictions, and family contact has also been limited due to restrictions imposed on visits. There is also a presence of children in prisons where often no education or protection is provided.

Homeless persons

There are no reliable statistics on the overall number of homeless men and women in Ukraine. Civil society organizations (CSOs) estimate that the numbers in Kyiv vary between 5,000 and 40,000, while about 200,000 people are estimated to be homeless overall in Ukraine.⁵⁷ Social services for homeless people are unevenly spread across Ukraine because they depend on the scarce donations and funding of local authorities. In six regions of Ukraine, there are no municipal shelters for homeless people. According to the Ministry of Social Policy of Ukraine, social protection facilities in Ukraine have the capacity

51 Of which, a vast majority are assisted by UNHCR. Of 629 newly registered asylum-seekers, refugees and beneficiaries of complementary protection who approached UNHCR partners for assistance in 2020, 24% are women, 22% children and 1.5% aged 60+.

52 As mentioned by refugees during participatory assessments conducted by UNHCR.

53 In theory, asylum-seekers have the right to obtain work permits, but in practice, the system does not allow asylum-seekers to obtain legal employment. The requirements are not realistic: asylum-seekers must obtain a job offer with a salary amounting to ten minimum wages (60,000 UAH, or about US\$2300). Asylum-seekers do not receive financial support from the Government.

54 Recognition rate: # of persons who have applied for asylum/# of persons who have been recognized as refugees or granted with a complementary protection status. The recognition rate in 2019 was 21%, a fall from 2018 (26%) and 2017 (29%).

55 UNHCR Ukraine, Statelessness Update, <https://www.unhcr.org/ua/wp-content/uploads/sites/38/2021/10/Statelessness-Update-2021-UNHCR-Ukraine-EN-UP.pdf>

56 Report of the Special Rapporteur on people with disabilities, 17 July 2019, para. 4.

57 OHCHR, "Briefing note: Impact of Covid-19 and its prevention measures on homeless people in Ukraine", 16 June 2020. http://www.un.org.ua/images/documents/4970/Briefing_Note_Homeless_People_ENG.pdf

to provide shelter to 1,600 persons. This figure is well below the 21,700 homeless persons counted by the local authorities in 2019. The real demand for shelter may be many times higher given that not all homeless persons apply for services and that there are cities, towns and regions in Ukraine which do not offer services that register and count homeless people.

According to official statistics, 10,000-12,000 boys and girls live on the street, while a study undertaken by UNICEF in cooperation with the O. Yaremenko Ukrainian Institute for Social Research reports 76,000 children.

Lesbian, gay, bisexual, trans, intersex and queer (LGBTIQ+) persons

Following 2014, with increasing visibility of LGBTIQ+ persons in big cities throughout Ukraine, LGBTIQ+ persons and those who defend their rights have been subjected to physical attacks, in particular before, during and after LGBTIQ+ assemblies. Law enforcement officers are reluctant to apply article 161 (1) and (2) of the Criminal Code to such attacks since sexual orientation and gender identity are not specifically mentioned as grounds in this article, which contributes to the inadequate classification of hate crimes based on bias motives. In Ukraine societal views towards LGBTIQ+ people remain highly contaminated by stigma, and LGBTIQ+ persons themselves report that keeping their identity hidden is key to their survival. Lesbian, gay, bisexual, trans and gender diverse (LGBTIQ+) persons are also subject to discriminatory practices that limit their employment. While the Labour Code is one of the only laws in Ukraine that specifically protects persons from discrimination based on sexual orientation and gender identity, this does not seem to be enforced, with many reported cases of discrimination, mobbing and stigmatization.⁵⁸

Workers and micro, small and medium-sized entrepreneurs in the informal economy especially women and youth, small farmers and rural households in remote areas

- **Unprotected workers:** In total 15.7 million people were classed as unprotected workers (13 million) or unemployed (2.6 million) in 2019. This included irregular workers that work without employment contracts; Ukrainian migrant workers, who are frequently informal workers in their host countries (3.2 million);⁵⁹ foreign migrants in Ukraine, especially those who are undocumented;

undocumented stateless people, refugees and asylum-seekers; retired persons; unemployed people; people with disabilities; and people in the care economy.

- **Small farmers and rural households** are considered to be the social groups most vulnerable to the impacts of climate change within the agriculture sector.
- **Returning migrants:** Nearly 350,000–400,000 migrant workers⁶⁰ returned to Ukraine during 2020 due to the COVID-19 pandemic, and the absence of work opportunities has put former migrant workers at risk of destitution and inability to pay for their basic needs, which often leads to acceptance of exploitative labour practices.

Survivors of trafficking (VoTs): A June 2020 IOM Ukraine rapid assessment revealed that over 84% of surveyed former VoTs had seen their financial situation worsen and over 50% had lost their jobs (67% men, 33% women) due to COVID-19 quarantine measures. Due to loss of income, former VoTs and their families were further pushed into extremely exploitative situations, making them more vulnerable and prone to re-trafficking. In 2020 there was also an almost 30% fall in the number of people granted VoT status by the Ministry of Social Policy (MSP), compared to 2019. Quarantine restrictions and diversion of funding due to the pandemic further limited access to state assistance for VoTs. Social protection structures' focus has shifted to the COVID-19 response activities, meaning certain high-risk groups vulnerable to violence, exploitation and abuse, including VoTs, receive very limited state attention. There is inadequate legislation in terms of international adoptions, surrogacy and Ukraine has become a supplier of trafficked children.

IOM and its local partners reached 1,680 survivors in 2020 – an annual record since the IOM counter-trafficking programme began in 1998. This trend continues in 2021, with 824 identified survivors by the end of Q2, up from the same period in 2020 (771). The pandemic saw an increase of internal and cross-border trafficking, as reduced economic opportunities in Ukraine resulted in higher vulnerability to exploitation, especially in the case of migrant workers in low-skilled or seasonal jobs.

58 Report of the Independent Expert on protection against violence and discrimination based on sexual orientation and gender identity 2019 Visit to Ukraine (2020), www.un.org/en/ga/search/view_doc.asp?symbol=A/HRC/44/53/Add.1

59 European Commission (April 2020) *The Impact of Labour Migration on the Ukrainian Economy*. At https://ec.europa.eu/info/sites/info/files/economy-finance/dp123_en.pdf.

60 IOM estimates based on analysis of SGBS data and supported by interviews with several national migration expert interviews

COVID-19 first-responders and health care workers

Over 400,000⁶¹ people work in health care in Ukraine, including people caring for persons with disabilities, and staff in medical and allied facilities, including nursing homes and residential care. Women make up 83% of health care workers, and most workers in the care economy and on the front line of the pandemic. Health care workers in Ukraine are underpaid, receiving salaries below the national average and not providing for a decent living for them and their families. There are concerns about lack of pay security, transparency, accountability, equal pay for work of equal value and the gender pay gap. Health care workers lack healthy and safe working conditions, in particular due to lack of: sufficient PPE; effective infection prevention and control measures in the workplace; and mental health and psychosocial support services. Health care workers also suffer from increased workloads and insufficient time to rest. Meanwhile, those with other caring responsibilities – mainly women due to prevalent gender roles in Ukraine – face the increased burden of unpaid care work, especially during periods when the Government suspended care and education services in response to COVID-19. Health care workers also lack adequate social protection.

Unemployed young people: Youth unemployment (15-25 years of age) stood at 19.7% in 2021.⁶² The share of young people not in education, employment, or training (NEET) was around 13% for young men and 19% for young women in 2017. A key obstacle to improving youth employment is the skills mismatch. Lack of opportunities for young people creates persistent barriers to their future inclusion. However, further education does not lead to better labour market outcomes as unemployment rates do not vary significantly across groups with different educational attainment. Companies responding to business surveys regularly report that graduates do not meet their skills needs, particularly because the structure of the economy tends to generate demand for (specialised) blue-collar jobs. Curricula in the formal education and in the training system are focused on theory rather than on skills relevant to the workplace.⁶³

Children involved in child labour: According to the 2015 ILO Child Labour Survey in Ukraine⁶⁴, 264.1 thousand children were involved in child labour, which is 5.1 percent of the total number of children aged 5–17 years and 43.5 percent of the total number of children working during the reference week.



FOCUS: ANALYSIS OF MAIN BARRIERS TO THE FULFILMENT OF THE BASIC HUMAN RIGHTS OF VULNERABLE POPULATIONS IN UKRAINE IN THE CONTEXT OF COVID-19⁶⁵

The COVID pandemic has significantly worsened the situation of those who are already vulnerable, and /or who are unable to diversify income, work remotely, access basic services, and remain connected. As the socio-economic impact of COVID will be long term and in some dimensions, such as education and human capital, may have detrimental generational effects, the most vulnerable groups left the furthest behind must be in the centre of the GoU's and development partners' attention.⁶⁶

KEY DEVELOPMENT OPPORTUNITY: UN-POWERED VULNERABILITY ANALYSIS TO GUIDE DEVELOPMENT PARTNERS AND IFIs ON INCLUSIVE POLICIES

The lack of a national definition of people in situations of vulnerability, as identified above, is a key development challenge in Ukraine. Systematic tracking of vulnerability, ensuring no one is left behind, human rights, gender equality and women's empowerment, resilience, sustainability and accountability should be a key UN contribution to the national strategic framework and guide development of international technical assistance programmes and IFI financing.

61 Calculation based on UNFPA vulnerability dashboard, retrieved on 17 July 2020.

62 https://ukrstat.org/uk/operativ/operativ2017/rp/eans/eans_u/arch_bnsmv_u.htm

63 ILO Decent Work Country Programme for Ukraine 2020-2024 https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/genericdocument/wcms_774454.pdf

64 <https://www.ilo.org/ipecinfo/product/download.do?type=document&id=29935>

65 UN Socio-economic Impact Assessment of COVID-19 in Ukraine, September 2020

66 For more on this, see: UN Socio-economic Impact Assessment of COVID-19 in Ukraine (SEIA, at <https://ukraine.un.org/en/103300-assessment-socio-economic-impact-covid-19-ukraine>); and the thematic report Impact of COVID-19 on human rights in Ukraine (<https://ukraine.un.org/index.php/en/104994-impact-covid-19-human-rights-ukraine>).

UN in Ukraine has undertaken the Analysis **on operationalisation of the Leave no one Behind** principle in Ukraine, that can inform priority development action.

When mainstreamed across the development community, this unique UN added-value service could significantly improve the quality and inclusiveness of public policies, improve access to social and economic rights and effectively reach the most vulnerable populations by ensuring policies are not discriminatory. In particular, a thorough vulnerability analysis of groups of populations that are at risk of being left behind by proposed economic measures should be included in the implementation plan for the National Economic Strategy 2030, along with a set of mitigating and protecting measures.

Country-specific findings and recommendations of the Universal Periodic Review and other human rights mechanisms, as well as various UN guidance on “leaving no one behind” can provide an important basis for highlighting gaps and corresponding obligations that could be addressed in national, development partner and IFI planning. UN standard internal instruments, such as guidance on the Gender Scorecard, Human Rights Due Diligence Policy could be adapted and brought to UN external partners as useful instruments and inclusion checklists.

Finally, participation of social partners and representatives of vulnerable groups in decision-making is a significant opportunity to have their voices heard.

In 2020 the UN RCO initiated a series of civil society consultations, involving representatives of the vulnerable groups, around key policy issues.

- The **UN Dialogue with civil society on COVID and assistance to vulnerable people** to understand the vulnerabilities of certain groups, some of whom were outside of the focus of the society and development partners (for instance, homeless people and Roma).
- The **UN Dialogue with civil society on climate change challenges, risks and opportunities** on how climate change exacerbates social injustice and affects realization of human rights.
- The **UN Dialogue with civil society on hate speech – manifestations, consequences, prevention** on operationalizing the UN Strategy and Plan of Action against Hate Speech.
- **The UN Dialogue with civil society on digitalization** on how digital transformation of Ukraine can be supported and how COVID-19 can be an opportunity to ensure its inclusivity

2 POLITICAL AND INSTITUTIONAL ANALYSIS

Since gaining independence in 1991, post-Soviet Ukraine has embarked upon a long and uneasy **transition**, sometimes marked by mass civil unrest (e.g., the Orange Revolution in 2004 and the Revolution of Dignity in 2013-2014) that has expressed popular demand for democratic and development reforms. Surveys and vote results indicate that **aspirations** for deeper, transformational and systemic reforms are enduring political expectations.

Entering the **31st year since independence** (1991) and the eighth year after the Maidan protests (2013-2014), Ukraine continues to face simultaneous **challenges**: a complex post-Soviet transition aimed at reforming institutions and the political culture; a dire security environment in the context of the ongoing armed conflict in eastern Ukraine; and the socio-economic and political impact of COVID-19.

The two main concomitant and crucial “battlefronts” are: 1) deepening and sustaining domestic reforms and the cross-cutting anti-corruption efforts, and 2) the simmering armed conflict in eastern Ukraine. These unfolding developments are projected against the backdrop of a challenging **geopolitical context**, marked by a gradual erosion of multilateralism and divergence among member states on bilateral contacts and in international organizations on the interpretation of certain international events and disagreement on how to respond, including on the situation in Ukraine.

DOMESTIC POLITICS

European and Euro-Atlantic integration has been the cornerstone of Ukraine’s **foreign policy priority** since the 2013–14 Revolution of Dignity. Ukraine signed an Association Agreement (AA) with the European Union – fully entered into force 2017 – including a Deep and Comprehensive Free Trade Area (DCFTA) – entered into force 2016 – and obtained EU visa liberalization in 2017. The EU is Ukraine’s largest trading partner, with gradually rising trade.

While AA implementation remains a priority, Ukraine continues to stress **EU rapprochement and eventual membership, asking for a clear calendar of integration**. Since 2014, relations with the Russian Federation have deteriorated, resulting in **mutual restrictive measures** and a significant drop in bilateral trade. Relationships with some neighbouring

Since 2014, there has been **continuity in Ukraine’s European and Euro-Atlantic foreign policy course reflected in the national Constitution since 2019**. Ukraine aspires to become a regional governance leader and a **leading reformer** in the Eastern Partnership group of six countries, three of which – Ukraine, Georgia and Moldova – signed Association Agreements (AA) with the European Union, formed an “Association Trio” seeking accelerated development of integration with the EU and remain hopeful of obtaining both EU and NATO membership. The 2014 attempt to change the status of the Ukrainian Autonomous Republic of Crimea and the city of Sevastopol and the eruption of the armed conflict in eastern Ukraine resulted in Ukraine losing control of about 7% of its territory. This, in turn, continues to hamper the pace of domestic reforms, many of which are either directly or indirectly affected by the conflict resolution dynamics. In 2021, Ukraine adopted a more assertive foreign and security policy in an effort to attract greater international support for its efforts at “de-occupation” and the restoration of sovereignty and territorial integrity. The launch of the Crimea Platform in August 2021 succeeded in putting the issue of Crimea back in the global attention, but did not manage to reduce international tensions or generate a new momentum for conflict resolution in the established formats of negotiations.

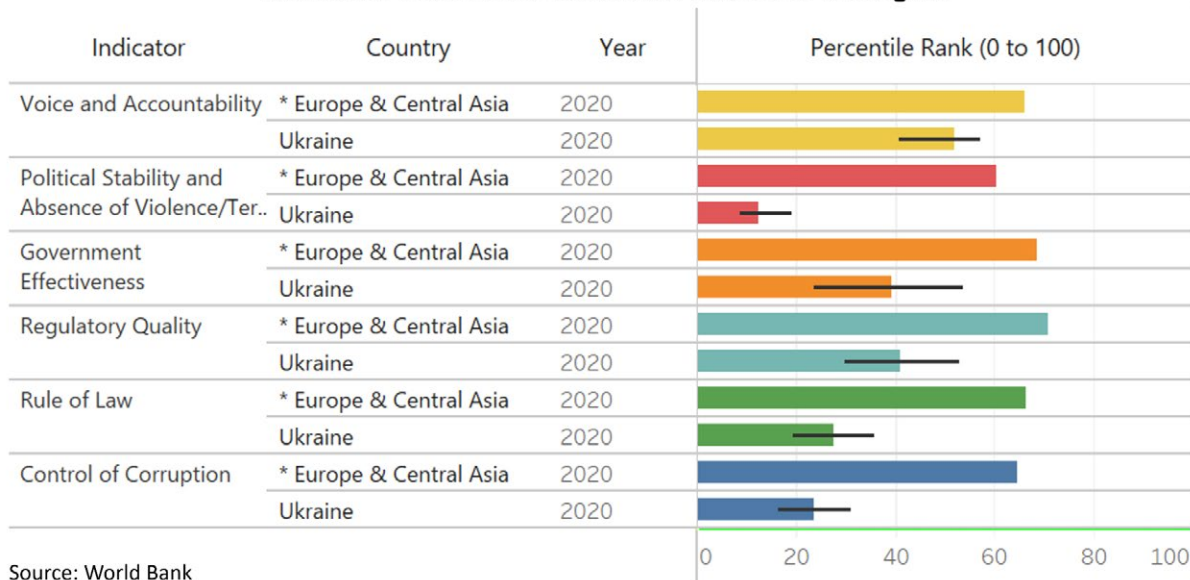
EU countries, most notably Hungary, are sometimes tense, as Ukraine’s language, media and education laws are perceived as infringing national minorities’ rights. However, the new administration has made active efforts to address these issues.

Ukraine is a parliamentary-presidential republic with a unicameral parliament of 450 seats. Its party system is rather fragmented and unstable, but there have been timely and **credible elections** since the Maidan protests. The 2019 parliamentary and presidential elections resulted in a peaceful transfer of power, and were followed by local elections on 25 October 2020. Over time, local elections may result in the hoped-for and genuine devolution of power to local communities and citizens according to subsidiarity principles.

Numerous internal and external partners' voices argue for dismantling the "old ways", especially networks of **corruption** which prevent the country fully releasing its human, democratic and economic potential. As in other post-Soviet and post-communist transition coun-

tries, corruption has affected governance, economic development and public trust, resulting a political economy that continues to mostly benefit national, regional and local economic and political élites.

Worldwide Governance Indicators: Ukraine in the region



The reforms in **public administration** and **decentralization** are considered key for Ukraine's transformation. However, vested interests are often seen as undermining reform, and the perceived persistent oligarchic influence in politics, public administration, judiciary, law enforcement and media means that state institutions and reforms can appear fragile.

President Zelensky came to power on 20 May 2019 with promises of accelerated economic and anti-corruption reforms and of bringing peace to eastern Ukraine. The August 2019 parliamentary elections generated a **single-party dominated Cabinet and Parliament majority**, giving him the necessary political backing for his ambitions.

The 2019 elections refreshed the political scene, with 80% of MPs elected for the first time, nearly a third of whom (30%) are under 35. The share of women MPs increased to 21%. However, only 3 of the *Rada's* 23 Committees are chaired by women and only 5 of 22 Cabinet members are female. A new Electoral Code introduced a 40% gender quota to be applied in 2023, though it could be circumvented by including women in the party lists and excluding them afterwards⁶⁷.

Though his popularity is unstable, President Zelensky remains Ukraine's most trusted politician, and is still seen by many as the catalyst for reform. His party, Servant of the People, fared poorly in the local elections

in October 2020, which may affect party discipline and its parliamentary majority, as well as the speed and depth of reform, and potentially, the pace of peace negotiations.

International partners have shown their commitment to Ukraine. For instance, the European Union allotted around EUR 15 billion, the highest support for a third country in the last six years. Support is based on the "more for more" principle, on the condition that the Government of Ukraine meets the **expectations and aspirations of Ukrainian citizens** for democratic and accountable governance and inclusive and sustainable economic growth.

Freedom House classifies Ukraine as "partly free", with room to improve on political rights and civil liberties, suggesting an unfinished transition from a hybrid regime. The Corruption Perception Index places Ukraine in 2020 only ahead of Russia among its neighbours. With 33 out of 100 points, Ukraine ranks out of 180 countries.

While it is difficult to estimate the total cost of poor governance, which results in loss of revenue, tax evasion, direct corruption and stolen assets, the economic cost is undoubtedly significant. A local think tank⁶⁸ estimates governance reforms could bring US\$26.6 billion to the Government, with an additional US\$8.6 billion annually, i.e. 5.6% of 2019 GDP.

67 <https://50vidotskiv.org.ua/shhob-genderna-kvota-pratsyuvava-yaki-zminy-potribni-do-vyborchogo-kodeksu/>
 68 <https://ces.org.ua/ua-how-much-does-the-budget-lose-due-to-the-lack-of-good-governance/>

FOCUS: ILLICIT FINANCIAL FLOWS AND ASSET RECOVERY

A recent research by UN Interregional Crime and Justice Research Institute⁶⁹ demonstrated that illicit financial flows impact a country's economic and social development in a myriad of ways. Undocumented flights of wealth to and from - as well as within - a country have severe repercussions on government revenues, wealth that could otherwise be invested in public spending and other forms of economic and social reforms. Illicit drug trafficking, human trafficking, migrant smuggling and smuggling of goods, exploitation of natural resources, illicit arms trafficking, cybercrime and tax evasion are estimated at ca. USD 10 billion per year. If Ukraine were to successfully seize and confiscate only 10% (approximately USD 1.16 billion) of illicitly-obtained assets circulating in the country, this would finance the construction of roughly 212 large schools (each for 1,700 students), or some 474 secondary schools (each with dedicated classrooms for computer science, physics, chemistry, languages, vocational training, assembly halls, gyms, dining halls, medical centres and administrative offices) throughout the country.

Efforts should continue to reduce the level of corruption and **rebuild trust** in authorities by such measures as sustaining an independent and professional judiciary and support for anti-corruption bodies, (such as the Specialized Anti-Corruption Prosecutor's Office, NABU and the State Bureau of Investigations), to enable a transparent and open privatization process.

Despite considerable progress since 2014, governance reforms are not generally seen as **irreversible**. Without sustained effort, there are perceived risks of backsliding and regressive policies.

KEY DEVELOPMENT OPPORTUNITY: ANTI-CORRUPTION AND PUBLIC ENGAGEMENT EFFECT OF UKRAINE'S DIGITAL AGENDA

The Government has launched an E-Governance action plan for 2018–20 and established the Ministry for Digital Transformation to design and implement state policy on digitalization. The Government regulates and monitors emergency procurement via open contracting data on ProZorro, the public e-procurement system. Since March 2020, entrepreneurs can access online events via Business Information Support Centres (BISCs) and the *Merezha* platform. According to the Ministry of Digital Transformation, E-service and E-participation systems may save citizens up to UAH 1.3 billion (US\$45 million) a year.

CONFLICT RESOLUTION

In the last seven years, as a result of the ongoing hostilities in eastern Ukraine, over 13,000 Ukrainians have been killed (including over 3,000 civilians), another 40,000 were injured (including over 7,000 civilians), 2.9 million are in need of humanitarian assistance in 2022 and 853,000 are internally displaced persons (IDPs). Ukraine has half-a-million veterans, many (at least one third of them) facing psychological, medical, economic and social challenges while attempting to reintegrate into civilian life in their communities. The **simmering armed conflict** in eastern Ukraine is a potential breeding ground for security incidents linked to illegal weapons and ammunitions possession.

The Minsk Agreements (MAs), the only accepted framework for conflict settlement negotiations, is the foundation for the international community's commitment to **restore peace** in eastern Ukraine. Ukraine has signalled an intention to "update/up-

grade" the Minsk documents adopted in 2014 and 2015, while the Russian Federation argues for their implementation as they are and emphasises only the Package of Measures signed in February 2015. On 27 July 2020 "additional measures to strengthen the ceasefire" entered into force, leading to the lowest ever levels of military engagement and of conflict-related civilian casualties along the entire 'contact line'. However, in the absence of progress on other provisions of the MAs, since the beginning of 2021, the number of ceasefire violation and related casualties began to gradually increase. Most of the actions agreed by the Normandy Four presidents (France, Germany, Russia, Ukraine) during their Paris Summit (9 December 2019) remain pending, with new Entry-Exit Checkpoints (EECPs), new areas of disengagement, de-mining, and the MAs' political provisions still under negotiation. Ukrainian MPs and citizens seem to need more debates and preparations for what some see as necessary com-

69 <http://www.unicri.it/Publications/Illicit-Financial-Flows-and-Asset-Recovery-in-Ukraine>

promises in peace negotiations while others consider unacceptable concessions. Women's participation

in conflict prevention, resolution and post-conflict recovery efforts remains limited.

FOCUS: PEACE NEGOTIATION ARCHITECTURE

The so-called Minsk process, or the established formats of negotiations based on the Minsk Agreements (2014 and 2015), is the main politico-diplomatic framework for peaceful settlement of the conflict in eastern Ukraine. It consists of the Normandy Four (Ukraine, Russia, France and Germany), who meet at various levels and with fluctuating periodicity; the Trilateral Contact Group (composed of four working groups: political, security, humanitarian and economic); and other support mechanisms, such as bilateral channels of negotiations. International facilitators include OSCE mediators and member states, France and Germany. There is an expectation in Ukraine, and more broadly, of a re-engagement by the new US Administration on key regional issues.

The continuation of the conflict exacerbates the increasingly divergent developments in the GCA and NGCA, rendering economic rebuilding and social reconciliation more difficult during expected **reintegration**. The COVID-19 crisis has generated a situation in which connectivity across the 'contact line' through the existing five crossing points (with long-delayed plans for two more EECs to open) has fallen by 93% on average, according to the State Border Guard Service, with only two of these EECs continuing very limited operation as of the end of 2021.⁷⁰ The decrease in regular contacts between residents of GCAs and NGCAs, coupled with the existing dissatisfaction with the Government's management of the pandemic, further hampers efforts to promote social cohesion, horizontally and vertically. The Government of Ukraine, especially through the Ministry for Reintegration of the Temporary Occupied Territories (MRTOT), is working to develop a coherent policy for sustainable peace and a "safe reintegration" which in this vision has to be preceded by a "de-occupation" phase, including through the transition period, and at the local level the 2030 Economic Development Strategy for Donetsk and Luhansk Oblasts. International partners of Ukraine also support the approach of creating an enabling environment for peace, reintegration, reconciliation and recovery.

Since 2019, President Zelenskyy has promoted a model of **national unity** and **social cohesion** in Ukrainian society, and of reconciliation and reaching out to Ukrainian citizens on the other side of the 'contact line'. This policy is aimed at **decreasing "polarization"** inside the country caused by the armed conflict, providing more space for dialogue, and increasing respect for ethnic, linguistic and cultural identities. It is also seen as a part of Ukraine's **reintegration strategy** for non-government-controlled areas in Crimea, Donetsk and Luhansk regions. This

has reinvigorated both domestic debate and the internationally-facilitated peace talks. Since August 2021 the draft law "On principles of state policy for the transitional period" is in the parliament pending a vote. It encompasses two main phases identified as "de-occupation" and "reintegration". After the partial government reshuffling in November 2021, the new MRTOT minister indicated that the draft bill may be further reviewed and possibly adjusted. The opinion of the Venice Commission on the draft law issued in October 2021 reflects the main concerns raised by the United Nations Country Team with the authorities. In particular, the Venice Commission found that several crucial provisions of the draft law are not in line with international standards, including on the definition of transitional justice, on the right to truth, and on remedy and reparations. The Venice Commission also noted that many provisions are vague and inconsistent with existing legislation and that the draft law does not sufficiently integrate a gender perspective. The MRTOT committed to take recommendations into account and revise the draft.

Military capabilities have been reportedly maintained and strengthened along the contact line, with periodic reports of military build-ups recalling the fragility of the security situation. With the upsurge in both ceasefire violations and conflict-related casualties since mid-2021, the sustainability of the ceasefire is under question. In the absence of any progress in the established conflict resolution negotiation formats, unilateral actions and new realities created on the ground continue to deepen the separation across the 'contact line'. Any potential escalation of hostilities, arguably in support of political objectives, would most likely negatively affect the local population whose endurance has been severely tested in the last seven years.

70 https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/07_2021_r2p_eecp_report_eng.pdf

UN support for reforms and conflict resolution

Support for the **settlement of the conflict** in eastern Ukraine takes the form of backing for peace negotiations in the established formats. The United Nations Secretary-General, António Guterres, expressed support for the Normandy, Trilateral Contact Group and other negotiation formats, within the framework of the Minsk Agreements. The United Nations, including the Secretary-General, has consistently reaffirmed its unwavering support for the **independence, territorial integrity and sovereignty of Ukraine within its internationally recognized borders**.

The United Nations has not been formally associated with any of the **negotiation formats** employed to reach a peaceful resolution of the conflict in eastern Ukraine. The Secretary-General has, however, used any available opportunity to advocate for dialogue, de-escalation and a sustainable peace. Since 2014, various resolutions have been adopted in the UN Security Council and General Assembly (GA) on the situation in Ukraine, while the matter remains on the Security Council and the GA agendas.

The United Nations in Ukraine, mainly through its **three pillars** – gender-responsive development, humanitarian and human rights – has been contributing substantially to a **conducive environment** for peace and the continuation of reforms at all levels.

The UN is committed to **long-term engagement** to support Ukraine, in partnership with the Government and other national stakeholders and in concert with international partners. The UN's efforts are directed

towards supporting a culture of dialogue, **participation and inclusivity**, promoting the **development and peace agenda** and national unity and social cohesion. This includes support to building strong, inclusive institutions and removal of barriers to ensure full participation by all groups of citizens in decision-making processes. Against this background, the UN has a strong commitment to support **increased meaningful participation of youth in decision making processes**, in the development of relevant legislation, action plans and mechanisms, aiming to increase the sense of national unity and social cohesion, as well as ensure continued support to youth engagement and civic activism on a community level. This strategic approach supports the implementation of key objectives and targets within SDG 16.

In October 2021, UN (UNDP, UNFPA, OHCHR) and the Government of Ukraine signed United Nations Peacebuilding Fund project for the duration of 18 months, which aims to pave the way for a sustainable peace following the political settlement of the conflict by engaging young women and men in decision-making processes to foster the development of peacebuilding policies and strategies and to promote social cohesion, national unity and a culture of dialogue. The project will focus, among other things, on transitional justice. In this respect, the UN will provide expertise to the authorities in developing transitional justice mechanisms aligned with relevant international standards. The UN will also promote a better understanding of transitional justice among stakeholders, with a specific focus on youth.



FOCUS: WOMEN, PEACE AND SECURITY AGENDA

The Government has taken important steps to design and draft its second-generation action plan on the Women, Peace and Security (WPS) agenda. The creation and implementation of National Action Plan 1325 is an important commitment to advancing the WPS agenda, but is not exhaustive. Ahead of the 20th anniversary of the UN Security Council's resolution 1325, women's groups have been calling on states to address root causes and make concrete, ongoing, financially supported and consistent commitments.⁷¹

In Ukraine, UN Women supports women's equal representation and participation in peace processes and security efforts. This work entails support to women and their organizations to make sure they can meaningfully participate in conflict prevention, resolution, and recovery at all levels in Ukraine. UN Women leads – with the help of other UN entities – on supporting the authorities and civil society to implement the WPS agenda through research initiatives, data collection, learning exchange, and documentation of good practices for ensuring information support to policy and programming. Support has been provided to the Government's efforts to translate the WPS agenda from policy to practice, and to work on strengthening the capacity of and increasing opportunities for women at national, regional and local levels. UN Women works with the Government to implement, monitor and evaluate the National Action Plan on Implementation of UN Security Council Resolution 1325 on WPS and its localization at regional and community levels. UN Women also works with security sector institutions to integrate the WPS agenda into security sector reform.

71 www.peacewomen.org/node/103512



REGIONAL AND CROSS-BORDER DYNAMICS

Ukraine plays an important role in the Central Europe region, with the EU Association Agreement providing a legal basis for enhanced regional and cross-border cooperation.

The EU Eastern Partnership (EaP) initiative covering six participating countries (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine) provides a key strategic framework for regional cooperation, especially for Georgia, Moldova and Ukraine, the DCFTA countries enjoying deeper integration with the EU and seeking confirmation for a roadmap towards full EU membership as part of the “Association trio”. The “Trio” initiative, launched in May 2021, aims for a differentiated treatment and advocates for an accelerated EU rapprochement of the three participating countries. Ukraine’s pro-active foreign policy develops a regional cooperation architecture with “like minded countries” which integrates besides the “Association Trio” (UA, GEO, MD) also the Lublin Triangle (UA, POL, LT), The Quadriga (with TK at MFAs and MoDs levels) and possibly the Three Seas Initiative (with 12 EU and NATO MSs).

The latest EaP strategy, “The Eastern Partnership beyond 2020: Reinforcing Resilience,” strongly shifts the focus of regional cooperation towards resilience. Ukraine’s future internal and external reform agenda will be largely shaped by the new EaP policy: to promote further integration of the economies and societies of DCFTA and EU countries; joint strengthening of governance and rule of law; and mobility, migration and refugee protection frameworks, with significant emphasis on maintaining and expanding the civic space towards resilient and inclusive societies.

Expansion of the EU Digital Single Market towards the EaP region provides an opportunity to exploit the Government’s strong digital agenda and ensure it is based on EU standards. It can also increase e-governance and improve the transparency and accountability of Ukrainian institutions, thus potentially addressing some of the key development challenges around governance, societal trust and corruption.

The European Green Deal and aspirations towards climate neutrality is another regional channel where Ukraine will see its role increased, considering its large energy transformation plans, including coal transition, as well as climate adaptation of its significant agriculture sector (please refer to *Economic transformation analysis* chapter below for details).

Ukraine’s active regional role is also prominently featured under several regional EU flagship initiatives, such as EU4Environment, EU4Energy, EU4Business, EU4Digital and the Covenant of Mayors and Mayors for Economic Growth. Engaging local authorities in cross-border activities, networking and capacity building within the EaP region and beyond reinforces decentralization reform in Ukraine. These local level networks and thematic coalitions have significant potential to operationalizing economic, social and environmental regional integration, centred around the EU’s values, and broadly based on Agenda 2030 (please see below).

In order to promote technological disaster risk reduction and comply with global commitments under the Sendai Framework for Disaster Risk Reduction, Ukraine could access the UNECE Convention on the Transboundary Effects of Industrial Accidents. The Convention covers prevention of, preparedness for and response to industrial accidents capable of affecting neighbouring and riparian countries, including the transboundary effects of industrial accidents that were caused by natural disasters. In 2018, Ukraine decided to accede to the Industrial Accidents Convention: this will enable it to significantly strengthen prevention and preparedness to chemical and industrial accidents, and contribute to avoiding the significant human and economic costs of accidents that may occur across the state border, thus also strengthening transboundary cooperation with neighbouring countries in the area of industrial safety. Moreover, the Industrial Accidents Convention can support the country to implement the EU Seveso III Directive, helping with approximation to EU industrial safety and environmental protection standards and with its accession to the EU.

The situation in Ukraine is considered critical with regard to cross-border trafficking of illicit firearms. In 2018, the Small Arms Survey estimated there are almost 3.6 million unregistered firearms in the country compared to approximately 800,000 registered firearms, and the country has been the scene of an intense illicit proliferation of small arms and light weapons, fuelled by the continuing armed conflict. Currently most of the illicit firearms trafficking takes place within the country. However, fears of illicit firearms trafficking from Ukraine into the European Union have increased. Between 2016 and 2019, several consignments of trafficked small arms were seized on Ukraine’s borders with Poland and the Republic of Moldova.⁷²

72 https://www.unodc.org/documents/firearms-protocol/2020/UNODC-EU-Report-A8_FINAL.pdf



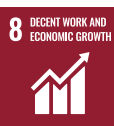
KEY DEVELOPMENT OPPORTUNITY: VOLUNTARY LOCAL REVIEWS OF AGENDA 2030.

Voluntary Local Reviews (VLRs),⁷³ conducted by cities and regions and modelled after the Voluntary National Reviews (VNRs), are becoming an important instrument to localize the SDGs. The first reviews available are mostly from the EU. The UN Decade of Action, emphasizing the importance of local action for Agenda 2030, provides another strong framework for VLRs.

Considering Ukraine's strategic orientation to the EU, piloting a regional network of cities championing Agenda 2030 could be an opportunity to exchange best practices and peer learning, and leverage joint solutions to development challenges across sectors and borders.

73 <https://sdgs.un.org/topics/voluntary-local-reviews>

3 ECONOMIC TRANSFORMATION ANALYSIS

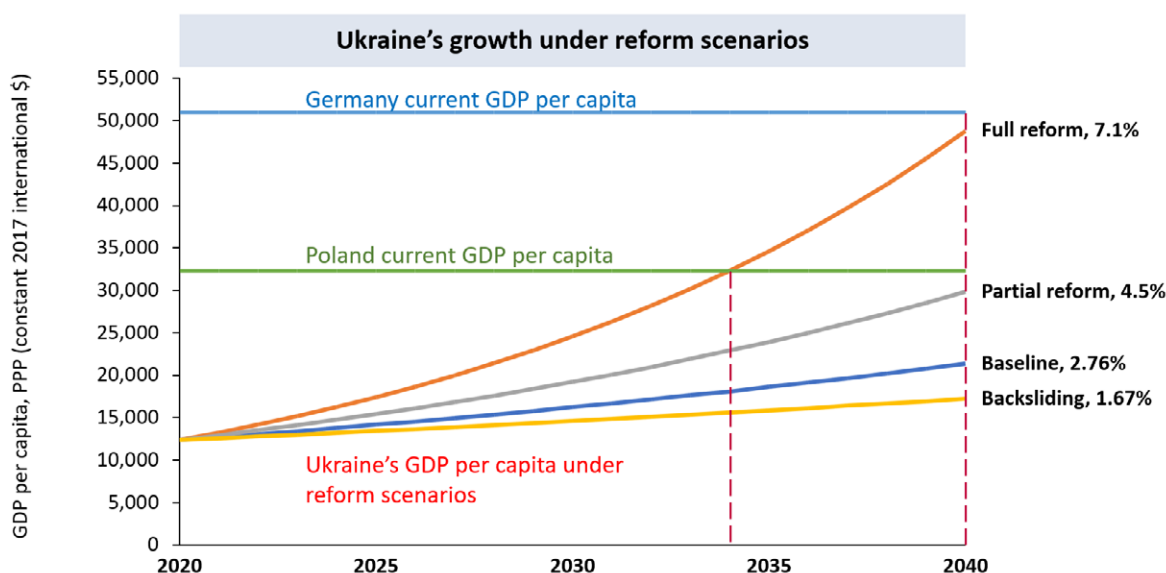


Despite gradual but reversible progress along many economic and governance reforms in view to strengthen country's efficiency and competitiveness, Ukraine's economic growth is constrained by serious political, economic, and security challenges, pending effective implementation of key enabling reforms. Current growth levels are well beyond its potential, hampered by weak governance, demographic pressures and low investment.

In recent years Ukraine has made progress in addressing many of its challenges; for instance land reform is expected to boost agriculture investment and productivity (see the Land reform box in the Environment and climate change analysis).

A 2021 IMF study *Assessing the Macroeconomic Impact of Structural Reforms in Ukraine* demonstrates that unless institutional weaknesses are addressed, Ukraine will remain on a low-growth trajectory.

A simulation of the various policy scenarios from full reform to backsliding, and in comparison to Ukraine's closest EU neighbour, suggests that legal system, market competition, openness to trade and financial access are key institutional weaknesses. Improved governance, legal and judiciary system remains the key prerequisite for succeeding in all other reforms. Even under the optimistic, full reform scenario Ukraine would need to grow at close to 7% for 20 years to reach the level of development of Poland today, well above current growth rates of below 4%.



Source: IMF, *Assessing the Macroeconomic Impact of Structural Reforms in Ukraine*, 2021, WB GDP/capita data

Economic transformation requires Ukraine to address governance weaknesses and increase the degree of diversity and complexity of its economic structure, based on higher investment and productivity, improved human capital, redefine the role of the state in the economy, closing the space for corruption and state capture. The state should take active measures to build a local competitive business sector composed of micro-, small-, and medium-sized enterprises. Strengthened competition would increase resilience and agility of the economy, allowing better mobility of resources.

A high percentage of Ukrainians are in informal work: informal employment represents close to 21 per cent of total employment (2019),⁷⁴ with men accounting for almost 60 per cent of informal workers. Informal employment is concentrated in agriculture, forestry, and fisheries (42.3 per cent), wholesale and retail trade, repair of motor vehicles and motorcycles (17.3 per cent), and construction (17 per cent). These sectors were more severely hit by the COVID-19 crisis, yet informal workers in high-contact occupations are not adequately protected. High levels of informality are also detrimental to the urgently needed produc-

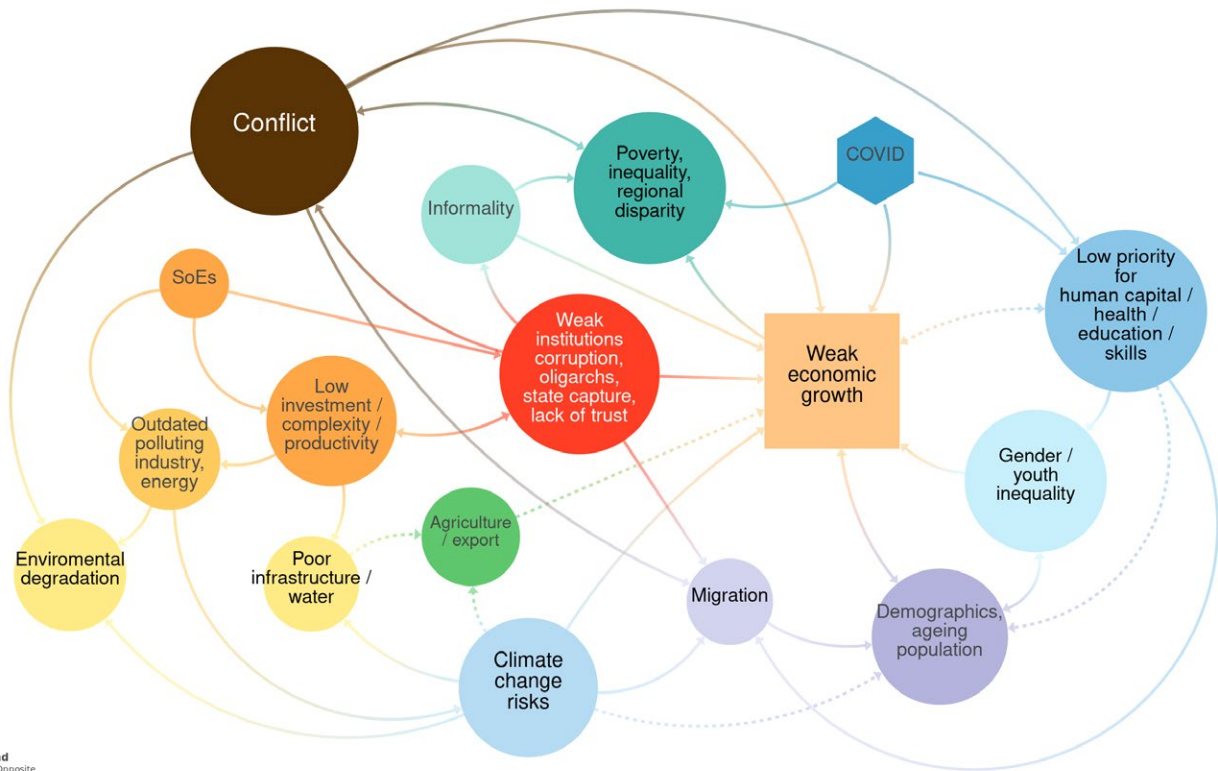
74 https://ukrstat.org/en/operativ/operativ2017/rp/eans/eans_e/Arch_nzn_smpsz_e.htm

tivity growth (labour productivity is at 10 per cent of the EU28).⁷⁵ Informality reduces incentives to invest in human capital, hampers business innovation, and limits fiscal space for the public administration.^{76 77}

Sustainable and inclusive growth also requires accurate implementation of the Paris Agreement commitments, setting clear incentives to the market for a new green path to address climate change risks.

Ukraine ranks as the 47th most complex country in the Economic Complexity Index (ECI)⁷⁸ ranking, gradually becoming less complex, having lost 4 positions during past decade. Most importantly, as

economic complexity reflects the level of innovation and knowledge in the economy, it is used as proxy to predict the future economic growth. According to the Growth Lab's 2029 Growth Projections, average growth in Ukraine is projected around 2% per year until 2030, ranking it in the bottom half of countries globally. This explains best the unrealised potential of the country: along with its neighbours Belarus and Moldova, Ukraine is among the five countries (the other two being Zimbabwe and Bosnia-Herzegovina) where the current level of income is dramatically lower than what one would expect given their productive capabilities.



The 2021 World Bank Systemic Country Diagnostics⁷⁹ identifies four critical pathways to shift Ukraine to inclusive, resilient and sustainable growth:

- reinforcing institutions and decreasing the footprint of the state to increase space for market-driven activities and private sector participation
- focusing on policies that support macroeconomic resilience and greener, stronger growth over the long term to help attracting long term investment

- Supporting a dynamic private sector, lifting productivity and investment in the economy through governance, transparency and contestability reforms that enable the private sector to flourish, while being mindful of environmental
- strengthening social resilience and inclusion through investing in and protecting people.

75 OECD 2018

76 ILO Decent Work Country Programme for Ukraine 2020-2024 https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/genericdocument/wcms_774454.pdf

77 https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---lab_admin/documents/projectdocumentation/wcms_630068.pdf

78 <https://atlas.cid.harvard.edu/countries/228>

79 <https://thedocs.worldbank.org/en/doc/76b8952cdeee76b061cb9ced4baaee80-0080062021/original/Ukraine-SCD-2021-en.pdf>

MACROECONOMIC OVERVIEW

Ukraine, a lower middle-income country, has substantial reserves of minerals, ores, favourable agricultural conditions, a well-educated workforce and a strong industrial base.

Since 2016, GDP growth has been about 2%, with a continued upward trend projected until 2020, when the pandemic hit. GDP contraction of 4% in 2020⁸⁰ means COVID-19's economic impact has been less than in most other countries, but the pandemic has had a heavy toll on households and weakened government commitment to critical reforms. Only a partial recovery in GDP growth of 3.8% is expected in 2021, given high uncertainty regarding rollout of the vaccine and the slow pace of structural reforms to address bottlenecks to investment and safeguard macroeconomic sustainability. Recent anti-corruption reforms suffered setbacks due to adverse court rulings in late 2020.

The COVID-19 outbreak redirected government policy from structural reforms towards ad-hoc reactive measures. As a result, macro-fiscal risks have increased. Public sector financial needs are expected to grow due to increases in minimum wages and social transfers, limiting space for public investment, and fuelling inflationary pressures in a supply-constrained economy, with resurging 9.5% inflation expected in 2021, double of the target inflation. Additionally, large government domestic borrowings are crowding out much needed private investment. Holdings of government securities already repre-

Economic outlook

According to the World Bank estimations,⁸¹ Ukraine's growth in 2021 is expected to be 3.8% given uncertainty over possible lockdowns and vaccine rollout. The projection is underpinned by positive base effects in agriculture and processing, and factors in temporary lockdowns. The 2021 budget deficit is estimated at 5% of GDP, while debt management will require additional 9.1% of GDP. The financing gap of 14.1% of GDP is to be covered by expensive domestic and possible more affordable international borrowing, including through a continued

sent close to 30% of total assets of the state-owned banks while corporate lending continues to stagnate. Stronger fiscal discipline is needed to reduce risks for medium-term growth prospects.

In this context, initiatives introduced by the government aimed to liberalize labour legislation pursuing more flexibility for employers, strengthening of individual labour relations and formalizing undeclared work. While modernization of the labour legislation is needed (the current labour code dates back to the 1970s), there is considerable risk that the proposed reforms would not properly balance the request for more flexibility and adequate labour protection and social security for workers in vulnerable situations (including women, people with disabilities, or people living with HIV). The current discussions on modernizing the labour law have also shown a strong need for consultations with social partners on effective social dialogue platforms.

Lower energy and higher commodity prices resulted in the most favourable trade terms for the last decade. Combined with import falls, this resulted in a current account surplus of 4.1% in 2020. Remittances were relatively resilient, down only 5.3% year-on-year in 2020, while private capital inflows also recovered in the second half of 2020. Thus, international reserves reached USD28.7 billion in October 2021, fuelled by additional IMF SDR quota allocation, equalling to over 4 months of the next year's imports.

IMF programme. Prudent fiscal policy is needed to address inflationary pressures. Accelerating reform momentum is key to faster economic growth, more and better jobs and poverty reduction.

Considering recent evidence⁸² that GDP per capita predicts 69–83% of SDG indicators, Ukraine's progress across many SDGs will remain limited based on its forecasted economic growth in the medium term well below potential.

80 <https://openknowledge.worldbank.org/bitstream/handle/10986/36296/9781464818028.pdf?sequence=5&isAllowed=y>

81 <https://openknowledge.worldbank.org/bitstream/handle/10986/36296/9781464818028.pdf?sequence=5&isAllowed=y>

82 <https://www.mdpi.com/2071-1050/12/20/8424/htm>

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	3.3	3.2	-4.0	3.8	3.5	3.7
Private Consumption	8.9	11.9	1.6	4.6	4.5	3.5
Government Consumption	0.1	-5.0	-3.0	1.5	0.0	0.0
Gross Fixed Capital Investment	14.3	15.0	-24.4	10.4	8.4	7.5
Exports, Goods and Services	-1.6	6.7	-5.6	3.4	2.0	4.4
Imports, Goods and Services	3.2	6.3	-9.6	7.5	5.7	4.8
Real GDP growth, at constant factor prices	3.3	3.4	-4.0	3.9	3.4	3.7
Agriculture	7.8	1.3	-11.5	5.0	4.5	5.0
Industry	2.0	-2.0	-4.0	2.0	3.0	4.5
Services	3.0	5.7	-2.7	4.3	3.4	3.2
Inflation (Consumer Price Index)	9.8	4.1	4.8	9.5	6.0	5.0
Current Account Balance (% of GDP)	-3.2	-0.9	4.1	1.5	-0.2	-0.7
Net Foreign Direct Investment (% of GDP)	1.9	2.1	2.1	2.2	2.2	4.9
Fiscal Balance (% of GDP)	-2.0	-2.0	-6.0	-5.0	-3.5	-2.5
Debt (% of GDP)	60.6	50.4	60.6	59.3	58.1	56.8
Primary Balance (% of GDP)	1.4	1.1	-2.4	-0.9	0.2	1.4
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	0.4	0.2	0.3	0.2	0.2	0.2
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	3.4	2.5	3.0	2.5	2.0	1.6
GHG emissions growth (mtCO₂e)	4.2	-2.8	-9.0	2.9	2.7	3.1
Energy related GHG emissions (% of total)	69.9	70.0	69.5	70.1	70.7	71.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate. f = forecast.

(a) Calculations based on ECAPOV harmonization, using 2019-HLCS. Actual data: 2019. Nowcast: 2020. Forecast are from 2021 to 2023.
(b) Projection using neutral distribution (2019) with pass-through = 0.87 based on GDP per capita in constant LCU.

Source: World bank, Competition and Firm Recovery Post-COVID-19 Office of the Chief Economist, Fall 2021⁸³

BUDGETARY SPACE FOR FULL REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Overall public expenditure⁸⁴

Between 2014 and 2016, Ukraine weathered the economic crisis through bold structural reforms and fiscal consolidation that removed macro-fiscal imbalances and reduced public debt from 4.9% of GDP in 2014 to 1.8% in 2017. By 2016, growth was restored, inflation significantly reduced and international reserves partly recovered. In 2020, the Government increased its deficit to 7.5% of GDP through substantial new borrowing. The macro-fiscal feasibility of the new deficit financing plans depends on the prospects of cooperating with the IMF.

Ukraine's public expenditure as a share of GDP is high by global standards, so further increases in tax rates are not feasible. Even after spending reductions, in 2019 it was still well above average

for advanced economies, at 41.51% of GDP, with 47.41% at the end of 2020.

Expanding fiscal space – expanding overall expenditure – by additional debt or taxes would jeopardize Ukraine's macro-fiscal stability. Both immediately and in the longer term, the key potential source of extra fiscal space is improved revenue administration. Ukraine's revenue administration suffers gaps in organization, management and oversight of the tax and customs systems, which undermine fairness, enable corruption, and compromise government revenue. Implementing human rights and gender-responsive budgeting can help to tackle corruption and may provide potential sources of extra fiscal space at both national and local levels.

FOCUS: BUDGETARY SPACE FOR HEALTH⁸⁵

With public spending on health care at 3.2% of GDP in 2019 – considerably behind Central European neighbours (OECD, 2020) – along with declining levels of consolidated government spending on health and the spotlight the global COVID-19 pandemic has placed on health system weaknesses and poor

83 <https://openknowledge.worldbank.org/bitstream/handle/10986/36296/9781464818028.pdf#page=145>

84 www.euro.who.int/_data/assets/pdf_file/0007/463327/UKR-Budgetary-space-for-health.pdf

85 www.euro.who.int/_data/assets/pdf_file/0007/463327/UKR-Budgetary-space-for-health.pdf

resourcing practices, GoU has restarted discussions on ways to better fund health. Spending per capita increased in real terms by 20% from 2015 to 2020, but this partly explained by a 2.9% decline in population and was much slower than economic growth (Table 1). Consolidated health spending as a percentage of GDP declined from 3.6% to 3%. If the trend continues at the same rate into 2021, **real health spending per capita is expected to decrease by 8.4%**.

Health spending did not grow on a par with GDP because state spending overall was shrinking and, in the smaller budget, health was not prioritized. In consolidated spending health has been crowded out by investment in economic infrastructure, education and security.

In recent years no extra budgetary space has been created for health care resulting from reallocation of budget shares from other sectors. It is important to consider the position health occupies in terms of prioritization and impact on health on human capital development, multidimensional poverty reduction and economic growth.

By December 2021 the government plans the development and adoption of the **Strategic Plan for the Development of Public Health Care System by 2030**. This work, supported by the UN is a key opportunity to align the national development strategy and health system transformation agenda with the SDGs, broaden the fiscal space for sustainable health financing, expand disaggregated health data systems, engender a whole-of-government and participatory approach to Universal Health Coverage.

THE HEALTH AND SOCIO-ECONOMIC IMPACT OF COVID-19

Health and economic shocks are closely intertwined. The better countries control COVID-19, the more limited will be the health and economic shocks. Conversely, if an economic shock grows larger, adverse health and social effects will be greater.

From April to September 2020 UNCT Ukraine developed a comprehensive **UN Socio-Economic COVID Impact Assessment (SEIA) and UN Socio-Economic Response Plan (SERP)**. The assessment was based on primary data collected through 60 field surveys investigating areas of impact triangulated with sec-

ondary data from various sources.⁸⁶ The assessment findings are organized around the five pillars of the *UN Framework for the immediate socio-economic response to COVID-19*: 1. health systems and services; 2. social protection and basic services; 3. economic response and recovery; 4. macroeconomic response and multilateral cooperation; and 5. social cohesion and community resilience. Based on SEIA UNDP supported Government in development of Strategic review of response to the crisis and post-crisis recovery in Ukraine in the context of COVID-19 pandemic⁸⁷.

The full SEIA and SERP documents are available at: <https://ukraine.un.org/en/103300-assessment-socio-economic-impact-covid-19-ukraine>.

Social protection

In 2021 2020, the overall poverty rate in Ukraine was 47%, with child poverty at 49.9%.⁸⁸ In 2019, every second Ukrainian was financially unprotected⁸⁹ and could not afford unexpected necessary household expenditure.⁹⁰ Every fifth Ukrainian (21.1%) could not pay rent, mortgages, debts or utility payments in full and

on time.⁹¹ Poverty risks are increasing in single-parent households, and women constitute 92% of all single parents in Ukraine.⁹² Monetary poverty in Ukraine has no pronounced gender disparity. The one point to note is the higher monetary poverty figure among women than among men older than 75 years of age.

86 These include the Voluntary National Review of 2020, the Decree of the President of Ukraine On the Sustainable Development Goals for Ukraine up to 2030 of September 2019, and the UN Ukraine Partnership Framework 2018-2020.

87 https://www.ua.undp.org/content/ukraine/en/home/library/democratic_governance/strategic-review-of-response-to-the-crisis-and-post-crisis-recov.html

88 Adult equivalent expenditure below actual subsistence minimum, <http://www.ukrstat.gov.ua/>

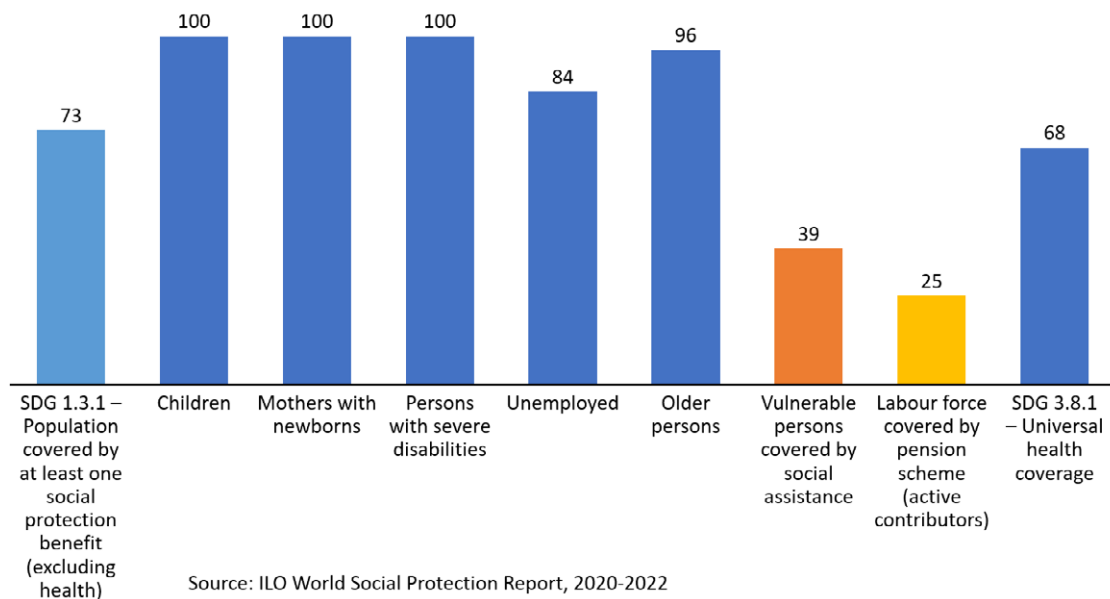
89 Самооцінка домогосподарствами доступності окремих товарів та послуг, 2019, <http://www.ukrstat.gov.ua/>

90 By comparison, this indicator was 32.5% in the 28 European Union countries (EU-28).

91 For comparison, this indicator was 8.9% in the EU-28.

92 <https://eca.unwomen.org/en/digital-library/publications/2020/05/rapid-gender-assessment-of-the-situation-and-needs-of-women?fbclid=IwAR36T71bzBMC5DtwS8iRKiLuY49jFGESEhKVOa83j3pMTH5u-SDmMb951Pg>

Social protection effective coverage, 2020 (% of the relevant population group)



World Bank data show that between 2014 and 2018, Ukraine’s social protection system covered about 60% of the population, and coverage of the poorest quintile increased from 60% to about 80%. Public expenditure on social protection and social services has stood around 9% of GDP with a downward trend in 2018 and 2019, with only slight increases in 2020 despite COVID, and in a context of a longer-term decline as a share of GDP.⁹³ However, government spending on social protection reached .2% of the total budget in 2019, with pensions accounting for more than half of expenditure.

and **make up most of the low-income population applying for state social benefits.** In 2018, 1.2 million people were registered as receiving assistance in territorial social services centres, of whom 870,900 (72.2%) were women.⁹⁴

COVID-19 has added to Ukraine’s social protection challenges. According to UNICEF, at least 6.3 million more people are projected to have been living in poverty in 2020, of whom 1.4 million were . The pandemic severely affects individuals and groups in vulnerable situations. Older persons, persons with disabilities, homeless people, Roma, asylum seekers, refugees, IDPs and undocumented people. Ukrainian migrants who have lost their work abroad, people living in conflict-affected areas, and women and families with children are particularly affected.

With lower individual incomes, women generally face higher risks of poverty and are more likely to be in vulnerable categories, including low-income older populations. They are thus more dependent on social assistance and social services than men



FOCUS: CHILD POVERTY AND DISPARITIES ⁹⁵

Children are disproportionately affected by poverty. By any monetary criterion, the poverty rate among families with children is higher than in families without children. As of 2019, the absolute poverty rate of families with children in Ukraine was 47.3 %. In comparison, the poverty rate in families without children was 34.3 %.

Poverty rates are highest in large families (with three or more children): 59.7 % of these are poor by the relative criterion, and 81.2 % are poor by the absolute criterion. Large families also have the lowest chances of “lifting themselves out of poverty”, these households must on average increase their current incomes by more than a quarter to overcome poverty.

Children in the youngest age groups — under 3 years of age — are the most affected by monetary poverty. In older child groups, the poverty rate is somewhat lower but still above the country’s

93 http://ukrstat.gov.ua/druk/publicat/kat_u/2021/zb/07/zb_szn_2020.pdf

94 http://ukrstat.gov.ua/druk/publicat/kat_u/publzhist_u.htm.

95 <https://www.unicef.org/ukraine/en/child-poverty-and-disparities-ukraine>

average. The monthly payment of childbirth benefit does not compensate for the loss of earnings caused by the mother being on childcare leave.

A considerable number of families with children in Ukraine are slightly above the poverty line. If the absolute poverty line value grows by only 10 % (according to 2018 data), the child poverty rate will increase from 49.9 % to 57.8 %. This means that even small shocks to incomes, let alone big ones like COVID-19, could mean substantial increases to the number of living beneath the poverty line.

Every country, including Ukraine, has family categories in which poverty is passed on from one generation to the next, and so children inherit the “status” of their parents. Chronic poverty is not assessed in Ukraine because no panel studies have been conducted.

Unlike monetary poverty, deprivation poverty directly reveals if children lack access to essential goods and services necessary to maintain minimum social standards of living. Almost one in six children suffers from their family having no funds to afford a meal with meat or fish every second day, or to buy new clothes and footwear as required.

Inequality at birth is exacerbated from the very first years of life by unequal access to vital services and goods, primarily health care, education, social protection and a safe living environment. In Ukraine, children from rural areas have limited access to quality education, beginning from preschool level. Difference in PISA test result between rural and urban children equals to more than 2.5 years of study.

Social payments in cash and in kind have a proven positive impact on poverty reduction among families with children. Social payments include both payments targeted directly for children (for example, childbirth benefit) and those which indirectly affect child poverty (for example, pensions). The system of social payments must be aligned with the system of social services to ensure comprehensive social protection of families with children.

analysis found that childbirth benefit has the strongest impact on poverty reduction among families with children in Ukraine. No programme alone will be able to ensure attainment of this objective; however the childbirth benefit programme, in combination with other payments, can provide a basis for supporting families with children in Ukraine due to its universal coverage of children aged 0-3 and the low administration costs.

Reducing and overcoming child poverty requires urgent action by the Government, the international community, the private sector and the population at large:

- prioritizing reducing child poverty and fostering equal opportunities, through a Child poverty reduction strategy with adequate financing and focus on **family-friendly policies**
- improving poverty diagnostics: cover “invisible children” (children in institutions, along the contact line, Roma children and those working on the streets); collect data on chronic poverty, further disaggregatedisaggregate poverty data
- ensuring alignment of strategies and policies with budgets. Priorities of the most vulnerable must be sufficiently reflected in the budgets at both national and local levels, intersectoral coordination must be ensured
- enhance labour and decent income opportunitiesopportunities for parents, focusing on skills
- improve the efficiency of the social protection system, make it child-sensitive
- further improve accesssuccessaccess to quality public services such as health care, education, safety, security, sanitation, and social services that are important for reducing poverty.
- Ensure equality of opportunity and support for the most marginalized such as children with disabilities, children without parental care, children living close to the ‘contact line’ and Roma children
- Attention must be given to prevention and those families just above the poverty line
- A stable macro-economic context and strong governance at the national and local levels are necessary conditions for poverty reduction efforts to bear fruit.

The pandemic has often caused the loss of informal income and the closure of care and nursing facilities, adding to women’s unpaid care work at home, and limited access to income, health care, education, social benefits and pensions. By 2019, some 600,000 pensioners in the NGCA had lost access to their pen-

sions due to complex administrative requirements. In 2020, a further 270,000 NGCA residents were unable to make pension withdrawals inside the GCA due to restrictions on crossing the ‘contact line’ linked to COVID-19 restrictions.



KEY DEVELOPMENT OPPORTUNITY: SOCIAL PROTECTION REFORM

Social protection is a human right set forth in the Universal Declaration of Human Rights and the International Convention of Economic, Social and Cultural Rights. States are obliged to bring social protection to full realization using their maximum available resources. As a signatory to the Social Security Convention 102, Ukraine has committed itself to maintaining internationally accepted minimum standards in all nine branches of social security benefits.

Ukraine’s social protection system requires structural reform to remedy low coverage and access for the poorest and socially excluded, insufficient quality and gender-responsiveness of social services and growing funding deficits.

Reform must utilize up-to-date and comprehensive, disaggregated data to develop a human rights-based, inclusive and gender-sensitive approach based on accepted international standards, methodologies and best practices. The reform should include a definition of vulnerable groups and a thorough review of the state subsidies schemes to ensure that formal requirements do not prevent persons living in vulnerable situations, for whom these schemes are set up, from having access to them.

The pension reform should ensure maximum coverage including for residents of NGCAs, as well as gender-equity, adequacy of payments, funding security. It should also be accompanied by measures to enhance labour market participation rates and reduce informal and undeclared work.

Please refer to the **UN Policy Paper on Social Protection** for further details: <https://ukraine.un.org/en/124888-un-policy-paper-social-protection-ukraine>.

Pension system: large gaps exist in coverage, benefit levels, and sustainability

In 2017 the Government reformed pensions to increase the level of payment into pensions and to severely restrict future pensions. An ILO analysis on the future of the Ukrainian system shows that further changes are needed to improve adequacy, coverage and sustainability.⁹⁶

This analysis shows that the current formula does not secure the benefit level required by ILO Convention No. 102, ratified by Ukraine in 2016. The current benefit rate is 30% after 30 years of contribution and the minimum pension is UAH 1, (less than €50 per month). The pension formula should be increased to secure a benefit rate of at least 40% after 30 years of contribution.

Currently only 36% of the population aged 15–64 contributes to the state pension system. Low coverage implies that in the long run more than 60% of older persons will not be entitled to pensions. Notably women are particularly affected by this, due to their role in the informal sector and unpaid work. There is an urgent need to increase coverage of all types of employment contracts and to improve compliance with reporting economic activities and paying contributions.

Due to gender-based discrimination in the labour market and unequal distribution of unpaid domestic work during a lifetime older women **are more**

marginalized and economically vulnerable than older men. The gender wage gap leads to a gender pension gap. In 2018 the gender pension gap in Ukraine was 32.1%.⁹⁷ Older women make up 67% of people aged 65 and over, as a higher proportion of men die prior to reaching a pension age.

Since 2016 State Pension Fund revenue has decreased significantly due to the reduction in the single social contribution rate. As a result, more than 40% of the Fund’s total expenditure is financed by the state budget. In 2018 4.2% of GDP was transferred from the state budget to the State Pension Fund, one third of which was spent to cover the deficit of the Fund. Revenues of the pension funds need to be built up in order to improve long-term sustainability.

Pensioners, one of the most vulnerable groups in Ukraine (27% of total population), have seen average pensions decreasing from 50.1% of average salary in 2011 to 28.3% in 2020. Among 11.3 million pensioners 82.7% receive pensions below the subsistence budget, **while 20% of pensioners (2.23 million persons) are persons with disabilities who require additional assistance.**

The expected sharp increase in the age-dependency ratio, puts pension system sustainability at significant risk. Beyond necessary pension reform, labour

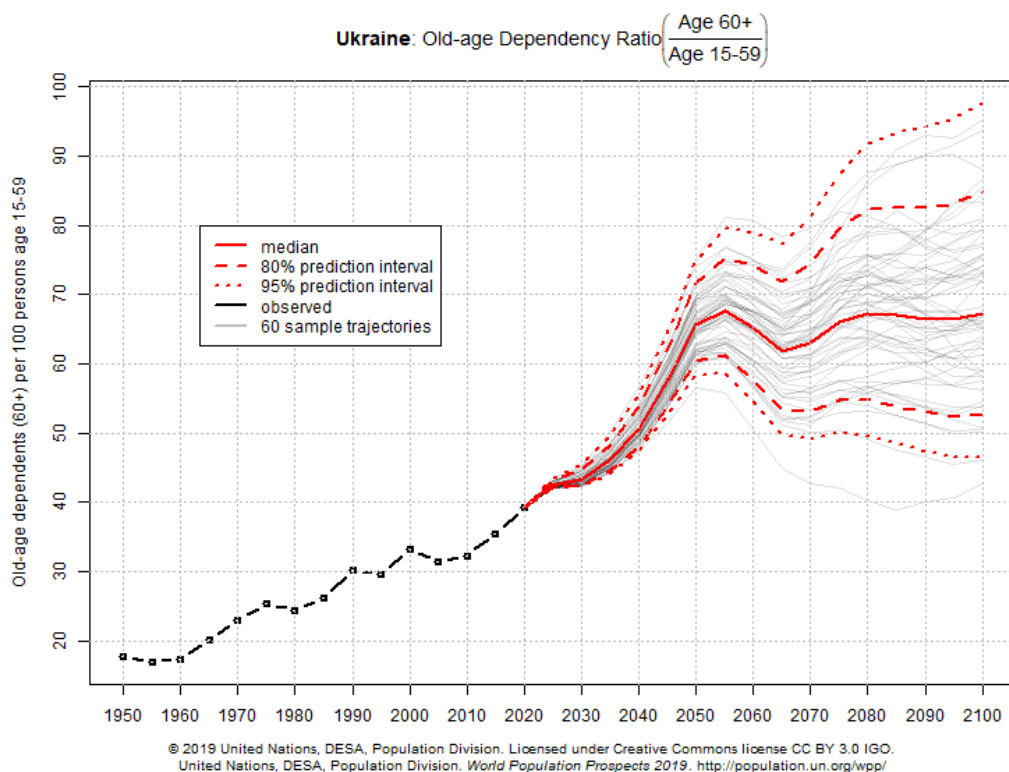


96 ILO (2020) Future of the Ukrainian Pension System: Adequacy, Coverage and Sustainability.

97 http://ukrstat.gov.ua/druk/publicat/kat_u/publzhahist_u.htm.

policies need to significantly improve to allow investment in life-long learning and continuous improvement of meaningful employment opportunities,

(about 26% of Ukrainian pensioners are employed in 2020). Migration policies should strongly consider the portability of social benefits.



FOCUS: NGCA PENSIONS

As of August 2014, 1.28 million pensioners were registered in the non-government-controlled area (NGCA). In January 2021, the Ministry of Social Protection reported that only 660,000 pensioners with residence registration in the NGCA could access pensions⁹⁸. The proportion is still under 50%. because of the restrictions in crossing the contact line.

As Government institutions ceased operating in non-government-controlled areas in in Donetsk and Luhansk regions in November 2014, persons from the NGCA have only been able to receive pensions if they travel to the government-controlled area (GCA) to register as IDPs. In 2016, strict verification procedures were introduced. Over time this linkage between IDP registration and eligibility for pensions has disenfranchised many people, all holding the legitimate right to receive pensions.

All Ukrainian citizens should have equal access to pensions regardless of their place of residence or registration as IDPs. This entails:

- Resuming payment of pensions to all irrespective of place of residence or registration;
- De-linking the payment of pensions from IDP registration;
- Adopting a draft law to enable NGCA residents to receive pensions without registering as IDPs. They can receive their pensions in the GCA through Ukrainian banks; and
- Establishing a procedure to pay pensions that have accumulated in arrears.

98 <https://www.pravda.com.ua/news/2021/01/3/7278854/>

LABOUR MARKETS AND THE RIGHT TO DECENT WORK

Key labour market challenges for the country remain low employment rates with a pronounced gender gap, high labour emigration, elevated youth unemployment and inactivity, and a significant skills mismatch. The global health crisis has negatively affected Ukraine's performance in several of these areas and made addressing structural labour market issues even more urgent. Key challenges in the area of working conditions and social protection are a lack of prevention culture concerning safety and health at work, increased levels of informality, high wage arrears, a notable gender pay gap, and the social insurance system's insufficient coverage and financial sustainability. Social dialogue needs to be intensified, covering key topics of labour and social policies.

Long-standing structural problems – including weak governance, fragmented institutions and burdensome regulations – are compounded by further challenges, such as political stand-off and the armed conflict in eastern Ukraine. These have adversely affected the Ukrainian enterprise sector, swelled the number of IDPs to some 3.5% of the population, and boosted emigration (leading to discernible brain-drain), further dampening productivity growth. The combination of emigration, declining birth rates, and relatively high mortality among men of working age is dangerously eroding human capital of Ukraine and thus, the basis for sustainable development.

Although Ukraine is a frontrunner in the region when it comes to the number of international labour standards ratified,⁹⁹ there is still work to be done with putting International Labour Standards into practice. A prominent example of this dichotomy is the Ukrainian labour inspection system. The government devised policies on reducing undeclared work and transposed EU Directives on occupational safety and health into the national legal framework. Still, there is an implementation gap. The two ILO Conventions stipulating the core rights, powers, and functions of labour inspection have only been partially applied.

High inactivity of youth caused by skills mismatches

Ukraine's labour market shows severe signs of non-inclusiveness. Employment indicators have recently worsened disproportionately for youth, women, and rural residents. Youth unemployment is a key concern (see **Leave no one behind** at the end

Less than half of working age people (12.8 million out of 28.5 million) worked with protection guarantees of their labour rights in 2019.¹⁰⁰ Another 15.7 million (65% of the total) worked unprotected, without employment contracts. These workers include the most vulnerable of Ukrainian society: the unemployed, people with disabilities, people in the household sector,¹⁰¹ the homeless persons, ethnic minorities, undocumented persons, asylum seekers, IDPs, refugees and stateless persons, especially women and youth.

With regard to rights at work, there are cases of discrimination against unionized workers and breaches of the right to strike. Other issues include workplace violence and harassment (gender-based violence in particular), as well as stigma and discrimination against vulnerable workers including women, people with disabilities, or people living with HIV. ILO supervisory bodies looked into some of these problems and sent direct requests to the Government¹⁰² calling for fundamental rights to be respected.

The **informal economy** is pervasive in Ukraine. In total, 21% of total employment is informal (2019),¹⁰³ with men accounting for almost 60% of informal workers. Informal employment is concentrated in agriculture, forestry, and fisheries (42.3%), wholesale and retail trade, repair of motor vehicles and motorcycles (17.3%), and construction (17%). These sectors were more severely hit by the COVID-19 crisis, yet informal workers are not adequately protected. High levels of informality also hold back urgently needed productivity growth (labour productivity is 10% of that in the EU28). Informality reduces incentives to invest in human capital, hampers business innovation, and limits fiscal space for public administration. National experts estimate that up to 60% of the individuals and businesses are dodging taxes, yearly tax evasion estimated to USD 7.7 billion, further eroding domestic resources for development.¹⁰⁴

of Chapter 1). Formal educational attainment in Ukraine is very high. Around 52% of the active population has attained higher education compared to the OECD average of 36% (2015). However, further education does not lead to better labour market

99 Ukraine has ratified 71 ILO International Labour Standards (Conventions), including the eight fundamental and four priority Conventions
 100 www.ukrinform.net/rubric-economy/2846907-only-45-of-working-age-population-in-ukraine-officially-employed.html
 101 Ibid.
 102 https://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0:NO:13100:P13100_COMMENT_ID:3962783
 103 https://ukrstat.org/en/operativ/operativ2017/rp/eans/eans_e/Arch_nzn_smpsz_e.htm
 104 <https://tax.gov.ua/en/mass-media/news/print-459735.html>

outcomes as unemployment rates do not vary significantly across groups with different educational attainment. There is a significant mismatch between young people's interests and skills, their education and their occupation. When planning for their future only 49% of young people aged 14-34 stated that they chose a field of study that corresponded to their interests, hobbies, skills, and further, only 51% work in a sector related to their field of study.¹⁰⁵ Companies responding to business surveys regularly report that graduates do not meet their skills needs, particularly because the economy tends to generate demand for specialized blue-collar jobs. Curricula in formal education and in training are focused on theory rather than on skills relevant to the workplace. Studies recognize that corruption in the education sector has an impact on quality.¹⁰⁶

While the average monthly wage has almost doubled to UAH 11,591 UAH in 2020 (equivalent to ca. USD 430), its low level seriously undermines sustainable livelihoods.¹⁰⁷ **Ukraine remains one of the lowest-wage countries in Europe**, despite having the highest tertiary education enrolment – highlighting low returns on investment in education. Importantly, low wages have not boosted competitiveness, as happened in many Asian economies, reflecting

Ukraine's export structure and limited integration into international value chains. The minimum wage was raised in to UAH 6,000 (USD 228).

Wage levels in the last decade reflect the sharp economic downturn of 2014–15 caused by the conflict and the recovery notable since 2016.¹⁰⁸ Wages remain far below European levels: the average monthly wage in the EU is more than four times higher.¹⁰⁹ The legal minimum wage level follows the trend of overall wages: Ukraine has the lowest national minimum wage in Europe. Although the minimum wage was raised twice since 2017, it is insufficient to cover the essential needs of workers and their families.¹¹⁰

A long-standing challenge in relation to wage policies in Ukraine is wage arrears. In 2019 wage arrears stood at UAH 2.8 billion (or 3.4 per cent of the total national wage bill).¹¹¹ This represents an increase of 280 per cent when compared to the year preceding the downturn (2013). The heaviest hit sector is the mining industry; it accounts for 24 per cent of all wage arrears in Ukraine. The recent steps taken Government to introduce a Wage Guarantee Fund will be able to at least partially address wage arrears generated by insolvent enterprises.

Internet connectivity in education

Following the findings of the joint ITU and UNICEF report on 'Connectivity in education: Status and recent developments in nine non-European Union countries',¹¹² according to the National Broadband Development Strategy and Implementation Plan 2020-2025, only a few schools are connected to broadband with optimal speeds of 100Mbit/s at the level of primary and secondary educational institutions, and with the possibility of upgrading to 1Gbit/s; based on information collected through an MoU with the Chinese company Huawei, only schools in the capital Kyiv have universal future-proof connectivity, while schools in Kyiv Oblast and eastern oblasts have better connectivity compared to the rest of the country with over 50 % of all subscriptions being 100 Mbps+. Schools in the western and central parts of the country have the worst connectivity,

with the share of 100 Mbps+ school connections in Western Ukraine ranging from 22 % in Zakarpatska and Ivano-Frankivska Oblasts to 36 % in Lvivska Oblast.¹¹³ While half of the schools in Ukraine have subscriptions which offer a broadband speed of at least 50 Mbit/s, with the exception of Zakarpatska province, the overall low level of digital connectivity in schools is not sufficient for the effective implementation of key initiatives from the Ministry of Education and Science and is hindering the decentralization of the primary and secondary education sector.¹¹⁴

According to the State Statistics Service of Ukraine, there was one school computer for every 16 students in 2017, amounting to approximately 280000 PCs available in the country for educational purposes.¹¹⁵ More recent statistics have illustrated that 364652

105 The State of Youth in Ukraine, 2019

106 OECD 2018

107 Source: State Statistical Service of Ukraine.

108 <http://www.ukrstat.gov.ua/>, <https://bank.gov.ua/statistic/>

109 https://ec.europa.eu/eurostat/statistics-explained/index.php/Wages_and_labour_costs#Gross_wages.2Fearnings

110 https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/genericdocument/wcms_774454.pdf

111 <http://www.ukrstat.gov.ua/>, Chapter "Remuneration of Labour and Social Relations"

112 https://www.itu.int/pub/D-PHCB-CONN_EDUC-2021

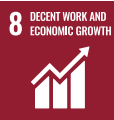
113 <https://documents1.worldbank.org/curated/en/896591621848142525/pdf/A-National-Broadband-Development-Strategy-and-Implementation-Plan-Recommendations-to-the-Ministry-of-Digital-Transformation-Government-of-Ukraine.pdf>

114 <https://documents1.worldbank.org/curated/en/896591621848142525/pdf/A-National-Broadband-Development-Strategy-and-Implementation-Plan-Recommendations-to-the-Ministry-of-Digital-Transformation-Government-of-Ukraine.pdf>

115 <http://ceur-ws.org/Vol-2105/10000302.pdf>

PCs are available in schools, with 262048 of them being connected to the Internet.¹¹⁶ While most schools in urban areas can afford to connect to high-speed Internet using local budgets, thousands of schools across Ukraine still require government assistance in this regard. With reference to research by the Ministry of Digital Transformation, from 2019 to 2020, 60 % of schools have an Internet connection using fibre-optic technologies, while 40 % of schools lack the necessary Internet infrastructure, with most of

these institutions located in villages and small towns.¹¹⁷ However, with the challenges that emerged during the pandemic, further discussions on connectivity in education emerged, thereby revealed new data; for instance, an internal assessment by the Ministry of Education and Science has revealed that 750 schools in Ukraine were not connected to the Internet at the beginning of 2020, with 74 schools not equipped with Internet facilities by September 2020.¹¹⁸



KEY DEVELOPMENT OPPORTUNITY: IMPLEMENTING A YOUTH EMPLOYMENT PLAN, TRANSITIONING TO A FORMAL ECONOMY

Ukraine's competitiveness and productivity remains low (85th/141) with a significant lag in innovation ecosystem and capability (Global Competitiveness Report 2019). Given the declining working age population, brain-drain and emigration, non-inclusiveness of the labour market, skill erosion, overeducation and informal employment, innovative labour market and education policies are required to foster investment in human capital focusing on entrepreneurship as central competence.

The New Ukrainian School (NUS) concept, based on the European competency framework and strongly promoted by the Government, has the potential to boost small and medium entrepreneurship, and support youth self-employment and entrepreneurship in rural areas, in close cooperation with decentralized and empowered local authorities. The new Ukrainian School reform process should address the quality gap in the educational system. Key competences development and capacity building for teachers are important components for reducing this gap.



GENDER EQUALITY AND WOMEN'S ECONOMIC EMPOWERMENT

In the 2020¹¹⁹ **Gender Inequality Index (GII)**, Ukraine was ranked 52nd out of 162 countries, higher than in 2019¹²⁰ (60th position).¹²¹ In the **Gender Development Index (GDI)**, Ukraine scored 1.003 in 2020, putting it in Group 1 that comprises countries with high equality in HDI achievements between women and men. In 2021 Ukraine **lost 15 positions in the Global Gender Gap Index** ranking 74th out of 156 countries¹²².

Despite some progress towards achieving gender equality in Ukraine's labour market, certain factors seem to prevent it from accelerating. **Gender-based discrimination in the labour market** is one of the most pressing challenges. Women are substantially less likely than men to participate in the labour market, and once in the workforce they are also less likely to find jobs than men; their access to quality

employment opportunities remains restricted. In 2018, 56.8% of women aged 15-70 were economically active, compared to 69% of men.

In Ukraine women are concentrated in low paid sectors (horizontal professional segregation), and at mid and junior-levels positions with lower salaries and limited decision-making opportunities (vertical professional segregation):

- The overall men-to-women ratio among managers of organizations and entrepreneurs is 60% vs 40%. At the same time, women make up only 30% of heads of legal entities.¹²³
- **The share of women self-employed in the informal sector is larger than the share of men:** (74.6% vs 70.1%), as well as in rural areas as compared to urban areas (91% vs 42.2%).¹²⁴

116 http://www.ukrstat.gov.ua/operativ/operativ2021/osv/osv_rik/zcpho_Ukr_2020.xls.

117 <https://glavcom.ua/country/science/v-ukrajini-40-shkil-ne-mayut-yakisnogo-pidklyuchennya-do-Internetu-doslidzhennya-686007.html>

118 <https://mon.gov.ua/ua/news/sergij-shkarlet-zaraz-lishe-74-shkoli-v-ukrajini-ne-pidklyucheno-do-internetu>.

119 <http://hdr.undp.org/sites/default/files/hdr2020.pdf>

120 <http://hdr.undp.org/sites/default/files/hdr2019.pdf>

121 <http://hdr.undp.org/en/indicators/68606>

122 https://www3.weforum.org/docs/WEF_GGGR_2021.pdf

123 <http://socialdata.org.ua/edrpou-gender/>

124 www.ukrstat.gov.ua/druk/publicat/kat_u/2019/zb/07/zb_EAN_2018.pdf.

Informal labour relations prevailed among the self-employed, with 71.9% of their total number involved in informal sector jobs, while among hired employees this number only came to 12.2%. This informal status also prevents women to access utilities and social benefits subsidies.

- **Women are mainly employed in the public sector where salaries are generally lower, which leads to horizontal employment segregation.** In early 2019, women prevailed in health care and social welfare sectors (83.1% of the number of registered regular employees); in education (78%); in finances and insurance (71.9%); in arts, sports, entertainment and recreation (68%); in public administration and defence sector, compulsory social insurance (67.5%); temporary accommodation and catering (67.3%); professional, scientific and technical services (54.3%); and in wholesale and retail trade (53.5%). Most of these jobs are low-paid, except for finance and insurance, as well as public administration and defence where salaries have been rising recently.
- **Men are mainly engaged in private-sector economic activities where salaries are higher.** Thus, in early 2019, men predominated in the construction industry (81.0% of registered regular employees); agriculture, forestry, fishery and fish farming (69.6%); transport, warehousing, postal and courier activities (62.3%); industry (61.4%); administrative and support service activities (58.3%); real estate sector (56.7%); information

and telecommunications (52.2%); and other service provision industries (50.7%).¹²⁵

Women are employed, to a greater extent, in sectors which suffered the most from the COVID-19 pandemic and subsequent economic slowdown.¹²⁶

The difference between wages earned by women and men, referred to as the gender pay gap, is relatively high in Ukraine as compared to the EU average (21 per cent versus 14.8 per cent in 2018).¹²⁷ The gender pay gap is explained by a combination of factors including overrepresentation of women in relatively low-paying sectors, unequal distribution of family responsibilities leading to fewer hours of paid work of women, and discrimination of women who earn less than men for doing jobs of equal value.

Because of the gender pay gap, women have limited opportunities to save and are more vulnerable in economic crisis. Systemic and structural gender-based discrimination in the labour market means the average gender pay gap was 22.3% in 2018;¹²⁸ in 2019 it went up slightly to 22.8% %, but decreased to 18.6% in 2020.

Finally, equality in employment is seriously impaired when women are subjected to SGBV. Workplace sexual harassment is both a human rights and a health and safety problem, and disadvantages women in connection with employment, including recruitment or promotion.

FOCUS: Women's participation and leadership in ICT

According to ITU and UN Women report on 'Digitally empowered Generation Equality: Women, girls and ICT in the context of COVID-19 in selected Western Balkan and Eastern Partnership countries'¹²⁹, 29 to 30% of the Ukrainian population knows how to use a computer, with near parity between men and women. In the age ranges of 30 to 39 and 40 to 49, women even appear to have a better understanding of the use of computers than men. However, in the young generations among the 15 to 19 and 20 to 29 age groups, young men tend to have a stronger understanding of computers than young women. In employment, the percentage of women who reported knowing how to use a computer was higher than that of men by around 6% in manufacturing, agricultural and services sectors. In the production sector, on the other hand 6 per cent more men than women reported knowing how to use a computer. Some of these trends are mirrored in women and men's access to computers.

The overall culture in Ukraine has historically not been supportive of entrepreneurship, and there have been few entrepreneurial success stories to date, leading to a lack of role models who could potentially make entrepreneurship in the country attractive. While there has been an increase in accelerators, incubators and events to support entrepreneurship, there is still much potential to significantly expand such activities. Women account for 46% of individual entrepreneurs but lead only 30% of enterprises and

125 http://ukrstat.gov.ua/druk/publicat/kat_u/publzhahist_u.htm

126 <https://www.ua.undp.org/content/ukraine/en/home/library/recovery-and-peacebuilding/covid-impact-on-sme-in-eastern-ukraine.html>

127 For Ukraine see <http://www.ukrstat.gov.ua/>, (Chapter "Remuneration of labour"), for EU see https://ec.europa.eu/eurostat/statistics-explained/index.php/Gender_pay_gap_statistics

128 Ibid.

129 https://www.itu.int/dms_pub/itu-d/opb/phcb/D-PHCB-EQUAL.01-2021-PDF-E.pdf

organisations. In ICT, women represent 24 % of the IT industry in the country, and only 25.17 % of ICT management positions are held by women. Sectors where an overwhelming majority of managers are men include transport, construction, agriculture, the extractive industry and power engineering. However, the percentage of female managers is greater in smaller cities and villages, including in the ICT sector. According to a 2019 survey on technical specialists in Ukraine, less than 14 % are female, although the number is growing. More than half of the Ukrainian women in IT are quality assurance engineers, which is a position with a lower barrier of entry, and the majority of women are young and junior employees.¹³⁰

The ICT industry suffers from a shortage of qualified talent, with reasons including the lack of properly trained workers, corruption and ageing populations, as well as brain drain, which is the emigration of technical talent to countries with better salaries and living conditions. According to a report issued by the World Economic Forum, Ukraine has a low capacity to retain talent, ranking 129th out of 137 countries, taking into account the 10 % of the country's 20-million-person labour force working abroad at any given moment.¹³¹

In accordance with the ITU report on 'Digitally empowered Generation Equality: Women, girls and ICT in the context of COVID-19 in selected Western Balkan and Eastern Partnership countries'¹³², with technical education being the foundation of Ukraine's IT ecosystem, every year, over 150 thousand students are graduating, among which 40 thousand obtain degrees in technological studies, including some 15 thousand IT specialists. Additionally, around 40 thousand IT specialists graduate annually from IT schools. Although the education system in Ukraine stays strong in mathematics and sciences, fundamental reform is needed in Ukrainian universities, since the current curricula and structure of universities and training institutes are matched to the old economy rather than the future economy. Weak business and management education is also identified as a barrier to innovation and entrepreneurship, alongside the lack of job opportunities for university graduates, leading to many highly skilled Ukrainians working in other countries and working for companies based in other countries.

It is reported from young people that there is a gap between the old fashioned and highly theoretical curriculum that they are being taught and the world of innovation that characterises the forward-looking technology ecosystem,¹³³ including incidents where Ukrainian students are not provided with the tools and hands-on experiences in relation to their pursuing careers, which epitomises the disconnection between subjects that students are studying and the skills that are actually needed to become successful in technology careers.

During the pandemic, country reports and interviews demonstrate how remote learning poses organisational and time-management challenges for both girls and women, especially those who may take on greater domestic or caregiving responsibilities at home. In the country, girls reported feeling more pressure over online learning because they 'study more and take school more seriously'.¹³⁴ Roma women also reported difficulties in supporting online learning for their children due to a lack in both technical capacity and access to Internet-connected digital devices.¹³⁵ Parents in Ukraine who encourage girls to obtain good grades in all subjects including STEM may not be supportive when it comes to girls choosing a science or technology-related career. Teachers also may not take the ambition of girls seriously.¹³⁶ With such scenarios, it is crucial to place more emphasis on STEM in primary and secondary schools, given the importance of academic preparation before higher education in increasing the enrolment and retention of STEM university students.¹³⁷ According to the World Bank 2019, among 114 economies, Ukraine is ranked 94th in the number of female graduates from STEM-related courses between 2015 and 2017, with

130 Anastasia Stefanuk, "Ukrainian Women-In-Tech", Mobilunity, available at <https://mobilunity.com/blog/ukrainian-women-in-tech/>

131 Anton Waschuk and Andriy Kamenetsky, 2020, "How Ukraine can go from brain drain to brain gain", Atlantic Council, available at <https://www.atlanticcouncil.org/blogs/ukrainealert/how-ukraine-can-go-from-brain-drain-to-brain-gain/>

132 https://www.itu.int/dms_pub/itu-d/opb/phcb/D-PHCB-EQUAL.01-2021-PDF-E.pdf

133 Polina Boichuk, STEM IS FEM Ukraine, in conversation with the author

134 Polina Boichuk, STEM IS FEM Ukraine, in conversation with the author

135 UN Women, 2020, "Summary report: Rapid gender assessment of the situation and needs of women in the context of COVID-19 in Ukraine", available at https://www2.unwomen.org/-/media/field%20office%20eca/attachments/publications/2020/05/rga%20summary%20report_eng_web-min.pdf?la=en&vs=4314

136 Polina Boichuk, STEM IS FEM Ukraine, in conversation with the author

137 Julie J. Park et al, 2019, "Student-faculty interaction and discrimination from faculty in STEM: The link with retention", Research in Higher Education vol. 61, available at <https://link.springer.com/article/10.1007%2Fs11162-019-09564-w>

graduates accounting for 27%.¹³⁸ In a poll of women in Ukraine aged 15 to 24 years old, 23% felt that confidence was preventing women from pursuing a technology-related career, while 10% thought the technology field was only for men,¹³⁹ and to solve such problems, 35% felt that dispelling harmful gender stereotypes was key to motivating women to choose a career in technology.

According to the same ITU-UN Women Report on¹⁴⁰, Ukrainian girls recounted offensive attitudes displayed by particular teachers in the STEM field. Examples include sexist jokes and questioning whether women had to enrol in a technology-related faculty in Ukraine simply to 'find a husband'. The attitudes of teachers and beliefs towards students' abilities have to be adjusted across the country, since they are important factors that affect the students' confidence and perception of their own skills.

The national education system of Ukraine is undergoing various degrees of reform to incorporate twenty-first-century STEM and digital skills into school curricula, but the changes come slowly, especially with the country's educational overhaul, which could last over a decade. The reforms may also not be especially gender-sensitive. In addition to building on existing programmes and scaling up existing models, more support must be given to STEM enrichment programmes in the country.

KEY DEVELOPMENT OPPORTUNITY: WOMEN'S ECONOMIC EMPOWERMENT

Making progress toward gender equality helps to unlock the full potential of both women and men in the labour market, in leadership, and beyond. It contributes to better health and well-being, social cohesion and sustainability, prosperity and growth. Accordingly, the accelerator in this area is closing the gap in women's economic and political participation and eliminating gender-based violence and discriminatory gender stereotypes. Increased participation of women in employment in the public and the private sectors and women's full participation in the labour market could significantly contribute to the country's economic development, reduce inequalities and enhance women's agency.

Increasing equal opportunities for women's participation in the work force and closing the pay gap between women and men will have a positive impact on economic growth in Ukraine. The business case for closing the gender gap is compelling. In times of skills shortages and demographic change, Ukraine cannot afford to underutilize women's talent. Full participation by women in the labour market supports GDP growth through both more hours worked and higher productivity owing to the availability of more qualified human resources in production, addressing concrete targets under SDGs 4, 5, 8 and 10 and supporting all of the others.



Role of the SMEs and private sector in creating decent jobs

In Ukraine, SMEs generate 80% of employment and 20% of GDP. According to the SSSU, in 2019 the country had 518 large enterprises and 1,941,107 SMEs, which constituted over 90% of all formally operating enterprises. Four-fifths of all SMEs were self-employed individuals in a context where 75% of women participating in the labour force are self-employed. The number of persons employed by SMEs increased by 500,000 between 2015 and 2018; Ukraine's position in the Doing Business ranking improved by 17 places to 64 in 2019; and the share of value added against production costs of SMEs increased from 58.1% in 2015 to 64.3% in 2018.

The potential of small and medium-sized enterprise (SME) development and entrepreneurship for the creation of more and better jobs has not yet been fully exploited. In past years Ukraine has made progress in the design and implementation of SME and entrepreneurship policies when compared to international best practices.¹⁴¹ Nevertheless, the share of employers in the labour force survey remains low at 0.9 per cent (2019; 0.7 for women). Business sentiment worsened substantially during the quarantine as restrictions were imposed because of the COVID-19 pandemic.

138 The World Bank, 2019, "There are fewer female than male STEM graduates in 107 of 114 economies", available at <https://blogs.worldbank.org/opendata/there-are-fewer-female-male-stem-graduates-107-114-economies>

139 Report Ukraine, "Опитування", available at <https://ukraine.ureport.in/opinion/2295/>

140 https://www.itu.int/dms_pub/itu-d/opb/phcb/D-PHCB-EQUAL.01-2021-PDF-E.pdf

141 OECD, SME Policy Index: Eastern Partner Countries, Assessing the Implementation of the Small Business Act for Europe, 2020

Although Ukraine has significantly improved its SME environment since 2016 as demonstrated by the OECD SME Policy Index scores for Ukraine,¹⁴² in most dimensions the country lies behind the regional av-

erage, given its high level of state-owned enterprise activity, significant distrust in state institutions, and high corruption risks.

Digitalisation as economic factor: internet access and affordability in Ukraine

According to the ITU report on '5G implementation in non-European Union countries of the Europe region',¹⁴³ it is noted that Ukraine has assigned the ICT sector as a priority in policy and programme implementation on education and public health.¹⁴⁴ While the government is improving network coverage and promoting e-services in the public and private sectors after implementing 4G in 2018,¹⁴⁵ certain challenges require to be further addressed, including updating the legislative framework for electronic communications and the creation of an accurate and up-to-date interactive map of broadband coverage within the territory.¹⁴⁶

In Ukraine, 62.55% of individuals use the Internet¹⁴⁷ alongside 61.9% of households having Internet access at home in 2018¹⁴⁸ with a majority in urban areas, and this number is significantly higher in comparison to the 23.3% in 2010. In 2019, the number of fixed-broadband subscriptions was 16.2 per 100 inhabitants¹⁴⁹ and while most cities have access to fibre-optic networks operated by several private stakeholders, over 17000 settlements in the country were not covered by such technology¹⁵⁰ and 65% of Ukrainian villages are not covered by high-quality broadband, corresponding to 5.75 million citizens,¹⁵¹ which in turn demonstrates the severe urban-rural gap in terms of Internet coverage in Ukraine. And while significant investment has been made with regards to extending 3G infrastructure, with 3G coverage reaching nearly 80% in 2018 in the country, a large portion of the territory still lacks 4G/LTE coverage.

In terms of cost, for rural areas that are not covered by optical fibre, the cost of connection exceeds the average market cost by about 150%. In the European

region, the average fixed-broadband basket cost was 1.5% of GNI per capita in 2019, the average cost in Ukraine stood at 1.8% for an unlimited data allowance.¹⁵² The mobile-data basket cost was 1.2% of GNI per capita in 2019 for a monthly allowance of nearly 2GB, while the average 1.5GB mobile-data basket price in the Europe region was 0.8%.¹⁵³

To facilitate the objectives and priorities in implementing the Digital Agenda and removing barriers to sustainable digital transformation in Ukraine, actions to be taken include:

- The removal of legislative, institutional, fiscal and other barriers to the development of the digital economy; the introduction of incentives and motivations to encourage business and industry in general to digitalize;
- The creation of demand and formation of needs among citizens for digitalization, by the State initiating large-scale digital transformation projects, based on modern models of public-private partnership;
- The creation and development of digital infrastructures as a basis for exploiting the advantages of the digital world in everyday life and a platform for achieving economic efficiency in general;
- The development and deepening of citizens' digital competencies to ensure they are ready to take advantage of digital opportunities, as well as to overcome the associated risks, and
- The development of digital entrepreneurship coupled with the creation of appropriate infrastructures to support and develop innovation, as well as the introduction of funding mechanisms, incentives, and support.

142 www.oecd-ilibrary.org/docserver/8b45614b-en.pdf?expires=1604390046&id=id&accname=guest&checksum=DD72A8762B971C82C80165035D4B750B

143 https://www.itu.int/dms_pub/itu-d/opb/pref/D-PREF-THEM.19-2021-PDF-E.pdf

144 https://joinup.ec.europa.eu/sites/default/files/inline-files/SC64_D05.01_Digital_Government_Factsheets_Ukraine_vFINAL2_0.pdf

145 <https://eufordigital.eu/countries/ukraine/>

146 <https://eufordigital.eu/broadband-access-is-key-to-digital-transformation-of-ukraine/>

147 ITU World Telecommunication/ICT Indicators Database online (2020): [http://handle.itu.int/11.1002/pub/81550f97-en\(indicator "i99H"\)](http://handle.itu.int/11.1002/pub/81550f97-en(indicator%20%22i99H%22))

148 ITU World Telecommunication/ICT Indicators Database online (2020): [http://handle.itu.int/11.1002/pub/81550f97-en\(indicator "xHH6_IDI"\)](http://handle.itu.int/11.1002/pub/81550f97-en(indicator%20%22xHH6_IDI%22)).

149 ITU World Telecommunication/ICT Indicators Database online (2020): [http://handle.itu.int/11.1002/pub/81550f97-en\(indicator "xHH6_IDI"\)](http://handle.itu.int/11.1002/pub/81550f97-en(indicator%20%22xHH6_IDI%22)).

150 <https://documents1.worldbank.org/curated/en/896591621848142525/pdf/A-National-Broadband-Development-Strategy-and-Implementation-Plan-Recommendations-to-the-Ministry-of-Digital-Transformation-Government-of-Ukraine.pdf>

151 [https://thedigital.gov.ua/news/17-tisyach-naselenikh-punktiv-ne-mayut-zhodnogo-optichnogo-provaydera-doslidzhennya-mintsifri \[in Ukrainian\]](https://thedigital.gov.ua/news/17-tisyach-naselenikh-punktiv-ne-mayut-zhodnogo-optichnogo-provaydera-doslidzhennya-mintsifri[in%20Ukrainian%20language])

152 https://www.itu.int/en/ITU-D/Statistics/Documents/publications/prices2019/ITU_ICTpriceTrends_2019.pdf

153 https://www.itu.int/en/ITU-D/Statistics/Documents/publications/prices2019/ITU_ICTpriceTrends_2019.pdf

FOCUS: Digital Skills Development in Ukraine

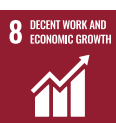
In 2019, the government of Ukraine initiated a national initiative, “State in Smartphone.” The Ministry of Digital Transformation was created to implement this initiative. By 2024, it is expected to transfer all public services online, provide 95% of the transport infrastructure, settlements, and their social facilities with high-speed Internet, involve 6 million citizens in digital skills development programs, and bring the share of the IT industry’s contribution to the country’s GDP to 10%.

Currently, the Ministry is running 94 digital transformation projects targeting economic and social development. Some projects have already been implemented; others are planned to be launched by the end of 2021 or implemented in 2022.

The main focus of the digital transformation in Ukraine is the transfer of public services online and the digitization of all government processes. For this purpose, a national online platform Diia was established. It is a brand of e-government in Ukraine that includes a web portal and mobile application. As of November 2021, there are 9.5 million active users.

Due to the outbreak of the COVID-19 pandemic, the Ministry of Education and Science, together with the Ministry of Digital Transformation, launched the online platform “All-Ukrainian School Online” in December 2020 to manage distance learning and ensure equal access to learning materials for students across the country and abroad. Currently, there are more than 600,000 users on the platform, of which only 200,000 are registered. 67% are students, 28% are teachers, and 5% are other participants. In addition, more than 2 million users have visited the platform and had nearly 5 million interactions.

Despite the active development of the digitalization agenda, more than 15% of the population does not have digital skills, and almost 40% of the adult population has a low level of basic digital skills. In addition, the latest data shows that 48% of citizens want to upskill or upgrade their digital skills.¹⁵⁴



KEY DEVELOPMENT OPPORTUNITY: SME as drivers of green growth and digitalization

It is important to provide SMEs with the information they need to adopt green practices, develop new markets through green public procurement, and take measures to improve the business case for SME greening. SMEs have the potential to be key drivers in the shift to a greener economy, and to be engines of competitiveness and innovation in the process.

SME greening can improve the efficiency of resource use, enable participation in green supply chains, and contribute to a cleaner environment and improved public health. This could include: **financial support measures** such as loans, loan guarantees and tax abatement for SMEs that can be made conditional on environmental improvements; **regulatory systems** that provide incentives for better environmental performance, by encouraging firms to exceed environmental standards or to self-report issues; and **providing clear and simple procedures to apply to regionally based business support mechanisms and business incubators**, to encourage more enterprising SMEs to graduate from the informal to the formal sector.

Digitalization offers opportunities for Ukraine to improve public service delivery, increase access to online schooling and telemedicine, and provide SMEs with new ways to reach customers and transform business processes to ensure significant efficiency gains. The following measures could be envisaged for SME digitization: **retraining of employees, increased uptake of teleworking**, development of **e-commerce and digital platforms** to promote trade, and encourage the development of new and innovative business models that leverage digital technologies.

External position and industry competitiveness

Following accession to the World Trade Organization (WTO) in 2008 and the EU Association Agreement, including the DCFTA, in 2014, Ukraine has slowly

opened up its economy. Exports and imports combined declined from 107.8% of GDP in 2015 to 99% in 2018. The EU-28 accounted for about 42% of total

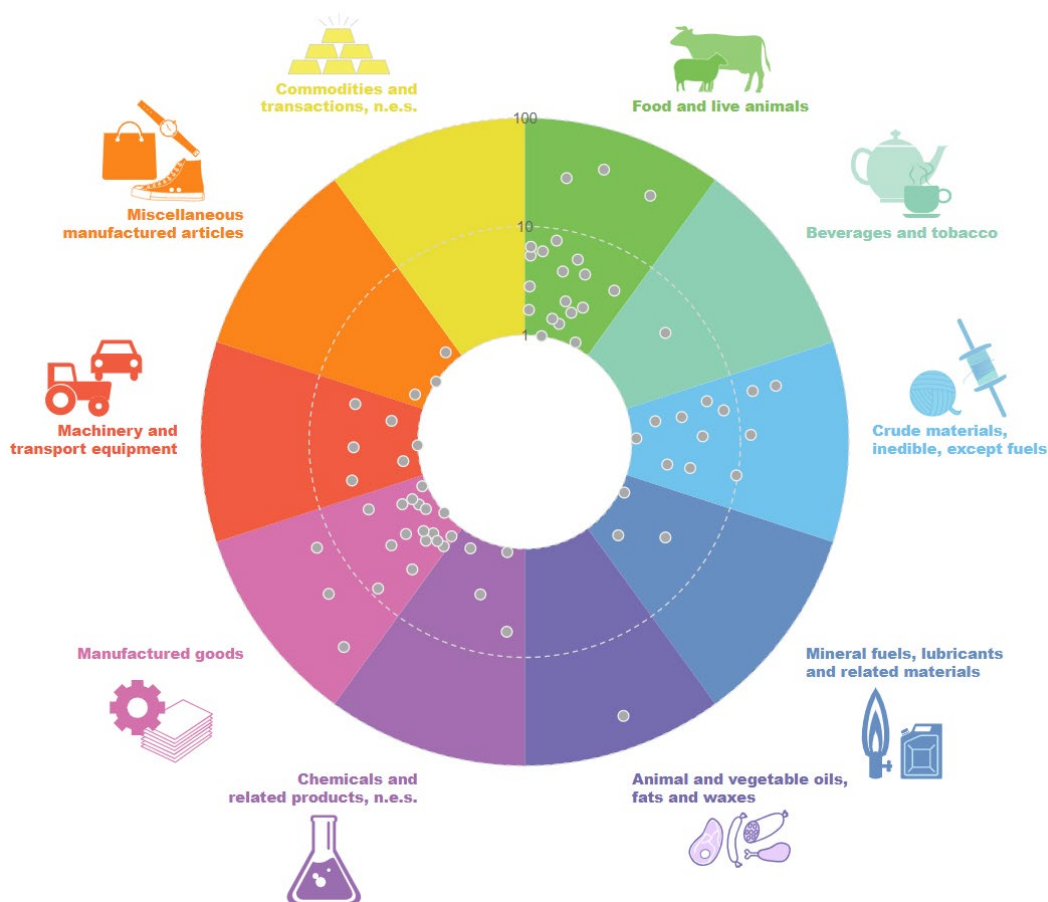
154 <https://osvita.diia.gov.ua/research>

merchandise exports in 2018; other significant trading partners were the Russian Federation (7.7%), China (4.7%) and Turkey (5%). Most of Ukraine's exports in 2018 were agricultural products and metals, and their level of complexity was modest. Ukraine's index of merchandise concentration of exports that Ukraine's export basket is the most diversified in the sub-region, followed by Belarus and Moldova. In 2018, seed oils (8.1%), semi-finished iron (7.8%), maize (6.9%), wheat (6.06%) and iron ore (5.6%) were among the most exported products. The remaining exports were mainly machines, chemicals, foodstuffs and wood products.

By increasing the complexity of goods and diversifying exports, Ukraine could shift the focus of the production structure towards a more balanced trade portfolio. In the 2020 Competitive Industrial Performance (CIP) index, Ukraine ranked 69th of 152 economies, the second highest in the region after Belarus (47th), indicating reasonable levels of industrial production with high potential for increasing

the capacity to produce and export manufactured goods. However, on the 2019 Global Competitiveness Index, Ukraine ranked only 85th out of 141; it would have ranked lower had it not been for its good performance on indicators such as market size and skills.

The competitiveness of manufacturing sectors and subsectors is reflected through the Revealed Comparative Advantage (RCA) method, which explores sectors' and subsectors' competitiveness through analysis against global levels. The figure below demonstrates Ukraine's RCA in manufacturing sectors and subsectors. Ukraine's iron and steel manufacturing, animal and vegetable oils, as well as certain woodworks, and grains including wheat, maize and barley are comparatively competitive. However, for mineral fuels, chemicals, clothing, footwear and apparel, and manufactured goods, the competitiveness of Ukraine is lower than global levels.



Source: UNCTADstat

According to UNIDO, in 2019, manufactured goods comprised 66.1% of Ukraine's total merchandise exports. It means that the country has potential and need to increase competitiveness in the regional and global markets to the levels of the beginning of 2000s. Manufacturing industry is led by basic

metals, food and beverages, electrical apparatus, machinery and chemicals which is also reflected in UNCTADstat's chart for 2019.

INNOVATION PERFORMANCE OUTLOOK

According to the **2020 UNECE Innovation Performance Outlook**,¹⁵⁵ despite socioeconomic challenges that slow progress, innovation in Ukraine is growing steadily. The country enjoys great potential for innovation, with a well-educated labour force, a long tradition of science and technology resources, natural endowments, market access, a large and successful diaspora, and a nascent but successful ICT sector. Despite significant reform momentum, political and economic instability, corruption and the low quality of institutions and overall governance continue to constrain Ukraine's ability to enable and promote the broad experimentation with ideas and technology – or innovation – needed for the country to put its economy on a solid, diversified and well-integrated foundation for long-term sustainable development.

In the 2019 Global Innovation Index (GII), Ukraine ranked 47th out of 129 economies in innovation performance. It has been classified as an innovation achiever for the past six years, exceeding expectations for its level of development.

Overall enterprise expenditure on innovation rose in 2017–2019, especially in the regions of Dnipropetrovsk and Zaporizhzhia. Disparities between regions underscore the need to provide more support for private sector development and engagement in innovation to improve the competitiveness of firms and build synergies between them. The share of R&D expenditure in GDP in 2018 (0.47%) was higher than the sub-regional average (0.34%), surpassing Georgia (0.3%) and the Republic of Moldova (0.25%) but lagging behind Belarus (0.61%). Of greater concern is the gradual decline in the share of GDP allocated to R&D up to 2017, with only a slight increase in 2018.

Ukraine faces three major barriers to developing innovation policy: (1) regulations that are inadequate, contradictory and at times poorly enforced; (2) the absence of certain institutions; and (3) the low capabilities of policymakers to successfully formulate and implement policy initiatives.

Human capital remains the central input to innovative development in Ukraine, but policy tools have yet to optimize the quality and relevance of human capital.

KEY DEVELOPMENT OPPORTUNITY: ENGAGING DIASPORA NETWORKS

According to Ukraine's UNECE Innovation Policy Outlook, although Ukraine has no comprehensive national strategy for mobilizing its diaspora, separate initiatives with limited scope exist, such as the Forum of Ukrainian Research Diaspora of the National Academy of Sciences of Ukraine (NASU) and conferences organized by the International Institute for Education, Culture and Cooperation with Diaspora (2014). According to the Ministry of Social Policy, over 3.2 million Ukrainians – including many successful entrepreneurs and researchers – resided abroad permanently as of 2018. This ample potential should be leveraged for development at home.

IOM in cooperation with Ukrainian World Congress, Ukraine Invest and Canadian Chamber of Commerce are currently establishing a **Diaspora Economic Engagement Group** (DEEG) that includes the Investment and Trade Committee. The purpose of DEEG would be to develop and/or mobilize actions and concrete outputs enabling diaspora investment and trade in Ukraine.

155 https://unece.org/fileadmin/DAM/ceci/icp/Capacity_building/IPO_launch/IPO_2020_FULL.pdf

4 ANALYSIS OF COMPLIANCE WITH INTERNATIONAL HUMAN RIGHTS, NORMS AND STANDARDS



HUMAN RIGHTS STRATEGY AND IMPLEMENTATION

In 2015, Ukraine's first comprehensive National Human Rights Strategy (referred to as the Strategy) and Action Plan for its Implementation (the Action Plan) were adopted. The Strategy outlines 34 strategic goals, within which approximately 160 expected outcomes should be achieved. To accomplish these ambitious objectives, the Action Plan includes 134 thematic blocks and almost 700 specific actions.

The Universal Periodic Review of Ukraine's human rights situation found that Ukraine would find it easier to achieve the SDGs if it established independent mechanisms to monitor progress and treat beneficiaries of public programmes as rights holders who can claim entitlements. Implementing the SDGs on the basis of the principles of participation,

accountability and non-discrimination would ensure that no one is left behind. Given low level of public confidence in state institutions, perceptions of corruption and nepotism, a human rights based approach is needed to rebuild trust between rights bearers and duty holders.

The 2020 Assessment of the National Human Rights Strategy Implementation,¹⁵⁶ identified several gaps and challenges that should be addressed including wide coverage and too-broad wording, duplication of other strategic documents, lack of disaggregated statistics, lack of well-defined activities as well as the need to provide specific funding for delivering on the commitments. As a result, civil society assessed the Strategy as **28% implemented**.

FOCUS: KEY RECOMMENDATIONS OF UNIVERSAL PERIODIC REVIEW

The newly adopted (in 2021) Human Rights Strategy offers significant opportunity to implement the key Universal Periodic Review (UPR) recommendations made in 2020:

- Undertake a human rights impact assessment of its macroeconomic and budgetary policies with a view to maximizing the resources available to achieve the full realization of economic, social and cultural rights;
- Increase the level of social spending, paying particular attention to disadvantaged and marginalized individuals and regions with high levels of unemployment and poverty;
- Take rigorous measures to combat tax evasion, particularly the practice of undeclared wages;
- Disseminate the necessary information and guidance to local authorities so that they can provide adequate and affordable social services to people in their localities;
- Ensure the enforcement of anti-corruption laws and combat impunity for corruption;
- Enhance the independence of the judiciary with a view to strengthening its capacity to combat corruption;
- Facilitate access to administrative, medical, social and other services to conflict-affected population, including those living in NGCA;
- Ensure effective investigations of cases of torture, ill-treatment and other crimes committed by law enforcement, and in relation to the armed conflict, and bring perpetrators to accountability.
- Enhance combatting hate speech and hate crimes, adopt a comprehensive and coherent anti-discrimination legal framework, including for IDPs and Roma;
- Continue efforts to promote increased participation of women in employment and reduce gender pay gap; and
- Adopt a national mental health policy aimed at making mental health services available and accessible to all and ensure its implementation at both the national and regional levels.

156 www.ua.undp.org/content/ukraine/en/home/library/democratic_governance/the-national-human-rights-strategy-assessment.html#:~:text=The%20first%20National%20Human%20Rights,to%20an%20end%20in%202020.

In 2020 and 2021, the United Nations provided technical expertise to elaborate amendments to the National Human Rights Strategy and to design the action plan for 2021-2023. It is currently supporting the Government to develop a methodology for monitoring the implementation of the strategy.

On 23 March 2021, the President of Ukraine approved a new National Human Rights Strategy. Most of UN's recommendations were included in the Strategy,

which is more thorough and encompassing than the 2015 Strategy. As recommended, a separate consultative body representing authorities, civil society and international organizations will monitor and assess Strategy implementation on a regular basis. The United Nations is a member of this body. A new Action Plan for implementing the Human Rights Strategy in 2021-2023 has been approved on 23 June 2021. Most of the recommendations provided by the UN were included in the Action Plan.

KEY DEVELOPMENT OPPORTUNITY: NATIONAL HUMAN RIGHTS STRATEGY AND ACTION PLAN

The UN has supported the Government to elaborate the National Human Rights Strategy and the Action Plan. This provides a framework for monitoring human rights commitments and ensuring progress towards gender equality, countering gender-based violence, and combating discrimination against vulnerable groups. The UN advocated for a shorter human rights action plan to be elaborated, with well-defined activities linked to clear objectives and appropriate indicators. Human rights are a vaccine to hunger, poverty, inequality, and possibly – if they are taken seriously – to climate change, as well as to many of the other ills that face humanity. Promotion of human rights is the key ingredient for effective recovery and for Ukraine's resilience and sustainable development.

FOCUS: NATIONAL STRATEGY ON ROMA INTEGRATION

Roma people in Ukraine are subjected to hate speech, hate crimes and discrimination, including discrimination by law enforcement officials. Roma women face multiple forms of discrimination, due to ethnicity/race, sex, gender and social status. The *Concluding Observations of the UN Committee on Economic, Cultural and Social Rights on the Seventh Periodic Report of Ukraine*¹⁵⁷ note that Roma continue to face obstacles and barriers in their access to and equal enjoyment of Covenant rights, including in employment, housing, health care and education. While many Roma lack identity documents, they rarely turn to the courts owing to a lack of legal knowledge and financial resources.

Roma girls are especially at risk of dropping out of school due to the persistence of child marriage in some communities and other aspects of gender inequality, including the perception that schooling is less important for women than men. In many Roma communities, when girls reach adolescence they increasingly are busy with household chores and taking care of siblings.¹⁵⁸

Development and implementation of a new result-oriented **Roma Action Plan until 2023** implementing the **2030 Roma Strategy** adopted in July 2021 is a significant opportunity to realise Roma's rights and opportunities as integral part of the Ukrainian society.

157 <http://docstore.ohchr.org/SelfServices/FilesHandler.ashx?enc=4slQ6QSmIBEDzFEovLCuWxT7OYZyYjjGL8qwRLmzDL%2FvGZyEn3i0uiQ8QMBJeVxr4Jaon5%2FgI7IPnOTr2gopfl3jrLZXaYp9bjQEOGga9vo56YHJo%2BRUVpQf%2Fq%2BJp0Gh>

158 https://minorityrights.org/wp-content/uploads/2019/05/MRG_Rep_Ukraine_EN_Apr19.pdf

COMMUNICATION AND ACCESS TO INFORMATION

UNESCO has documented¹⁵⁹ 16 killings of journalists in Ukraine since 1995. In 2020, Ukraine informed UNESCO of ongoing investigations in all cases of killings of journalists since 2006. None of these cases has yet been resolved.

In 2020, Ukraine was ranked 96th out of 180 countries on Reporters Without Borders' press freedom ranking. This was a slight improvement from 2019, when Ukraine ranked 102nd. The Council of Europe's platform to promote the protection of journalism

and safety of journalists currently counts 57 active alerts of incidents threatening media freedom in the country.¹⁶⁰

The Government continues to increase its efforts to counter disinformation and propaganda in the context of conflict-related developments. It is imperative for the UN that fundamental freedoms are safeguarded while countering threats to national security.

ICT ACCESSIBILITY FOR PEOPLE WITH DISABILITIES

According to the ITU 'ICT accessibility assessment for the Europe region',¹⁶¹ Ukraine is committed to enhancing the availability and accessibility of information and communications, as well as of ICT products and services, to ensure that persons with disabilities have opportunities to acquire the same information, engage in the same interactions and enjoy the same services as persons without disabilities in an equally effective and integrated manner. However, with reference to analysis for the Europe region in general, including in Ukraine, the implementation process of such commitments should be strengthened in areas such as:

- the promotion of the design, development, production and distribution of accessible ICTs and ICT systems at an early stage;
- the promotion of universal design of ICT products and services to be usable by all people without the need for adaptation or specialized design;
- the facilitation and promotion of the engagement and participation of persons with disabilities and representative organizations in the design of accessible and inclusive e-government services;
- the employment of teachers, including teachers with disabilities, who are qualified in sign language and/or Braille, and in digital accessibility, including captioning, electronic document accessibility and web accessibility, as well as training

professionals and staff who work at all levels of education on ICT accessibility issues facing persons with disabilities;

- the promotion of the adoption of ICT accessibility in education, including role-based ICT accessibility training courses for administrators, teachers and staff in educational institutions, and ICT accessibility content in higher-education curricula;
- the undertaking or promoting research and development in respect of universally designed ICT products, services and equipment; and
- the promotion of emerging technologies usage by private- and public-sector stakeholders.

In terms of independent mechanisms to promote, protect, enforce and monitor the implementation of ICT accessibility laws, regulations, policies and strategies across the Europe region as a whole, including Ukraine, there is an overall lack of national regulatory authorities and designated bodies to monitor and report functions in regard to other aspects of ICT accessibility other than website accessibility, including the accessibility of products and services, and public procurement of ICT products and services. There is also a lack of independent monitoring processes involving the participation of civil society, in particular persons with disabilities and their representative organizations, for the implementation of ICT accessibility laws, regulations and policies.

159 <https://en.unesco.org/themes/safety-journalists/observatory/country/223833>

160 www.coe.int/en/web/media-freedom

161 https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2020/AE20/event/D-PHCB-ICT_ACCESS_EUR.01-2021-PDF-E.pdf

UNIVERSAL HEALTH COVERAGE: ENSURING HEALTH IS ACCESSIBLE TO ALL¹⁶²

Health is a fundamental human right. Universal health coverage (UHC) means that all individuals and communities receive the health services they need without suffering financial hardship. COVID-19 has demonstrated the importance of modern health systems with the ability to respond effectively to health crises and pandemics. People-centred quality health

services that ensure financial protection facilitate early case detection, identification of contacts and treatment. Ukraine is in the middle of transformative health financing reforms towards this end. Access to healthcare services remains a problem for people lacking identity documents, and asylum seekers.

FOCUS: HEALTH REFORM IN UKRAINE

In 2015, the Government of Ukraine initiated transformative reforms of its health system to improve population health outcomes and ensure people had financial protection from excessive out-of-pocket payments. This was to be achieved through increasing efficiency, modernizing the obsolete service delivery system and improving access to better quality of care. The 2019 joint WHO–World Bank review of Ukraine’s health finance reforms found the overall design of the reforms was in line with international good practice to improve access, quality and efficiency of health services,¹⁶³ stating that Phase I of the reforms (2016–19) had significant achievements including a benefit package emphasizing equity and the human rights approach, compulsory general tax funding pooled at national level and managed by a single purchaser (the National Health Service of Ukraine), and the principle of money following patients and not buildings.

Implementation of Phase II of the reforms, where new financing mechanisms at hospital level were introduced, coincided with the unprecedented public health challenge of COVID-19. In Ukraine, Phase II had to be adapted to these new circumstances, including a softer transition to case-based payments (paying providers based on type and number of cases treated and not number of beds and staff).

Ukraine’s overall fiscal environment remains difficult. Thus efficiency gains, particularly through hospital restructuring, will be key to demonstrating results from reforms. Ensuring the stability of overall health budgets and prioritizing public health (health promotion and disease prevention) and primary health care will enable improved frontline services.

FIGHTING GENDER-BASED VIOLENCE

Sexual and gender-based violence (SGBV) and violence against children is widespread and systematic in Ukraine and remains a significant risk for women, children and adolescents, especially in the conflict-affected areas in eastern Ukraine. According to a 2019 OSCE survey, 67% of Ukrainian women have experienced psychological, physical or sexual violence since the age of 15. Moreover, one in seven women (14%) in the country experienced a form of physical violence at the hands of an adult before they were 15 years old, compared to the average 27% in the EU.

Available figures indicate that incidences in Ukraine are widespread and increasing. 115,000 reports of domestic violence (DV) recorded by the National Police in 2018 increased by almost a quarter in 2019, and by nearly 50% in 2020 (only an estimated 15% of all cases are reported). This occurred after the adoption of a series of legal provisions in 2017 and 2018 related to domestic violence, which criminalised repeated domestic violence and made it easier to report. Almost 80% of them were filed by women, the vast majority victims/survivors of repeated violence by former or intimate partners. Over the 9

162 UN Ukraine Policy Paper on UHC, September 2020: https://ukraine.un.org/sites/default/files/2020-12/UN%20Policy%20Paper%20on%20UHC_final%20ENG.pdf

163 www.euro.who.int/en/health-topics/Health-systems/health-systems-financing/publications/2019/ukraine-review-of-health-financing-reforms-20162019-2019

months of 2021, there were 205,608 complaints on domestic violence cases (82% - from women, 16% from men and 2.43% from children)¹⁶⁴.

Children and women are the most vulnerable groups to domestic violence: 45% said that they encountered domestic violence in their childhood (predominantly as a victim), 31% encountered domestic violence in their adulthood, with women having a share greater (39%) than men (22%); 29% of adults would ignore emotional abuse of a female partner by a male one (53% for abuse of a male partner by a female one).

Until recently, less attention has been paid to violence against women in the world of work: reliable data on violence and harassment at work is missing while the national legislation still contains serious loopholes preventing from effective compliance.

Meanwhile, the pandemic has also brought many changes to the world of work. With teleworking arrangements in place, the private sphere and the world of work have overlapped possibly leading to an increased exposure of workers to domestic violence. The accelerated digitalization of the world of work has also contributed to increased cyber harassment. Financial pressure, anxiety about the future and disconnection from support networks also have the potential to exacerbate any underlying factors contributing to violence and harassment.

Special attention deserves violence and harassment of workers in informal economy. Informal work is typical by absence of legal and social protection that normally apply to formal workers, and hence absence of any protection against possible sexual harassment, violence, and abuse. While there are many types of informal work, domestic workers comprise an important cohort of the workforce in informal employment and are among the most vulnerable groups of workers.¹⁶⁵

GBV keeps and pushes victims/survivors out of employment and carries significant economic costs, estimated at more than USD 200 million per year in Ukraine and mostly borne by the victims/survivors.

There are strong social norms of acceptance of some forms of domestic violence against children – 42% of parents believe that emotional violence against a child is acceptable for educational purposes. In all, 14% accept corporal punishment of children in education. Moreover, 44% of adults believe that witnessing (and 43% of adults believe that being a

victim of) domestic violence in childhood does not lead to violent behaviour in adulthood.

Meanwhile, formal support services for child survivors and witnesses of violence continue to be lacking at national and local levels, creating even more obstacles for those who consider seeking help. And when child victims do find the courage and strength to ask for help, most turn to those they know personally, such as family or friends, rather than seeking professional help.

Moreover, Ukraine lacks comprehensive measures to address all forms of violence against children and fails to ensure the compliance of domestic legislation with the Optional Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography. Nevertheless, in the past 2-3 years there are some efforts to address certain forms of violence, such as online violence, bullying or domestic violence.

Another challenge for Ukraine is the lack of an age-disaggregated, secure, comprehensive and harmonized data system to properly document, respond to and manage reported cases of violence. Alongside limited systematic and survivor-centred case management practices, proper information and records management is often missing. Also, despite the adoption of the new Law on Domestic Violence, there are no clear protocols and procedures that would include training for social services, medical and education professionals, child protection authorities and other community-level professionals to identify violence, report to relevant institutions to avoid revictimization and address the psychosocial, medical and protection needs of survivors. In addition, almost no services for physical and psychological recovery and social reintegration of child victims or witnesses are available.

SGBV and domestic violence (DV) remain both among the most widespread and underrated type of offences in conflict-affected areas. The conflict in eastern Ukraine exacerbated SGBV challenges by breaking family support systems and undermining men's ability to fulfil their traditional gender roles: this led to negative coping mechanisms including intimate partner violence and DV. The traditional gender role identifying women as the caregivers for both children and elderly family members is also placing a bigger share of the burden of the conflict on the shoulder of women, due to the growing challenges of caring these most vulnerable groups affected by the conflict who are often unable to

164 <https://www.facebook.com/GovernmentCommissionerforGenderPolicy/posts/3125964384350236>

165 UN Women (2020) : <https://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2020/discussion-paper-sexual-harassment-in-the-informal-economy-en.pdf?la=en&vs=4145>

relocate. Sexual violence has been reported against conflict-related detainees in both the NGCA and GCA in the conflict-affected area.¹⁶⁶ Women and girls face the risk of SGBV and associated health burdens, stress and trauma. A UNDP survey found that 72% of women in eastern Ukraine felt safe at home at night, compared to 85% of surveyed men, the gap likely being due to their fear of SGBV/DV.

Cyberviolence against women

According to the joint ITU-UN Women report on ‘Digitally empowered Generation Equality Women, girls and ICT in the context of COVID-19 in selected Western Balkan and Eastern Partnership countries’¹⁶⁹, Ukraine faces unprecedented challenges affecting gender equality and the enjoyment of equal rights and opportunities by women, particularly those facing multiple forms of discrimination. The structural discrimination of women in the country persists in both the public and private spheres to carting extents, and this extends to the cyberspace. Abusive and harmful expressions of violence could be frequently seen in the cyberspace of Ukraine, and such gendered abuse often reflects temporal or situational events in the country’s political life. Spikes

Interviewed women were more inclined than men to refer to domestic violence and sexual harassment. Women whose partners participated in the armed conflict are more likely to experience physical or sexual abuse.¹⁶⁷ The lack of shelters, social housing, and safe spaces for SGBV survivors emerged as a major gap in service provision in eastern Ukraine, especially Luhansk Oblast.¹⁶⁸

in online violence against women often coincide with four major events, including scheduled releases of annual government data; electoral cycles; salient political events; and highly visible or controversial actions by women in the public eye of the country. Socio-psychological online attacks in Ukraine typically include accusations of moral deficiency and lack of intelligence. According to an analysis of data from 2014 to 2018¹⁷⁰, women were more likely to face socio-psychological harassment, in which they are harshly critiqued for their appearance, age and clothes, and they primarily face attacks against their physical appearance, intelligence and professional competence.



KEY DEVELOPMENT OPPORTUNITY: Combatting violence and harassment against women, at home, in public spaces, and in the world of work

Ukraine has recognized GBV, IPV, DV and SV response and prevention as a national priority. In 2020, Ukraine became a member of the Biarritz Partnership for Gender Equality and the President’s Decree “On Urgent Measures to Prevent and Combat DV, GBV and Protect the Rights and Interests of Victims/Survivors of such Violence” came into force. Legislative advances have expanded the circle of people affected and the list of entities involved in prevention and combatting DV have made provisions for launching general and specialized support services for victims/survivors. DV was criminalized in 2019. The State Programme on prevention and elimination of domestic violence and gender-based violence 2021-2025 was adopted in 2021. Ukraine is also signatory to the Istanbul Convention, which, however, remains unratified.

The **UN Policy Paper on GBV**¹⁷¹ proposed policy options to ensure effective response to GBV, IPV, DV and SV including through a human rights-based National Gender Equality Action Plan and a Program and Action Plan on prevention and response. They must ensure a sustained approach of national, regional and local government, and between the Legislature and Judiciary towards zero-tolerance policy at all levels.

166 https://www.ohchr.org/Documents/Countries/UA/29thReportUkraine_EN.pdf

167 www.osce.org/files/f/documents/1/3/440312_0.pdf and https://www.osce.org/files/f/documents/f/f/444157_0.pdf

168 IMPACT, Gender-based Violence Service Provision in Selected Communities of Luhansk and Donetsk oblasts, January 2021.

169 https://www.itu.int/dms_pub/itu-d/opb/phcb/D-PHCB-EQUAL.01-2021-PDF-E.pdf

170 USAID, 2019, “Online violence against women in politics in Ukraine: An IFES assessment”, available at https://www.ifes.org/sites/default/files/online_violence_against_women_in_politics_in_ukraine.pdf

171 https://ukraine.un.org/sites/default/files/2021-11/UN%20Policy%20Paper%20on%20GBV_FINAL%20ENG.pdf

FOCUS: IMPACT OF COVID-19 ON THE HUMAN RIGHT OF PERSONS WITH DISABILITIES¹⁷²

According to the SSSU, 2.7 million persons with disabilities were registered in Ukraine as of 1 January 2020 (6% of population). Of these, 163,886 were children, of whom 42.7% were girls. Of 136,300 persons who registered their disability for the first time in 2019, 44% were women. The actual number is likely to be higher because the Government only counts persons who are registered as having a disability, and a number of barriers exist to registering, including medical examinations and evaluation by a socio-medical commission. The official statistics are also lower than the World Health Organization (WHO) estimate of 15%. A Help Age International survey conducted in eastern Ukraine in May 2020 reveals that 41% of older persons reported at least one significant or total disability according to the Washington Group Questionnaire, but only 4.8% had their disability status officially recognized.

Pre-pandemic, availability of social services was already an issue for many people with disabilities, but COVID-19 response measures have exacerbated these shortages, especially when assistance is required to accompany a person with disability to access goods and services. The additional one-off UAH 1,000 for these persons in the conflict-affected areas is insufficient to make up for their limited access to basic services and infrastructure. Pre-pandemic, persons with disabilities, particularly women and girls with disabilities, experienced higher rates of violence. The prolonged isolation and reliance on family members and caregivers during lockdown presents heightened risks of violence, including lack of accessible information and help.

The COVID-19 crisis has also exposed a large gap between social services available in the community and the needs of persons with disabilities. It has also highlighted and added to the urgent need for deinstitutionalization of persons with disabilities.

In the pandemic context, all prevention and response measures introduced by the Government, including health-related information, health services and medical protocols, as well as socio-economic recovery measures should be equally accessible to persons with disabilities in line with the CRPD (Art. 9). Reasonable accommodation should be provided to ensure that persons with disabilities can enjoy and exercise their human rights and fundamental freedoms on an equal basis with others (Art. 2), for example, the right to education via telecommunication technology.

The UN Policy Paper on Disability [include link] provides policy options to create an enabling environment promoting equal rights and participation for persons with disabilities. In order to remove the barriers to participation and ensure equal rights and equal opportunities, the Government of Ukraine is recommended to promote the social inclusion of persons with disabilities by removing and mitigating political, cultural, administrative, environmental, physical, communication, policy and attitudinal barriers. To ensure the cohesion of the whole society, including persons with disabilities, policy interventions should be taken on several fronts and should have substantive and measurable outcomes, foreseeing that social inclusion must be both multidimensional and transformative.

172 OHCHR Briefing note, October 2020.

5 POPULATION, MIGRATION AND MOBILITY

POPULATION DYNAMICS



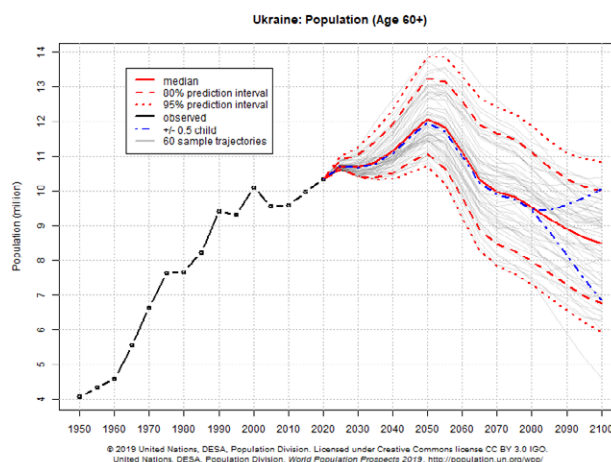
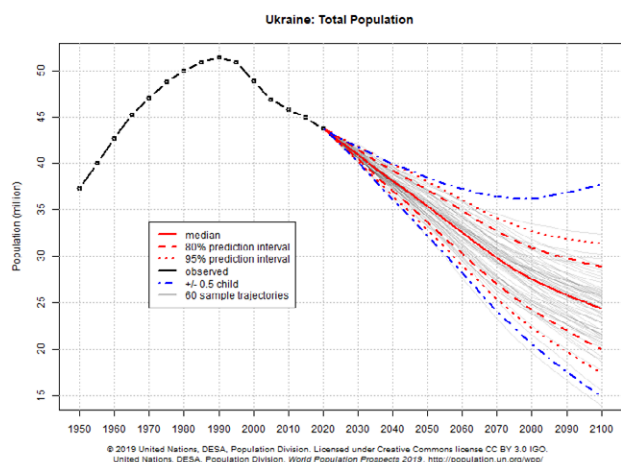
Ukraine has not held a census since 2001, meaning the current population cannot be accurately estimated. This is a significant challenge, as budgeting and provision of people-centred goods and services requires up-to-date, accurate, reliable and disaggregated population data. Population dynamics affect almost all national and subnational Agenda 2030 objectives, and strategies to address them must factor in the effects of its changing population in both size and structure, attendant changes in the dependency ratio, and the impact of migration, including the internal displacement of people. Low fertility rates, high mortality rates, continued emigration and low immigration rates are the main causes of Ukraine's shrinking population. No single remedy could fully offset this. Adaptive human rights-based measures are needed to ensure sufficient social protection and fiscal sustainability, positively influence family composition, and allow all individuals including the vulnerable and marginalized to fully contribute to society. Investment is needed in human capital throughout the life course, particularly health, education, poverty reduction, decent work and social protection.

In addition, UNHCR estimates that roughly 35,000 people in Ukraine are stateless or at risk of state-

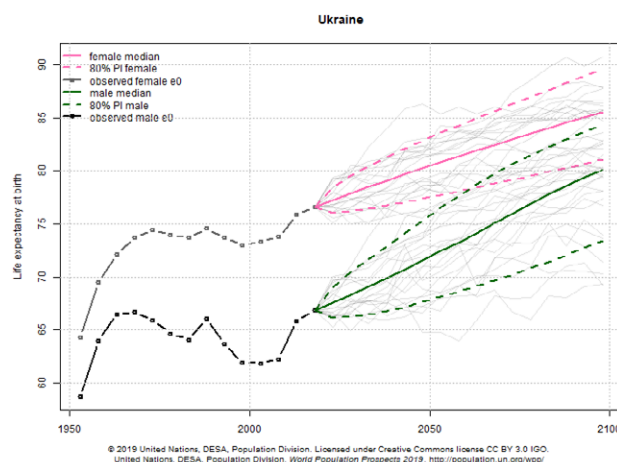
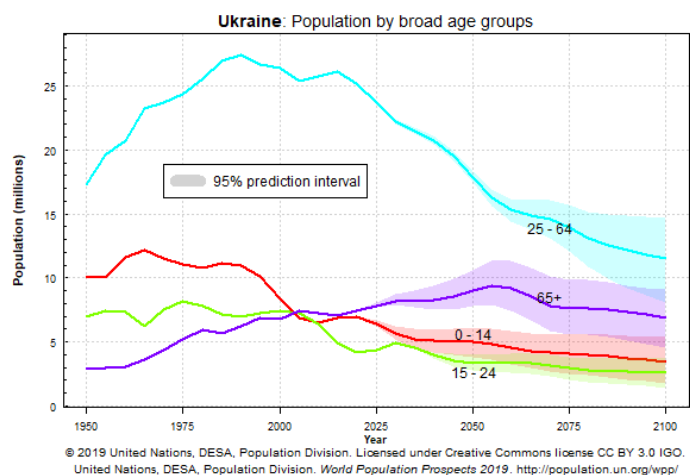
lessness and the number of undocumented persons may be even higher. Those without documentation live on the margins of society without access to rights and services, including formal work, health and education, and therefore not able to contribute fully to society. It is important that the 2023 census captures data on these populations and legal frameworks and procedures are created and/or supported to promote their inclusion.

It is important for Ukraine to establish a comprehensive migration governance framework, as envisaged the Global Compact for Safe, Orderly and Regular Migration (GCM) and the Ukraine-EU Association Agreement, to fully leverage migration's development potential and attract foreign migrants to meet labour market needs. Migration-related policies should address political, social and security-related push and pull factors, in addition to economic factors.

Ukraine will face significant economic cost due to demographic decline. Globally the share of older persons is expected to increase from 9.3% in 2020 to 16% in 2050.¹⁷³ Ukraine's population is projected to fall by 20% by 2050, despite a significant increase in the 65+ population.



173 www.un.org/development/desa/pd/news/world-population-ageing-2020-highlights



Against these demographic dynamics, IMF projections¹⁷⁴ show that GoU expenditure is expected to gradually decrease from 46.9% of GDP in 2020 to 43% of GDP 2025, creating pressure on health and social protection spending, including pensions, until 2030 and beyond. Thus population ageing in the medium and long term significantly affects fiscal sustainability (see section on social policy above), but also inequalities and productivity. As the dependency ratio worsens, possibly only partially offset by increased longevity and longer economic participation of older persons, significant labour productivity increase will be needed to sustain growth.

Responding effectively to Ukraine's population trends is central to promoting sustainable development. No single remedy will address demographic pressure or fully offset its negative effects. Adaptive measures are needed to ensure sufficient levels of social protection, foster productive per capita economic growth and ease fiscal pressures.

Financial incentives to increase fertility are costly with relatively small impact. Gender-sensitive policies are needed to boost gender equality, promote equal distribution of unpaid care work and a better work-life balance, and increase women's labour market participation. This includes increasing access to quality sexual and reproductive health care, affordable child and older person care arrangements, flexible work schemes and more equal parental leave provisions. Boosting productivity in the context of a declining workforce is critical. The Government must continue building strong and efficient institutions that apply the rule of law and property rights to boost investment, encourage efficient allocation of capital, and foster investment in human capital.

Policies should effectively manage emigration in a human-rights-based and gender-sensitive way, stimulate permanent and temporary Ukrainian migrant and diaspora return and stimulate foreign worker inflow together with incentives to remain. Policies need to be effectively established to protect working migrants in Ukraine, including simplifying access to labour market of currently marginalized populations, such as the Roma and migrants.

174 www.imf.org/en/Publications/FM/Issues/2020/09/30/october-2020-fiscal-monitor#Full%20Report%20and%20Executive%20Summary

MIGRATION OVERVIEW AND IMPACT ON DEVELOPMENT¹⁷⁵

Migration in Ukraine is affected by various factors, including the temporary occupation of Crimea and the conflict in eastern Ukraine and their economic effects; the launch of important yet insufficient reforms; progress in European and Euro-Atlantic integration, including the visa-free regime with the EU introduced in 2017; and emigration experience and diversified migration networks developed in years of labour migration abroad.

The economic situation improved in 2016–2018 with social adaptation to crisis conditions. Emigration of Ukrainians has stabilized but remains high. There is an increase in the stock of international migrants from Ukraine from 5,797,550 in 2015, to 6,139,144 in 2020 (approximately 14% of the total population). Females represent 54,8% in the total stock of international migrants from Ukraine, or in figures 3,360,527 (in 2015 they represented 55%).¹⁷⁶Trends in recent years indicate a shifting pattern with significant reduction of numbers for Western Europe and Russian Federation and more towards EU. According to Eurostat, Ukrainians represented a quarter of First Residence Permit Holders in 2019

Characteristics of internal migration

According to the SSSU, each year over 500,000 Ukrainians officially change their places of residence. However, surveys have found that 12% of adult Ukrainians, or up to 30% in large cities, do not live in their registered places of residence. Rural to urban migration, mainly labour and educational migration of youth, is **depopulating remote rural areas**: over 2010 to 2020 rural population decreased by 11.6% while urban population increased by 7.6%.¹⁷⁸ In 2020, the rural to urban migration was almost twice lower (11,000) due to the introduced COVID-19 related movement restrictions. Between 2001 and 2019, each year an average of 19 villages disappeared

in EU-27. Eurostat also points out that Ukraine has also marked a swift growth in this regard, with an increase of 122,000 between 2018 and 2019, an increase of 19.3 per cent. On the other hand immigration has decreased. In 2000 Ukraine was listed as one of the ten countries of destination with the largest number of international migrants, yet in 2020, Ukraine was listed among the countries that have experienced the most pronounced decline of intentional migrants between 2000 and 2020 (reasons may include old age of immigrants, high returns of asylum seekers to their countries¹⁷⁷).

Given the unfavourable demographic trends, a population outflow could hinder economic development, particularly if emigrants do not return, undertake circular migration or are unable to harness the productive benefits of social and economic remittances. Ukraine will continue lagging behind its neighbours in terms of welfare in the mid-term. Therefore, external migration will likely continue and could increase in the hostilities in the east worsen and the internal situation deteriorates.

in the country and up to 5,000 sparsely populated villages are on the verge of extinction.

As many as 66.7% of Ukrainians lived in cities according to the 1989 census; the figure was 71.1% on 1 January 2019. Kyiv and other regions with large cities – Dnipro, Kharkiv, Odesa and Lviv – traditionally have a migration surplus because of quality education, more work opportunities and better remuneration (average remuneration in Kyiv is 1.5 times higher than in the rest of the country). A high number of rural residents commute work in other big cities, at the same time 14% of the working-age population work in another settlement in the country.¹⁷⁹

175 www.iom.org.ua/sites/default/files/iom-ukraine_facts-eng_2019.pdf, www.iom.org.ua/sites/default/files/iom-ukraine_facts-eng_2019.pdf

176 <https://www.un.org/en/desa/international-migration-2020-highlights>

177 *ibid*

178 Migration in Ukraine: Facts and Figures 2021, available at: https://iom.org.ua/sites/default/files/migration_in_ukraine_facts_and_figures_2021-eng_web.pdf.

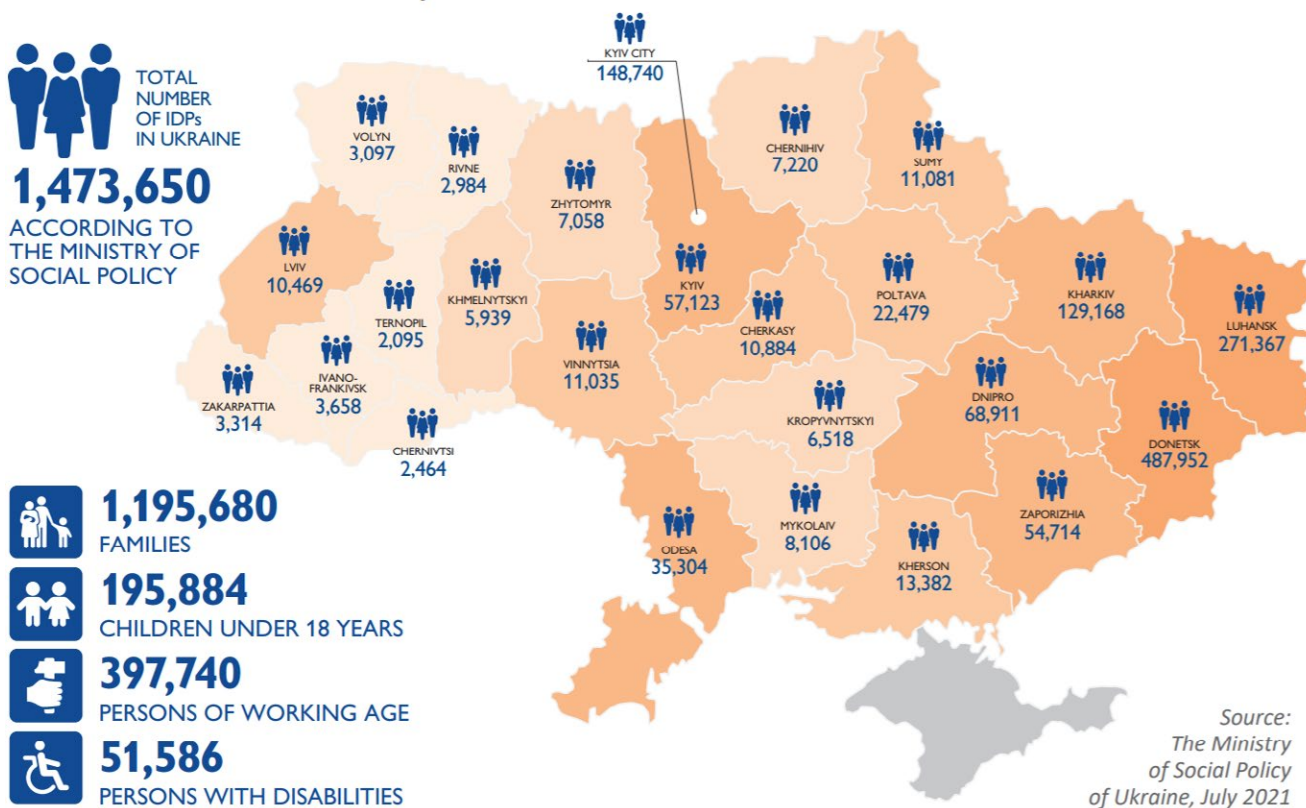
179 Labour Force of Ukraine 2020: Statistical Yearbook, State Statistics Service of Ukraine, available at: http://www.ukrstat.gov.ua/druk/publicat/kat_u/2021/zb/07/zb_r_s_2020.pdf.

Internally displaced persons

The temporary occupation of Crimea by the Russian Federation¹⁸⁰ and the ongoing conflict in eastern Ukraine led to significant induced displacements, especially in the first three years of the conflict. Displacement from NGCA has stabilized in 2017, however, the numbers have grown over 2020 and 2021 by 40,000. This growth is dictated by the COVID-19 crisis and the rising unemployment which

forced people to register with the state authorities to receive government benefits.¹⁸¹ In 2021, 1.47 million IDPs were registered by social protection bodies, mostly in Donetsk region (over half a million) and Luhansk region (up to 300,000) as well as in Kyiv and Kyiv region (more than 200,000 in total), as well as Kharkiv, Dnipropetrovsk and Zaporizhia regions.¹⁸²

Distribution of IDPs in the territory of Ukraine



Source: IOM, Migration in Ukraine, Facts and figures 2021

The **average per capita income of IDP households is a third lower than national average**, and also lower than the actual subsistence level calculated by the Ministry of Social Policy; therefore, many IDPs rely on state support. The most pressing problem of IDPs is lack of housing: 89% see this as the key obstacle to integration in the new community. In June 2020,¹⁸³ 56% of IDPs aged 20–64 were employed, compared to 67% in the same age group in the general population. Meanwhile, surveys show that 39% in June 2020 of IDPs did not intend to return

to their former homes even after the conflict, and this share is steadily growing.

The International Displacement Monitoring Centre assessed the total economic cost on internal displacement for Ukraine at USD 246 million, or 0.2% of GDP.¹⁸⁴

The IDP Integration and the Medium-Term Solutions to Internal Displacement Strategy until 2024 as well as its Operational Plan for 2021-2023 were adopted

180 "Crimea" refers to the "Autonomous Republic of Crimea and the city of Sevastopol, Ukraine, temporarily occupied by the Russian Federation," under General Assembly resolution 68/262 on the territorial integrity of Ukraine, and subsequent General Assembly resolutions on human rights in the Autonomous Republic of Crimea and the city of Sevastopol, Ukraine.

181 Analysis by Olena Malynovska in Migration in Ukraine: Facts and Figures 2021, available at: https://iom.org.ua/sites/default/files/migration_in_ukraine_facts_and_figures_2021-eng_web.pdf.

182 1,473,650 internally displaced persons were registered as of July 2021, Ministry of Social Policy of Ukraine, available at: <https://www.msp.gov.ua/news/20309.html>.

183 <https://dtm.iom.int/reports/ukraine-%E2%80%94-national-monitoring-system-report-situation-internally-displaced-persons-june>

184 https://www.internal-displacement.org/sites/default/files/publications/documents/IDMC_CostEstimate_final.pdf

in October 2021.¹⁸⁵ The Strategy addresses social and economic aspects of IDP integration such as housing, employment, social protection, healthcare, access to civil documentation, and integration into local communities. Similar to the 2020 IDP Integration Strategy, the new 2024 Strategy does not consider the other customary local integration options of voluntary return and voluntary resettlement. The Strategy aims to address the most urgent issues faced by IDPs over the next three years, so that IDPs no longer depend on specific assistance and protection and will be able to exercise their rights in full. The Strategy and Plan are strongly welcomed

Increasing international mobility of the population

The visa-free regime agreed in 2017 with the EU increased cross-border mobility. Between June 2018 and June 2019, Ukrainian citizens made 2.35 million visa-free visits to the EU, 4.2 times more than between June 2017 and June 2018. Approximately three million Ukrainians are working abroad at any given time, primarily because of difficulties finding well-paid jobs at home: the average wage in Ukraine is ten times lower than in Germany and 5.5 times lower than in Italy. Since 2015, economic factors of migration have been bolstered by political and security factors, which have significantly increased intention to migrate. In recent years the trend has been away from Russia towards the EU, mainly Poland, Germany and the Czech Republic. On average around 900,000 Ukrainians are employed in the Polish economy at a time (57% of labour trips last less than three months so do not require residence permits). The SSSU reports that around 70% of emigrants are from western Ukraine. However, migration from other parts of Ukraine is gradually

by the UN and follows advocacy and contributions to the draft text. Close coordination with the triple nexus response will be needed to ensure the strategy is informed by international standards, such as the Report of the United Nations Secretary-General's High-Level Panel on Internal Displacement,¹⁸⁶ which highlights practical recommendations to Member States, the United Nations system and other relevant stakeholders on how to better respond to internal displacement, in particular where it is protracted, and achieve Government-led durable solutions to internal displacement

increasing. The highest number of residence permits is issued to Ukrainians by Poland (almost 500,000), Italy (223,000), the Czech Republic (165,600) and Spain (94,000).¹⁸⁷ Similarly, the number of Ukrainian students studying abroad is on the rise. According to UNESCO, 72,000 Ukrainians studied abroad in 2018 with the highest share of students hosted by Poland (26,900), Germany (6,500), the Czech Republic (3,200) and Italy (3,000).

Increased mobility, especially in the EU has also been accompanied by increase in the number of applications filed by Ukrainians for international protection in EU MS. Citizens of Ukraine filed 971 asylum applications in EU countries in February 2021, marking the highest increase since 2017 and substantially more compared to the pre-pandemic levels. In February 2021, there were registered 880 first-time applications, compared to 535 applications filed for the first time in the same month in 2020.

Migrant remittances to Ukraine

Ukraine is the largest recipient of remittances in Eastern Europe and one of the top ten recipients globally. Private remittances were steadily growing (except during the global financial and economic recession) and exceeded US\$8.5 billion in 2013. However, in 2014, remittances fell by 24% because of security, political and economic problems in Ukraine and its weak financial system. Certain internal improvements and intensified external labour migration again increased the volume of remittances to US\$12.2 billion in 2020, about 10% of GDP. This was more than four times higher than the volume of direct foreign investment. Most of the remittances come from Poland (25%), the United States (10.3%) and the United Kingdom (8.5%) while the share of

remittances from the Russian Federation is on the decline (8.5% in 2020 against 26.4% in 2015).

On average a long-term migrant worker earns four times more than people residing in Ukraine. It is estimated that a long-term transnational Ukrainian household's net income is US\$24,150,¹⁸⁸ of which 39% is spent abroad and 61% is gross savings (before remittances). This **savings rate** is higher than in other countries in the region, such as Moldova (58%), Romania (49%) and Albania (37%).

An IOM study found that about 40% of all migrant remittances in 2014 was spent on consumption. About 20% was invested, primarily in construction, purchase or renovation of housing. Over 40% was

185 IDP Integration and the Medium-Term Solutions to Internal Displacement Strategy, 28 October 2021, available at: <https://zakon.rada.gov.ua/laws/show/1364-2021-%D1%80>.

186 <https://www.internaldisplacement-panel.org/wp-content/uploads/2021/09/HLP-report-WEB.pdf>

187 Eurostat, source: <https://ec.europa.eu/eurostat/web/migration-asylum/managed-migration/database>.

188 https://iom.org.ua/sites/default/files/iom_migration_as_an_enabler_of_development_in_ukraine.pdf

saved. Reportedly, 21% of Ukrainian migrant workers would like to invest, yet to date there are no programmes to leverage migrants' skills or encourage migrants and diaspora investments. Ukrainian migrant workers clearly prefer informal channels when sending remittances to Ukraine. An IOM survey suggests 53% of remittances are sent through informal channels.

The expected fall in remittances to Ukraine due to the COVID-19 pandemic, related mobility constraints, economic cooling and lockdowns did not occur.

Migrant vulnerabilities to human trafficking, abuse, exploitation and smuggling

Due to the economic slowdown, employment is difficult to find for returnees, especially if their skills do not match domestic demand for labour. Following the pandemic, without sufficient and meaningful livelihood alternatives emigration from the country could increase. Without safe channels, people may revert to unsafe migration practices, leading to smuggling, trafficking and exploitation; youth and women are among the most vulnerable groups. The number of identified and assisted TiP survivors by the International Organization for Migration (IOM) and its local partners reached 1,680 individuals in 2020 – an annual record since the IOM counter-trafficking programme started in 1998. In 2020, the victims of labour exploitation accounted for 97% of IOM VoT caseload (40% of these were officially granted a human trafficking victim status); 48% of persons officially granted the human trafficking victim status were exploited in the armed conflict. The year 2021 continues this trend with the number of identified survivors in the first half of 2021 (824) already surpassing 2020 figures for the same period (771). The Russian Federation (52% of IOM's beneficiaries in 2020), Poland, Germany and the Czech Republic are the key countries of destination for the victims of human trafficking. According to the available data, the share of men among the victims

According to the National Bank of Ukraine (NBU), in 2020 migrants transferred a record US\$12.1 billion to Ukraine (1.7% more than in 2019). This might be explained by increased reliance on formal remittance transfer channels, stable demand for workforce from Ukraine and quick adjustment of labour migrants from Ukraine to new travel rules and regulations. The World Bank uses different methodology, which indicates that remittances to Ukraine declined from US\$15.8 billion in 2019 to US\$13.7 billion in 2020. The NBU has projected that in 2021, remittances will increase by a further 8% to US\$13 billion.

of labour exploitation (inside Ukraine) and trafficking in persons is growing. Gaps in the state-led National Referral Mechanism's adaptiveness to new challenges continued to be observed. The COVID-19 pandemic aggravated the economic situation of human trafficking survivors: the financial situation worsened for 84% of surveyed VoT and more than 50% of them lost their jobs.

The current situation at the Belarus border with Ukraine as well as the recent arrival of Afghan citizens in Ukraine, indicates that border protection is necessary and needed, at the same time, experience in Europe has shown that there will still be migrants that will make their way to Ukraine, many relying also on smuggling networks. While the number of smuggled persons is not currently known since 2014, 438 Ukrainians have been arrested for people smuggling in Greece and Italy, according to the EU's border agency, Frontex. There are currently 300 Ukrainians serving sentences for human smuggling and related crimes in Greece. This suggests the need for enhanced preparation to respond to smuggling of people as well as to potential flows of migrants that will have different statuses and needs, a certain number of whom will also have protection concerns.

Reintegrating returning migrants and impact on communities during the COVID-19 pandemic

Labour migration can relieve pressure on unemployment in countries of origin. The inability of seasonal migrants to take up their traditional jobs places an additional load on the already fragile Ukrainian domestic labour market: there were more than 456,750 unemployed persons registered with the State Employment Centre on 4 May 2020, a 47% year-on-year increase, or 21% compared to pre-quarantine (end of February 2020). Since the announcement of quarantine, the number of new vacancies advertised has halved while the number of new applications is increasing, suggesting a growing demand for employment that cannot be fulfilled.

The IOM has found¹⁸⁹ that migrant workers in Ukraine work predominantly in trade (frequently as market sellers), services and construction. Several measures adopted by the Government to reduce COVID-19's spread, including lockdowns and market closures, have diminished migrant revenue. Foreigners in Ukraine are particularly vulnerable as they lack access to the formal and informal safety nets that benefit nationals.

On the policy level, the State Migration Policy Strategy until 2024 proposes measures for the reintegration of returning labour emigrants. It aims to reduce the negative consequences of emigration

189 https://iom.org.ua/sites/default/files/iom_booklette-07_eng.pdf

from Ukraine and create the necessary conditions for the return and reintegration of Ukrainian migrants. The “Affordable Loans 5-7-9%” programme for small and medium-sized businesses incentivizes, among

others, the return of Ukrainian migrant workers. However, this and other initiatives are specifically directed to labour emigrants only, leaving other types of migrants out of focus.



KEY DEVELOPMENT OPPORTUNITY: WELL MANAGED MIGRATION AND MOBILITY TO REDUCE INEQUALITIES AND SUPPORT INVESTMENTS TOWARDS POVERTY REDUCTION

Public policy should foster sustainable development by moving beyond remittance-dependent and consumption-led economic models towards an investment-led model. Data shows high interest in investing in local infrastructure projects, especially by long-term migrant workers in EU countries. Almost every fifth long-term migrant worker expressed an intention to invest, ideally in their local communities in Ukraine.

Guided by the conclusions of the Migration Governance Follow up Assessment for Ukraine UN could facilitate regular mobility pathways for Ukrainian citizens through win-win solutions for Ukraine and destination countries (promoting labour mobility schemes, ethical recruitment of migrant workers, protection of migrant workers especially women, allowing for international student employment during the studies and after graduation); setting up an adequate policy, legislative and administrative framework on labour migration in Ukraine (i.e. establishing a policy to combat hate crimes, violence and discrimination against migrants, removing administrative barriers to short and long-term employment of foreigners, expanding social protection benefits and access to health care), mainstreaming migration into national sectoral and cross-sectoral strategies; and creating an enabling environment for investment. Deeper engagement with migrant communities abroad and Ukrainian Diaspora groups could contribute to development (transfer and productive use of remittances (including non-material types), and investment in local and national development initiatives).

The **UN Policy Paper ‘In and Out Migration’**¹⁹⁰ provides further orientations for establishing a comprehensive migration governance framework to this effect as envisaged in processes such as the Global Compact for Safe, Orderly and Regular Migration (GCM) and the Ukraine-EU Association Agreement.

190 In and Out Migration, Policy Paper 2021

6

ENVIRONMENT AND CLIMATE CHANGE ANALYSIS



While Ukraine has high proven reserves of iron, manganese, titanium and zirconium ores, coal, graphite, china clay and sulphur, the country uses materials and energy inefficiently with outdated technologies and highly depreciated fixed assets, especially in mining and metallurgy.¹⁹¹ Thus, Ukraine's energy intensity of production (estimated at 0.25 toe/USD 1,000 in 2018 by the IEA) is over twice the world average (0.11 toe/USD 1,000).¹⁹²

Sustainable strong economic growth – necessary for SDG attainment – requires markedly reducing the carbon intensity of Ukraine's economy. Key obstacles to the transition to low-carbon growth include lack of diversification of Ukraine's economy, outdated and inefficient production capacity, and subsidies (including in the tax-benefit system, and owing to lack of internalization of externalities from greenhouse gas [GHG] emissions) in energy pricing.¹⁹³ Industry, electricity and heat production, transport and the residential sector have high potential for emission reductions.¹⁹⁴

Ukraine's eastern region is fragile ecologically, dominated by coalmining, ferrous and nonferrous metallurgy, chemical and petrochemical industries, which pollute air and water. Operating and abandoned coal mines discharge highly mineralized water that exerts serious ecological pressure and makes water unfit for domestic use. Many areas lack centralized wastewater collection, and most wastewater treatment facilities need renovated or replaced. Ecological monitoring of industrial pollution is largely unsystematic. Unfiltered industrial waste is reportedly accumulating in many riverbeds in the east of Ukraine, creating massive long-term health hazards for inhabitants.

Climate change significantly affect Ukraine over the SDG horizon. Hazards will likely become more frequent, causing significant economic loss and threatening food security. Increasing droughts and heightened weather volatility will make forest fires

more frequent and desertify Ukraine's south and south-east. The Carpathian mountains and densely populated areas in the Dniester and smaller river basins are highly vulnerable to floods, while port cities of Odesa, Kherson and Mykolayiv regions in southern Ukraine may be partially submerged by rising levels of the Black and Azov seas. Meanwhile, access to water resources, including drinking water, will likely fall, adding to the reduction of irrigated land by some 15% this century so far. Atypical diseases for Ukraine (malaria, dengue, etc.) may spread.¹⁹⁵

In Crimea the suspension of the supply of fresh water from Dnieper aggravated by the cyclic drought, has the potential to affect the economy, environment and population of the peninsula. Lack of access to water caused the decline in irrigation agriculture, primarily visible in crops production that used to sustain communities in the north and east of Crimea. The arable land has shrunk to 10% in size between 2013 and 2017 in an agricultural sector 70% dependent from the North Crimea Canal.

Efforts aimed at compensating for the lack of access to Dnieper water by extensive drilling and reorientation of natural and artificial water streams have led to irrevocable environmental effects, including the drop in water table levels and salination of fresh water horizons in many parts of Crimea as well as erosion of ecosystems sustained by local small rivers. Importantly the water crisis in Crimea brings negative implications for the local population. With lowering water levels in artificial reservoirs used to supply urban centres the population in some of them faces rationed supply and decreased quality of water. If left unaddressed, this could undermine the human right to safe and clean drinking water and sanitation. Water crisis in Crimea adds to political tensions around the peninsula providing grounds for debates while, at the same time, limiting the space for addressing possible humanitarian aspects of water shortage, including by restraints for international access and reporting on the situation.

191 Contribution to Ukraine's roadmap to achievement of SDGs Agenda 2030. MAPS Mission, Ukraine August 2018.
 192 Ministry of Economic Development and Trade, 2016 Report on Green Transformation in Ukraine, based on OECD Green Growth Indicators.
 193 Recent years have brought a marked reduction in fossil fuel subsidies, particularly in the direct and indirect subsidies in the gas sector, cross-subsidies in electricity consumption, and subsidies to state-owned coalmines. However, considerable subsidies still remain. See www.oecd.org/env/inventory-of-energy-subsidies-in-the-eu-s-eastern-partnership-countries-en.htm
 194 [www.undp.org/content/dam/ukraine/docs/EE/DIW/Towards a low-carbon economy gives a dated but good overview.](http://www.undp.org/content/dam/ukraine/docs/EE/DIW/Towards%20a%20low-carbon%20economy%20gives%20a%20dated%20but%20good%20overview.pdf)
 195 www.niss.gov.ua/articles/2223 and <https://ua.boell.org/en/2017/06/16/climate-change-ukraine-be-continued>

Turning the problem of water shortage into a security issue that is widely speculated upon is a threat that might further aggravate the situation in and around Crimea, being a conflict driver that could lead to further deterioration of regional dynamics.

If business-as-usual continues, agricultural crops are expected to suffer, harvest losses of as much as 40 to 60 % are anticipated (World Bank (2021e), necessitating significant investment in climate change adaptation, such as irrigation technologies and temperature change-resistant crops. Hazards or migration to adapt to climate change could displace entire settlements. The threat to biodiversity is also substantial, with a fall in the number of useful species, changes in forests and fauna, soil degradation and changes in the species composition of soil flora and fauna.¹⁹⁶ Climate change impacts will likely also increase societal tensions and conflict risks as competition over resources intensify.

Climate change will exacerbate land degradation. Decades of intensive production have led to serious erosion and depletion of soil organic matter and nutrients in Ukraine's famously fertile and extensive black soil areas. The soil has become acidic, saline, or alkaline due to unsustainable agricultural practices, such as excessive use of mineral fertilizers and outdated technologies. Ukraine loses an estimated 500 million tonnes of soil to erosion annually from arable land (a loss of some US\$5 billion in nutrient equivalent), lowering soil fertility across 32.5 million hectares.¹⁹⁷

Climate change hit the hardest those populations that are more dependent on natural resources and have fewer resources to adapt to the relevant changes. These categories include people in poverty, people with disabilities, elderly, homeless persons, etc. Climate change can affect them directly through destroyed housing, crop losses and other factors, and indirectly through rising food prices due to emergencies. Women are particularly vulnerable to climate change as on average they have fewer financial resources, limited access to decision-making, and an additional burden of unpaid care work. Responsibility for children, household chores and caring for older and sick relatives limit women's mo-

bility, which makes it difficult to change their place of residence in the event of an increased pollution or other emergencies.

Green growth has not yet taken hold in Ukraine so far. National Green Growth Indicators and sectoral analyses have been developed in energy and agriculture to support transitioning to a green economy.

The Government of Ukraine has recently endorsed the **Environmental Security and Climate Change Adaptation Strategy of Ukraine until 2030**, key roadmap to assess climate change impact on society, economy and the environment in Ukraine as well as adapting sectoral and local policies and making better use of climate data. Furthermore, the upcoming **NDC Roadmap and Financial strategy** will guide country's economic and social transformation, across all sectors, groups of population and regions. Implementation of these key strategic frameworks is central to shifting Ukrainian economy to a more sustainable and resilient growth prospects.

Different forms of migration - disaster displacement, labour migration and planned relocation - are shaped by climate impacts and environmental degradation. Given the complexity and cross-cutting nature of migration, environment and climate change nexus and their relevance to a range of government bodies, the feasibility of establishing a Climate Change and Migration Platform (CCMP) with the purpose to improve coordination among stakeholders responsible for migration and climate change-related laws, policies, strategies and projects, should be examined and appropriate action taken.

Ukraine has continued enhancing environmental monitoring and assessment for improved decision making to support sustainable natural resources management and a shift towards a circular and green economy. The country participates actively in the UNECE Working Group on Environmental Monitoring and Assessment and the Joint Task Force on Environmental Statistics and Indicators, has increased the capacity to producing UNECE environmental indicators and has established a Shared Environmental Information System.

196 www.niss.gov.ua/articles/2223/

197 www.fao.org/3/a-i3905e.pdf, p. IX.

FOCUS: COAL JUST TRANSITION

Ukraine's coal-fired power plants are among the most pollutive industrial installations in Europe and in the world, generating significant hazards and costs for the population and the environment. According to recent data from Centre for Research on Energy and Clean Air¹⁹⁸ emissions from Ukrainian coal power plants were associated with an estimated 5,000 deaths in 2019, increasing from 3,300 in 2018, the most affected regions in Ukraine were Donetsk, Kyiv, Dnipropetrovsk and Lviv. The social costs related to the associated healthcare, reduced economic productivity and welfare losses amounted to an estimated present value of €8.4 billion in 2019, of which €3.2 billion in Ukraine and €5.1 billion in other countries.

The current cost of coal in the national mines is estimated on UAH 4,000 per tonne, well beyond its market value of UAH 1,350, coal industry turns into subsidy dependent and turbulent sector, with direct subsidy to miner wages reaching UAH 5.6 bn in 2020 alone (75% of the wages are subsidised and often delayed). Having been the basis of industrial development of the country, they require urgent long-term and comprehensive transition planning, involving local communities and business.

A just transition is an integrated approach to sustainable development which brings together social progress, environmental protection and economic success into a framework of democratic governance. Effective just transition strategies require local, bottom-up participation of all affected stakeholders and commitment by the governments to guarantee their buy-in and provide planning security, which integrates a human and social angle.

The Government is currently developing a Concept on Just transition of the Ukraine's coal regions by 2030, with 850,000 persons estimated living in affected local communities (including 110,000 children), to ensure these communities and the 38,000 people directly employed in coal mines are treated in a socially responsible manner, benefit from increased diversification of local economy, improved connectivity and infrastructure.



KEY DEVELOPMENT OPPORTUNITY: STIMULATE GREEN GROWTH, INVEST IN RESILIENCE AND CLIMATE ADAPTATION

Greening the development path by reforming environmental governance and supporting green business will help Ukraine overcome the technological lock-in of the extensive and polluting industrial legacy of the Soviet era. Eliminating environmentally harmful direct and indirect subsidies, and real-locating some of the freed up budgetary resources to provide economic incentives for green growth will accelerate SDG achievement.

Furthermore, equal gender representation in environmental policy has significant opportunities to find adequate responses to guide climate action.

More generally, policies should facilitate moving toward greener growth. Important components include higher costs on producers and consumers emitting GHGs through a combination of carbon pricing and an Emission Trading System (ETS); liberalizing the energy market, revamping regulation of the heating and electricity sectors, and improving residential buildings' insulation. This could be complemented by promoting private investment in innovative clean technologies, and exploring scope for obtaining climate change financing support and technology transfers from abroad through international commitments on carbon emissions under the Paris Agreement. All line ministries should review their policies to mitigate climate change and introduce adaptation measures. Public administration reform in the Ministry of Environment and Natural Resources can mainstream environmental actions into economic growth, agriculture, energy, democracy and governance activities, and into disaster risk reduction, including measures to reduce displacement risk in line with the Sendai Framework (see below).

Furthermore, strengthening **community and local level resilience** via involvement should remain an important priority, including via involvement in the [Making Cities Resilient 2030 Initiative \(MSR2030\)](#). MCR2030 aims to ensure cities become inclusive, safe, resilient and sustainable by 2030, contributing

198 https://en.ecoaction.org.ua/wp-content/uploads/2021/09/Ukraine-coal-health-impacts_eng.pdf

directly to the achievement of Sustainable Development Goal 11 (SDG11) “Make cities and human settlements inclusive, safe, resilient and sustainable”, and other global frameworks including the Sendai Framework for Disaster Risk Reduction, the Paris Agreement and the New Urban Agenda. The city of Mariupol in southern Ukraine has already engaged with the MCR2030 process setting example for other Ukrainian cities as a means of assessing and strengthening their resilience in an inclusive manner.

Ukraine is party to the UNECE Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention) and its Protocol on Strategic Environmental Assessment. Strategic Environmental Assessment (SEA) and transboundary environmental impact assessment (EIA) in accordance with these two UNECE treaties enable Ukraine to mainstream environmental, climate and health objectives into draft governmental plans, programmes, other strategic documents, and private and public projects. Both SEA and EIA are tools towards achiev-

ing the SDGs and greening post-COVID-19 economic recovery initiatives.

Ukraine is party to the UNECE Convention on Long-range Transboundary Air Pollution. However, the country has not yet ratified and implemented the most recent protocols to the Convention (Protocol on Heavy Metals, Protocol on Persistent Organic Pollutants (POPs) and the Protocol to Abate Acidification, Eutrophication and Ground-level Ozone (Gothenburg Protocol).

KEY DEVELOPMENT OPPORTUNITY: Hydrogen – an innovative solution to carbon neutrality¹⁹⁹

Ukraine is seriously considering developing hydrogen energy both for internal transport infrastructure, agriculture, metallurgy, and residential heating, as well as for the EU through the existing pipeline system. In December 2019 the European Commission (EC) introduced the European Green Deal. This strategy includes an emissions reduction target for 2030 with a 50-55% cut in GHG emissions, replacing the current 40% objective and help reach net-zero global emissions by 2050. In the European Green Deal, the EC recognizes the role of hydrogen in decarbonizing industry and increasing the share of renewable energy sources more quickly.

To forward plan hydrogen energy in Ukraine, decision-makers could already consider the recommendations of the UNECE Group of Experts on Gas. Electrolyser development and deployment could be accelerated. Behavioural change could be stimulated through market design including quotas, targets, dedicated programmes and support schemes. Work to retrofit and repurpose current gas infrastructure could begin immediately. Finally electrolysers could be connected to the electricity grid, ideally supplied with renewable or low-carbon electricity.

To stimulate Ukraine’s active green transition, the UN supported the Government to draft a **Roadmap for production and use of hydrogen** for a green post-COVID-19 recovery, along with a **Report on hydrogen use for transport** and a **Social-economic assessment report on hydrogen production and use in Ukraine**²⁰⁰. Developing infrastructure to produce and use hydrogen in Ukraine will facilitate national recovery in an environmentally friendly manner.

199 https://unece.org/fileadmin/DAM/energy/se/pdfs/CSE/comm29_Nov.20/ECE_ENERGY_2020_8_Hydrogen_final.pdf

200 <https://unece.org/sustainable-energy/regional-advisory-services/improving-capacity-government-ukraine-develop>

NATIONAL RISK PROFILE AND CLIMATE CHANGE VULNERABILITIES²⁰¹

Ukraine is exposed to multiple hazards, with their associated risks of impacts on vulnerable groups and exposed populations. At national level, exposure to **hydro meteorological hazards** is high. These hazards affect the agricultural and human health sectors, through seasonal flooding and periods of drought. **Threats from riverine, urban floods and wildfires are also considered high.**

Climate change is expected to increase the risks and severity of natural hazards in Ukraine, influencing temperatures as well as rainfall patterns, causing prolonged heat waves and water scarcity in certain areas.

- Climate change is projected to make Ukraine increasingly vulnerable to:
- droughts;
 - heat waves;
 - heavy precipitation;
 - mudflows;
 - floods.

In these scenarios, **water resources are likely to be affected** by changing temperatures and precipitation patterns, which will have long-term implications on the amount and quality of water available. **Droughts** may become more frequent in north and west Ukraine due to a reduction in precipitation and river runoff decrease as well as from increased demand and consumption from economic development and population growth.

Ukraine is expected to face **expanded summer seasons** as well as higher temperatures and prolonged heat waves during the summer months. Climate change is also expected to shift the boundaries of spring frosts, with adverse impacts on the agriculture sector.²⁰²

The high risk flooding scenarios are associated with the country's vast networks and large number of rivers, catchments and aquifers. The changes in precipitation as a result of climate change will lead to more flooding. Based on historical data, river flood hazard is classified as high at national level, with potential for damaging and life-threatening

effects across the country, with western Ukraine being the area most exposed to the risk of flooding.

The main potential adverse effects of climate change **in Ukrainian cities, where 70% of the population live**, include: heat stress, flooding, reduced areas and disturbance of biodiversity in urban green areas, extreme weather events, reduced quantity and quality of potable water, increased incidence of infectious and allergic diseases, disturbance of normal operation of urban electric power systems.²⁰³

Gender perspective

Life expectancy in Ukraine is, on average, about 71 years (in comparison, life expectancy in Sweden is 80 and in Poland — 74 years). There is a 10-year gender gap in life expectancy, meaning that the majority of the older population are women.

Including a gender analysis of Disaster Risk Reduction in Ukraine is challenging, since in general data is not divided by sex, age and level of income. However, the preliminary gender assessment showed that older women are at higher risk in Ukraine. They often lack financial resources due to a gender gap in pensions. Women make up the majority among internally displaced persons (IDPs) due to the ongoing conflict and are particular vulnerable due to financial and housing instability.²⁰⁴

Vulnerable groups have less resources to adapt to climate change consequences. For example, according to research, heat waves affect vulnerable populations most of all, including older persons, the majority of whom are women. The need to adapt to climate change is more typical for persons working in open air and spending more time in public places (e.g. child-carers, most of whom are women).²⁰⁵ Women may be more sensitive to environmental pollution due to caring for children and livestock, with women from villages being especially susceptible. For example, women, on average, spend more time outdoors when they are out with their children, so both they and their children will be more affected by air pollution. The incidence of adverse weather events and changes in climate can have an outsized effect on individuals,

201 UNDRR Ukraine Risk Profile, 2021 (forthcoming)
 202 <https://climateknowledgeportal.worldbank.org/country/ukraine/vulnerability>
 203 http://climategroup.org.ua/wp-content/uploads/2014/07/Ukraine_cc_ENG.pdf
 204 Daria Popova, Gender and Human Rights Expert, 2021. Gender integration into DRR
 205 Analytical review of the updated nationally determined contribution of Ukraine to the Paris Agreement, 2021. https://mep.gov.ua/files/images/2021/29042021/Analytical%20Report_%20Project_EN.PDF?fbclid=IwAR3jWpI5zrI45Ricxq2TNshsNFvjKc2IB6GSPEQBW_fhkVHAaeaPIhz86zc

families and communities in situations of vulnerability or with specific needs, affecting their access to economic opportunities and other limited resources in addition to direct impacts on health; This includes those with living in poverty, communities close to the contact line in the east whose coping mechanisms are already stretched, Roma communities who faced multiple compounding vulnerabilities, IDPs who may struggle with access to housing and basic needs, as well as refugees, asylum-seekers and undocumented people who are often marginalized because of a lack of access to rights.

Reports from 2020 highlight local level events

where one part of the country is hit by high temperatures and the other experiences flooding. These events resulted in heavy economic losses and imposed hardships on the population. According to the State Emergency Service of Ukraine (SESU), **the losses caused by disasters in 2020** increased by more than six times compared to the figure from 2019 (from ca. UAH 1.6 billion to ca. UAH 9.9 billion). The lion's share of this increase is attributed to the drought in Odesa Oblast, the wildfires in Zhytomyr Oblast, the Chornobyl Exclusion Zone and Luhansk Oblast, and to the flash floods in the western regions of Chernivtsi, Ivano-Frankivsk, Lviv, Ternopil and Transcarpathia.²⁰⁶

Much work has been done to classify hazards and identify risk areas – but much also needs to be done to address new challenges, especially those related to climate change. Compared to its neighbours, **Ukraine has a very low Environmental Sustainability Index (ESI)**, ranking 108 out of 146 countries.²⁰⁷ This is primarily due to the high energy and pollution-intensity of its industry, pressure on ecosystems due to intensive agriculture, water stress on part of its territory, and insufficiently developed environmental institutions.²⁰⁸ The main causes of ecological problems in Ukraine are:²⁰⁹

- Inherent structure of the economy with a prevailing share of resource- and energy-intensive industries, the negative impact of which was strengthened by transfer to market conditions;
- Deterioration of industrial and transport infrastructure fixed assets;

- Existing system of state governance in the area of environmental protection, regulation of usage of natural resources, absence of proper separation of environmental protection and economic functions;
- Insufficient maturity of public bodies;
- Insufficient understanding in society of priorities for the preservation of the environment and advantages of sustainable development;
- Non-compliance with environmental protection legislation.

At a transboundary level, rivers (via the likely change of water levels), environmental pollution and technological hazards pose risks to neighbouring countries. Ukraine is similarly exposed to hazards directly or indirectly coming from neighbouring countries which affect water scarcity, environmental pollution or pose technological risks.

Ukraine is working through the Sendai Framework to improve disaster preparedness and response by consistently integrating modern technology and policies to increase resilience to natural hazards. In 2014 the Government approved the Risk Management Concept for Technogenic and Natural Emergency Situations under the Hyogo Framework for Action 2005–2015. The country has since then built a new safety management system based on a risk-based approach. In 2017, in order to pursue Sendai Framework for Disaster Risk Reduction 2015–2030 recommendations, the Cabinet of Ministers approved the *Strategy for Reforming the State Emergency Service of Ukraine*, which, *inter alia*, envisages full-scope State Emergency System Reform and improvement of its capacity to combat natural and man-made hazards.

National and international actors have been increasing support to prevent, prepare and protect communities and infrastructure since 2019. Efforts are currently underway to support local authorities to effectively prepare for and respond to conflict-related risks as well as to put in place mitigation measures against industrial and ecological risks, but disaster risk reduction and management needs to be strengthened, especially at local level.

206 <https://www.unjobnet.org/jobs/detail/30938726>

207 Esty et al. 2005.

208 Year: 2007. <https://www.grida.no/resources/7970>

209 Strategy of National Ecological Policy of Ukraine until 2020

FOCUS: ILLEGAL LOGGING, DEFORESTATION AND CLIMATE CHANGE

Illegal logging is a major environmental and economic problem in the Carpathian region. The old-growth forests of the Carpathians and their unique biodiversity are disappearing at alarming rates as timber is illegally cut and transported across and beyond the mountain range. This has removed large chunks of forests that soak up excess water and provide a buffer against flooding, and worsened several devastating floods in recent years that are partly linked to climate change.

Fuelled by corruption, illegal logging has recently been raised in the Government. UNEP believes the State Forest Enterprises may be implicated in illegal logging, making investigation and prosecution difficult. The average annual volume of illegal logging has been estimated between 20,000 m³ (in 2008 by the State Forest Agency) and 1.25 million m³ (by a Swiss-Ukrainian Forest Development Project in 2010). Sanitary logging is considered the principal means of illegal logging since the late 1990s. In 2017, around 30–40% of the total harvest was estimated to be sanitary logging. In a 2010 survey, Ukrainian forest experts reported many unregistered sawmills, and a system for purchasing stolen timber in the Ivano-Frankivsk area. Incidents of corruption in the same area were also reported, including bribing forestry officials, land fraud and issuing illegal harvesting permits.²¹⁰ The State Forest Resources Agency State reports losses from illegal logging of more than UAH 1 billion, while in 2019 illegal logging in Ukraine increased sevenfold. Meanwhile, environmental defenders often face persecution for fighting against illegal deforestation.

Cross-border action, such as between Ukraine and Romania around normative instruments such as the Carpathian Convention, is vital to protect these precious ecosystems. This is the only existing instrument to address crises in the subregion in a holistic manner.

CLIMATE CHANGE'S IMPACT ON AGRICULTURE²¹¹

The agricultural sector has always been one of the priority spheres of Ukraine's development. In recent years, it has been almost the only sector of the economy that has increased production and exports; it now accounts for 30% of nominal and 11.7% of real GDP.

At the same time agriculture contributes 14% to Ukraine's total GHG emissions. This necessitates increased ability to adapt to climate change's adverse effects, reduce climate risks, and obtain potential benefits from climate change. The **Forecast of agro-climatic conditions for main crops by 2030 is that Ukraine's agro-climatic indicators will significantly**

change, affecting agricultural context. In particular, increasing average annual temperature in Ukraine by 0.5–0.8°C up to 2030 will affect the duration of seasons and growing periods, enabling a larger set of agricultural crops and their varieties. Meanwhile the frequency of "heat waves" and droughts is forecast to increase by 1.5 times, and long periods of heat with temperatures up to +35° C will spread to the north and west, leading to premature maturation of spring crops and decreased yields. Analysis also shows that gradual increase of temperatures may **reduce the productive humidity of soil**, therefore increasing risks for agriculture production and decreasing crops.

General approach of adaptation to climate change in agricultural sector

The following key risks and issues in the sector may be identified: (i) an extended vegetation period would improve distribution of individual species and enable the planting of new more heat-loving species or secondary crops; (ii) reduction of interstage periods from blooming to ripening would negatively affect the yields; and (iii) there is increased risk of pests, diseases and weeds with potential crop losses and increased use of pesticides and veterinary drugs.

oping a sectoral adaptation plan; ensuring sustainable growth of agricultural sector productivity with minimized loss of organic soil components, ensuring state food security, and strengthening resilience to the effects of climate change.

If nothing is done, global warming could negatively affect agriculture of Ukraine. At the same time if global warming is limited to 2°C there is an opportunity to use improvement in certain conditions for crop production in some districts. Thus, a strategy

The key adaptation actions for the sector include: conducting vulnerability and risk assessment, devel-

210 https://ec.europa.eu/environment/forests/pdf/Country_overview_Ukraine__03_10_2018.pdf

211 FAO, *Priorities for Prevention of Climate Change and Adaptation to Climate Change in Agriculture, Forestry and Fisheries of Ukraine by 2030*, 2018.

and medium-term plan is appropriate and necessary for agricultural sector adaptation to climate change.

As Ukraine has mostly concentrated efforts on combating climate change on reducing GHG emissions, adaptation has not received enough government

attention. Adaptation measures tend to require significant financial resources and can be very diverse. The expected results can hardly be forecast due to a high uncertainty about the scale and timing of climate change impacts.



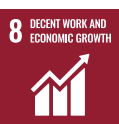
IMPACT OF FOOD SYSTEMS ON CLIMATE CHANGE

The food system currently contributes about 30% of global GHG emissions; agriculture significantly contributes to climate change. To curb emissions cutting food waste is important, but more important is shifting towards plant-based diets, reducing use of meat, dairy and eggs.

In the latest Ukraine's Greenhouse Gas Inventory 1990-2017, GHG emissions in the agriculture sector were estimated at 39,100 kiloton CO₂-equivalent in 2017. The largest contributor was agriculture soils

(71%), followed by enteric fermentation (22%) and manure management (5%). The main GHGs from agriculture in 2017 were nitrous oxide, N₂O (73%), methane (25%), and carbon dioxide (2%).²¹²

Based on a series of National Dialogues on the UN Food Systems Summit 2021, Ukraine is considering developing a Foods Systems Strategy, addressing the role of the Ukrainian agricultural sector in supporting global food security.



FOCUS: SMALL FARMERS AND THE IMPACT OF CLIMATE CHANGE

Small farmers (owning or leasing land plots of 0.5-100 ha) have an important village-forming function, ensure the biodiversity conservation, and are an essential element in shaping overall food security. In Ukraine, **small farmers account for 43% of agricultural production and about 46% of agricultural land**. However, small farmers and rural households are particularly vulnerable to climate change, because of (i) their high reliance on ecosystem goods and services that are under increasing pressure as a result of climate change, (ii) their low capacity to adapt to changes.

In 2020, droughts severely affected agricultural production in southern Ukraine, reducing the cereal harvest, including maize and technical crops such as sunflower and sugar beet, leading to estimated losses of US\$0.5 billion, and exacerbating the already difficult living conditions of the rural population. The increased severity of droughts and floods caused by climate change are a significant risk to small farmers oriented on extensive low-productive practices on a very small-scale production level. Reduced agriculture production results in the decreased income of the small farmers, putting their household well-being and food security at risk.

There are several consequences of climate change for rural and small farmers. Land can become less productive, and soil erosion increases. There can be insufficient access to drinking water and water for agricultural purposes, including competition for access with big agriculture producers (for example, in July 2020, wheat production was estimated to have declined by 11.7% from 2019 due to scarce precipitation during March and April 2020).²¹³ Crop productivity can be lost due to shifting cultivation periods and increased need for crop rotation. The problem of pests can increase because of more favourable conditions for their wintering. Livestock and productivity of livestock can reduce due to long heat waves and lack of proper livestock keeping conditions. Finally, natural hazards and hydro meteorological phenomena become more frequent and intensive (intense precipitation, hailstones, squall winds, drought etc.).

212 <https://unfccc.int/documents/195605>.

213 FAO, *The Current Status of Agriculture Drought Damage and Losses in South Regions of Ukraine*, 2020.



KEY DEVELOPMENT OPPORTUNITY: LAND REFORM

A growing and productive Ukrainian agricultural sector is key to advancing sustainable economic, rural and social development that leaves no one behind. The Moratorium on Agricultural Land Sales has deprived millions of landowners of their constitutionally enshrined property rights and has been a major impediment to furthering these goals.

The 31 March 2020 *Rada* decision to adopt draft land turnover law 2178-10 was an important step toward realising the agricultural sector's development potential. It must now be quickly accompanied by a wider package of government proposed complementary land reform legislation. So far, only two of five relevant draft laws have been approved.

A functioning land market should first and foremost benefit landowners, smaller farmers and local communities. Further concentration of land in a few hands must be prevented. To take full effect, smallholders and smaller farms must be supported with well-targeted financing instruments, including state support, access to credit and Partial Credit Guarantees (PCG).

Land consolidation mechanisms are needed to prevent land fragmentation and aid smallholders' development into commercially viable farms. Land reform must follow a gender-responsive, human-rights based approach with the interests of the most marginalized groups at their centre.



FOCUS: DIGITAL SOLUTIONS TO SUPPORT SUSTAINABLE SOIL RESOURCE MANAGEMENT AT FARM LEVEL AND LEVERAGE LAND REFORM²¹⁴

In 2017, Ukraine produced 60 million tonnes of grain, and exported 40 million tonnes. Experts estimate that Ukraine has the potential to produce 100 million tonnes of grain a year. While Ukraine has one of the greatest areas of arable land in the world, it must ensure that it can maintain the current level of crop production in a context of climate change and intensified agribusiness.

Although there are data on soil and land conditions in Ukraine, many farmers lack systematic knowledge of soil conditions. This results in soil quality depletion and degradation, leading to decreasing sustainability and worsening livelihood conditions in rural areas.

Recent research proposes a national soil monitoring system based on analysis of all existing cartographic, climatic, organizational and economic information; farm soil survey archival materials; and high-resolution satellite imagery. The system could be widely adopted and further incorporated into the national environmental monitoring system to provide the required information on soil conditions. Based on this farmers can use the science-based patterns to monitor the soil conditions of their fields and agro-landscape and optimize production activities while adopting sustainable natural resource management approaches.

Digital Agriculture in Ukraine

According to the ITU and FAO joint report on the 'Status of Digital Agriculture in 18 countries of Europe and Central Asia'²¹⁵, agriculture is one of the main sectors of the Ukrainian economy, with the country's arable land area equivalent to almost 30% of arable land in the EU and accounts for about 25% of the world's most fertile black soil. While Ukraine has developed The Agricultural and Rural Development Strategy 2020 to focus on priorities including land reform, food security, agri-food value chain development, rural development and the revival of the Ukrainian village, there exist other strategies and action plans in relation to this sector, with some of them in the making or awaiting

endorsement, and priorities include the digitisation of agriculture. There are also challenges in accessing agricultural extension and business advisory services. The range of services supporting business creation and growth is low. It was noted that the country has been unable to design and support the establishment of sustainable agricultural extension schemes for years, with almost no active extension services in Ukrainian rural areas. This further worsens the plight of small farms, which have not been provided with effective advice on how to develop and integrate with value chains, as well as lack the funds and knowledge required to take advantage of such services when they exist.

214 <http://www.fao.org/3/ca7761en/CA7761EN.pdf>

215 <https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Publications/Status%20of%20Agriculture%20in%20Europe%20and%20Central%20Asia%20%287%29.pdf>

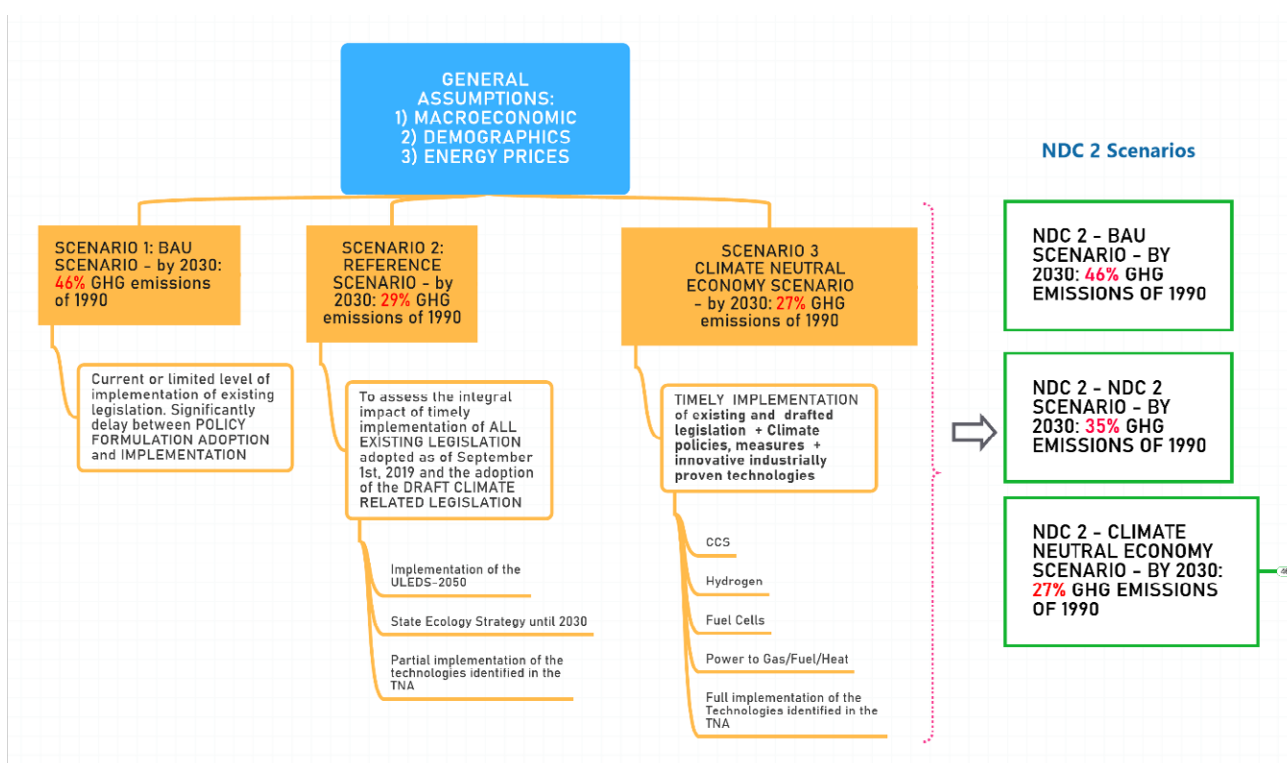
Ukraine's updated NDC²¹⁶

Ukraine has shown good progress on updating its NDC, which was submitted to the United Nations Framework Convention on Climate Change (UNFCCC) on 31 July 2021. The NDC of Ukraine has set clear economy-wide targets until 2030 and long-term projections up to 2050. GHG emission scenarios lead the way to reach carbon neutrality by 2060, as pursued by the National Economy Strategy of Ukraine until 2030. Furthermore, the new targets indicated in the Updated NDC reflects an important enhancement of its targets in its initial NDC, despite of the COVID 19 impacts on the economy of Ukraine. Nevertheless, there are some issues of the Updated NDC that could be enhanced or clarified, to aid the NDC Implementation process or the upcoming Biennial Transparency Report to be submitted in 2024. First, the current mitigation target (the overall increase of its initial target is of 44.15 MtCO₂e) could be interpreted as not sufficient by the international community. Therefore, it is advisable that the Government of Ukraine considers to indicate that the current mitigation target could be increased, if the economic recovery speeds up substantially and adequate means of implementation are provided.

The government is developing the NDC Implementation Plan and NDC Roadmap, which will cover the main NDC sectors, identify measures for NDC implementation, responsible parties and required steps (e.g, in legislation adoption) with the estimated emission reduction. The NDC still requires a robust assessment of the financial resources, origins of financial support (e.g, governmental, private, development partners) for its effective and efficient fulfilment to be reflected in the NDC Financial Strategy and Investment Plan by 2030, followed by an Institutional reform proposal needed to execute the outlined changes.

It is also recommendable that the government of Ukraine could consider including a section with information on adaptation in its coming NDC. Despite of being Annex I, it is advisable that Ukraine also presents a brief section on how climate change is affecting the country and especially on how the climatic parameters are affecting the agricultural production and the ecosystems in Ukraine.

The 3 scenarios presented below summarise the different mitigation targets that were formulated in the Modelling Report by FAO.



216 FAO, Review of Updated NDC Ukraine, 2021

KEY DEVELOPMENT OPPORTUNITY: Implementation of Paris Agreement

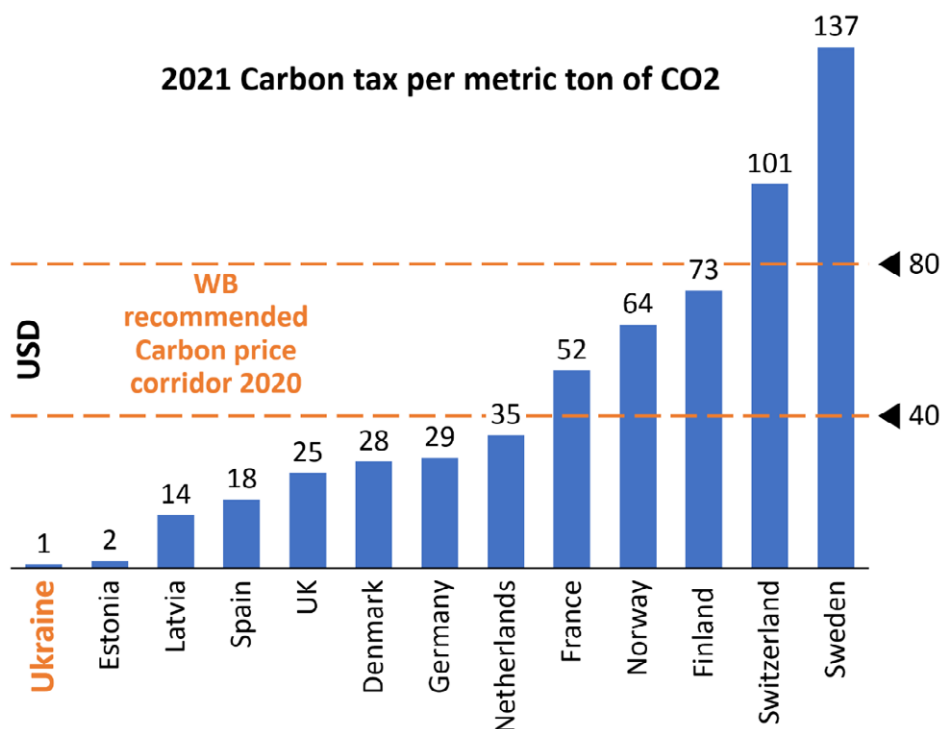
In July 2021 the Government of Ukraine (GoU) updated its Nationally Determined Contribution (NDC) to the Paris Agreement, committing to ensure an economy-wide net reduction of 65% in GHG emissions by 2030 compared to 1990, leading to netzero by 2060. The NDC is therefore an ambitious commitment by the GoU that needs to be transformed into concrete actions and a related investment plan.

Ukraine also considers joining the **UN Partnership for Action on Green Economy (PAGE)** supporting countries to reframe their economic policies creating an enabling environment to finance the green economy transition.

GHG emissions in Ukraine can be reduced in a range of ways. These include optimizing land tenure via afforestation; developing and scaling up agriculture technologies towards carbon sequestration; addressing broken crop rotation, uncontrolled pest management, and decreased biodiversity in Ukraine; providing economic and monitoring motivation for farmers to adopt change mitigation practices; and utilizing sustainable feeding and breeding practices for livestock.

According to 2018 EBRD estimates, meeting the Paris Agreement NDC would require US\$420-560 billion by 2030. It is therefore key to start whole-of the society and whole-of the economy approach by setting new incentives, changing the market conditions, committing fully to Paris Agreement implementation through carbon pricing, carbon taxing (Ukraine has one of the lowest carbon taxes in the world, see box below), ending fossil fuel subsidies, improving energy-efficiency standards, promote public disclosure of carbon footprints.

Green and sustainable finances can be mobilized in Ukraine through instruments such as green bonds issued by both state and private sector actors. In order for green bonds to be successful, a robust tracking and verification system is needed, potentially following guidelines elaborated by International Capital Market Association. Applying carbon pricing under the EU initiated Carbon Border Adjustment (CBA) mechanisms will also support demand for green finance.



Source: WB State and Trends of Carbon Pricing 2021

7 PREVENTION AND DEVELOPMENT – HUMANITARIAN – PEACE LINKAGE ANALYSIS

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



8 DECENT WORK AND ECONOMIC GROWTH



ADDRESSING THE IMPACT OF CONFLICT

The situation in the conflict-affected Donetsk and Luhansk regions in eastern Ukraine continues to take a significant toll on the lives of more than five million people, and indirectly affects the whole country. Despite a renewed commitment to a ceasefire in July 2020, sporadic shelling, landmines and unexploded ordnances still pose a threat. Community infrastructure and civilian assets are also targeted, putting millions at risk of losing access to water, health, education and heating, and social and economic ties have been disrupted.

Economic activity in Ukraine's eastern industrial heartland has been severely affected. Prior to the conflict, Donetsk and Luhansk accounted for 12.5% of Ukraine's population and generated 15.7% of the country's GDP and a quarter of its exports. The estimated losses of GDP per capita in Donetsk and Luhansk are 42% and 52% respectively, compared to a 22% drop for Ukraine. An estimated 70% of enterprises in GCA have reported decreased investment and revenues, disrupted trade relationships, lack of demand for products and shrinking workforces.

The 'contact line' has also disrupted the pre-crisis network of basic services, hampering access to health, education, social and administrative services, and jobs for millions. People on both sides of the 'contact line' now look further afield for services, often in new urban centres, so placing a significant burden on their infrastructure and services. Many of the urban centres in GCA require additional investment to be able to absorb a much larger client base.

Flows between the GCA and NGCA of Donetsk and Luhansk are of critical importance from a peacebuilding and recovery perspective. Prior to COVID-19, there were some 600,000 crossings of the 'contact line' on a monthly basis. This was up to 20% of the NGCA population based on latest UN estimates. The primary reasons why people cross from NGCA are to access pensions, withdraw cash, visit relatives and address administrative matters.²¹⁷ Restrictions to movement of people across the 'contact line' linked to the COVID-19 pandemic have decreased the frequency of people-to-people contact, weakening social networks established between residents of CGAs and NCGAs.

Ukraine's outdated industrial production sites pose a significant environmental risk to the country, particularly in the cities where the industrial sector is prominent, including Kyiv and Dnipro. Environmental impact assessments have been carried out, but these represent a small proportion of the work that needs to be done.

Abandoned coal mines are a concern. They risk contaminating underground water resources and causing subsidence in populated areas. Functioning mines with inadequate exhaust treatment systems cause heavy air pollution with particles of pm2.5 and pm10. Lack of investment in the water and mining sectors means companies have highly energy-consuming equipment and huge water losses. In 2013, non-revenue water was estimated to have reached 30%.²¹⁸



OPERATIONALIZING THE HUMANITARIAN-DEVELOPMENT-PEACE COOPERATION IN GCA

One of the overarching strategic goals of both the 2021 and 2022 Humanitarian Response Plans (HRP) is to operationalize certain aspects of humanitarian-development cooperation in the GCA. The HRP aims to: 1)

increase national and regional Government ownership and responsibility for the provision of humanitarian services; 2) strengthen the capacity of local responders to complement the Government-led response; and 3)

217 <https://www.unhcr.org/ua/en/eecp-monitoring-2020>

218 <https://sos.danubis.org/eng/country-notes/ukraine/>

enable a multi-year outcome to implement transitional programming, ensuring complementarity between humanitarian and development actions, and to build the resilience of conflict-affected population, which should be aligned with the UNSDCF.

In the past seven years, humanitarian funding has totalled US\$1.336 billion, \$729 million of which has been contributed through annual HRPs, representing an average coverage of 46% of the \$1.575 billion in funding requirements requested during this period.²¹⁹ The number of people in need of humanitarian assistance has fallen to 2.9 million in 2022, from 3.4 million in 2021 and 3.5 million in 2020, primarily through a reduction in humanitarian needs in GCA. The UN, through the CCA and UNSDCF framework, should enhance its systems of analysis, planning, programming and implementation of humanitarian, development and peace interventions by utilizing the principles of the Triple Nexus (humanitarian-development-peace).

The Ukrainian Humanitarian Fund (UHF) offers a strong incentive to coherently operationalize this strategic outcome. In late 2020, an envelope of US\$2.5 million was allocated for humanitarian projects in GCA implemented in close collaboration with local authori-

ties and development actors, following an area-based approach in prioritized GCA locations. Priority was given to proposals that follow a multi-sector approach and demonstrate strong collaboration with, and planned transfer of responsibility to, local authorities and development actors. The project partners were requested to ensure coherence towards a common humanitarian-development vision, especially to facilitate eventual transfer to local authorities.

This UHF pilot initiative, which is being implemented until early 2022, attempts to combine several elements of successful humanitarian-development cooperation. By deliberately allocating funds towards joint project implementation, the initiative overcomes one of the main hurdles of donor division along traditional humanitarian and development lines. Collaboration is promoted throughout the project cycle, with priority given to projects with an area and multi-sector approach planned in humanitarian-development partnerships and consortiums. Lastly, it ensures the implementation of humanitarian projects set up with a strategic goal to transfer responsibility to development actors and/or local authorities, fostering capacity building and a unified government approach in the process.

FOCUS: defining the HDP Nexus in Ukraine

HDPN in Ukraine seeks identifying, promoting, and maximizing synergies across humanitarian response and development programmes, while enhancing opportunities for peace, towards the common goal of ensuring that risks, needs and vulnerabilities among the conflict affected population are addressed in a sustainable way.

Overall, the objective should be to ensure that needs, risks, and vulnerabilities among people affected by the conflict are increasingly addressed through national and local capacities. This should be the result of strengthened coordination between humanitarian, development and peace actors along with government institutions at the national and local levels, as well as with civil society, working jointly towards identified common priorities with an end-goal to achieve the SDGs in an inclusive way.

Shared HDP Nexus Priorities:

- **#1 Good local governance and improved human security will protect the fundamental rights of the conflict affected population in Ukraine.**
⇒ Focus: Protection, Human Rights, Gender Equality, Women Empowerment, Social Cohesion, conflict transformation and Local Governance, including decentralization.
- **#2 The conflict affected population in Ukraine has access to equitable and sustainable basic services.**
⇒ Focus: Basic Social Services, Health, and Water, Education, Legal aid
- **#3 The conflict affected population in Ukraine has equitable and sustainable access to livelihoods and economic opportunities.**
⇒ Focus: Livelihoods and Economic Recovery

219 From the Financial tracking system, FTS, accessed on 17 November 2021, <https://fts.unocha.org>

UKRAINE HUMANITARIAN NEEDS OVERVIEW 2022²²⁰

The consequences of the armed conflict on people, their needs and the severity of those needs are examined along three dimensions. Firstly, people in affected areas face critical problems related to their physical and mental well-being. These could be related to shelling and landmine contamination, direct damages to housing and civilian infrastructure, lack of access to health care and water and hygiene, as well as the risk of COVID-19 infection.

Secondly, people in affected areas face both the direct and indirect impact of the conflict – exacerbated by COVID-19 – on their access to basic services and their ability to meet basic needs and to live a life of dignity. Numerous drivers of needs are related to living standards, such as challenges in access to health care, water and hygiene, inadequate health care

capacities, limited freedom of movement, curtailed access to social benefits and civil documentation, as well as winterization needs, and have aggravated the socioeconomic situation.

Lastly, people in affected areas face critical problems as their coping mechanisms become exhausted and individuals, households, communities and systems face growing challenges to their ability to recover from the crisis. These coping mechanisms could be linked to reducing health care expenditure, spending savings or resorting to borrowing money or food.

For a list of vulnerable groups in conflict, see ***Leaving no-one behind*** at the end of Chapter 1. The summary diagram of the groups is provided here:

People in need: 2.9 million, including 2.6 million residents and 0.3 million IDPs

People in need breakdown (not split by residents vs IDPs):

Female: 1.6 million ; Male: 1.3 million; Children: 378 thousand; Adults: 1.6 million; Elderly: 875 thousand.

54% female, 46% male, 13% children, 57% adults, 30% elderly

220 HNO 2022 will be available in January 2022

FOCUS: ACCESS TO SAFE DRINKING WATER

The primary cause of increased vulnerability of the population of eastern Ukraine is insecurity, particularly along the 'contact line' and in densely populated urban settings. Water, sanitation, electricity supply and transportation services have been disrupted or reduced, or have become unreliable for people living in conflict areas. Much of the damage remains unrepaired to date, partly due to a lack of access, but mostly because of the financial resources required to repair centrally managed urban water and sanitation systems are not available, while most of the infrastructure remains significantly outdated from Soviet-era.

In 2020, continued deliberate and indiscriminate attacks damaged civilian infrastructure, injured personnel and interrupted the power that keeps complex and interconnected WASH systems running in a region where water is inherently scarce. In 2020, 61 violent incidents affected civilian water facilities, averaging one every six days and 31% decrease compared to 2019 when 88 incidents were recorded. Advocacy against indiscriminate attacks should be continued as long as water infrastructure is targeted.

The conflict in eastern Ukraine has amplified problems with water and sanitation service provision that already existed at national level, stressing the vulnerability and critical situation of a sector that directly affects the health and wellbeing of Ukrainians, especially children and women. The most serious challenges facing the water and sanitation sector include, but are not limited to: the absence of sound, efficient and consistent national policy in the sector; a lack of strategic development and long-term planning; ineffective water management; ageing networks without proper operation and maintenance; poor service levels in terms of quality, safety and reliability of services; and inefficient resource allocations directed mainly to day-to-day operations/emergency repairs. Most water utilities use outdated equipment and operate deteriorated, leaky pipeline networks. High losses and high energy consumption are the main challenges for water companies. On average water pumps are around 30 years old, and 80-85% are still old Soviet models; about 50% of all assets need replacement, but just 1.3% has been replaced due to lack of financing. Ukrainian water and sanitation sectors face significant shortages of funds countrywide to address the rising problems. The sector urgently requires reform and modernization.

Humanitarian risks

The two main risks projected for the near future in Ukraine is the high number, and continuing increase of COVID-19 cases, specifically in conflict-affected areas, the high rate of vaccination hesitancy, and the risk of a return to political stalemate. The fragile health care systems could be put under extreme pressure in the first scenario, particularly in the

NGCA, due to the limited capacity of hospitals and laboratories. COVID-19 also profoundly affects political negotiations, causing missed opportunities to capitalize on the political breakthrough achieved in 2020. The uncertainty created by the pandemic increases the risk of politicization and the stalling of implementation.

FOCUS: SCORE INDEX FOR EVIDENCE-BASED POLICIES

The Social Cohesion and Reconciliation Index (SCORE) is a joint initiative funded by USAID, the United Nations Development Programme (UNDP), and the European Union, implemented by the Centre for Sustainable Peace and Democratic Development (SeeD). SCORE is an analytical tool calculated on an annual basis and designed to improve the understanding of societal dynamics in Ukraine in order to provide a solid evidence base for developing policies and programs that strengthen national unity and social cohesion.

Recent findings from a Food Security and Livelihoods Assessment in Eastern Ukraine²²¹ demonstrate that GCA and NGCA residents have many needs in common, in particular concerning service provision and improving human security; those living in close proximity to both sides of the 'contact line' face greater adversities. In terms of economic security, for example, 10.2% of households in the GCA and 14.8% in the NGCA reported taking on debts to buy food. Overall, residents on both sides of the 'contact line', especially those living closer to it, feel a sense of abandonment: they have less access to services, which leads them to think that the authorities do not care about them; this in turn reduces trust in central institutions and law enforcement bodies, and fuels perceptions that justice and health sector providers are corrupt.

221 Food and Agriculture Organization, 2021

At the same time, however, people living in close proximity to the 'contact line' demonstrate greater resilience (than those living elsewhere in the region and Ukraine), and a stronger sense of belonging, to both their settlements and Ukraine. Although some coping mechanisms evolved in the absence of an official presence during the armed conflict (for example, service delivery and the provision of security), these are not sustainable. Grievances will continue to increase over time as fatigue sets in, and if there is no restoration of services, including transport and communications. It is also worth noting the higher levels of citizen passivity, which is likely linked to greater personal insecurity/safety and fewer opportunities for engagement with local authorities.



Access to justice

Respondents in eastern Ukraine report the following barriers to access to justice: lack of personal power and wealth; low efficiency of the justice system; and fear for own safety. Those who had experience dealing with the courts expressed higher confidence in being able to obtain justice (67%) than those who had no such experience (54%). Although residents of Donetsk and Luhansk regions are mostly aware of the availability of government-appointed (free legal aid) lawyers, those in rural areas rely on local administrations to a greater extent, as they have fewer options when it comes to seeking legal advice.

Nearly two-thirds of residents in eastern Ukraine think the National Police, one of the primary security service providers, ends up solving problems in their communities.²²² At the same time, the gap in police presence between urban and rural areas remains

significant: 84% and 52% of respondents respectively reported having police officers in their communities.²²³ Police largely lack mechanisms for regular communication. Most respondents (76%)²²⁴ indicated that the police rarely or never hold meetings with community members about their security issues.

On average, young people shy away from active engagement in civic initiatives, at least as they relate to dialogue with local authorities: they are however more likely to engage with neighbours and acquaintances in activities that directly benefit their neighbourhoods and communities. Unlocking the peacebuilding potential of the younger generations remains one of the key priorities and pathways to build national unity, dialogue, and community cohesion in the eastern regions of Ukraine.

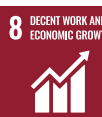


Health and Peace Strategy

WHO globally has undertaken extensive research on the linkages between health and peace and initiated its Global Programme of Work (GPW). This includes interventions dedicated to achieving universal health care coverage, protecting people in health-related emergencies and conflict reconciliation processes.

In Ukraine, health care is consistently a priority concern among people and equally a source of connectivity, inter-dependence and mutual interest that can generate incentives for trust, cooperation and confidence. The scale of the COVID-19 pandemic has weakened the already low levels of public trust in state institutions and in health reform. In response,

WHO is fostering greater and improved health care provision at conflict locations on both sides of the 'contact line'. This includes training for health staff and, of particular relevance with the onset of COVID-19, the sharing of international standards and best practices which improves infection prevention and control and clinical management. WHO is also undertaking prevention activities throughout the country, with a special focus on dialogue and mediation at community level to increase understanding, tackle underlying frustrations with the health system and reduce its potential for igniting additional tension and conflict.



Economic recovery in eastern Ukraine

The WB study on *Programming economic recovery in eastern Ukraine* released mid-2021 provided scenario approach with the aim to scientifically and economically assess the effectiveness of possible policy measures vs different policy objectives under different conditions. This assessment is called to provide an evidence base for GoU decision making on preferred policy choices aligned under a comprehensive strategy, what is especially important when the GoU has

been actively developing its Strategy for economic development of Donetsk and Luhansk regions

While economic activity in eastern Ukraine has been structurally depressed by legacy industry, absence of investments, large energy inefficiency as well as out-migration and aging, the conflict brought further destruction of ca. 20-30% infrastructure (judged by light emissions decreased by 20.2 % in the Donetsk

222 *Security and Justice in Ukraine: Perspectives from Communities in Three Oblasts, 2019-2020.*

223 *Security and Justice in Ukraine: Perspectives from Communities in Donetsk, Luhansk and Zhytomyr Oblasts, 2018.*

224 *Security and Justice in Ukraine: Perspectives from Communities in Three Oblasts, 2019-2020.*

GCA and by 28.1 % in the NGCA between 2013 and 2019), displaced ca. 0.8 million of IPDs with disproportionate outflow of younger generations, as well as disrupted connectivity (for instance freight transport decreased 47% in Donetsk region alone within 2014-2018) disrupted service provision and in particular water, and weakened social cohesion.

In this context economic recovery, investment and growth prospects remain low, while the GCAs in Luhansk and Donetsk Oblasts have the worst labor market conditions in Ukraine and the highest unemployment rates of all oblasts. According to surveys, vast majority of IDPs report no intention of returning to Donbas in the near future, especially if they are young, male, live outside Donbas, and have been displaced for a long time.

Sanitation conditions are alarming in both Donetsk and Lugansk Oblasts, especially in rural settlements: in 2018 only 11.2 % of rural settlements in the Donetsk GCA and less than 1 % of those in the Luhansk GCA had access to sanitation services. Water supply utilities operating in the GCAs are financially strained because they effectively serve both GCAs and NGCAs but only get paid in the GCAs. In light of these challenges, there is an urgent need for a comprehensive water supply and sanitation strategy that can help coordinate the future policy actions in a consistent framework. This situation will further constrain economic growth opportunities in the East.

The WB modelling suggests that under current circumstances, there is still an economic rationale to scale up efforts in Eastern Ukraine even without reintegration. At the same time considering significant trade-offs and potential policy objectives (development in Donbas vs development in Ukraine) the optimal scale and composition of such efforts – such as through investments, transfers, or mobility policies – need to be calibrated carefully.

Reintegration can bring about a “peace dividend” – an automatic partial economic recovery led by the

removal of conflict-driven distortions. In the GCAs, these gains average about 17 percentage points in the medium term. Unsurprisingly, reintegration is projected to be particularly beneficial for the NGCAs, which are set to lose another 5.4 percentage points of regional GDP under the status quo scenario, on average, but can gain an average of 47 percentage points with reintegration. Nevertheless, even under reintegration improvements, however, are not sufficient to bring the regional GDPs to their pre-conflict levels within the 10-year time frame.

This study further recommends a decision tree approach to programming recovery in Donbas. Given the uncertainties and scenario-sensitivity of optimal policies, the recovery strategy should distinguish “contingent policies” from “no-regret policies.” Contingent policies are highly sensitive to likelihood of reintegration and they include interventions to mitigate conflict-related risks, risk-related transfers to address skill-shortages in GCAs, and investments for a contingent infrastructure strategy.

By comparison, no-regret policies would be desirable in both conflict and peace. They include the reforms to eliminate regulatory burdens and corruption; policies to open up the housing market; investments to modernize education for jobs and target low-hanging fruits in infrastructure; and efforts to produce better data to address knowledge gaps.

In current situation priority should be given to non-regret policies under status quo scenario, which are still capable to send a strong political and economic support signal to the region, without engaging into costly and unpredictable policy/investment alternatives with economic distortion potential.

Non-regret policies provide important indication for UN and development partners programming and strategy setting (CF development, in particular: business enabling environment, education/skills, better data). They also could provide a prioritization framework for considered pilot HDPN initiatives.



FOCUS: Food Security Assessment (FSA) of GCA and NGCA

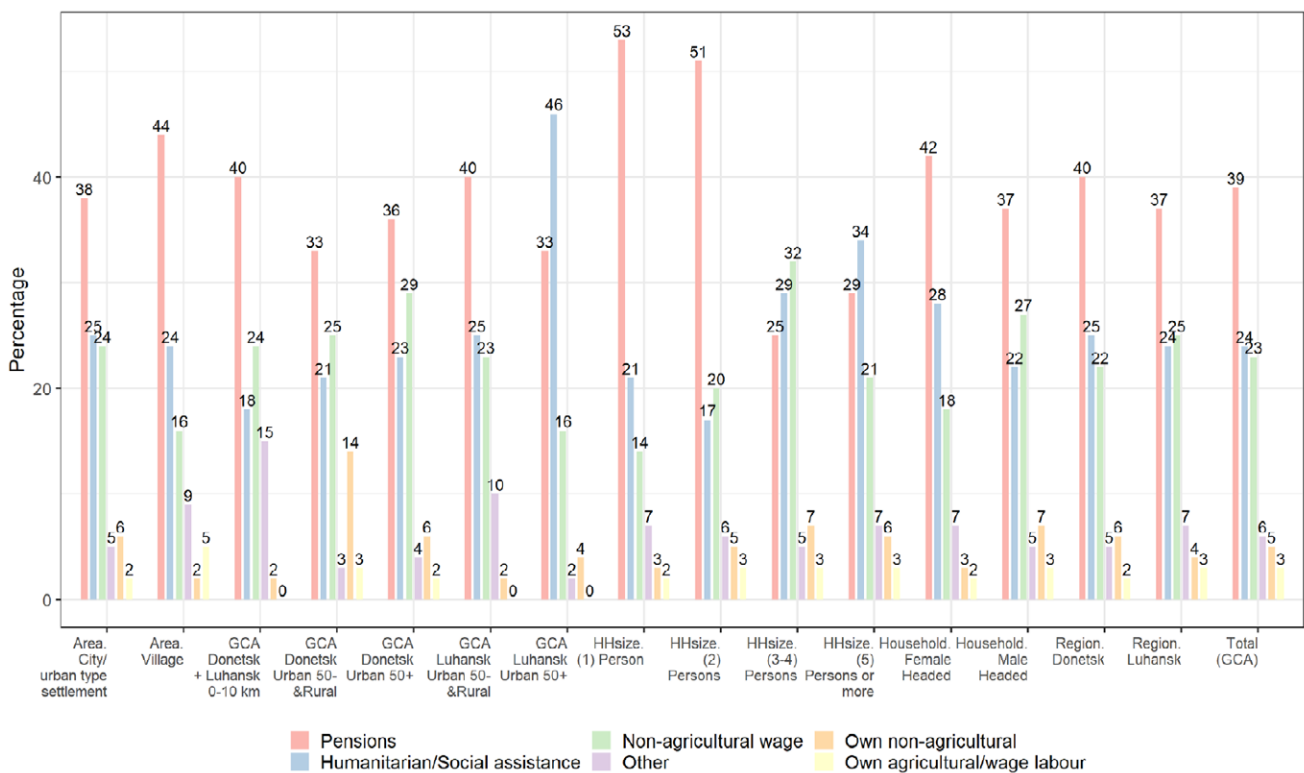
FSA led by FAO aims to identify the food security needs and gaps which will inform the Humanitarian Needs Overview (HNO) and Humanitarian Response Plan (HRP), carry out evidence-based analysis for informed decisions and prioritization of the response, and provide better targeting of the affected population and thus better programming.

The Food Insecurity Experience Scale (FIES) assessment provided a comprehensive overview of households' food security and livelihoods in the Eastern Ukraine conflict area. The armed conflict in Eastern Ukraine underpinned food insecurity aggravating the demographic and economic decline that had been occurring in the region before the conflict. According to the results from the assessment, about 17.1 % of households have experienced food insecurity at either “moderate” or “severe”.

In GCA some 38% of population rely on pension as the primary income source, and 29% - on humanitarian assistance. Noticeably, own non-agricultural and agriculture are also among the principal sources of income, just by 5% and 3% respectively. The assessment underscore that income vulnerability is a concern with vast majority of respondent reported relying on paid work (35.9%) or only one source of income as paid work (36.5%). Moreover, households (with 54% of households are led by females over the whole surveyed areas) are overstretching their coping mechanism to meet their food and essential non-food needs with more than a quarter (28%) took debt during the last three months. Inflation and increasing prices of basic commodities, loss of employment and asset damage due to indiscriminate shelling has further exposed vulnerable household to shocks.

The revealed close interdependence between propensity to use emergency coping strategies and food insecurity gives a substantial reason to consider investment in livelihoods as a sustainable solution to tackle food insecurity.

Graph: Household's main sources of income in GCA



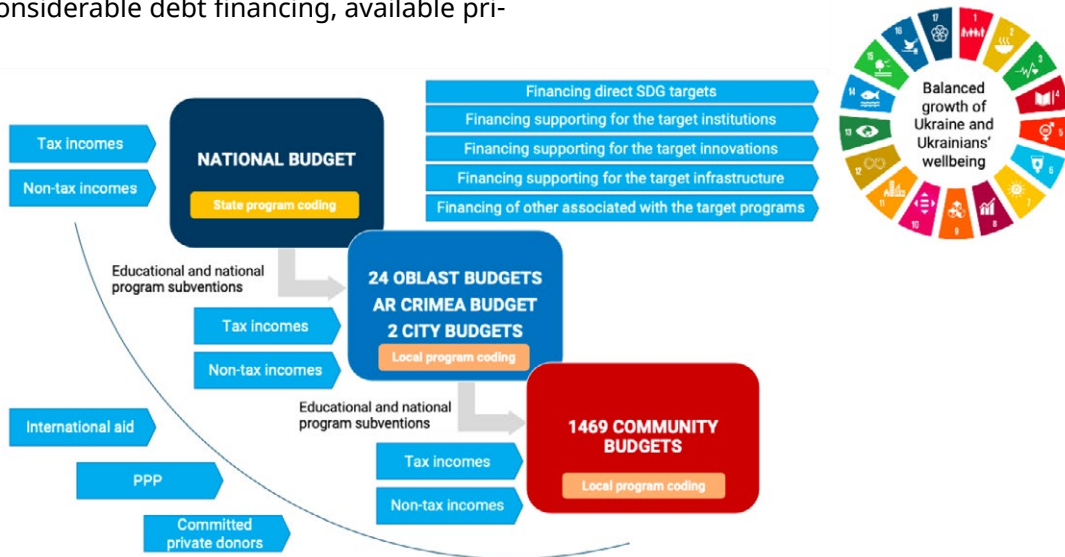
8 FINANCIAL LANDSCAPE ANALYSIS



While SDG progress will in the long term generate multiple economic and social benefits, the size of the **Agenda 2030 financing gap** is considerable. The IMF estimates²²⁵ that investments in SDGs in five areas that typically require public spending (education, health, roads, electricity, water and sanitation) would require additional annual spending of about 15 percentage points of GDP in the low-income developing countries, and 4 percentage points for emerging market economies (on average, including for Ukraine), making it virtually impossible to achieve without considerable debt financing, available pri-

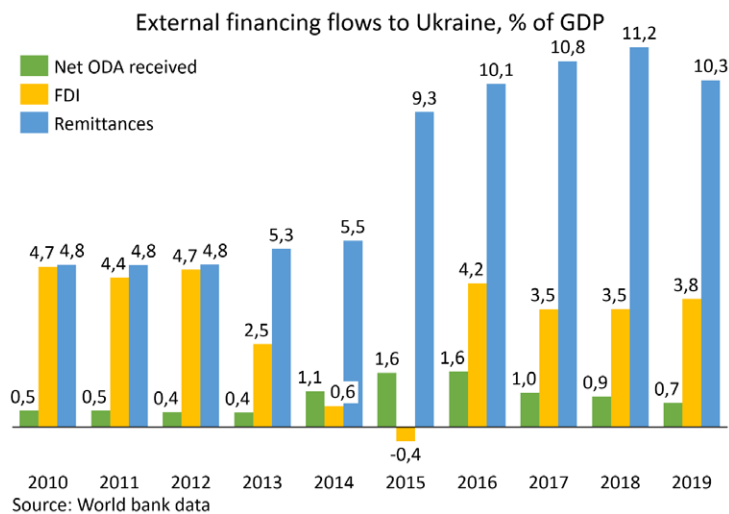
marily from the International Financial Institutions (IFIs), Multilateral Development Banks (MDBs) and Development Partners. The recent UN Policy Brief on Debt and COVID-19 suggests, among other, that a debt mechanism for the SDGs, with a focus on creating fiscal space for recovery in a resilient manner and SDG achievement could be considered.

The graph below provides a simplified overview of the various development funding sources in the context of the Ukrainian budget architecture.



In terms of external financing flows, Ukraine's context is dominated by the significant share of remittances, steadily growing. Volume of remittanc-

es is significantly higher than FDI and ODA flows, reinforcing the need for their productive orientation towards sustainable development.

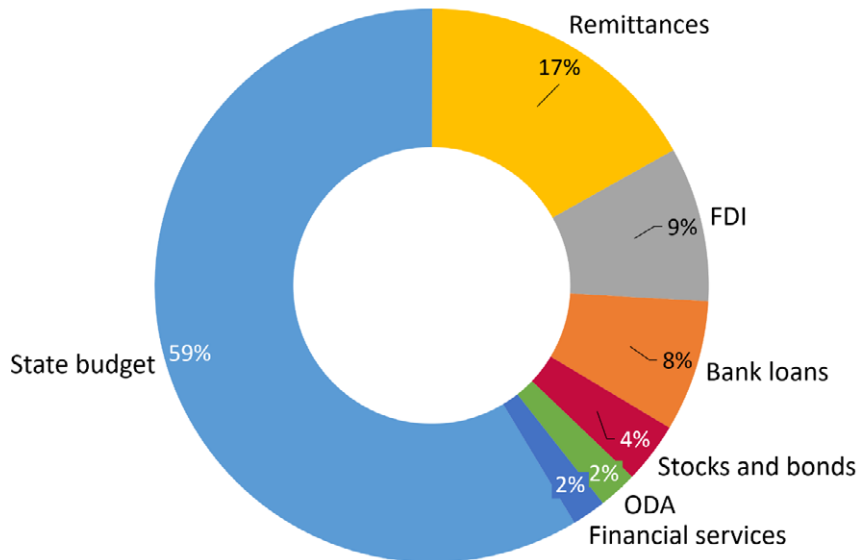


225 Vitor Gaspar and others (eds.), Fiscal policy and development: human, social, and physical investments for the SDGs (Washington, D.C., IMF, 2019).

According to UNDP estimations, the state budget is and will remain the main source of SDG financing, followed by FDI and remittances, with a growing, but still marginal importance of the financial services and loans. At the same time, this context is currently

shifting with the National Bank of Ukraine developing an **Action plan for sustainable finance**, as well as separate green finance strategies to reorient private financing towards SDG and ESG investment.

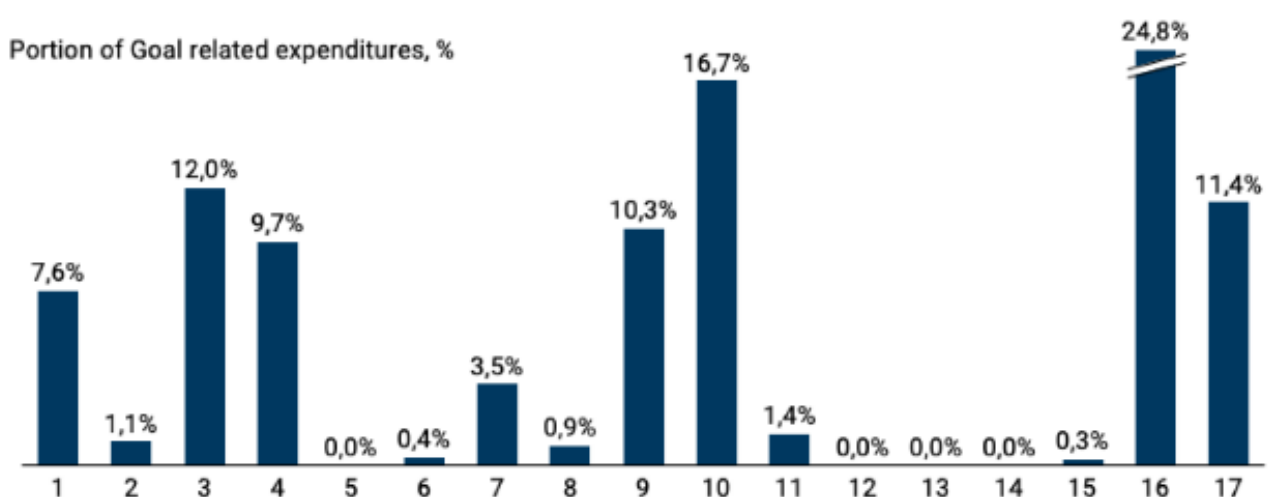
Shares of potential SDG finance from all sources (annual averages, 2008-2017)



Source, UNDP calculations based on national, IMF, World Bank, OECD data.

A recent **Budget tagging** exercise of Ukrainian budget system with SDGs revealed preliminary distribution of state budget and ODA and financing by SDG. Aggregating all SDG related state programmes reveal SDG 16 is the largest holder of state funds as it encompasses national security, court system, police and institutions. The focus of national expenditures on the social sector, pensions and social security

programs is noticeable by the concentration of 16,7% of national expenditures. After the social sector, Ukraine focuses on Health (12%), Investments and partnerships (11,4%), Education and Infrastructure (10%). At the same time SDG 5 and 13 are highly underfinanced. The visualization of national funding allocation by SDGs is presented below.



In terms of ODA, allocation of the international aid has a stable character and follows a similar distribution. Only 8 Goals of 17 have been targeted by international aid in last 6 years, with one of the reasons being long-terms planning and inertness

of the aid programming. One observation relates to Innovations and infrastructure (SDG 9) programmes that have become a higher priority with the decrease of Energy sector support (SDG 7).

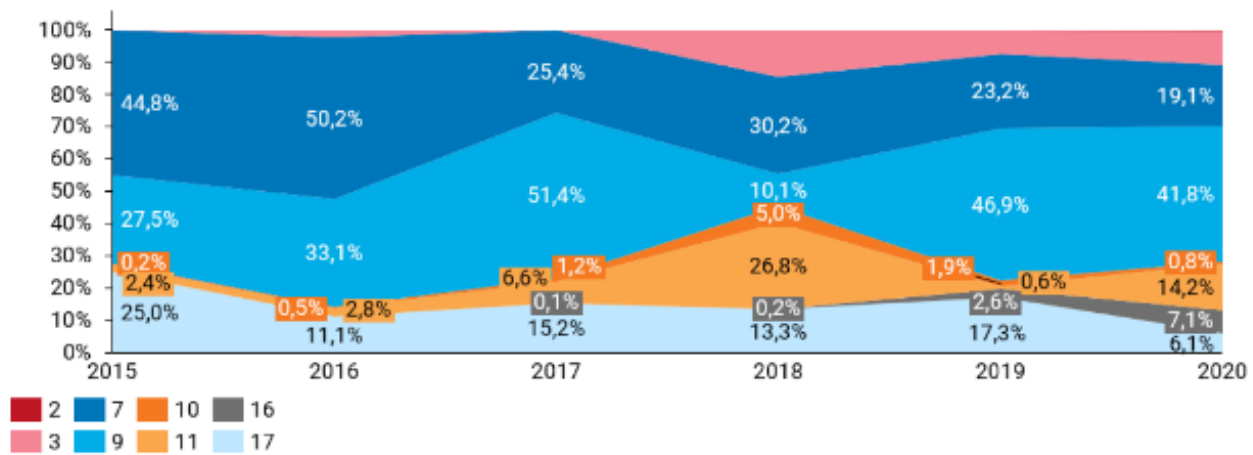


Figure 10 Distribution of international aid programs by targeted SDGs from 2015 to 2020

Role of the IFIs in Ukraine's development

The multi-billion-dollar financing allocated by IFIs is a valuable source of budget support, investments and development finance. Since 1992, Ukraine has received USD 32.9 bn in loans under various **IMF** programmes²²⁶, including USD 2.1 bn in 2020 under the current stand-by agreement provided to the Ukrainian budget for the COVID-19 response and safeguarding achievements to date in the field of key reforms.

The IMF cooperation opens the way to increased collaboration with other strategic financiers, including the EU, WB, EBRD, EIB and others. Since 2014, the five packages of the **EU Macro-Financial Assistance** were conditional and complementary to the IMF support, and accounted for EUR 5.61 bn in loans – the largest amount of Macro-Financial Assistance the EU has disbursed to any single partner country.²²⁷

The **World Bank** is Ukraine's second largest creditor, after the IMF. Starting from 1992, Ukraine benefitted from 58 loans, with a total amount of USD 12.83 bn. The **EBRD** is also a key investor, with a total cumulated financing of EUR 14,5 bn distributed across more than 400 projects. Finally, **EIB** cumulated financing has reached EUR 7,46 bn in loans, including EUR 5 bn in the public sector, with a record EUR 1 bn during 2020.²²⁸

It is also important to acknowledge the role of the **technical assistance provided by IFIs**, which often accompanies loans and grants, as a significant factor for transferring expertise and improved governance.

All these resources are directed to budget support, facilitation of structural reforms, investment in the public and private sectors, including infrastructure, supporting Ukraine's economic and social resilience, as well as post-conflict recovery through critical infrastructure rehabilitation. IFI financing could be even higher, if not constrained by weak reform commitment, as well as limited absorption capacity of the GoU due to complex approval procedures, unclear prioritization of projects, and sometimes limited technical capacity.

Involvement of the UN normative agenda as a core component of IFI agreements, in particular around systematic tracking of vulnerability and human rights impact in programme design and budgeting, could improve their development impact, bring the focus back on the Agenda 2030, human rights and gender equality and facilitate the leave no one behind approach, strengthening the implementation of Ukraine's commitments towards full realization of all the rights of its citizens, including economic and social rights of the most vulnerable.

226 <https://mof.gov.ua/en/mvf>

227 https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/international-economic-relations/enlargement-and-neighbouring-countries/neighbouring-countries-eu/neighbourhood-countries/ukraine_en#macro-financial-assistance

228 <https://mof.gov.ua/en/spivrobotnictvo-shhodo-zaluchannja-finansuvannja-mfo>

Furthermore, as strategic priorities of IFI support focus largely on fiscal and financial sustainability, they should be expanded to **consider the whole spectrum of the SDG budgeting**, with human capital investments as central. As the UN pilots the implementation of the **Integrated National Financing Framework in Ukraine**, it is a significant opportunity to involve IFIs in this work. The potential benefits

for the Government of implementing an INFF include better understanding of government policies by both domestic and international stakeholders, including IFIs. An INFF also enables the full picture of financial resources (domestic and international as well as public and private) available to finance activities intended to facilitate achieving the SDGs.

KEY DEVELOPMENT OPPORTUNITY: INTEGRATED NATIONAL FINANCING FRAMEWORK AND SDG

Achieving the SDGs by 2030 requires a robust strategic planning system. The establishment of an effective **Integrated National Financing Framework (INFF)** in Ukraine is a tool to ensure better implementation of SDGs and their alignment with the budget. The INFF helps policymakers to map the financing of sustainable development and lay out a strategy to increase, and make most effective use of, investment. It also supports the coordination of technical and financial cooperation and the management of financial and non-financial risks, and ultimately helps achieve the priorities articulated in the national sustainable development strategy.

Additionally, an INFF enables domestic and international stakeholders, including IFIs, to better understand national policies, as well as have a full picture of the financial resources (domestic, international, public and private) available to support the implementation of SDGs.

In 2021 the UN in Ukraine under the Joint Programme: **Promoting strategic planning and financing for sustainable development on national and regional level** established the **INFF Working Group** under the Secretariat of the Cabinet of Ministers of Ukraine to consolidate the INFF process, secure buy-in on SDG incorporation into budget declaration. To further develop this work, the UN has undertaken the initial national and regional (for Donetsk and Kherson) **Development Finance Assessment (DFA)**. Furthermore, the UN undertook the **Rapid Integrated Assessment (RIA)** to enable Ukraine to assess mainstreaming of SDGs into strategic planning and budgeting, as well as led a **Budget tagging** exercise of Ukrainian budget system with SDGs. Findings of these key actions will further support the localisation and financing of the Agenda 2030.

9 PARTNERSHIPS FOR DEVELOPMENT

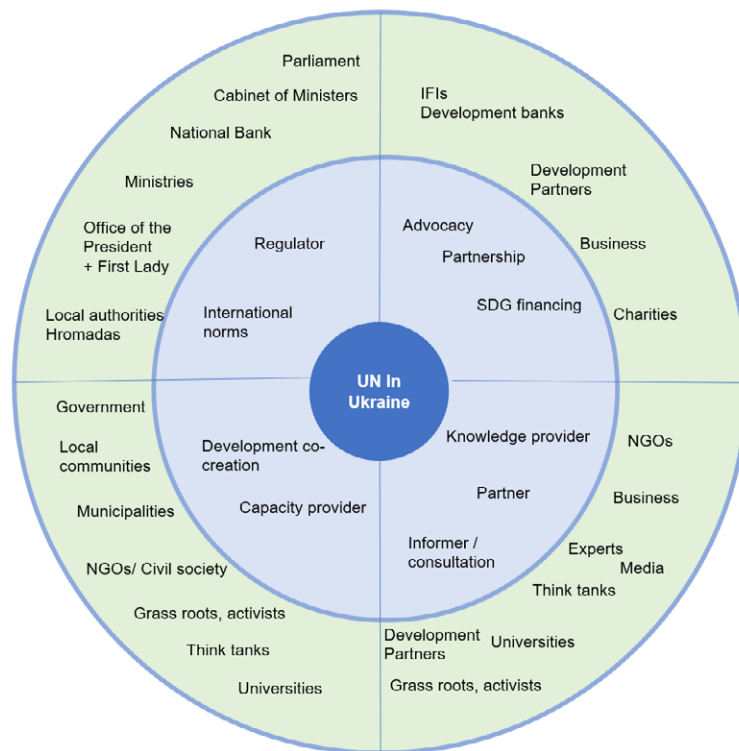
Joint and coordinated action of all stakeholders will deliver better impact across many SDGs. In Ukraine, as globally, new **development partnerships** are the main precondition for achieving any notable progress towards Agenda 2030 including through systematic and meaningful participation of population, civil society and business.

The UN's partnership environment in Ukraine benefits from a shared political commitment to Agenda 2030 that is widely supported by a development community co-led by the UN RC. The UN's role in co-chairing the Development Partners' forum with the EU is an opportunity to drive SDG localization in GoU frameworks, as well as in development partners' strategies and programmes.

The EU and EU development banks (EIB, EBRD), as well as key IFIs (IMF, World Bank) allocate the bulk of financing for Ukraine's macro-economic stability and various support programmes. **Integration of SDG, human rights, gender sensitive, "leave no one behind", and green growth indicators** into EU and IFI conditionalities will ensure that development

cooperation does not create new inequalities but actually makes growth inclusive and creates access to opportunities for all.

The current CCA has benefitted from extensive consultations with **civil society**, including representatives of vulnerable groups, business associations, think tanks and development partners. In its own engagement the UN approaches civil society in its broader term, encompassing individuals, human rights defenders, independent media and journalists, community leaders including religious leaders, trade unions, women's groups, youth groups, social movements and social media communities that are purposefully pursuing transformation of the socio-political, economic, moral and cultural parameters of society. Civil society can be an agent of transformation and change in societies – a trend that has been on the rise in Ukraine since the Revolution of Dignity. Engagement with civil society enhances the UN's visibility and impact and helps maintain support from the local population – a solid basis that the UN needs to build on.



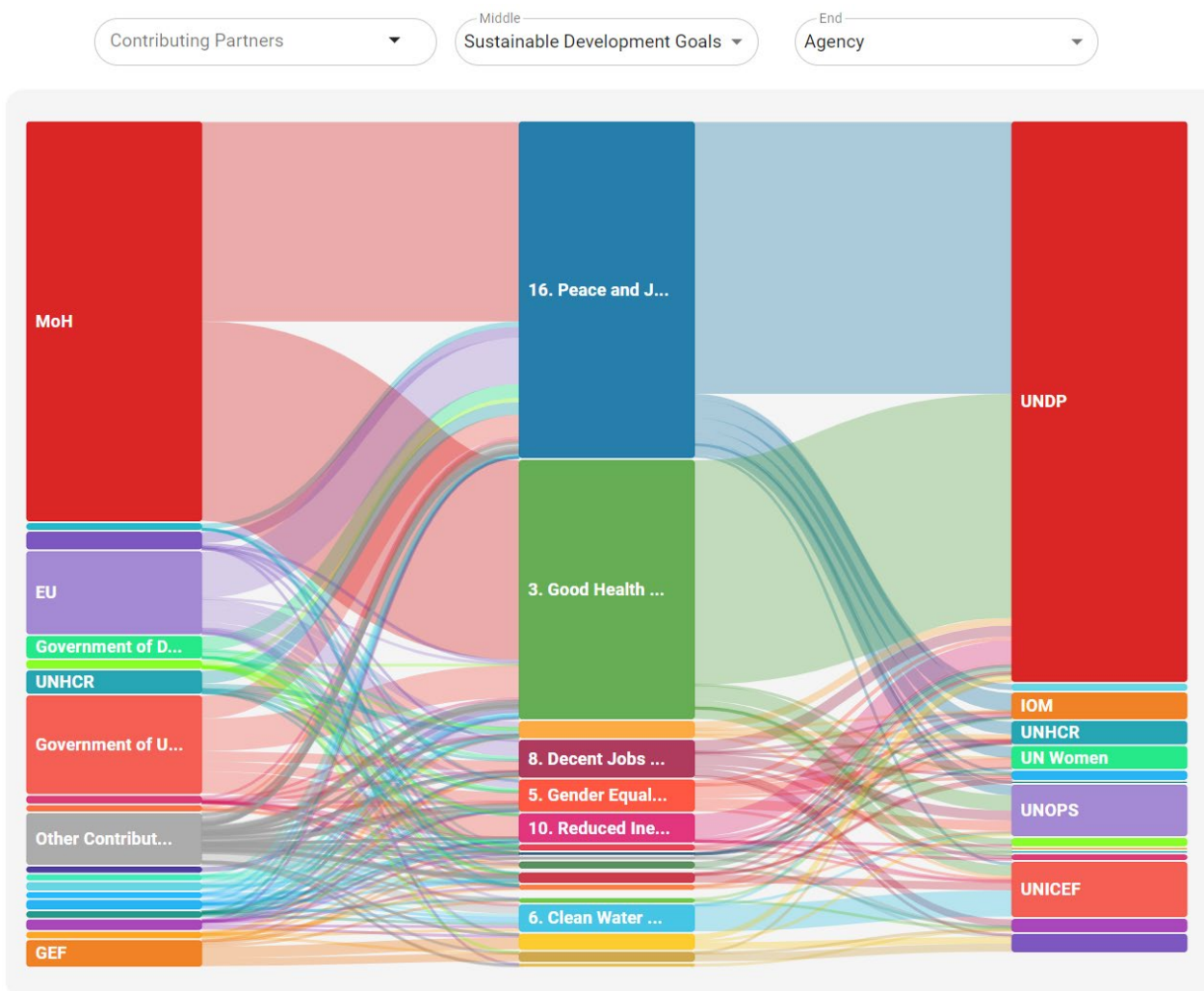
UN Stakeholder Ecosystem

Dedicated UN outreach country strategies towards the private sector and civil society in advancing Agenda 2030 could result in significant development impact. CCA and CF consultations should be continued to act as a platform for development coordination and alignment. Furthermore, a series of recently launched UN Policy papers on key challenges (social protection, universal health coverage, SGBV, migration, land reform, labour code, census) provide excellent engagement frameworks towards joint advocacy, and serve as a basis to track policy progress towards Agenda 2030.

Recent polls reveal relatively low awareness in the general population about the UN's role and wide-ranging mandate. Specific media coverage mostly relates to sporadic project-level cooperation. UN communication needs to be streamlined in line with key normative and country support

frameworks, and to work with new media and innovative communication channels. More strategic use of feedback and data generation and exchange would raise general awareness on UN values and priorities, and engage the population in responsible co-creation of development. The Decade of Action framework must be leveraged to activate this local action through regular public consultations and increased use of responsive digital communication solutions. Furthermore, enhanced strategic communications should be initiated with key development partners and IFIs to reinforce SDG related messages and raise the impact of joint advocacy.

This graphic shows how investments are contributing to the work of different agencies and partners to advance the Sustainable Development Goals in Country.



Source: UN Info, <https://unsdg.un.org/un-in-action/ukraine>

CONCLUSIONS: KEY CHALLENGES AND OPPORTUNITIES FOR ADVANCING AGENDA 2030 IN UKRAINE

Ukrainian society faces significant structural divisions and polarizations affecting not only progress to sustainable development, but the very societal foundations. The CCA identifies numerous development opportunities that need to be prioritized and continuously updated to promote integrated solutions delivering multiple positive shifts across development sectors and SDGs, bringing **sustainability** as a key decision-making and policy prioritization factor.

Coherent UN support, engaging necessary partners and stakeholders, must be leveraged to address key challenges using a **human rights based approach** mainstreamed across strategies, policies, budget and programmes, paying special attention to the groups left furthest behind, identified in this analysis. Essential in advancing the 2030 Agenda is a continuous commitment to **gender equality**, the **empowerment of women and youth**.

For better developmental outcomes, the SDG framework, already widely acknowledged as universal policy orientation in Ukraine, should truly become the policy benchmark to **foster sustainability and resilience** across sectors and decisions. The ongoing establishment of an **Integrated National Financing Framework** is a significant opportunity to advance Agenda 2030, ensure better SDG implementation and alignment with the national budget. The INFF enables policymakers to map the landscape for financing sustainable development and set out a strategy to increase and effectively use investment for sustainable development, coordinate technical and financial cooperation received, manage financial and non-financial risks, and ultimately achieve the priorities articulated in the national sustainable development strategy. The INFF has a significant role emphasizing how all stakeholders can directly contribute and finance development.

Ongoing conflict erodes every dimension of human activity. In Ukraine's contemporary context,

sustainable peacebuilding is a priority that applies not only to ending the armed conflict in the east of the country and the restoration of Ukraine's sovereignty and territorial integrity, within its internationally recognized borders,²²⁹ but also requires the **restoration of both vertical and horizontal trust** at various levels, which entails strengthening the social contract through increasing more active participation in building unity, promoting freedom of expression and strengthening dialogue among citizens, and the creation of a common vision for the country and investing into transitional justice mechanisms based on broad consultations. The second National Action Plan for implementing the UNSCR 1325 on Women, Peace and Security is a positive step in this direction.

Rebuilding societal trust in institutions by assisting them to address impunity, deliver fairly and be accountable and competent to steer development could help address the root causes of slow progress for many SDGs. The UN should be committed to **promoting voices and meaningful participation, especially those of women**, including women human rights defenders **and youth**, in order to influence decision-making, as well as give visibility to the different needs of men and women from the various social groups, especially the most marginalized and vulnerable, it is essential to address the aftermath of the pandemic and promote progress to Agenda 2030.

Sustainability, preparedness and **resilience** considerations should reactivate a more meaningful discussion on **environment and climate change impact on society and economy**. Policies to support greening of the economy can improve the efficiency of resource use, enable participation in green supply chains, contribute to a cleaner environment and improved public health, as well as generate new sustainable jobs and even improve fiscal space. In addition, inter-sectoral cooperation in integrated water resources management (including water, sanitation and health policies

229 The UN GA resolution 68/262 reaffirms the commitment to the sovereignty, political independence, unity and territorial integrity of Ukraine, within its internationally recognized borders.

and actions) as well as support to transboundary dialogue with the riparians over water resources will enable the country to become more resilient to climate change leading also to building regional integration and sustainable development.

Not **investing in human capital** to make the most of it severely curtails Ukraine's ability to achieve the SDGs. Human capital is a central driver of sustainable growth and poverty reduction, must receive necessary attention and financial resources from the Government and all development actors. **Education, social protection and access to health** are human rights and directly contribute to social and economic development. Ensuring **necessary investment in human capital** can turn the tide on inequality by strengthening systems to ensure universal provision of quality services such as health care, education, and social protection; identifying, collecting and communicating disaggregated data on vulnerable groups, and empowering all segments of society, especially the most vulnerable ones, by investing in jobs and livelihoods in resilient and sustainable sectors.

Prevention and response to **gender-based violence**, including sexual harassment and other forms of sexual violence against women and girls in public spaces and conflict-related sexual violence

is of growing concern, should remain a topic on the agenda of policy discourse.

An **economy of wellbeing** means that beyond beating COVID-19, the political will must flow from politicians, economic leaders, CSOs and people from across the country of all backgrounds to create a better society that is fair and safe for everyone and where no one is left behind.

In this context the ongoing **decentralization and focus on land reform and local development** could be a great enabler of transformative pathways in Ukraine, if designed and implemented fairly and taking under account the need to support those in lower socio-economic brackets, offering the possibility to reboot corrupt power dynamics and empower local communities to sustainably manage their territories and assume their responsibility as development co-creators and owners. Decentralization and land reform can also be powerful ways to reduce poverty, especially given that already today poverty levels in rural Ukraine are twice as high as in urban settings.

Empowered local authorities can also be better placed to fine-tune necessary accelerators of the area-based systems, including **formalization of local economy, women's economic empowerment, SME and skills development** with a focus on employment generation. Coupled with **well managed migration and support to investment** these bottom-up

measures are capable to positively transform local economic and financial landscape, even if necessary national enabling conditions are delayed.

Significant opportunities for multidimensional advance of SDGs are linked to a strong **digital co-operation agenda** promoted by the government. Digitalisation can deliver benefits across key challenging action areas: from social cohesion and anti-corruption to human capital development.

Several technical issues, such as a **national census** that could be organised as soon as the pandemic limitations are eased (planned by the government for 2023), could potentially notably improve the quality of policymaking driven by reliable data, fill data gaps on the most vulnerable populations, increase trust, acceptance and compliance with necessary transformational policy decisions, but also allow tracking and demonstrating positive progress towards SDGs.

Census data is also central to adequately assess demographic characteristics and migration issues. Ukraine will face significant economic cost due to **demographic decline** in the next decade, that will impact all aspects of socio-economic development, putting significant pressure on macro-economic stability, labour market, health systems. Taking due account these demographic trends and building up a "demographic resilience" approach will be of utmost importance for the sustained and sustainable growth.

Finally, **corruption** is also the most visible and main cross-dimensional decelerator of development that need to be systematically addressed, to become a cross-cutting UN focus along with human rights and gender equality. It is impossible to implement any of the needed societal and economic transformations, improve business enabling environment, increase social cohesion and trust in the society that makes society more resilient towards any risks, without addressing the core problem of corruption in its wider sense: economic corruption and bribery, breach of trust and populism, ignorance and incompetence, but also pollution and irresponsible and unsustainable consumption and production patterns.

An interrelated prerequisite to enable progress in all these areas is the need for a continuous effort to protect fundamental freedoms, in particular **freedom of expression** to support pluralist and independent media and the safety of journalists, media workers, and individuals who express opinions online, as well as to enforce the **right to access reliable information** for all groups in society, especially critical in times of COVID-19 and vaccination programmes being rolled out. In this regard, a free, independent and pluralist media ecosystem has an essential role to protect and promote information as a common good.

ANNEX I - MULTIDIMENSIONAL SDG RISK ANALYSIS

According to INFORM Country Risk Profile,²³⁰ Ukraine has a higher global risk index than any bordering country. Ukraine is ranked to highest risk for Current Conflicts Intensity (10/10), Epidemic (7.9/10), Flood (7.1/10) as well as the Corruption Perception Index (6.8/10). Prevalence of corruption also indicates a significant lack of coping capacity due to eroded good governance and obsolete physical infrastructure. The risks intensified with the onset of the conflict in 2014 but since then remain relatively stable. The World Bank GFDRR risk profile for Ukraine²³¹ indicates that its population and economy are exposed to earthquakes and floods with the latter posing the greater risk. The annual average population affected by flooding in Ukraine is about 600,000 and annual average GDP lost is about US\$1 billion.

Several threats to Ukraine's development with high likelihood and potential impact require constant monitoring as part of the country's own development accountability framework. The continuing COVID-19 pandemic, ongoing conflict, political instability, distrust in institutions, impact of climate change on economy and society along with high connectivity and reliance on external support make SDG progress uneven, unstable and vulnerable to sudden setbacks. Early warning indicators need to be closely tracked to try to reduce or avoid identified and emerging risks. This multidimensional SDG risk analysis reveals the need for resilience and preparedness in Ukraine, as opposed to crisis response.

The National Security Strategy²³² adopted in September 2020, covering 25 current and potential risks, is the first step towards systematic risk assessment and DRR as well as its integration as a cross-cutting horizontal GoU coordination issue. It should be further operationalized and enriched with multidimensional SDG risk analysis, to facilitate the development of a **National Disaster Risk Reduction Strategy of Ukraine**.

SDG	Risk area and description	Early warning indicators	Impact on vulnerable groups	Mitigation measures and responsible actors
3,17	Public health			
	<ul style="list-style-type: none"> Uncontrolled development of COVID-19, new pandemic 	<ul style="list-style-type: none"> Number of new cases and fatalities per 1,000 population Reduced relative share of public health spending in the national budget 	<ul style="list-style-type: none"> Decreased access to essential health services for older populations and other vulnerable groups, such as vulnerable categories of women and persons with pre-existing conditions Disruption to immunization services for children 	<ul style="list-style-type: none"> Support COVID response, implementation of national testing and tracing strategies Ensure effective MoH strategic planning, decentralization, capacity-building and supervision Empowered and competent local authorities invest in accessible multi-sectoral integrated services Increased engagement of volunteer groups in augmenting support to health systems.

230 <https://drmkc.jrc.ec.europa.eu/inform-index/INFORM-Risk/Country-Profile/moduleId/1767/id/386/controller/Admin/action/CountryProfile>

231 <https://www.gfdr.org/sites/default/files/Ukraine.pdf>

232 <https://zakon.rada.gov.ua/laws/show/392/2020#n7>

ALL SDGs

Ongoing conflict

- Ongoing conflict in eastern Ukraine, continues disrupting livelihoods and equal access to opportunities, intensifies social exclusion and neglect of environmental sustainability, diverts attention from development and reform needs
- Ecological and industrial risks in conflict-affected areas from obsolete industry, shelling near hazardous infrastructure, flooding coal mines (see [Donbas Environment Information System](#) mapping)
- Large and growing mined area, which will need to be made mine-free
- Large stock of ammunition, small arms and light weapons in conflict area but also throughout country
- Increased fatalities
- Increases in the number of ceasefire violations and increased use of heavy weapons
- Disruption of negotiation process
- Polarization of public opinion over peace perspectives as demonstrated by surveys
- Exacerbation of all existing inequalities in society, human rights, tolerance, and non-discrimination challenges are more visible
- Increase of criminal cases involving arms
- COVID-19 pandemic could result in step back from human rights values and decrease tolerance in the society
- Residents of GCA and NGCA, especially older persons, people with disabilities, women-headed households, households with children exposed to hostilities, women from vulnerable groups (women with disabilities, Roma women, single mothers, women experiencing violence, including conflict-related sexual violence, women and girls living with HIV/AIDS, older women) in high need of critical services, water supply, sanitation, and food
- Risks for further marginalization of IDPs and their low integration in the society
- More dedicated government capacity for stabilization, proactively containing conflict contagion and escalating social strains through peacebuilding and reconciliation of population on both sides of 'contact line'.
- Increased humanitarian response
- Increase the role of local authorities to identify and implement development activities, foster area-based development
- Increase role of civil society and volunteer groups in social cohesion and humanitarian response.

ALL SDGs

Good governance and political stability

- Rollback or decorative course of fundamental reforms: effective anti-corruption, judiciary, public administration, independence of key institutions, decentralization, healthcare
- Unrealistic/populist strategic planning, budgeting, financing for government activities, absence of participative accountability framework
- Even greater distrust of the population in institutions and government ability to address development challenges
- Constitutional crisis
- Inconsistent, slow progress or lack of communication with public through clear progress benchmarks
- Regularity of IFI financing against structural conditionalities
- Adoption/delay of key reform legislation (land laws, Anti-Corruption Strategy, etc)
- Attacks on key reform institutions
- Budget regularity and shifts
- Inclusiveness of public consultations over long-term development strategies
- Efficiency of roll-out of decentralization reforms, particularly in the east where there are military-civil administrations.
- Increased poverty levels for most vulnerable populations
- Decreased access to basic services, including healthcare
- Narrowing of economic empowerment opportunities, especially for youth and women, due to non-conducive business environment
- Aggravated inequalities and weaker social cohesion leading to more discrimination
- Unwavering government commitment to rule of law, equality before justice system and independent judiciary
- All parties (GoU, civil society, business, civil and DPs) and resources align behind shared objectives, including gender equality, and the most important reforms
- Local self-governments empowered in line with European Charter of Local Self Government, ensuring long-term sustainability of new municipalities
- Fostering long-term planning and budgeting framework with clear accountability indicators
- Create enabling environment for civil society and volunteer groups for increased participation of civil society in addressing social cohesion.

12-17	Environment, climate change and food security			
1, 5, 10, 17	Social cohesion, inequalities, non-discrimination			
ALL SDGs	Macroeconomic stability			
	Population dynamics			
<ul style="list-style-type: none"> • More frequent disasters induced by natural hazards • The Carpathian mountain regions and densely populated areas in the Dniester and smaller river basins are highly vulnerable to floods, while port cities of Odessa, and of Kherson and Mykolaiv regions in southern Ukraine may be partially submerged owing to rising levels of the Black and Azov seas 	<ul style="list-style-type: none"> • Increasing droughts • Heightened weather volatility • Frequency of forest fires and desertification of Ukraine's southern and south-eastern regions. • Illegal logging and deforestation • Spread of not typical diseases for Ukraine (malaria, dengue, etc.) 	<ul style="list-style-type: none"> • Significant economic losses and threatening food security and livelihoods, especially for all population in rural, remote, conflict affected areas • Curtailed access to drinking water • Aggravated effect of climate change on women's livelihoods 	<ul style="list-style-type: none"> • All line ministries review policies to mitigate climate change and introduce adaptation measures. • Public administration reform in Ministry of Environment and Natural Resources to mainstream environment in economic growth, agriculture, energy, democracy and governance, and disaster risk reduction in line with Sendai Framework • Develop and endorse National DRR Strategy using multi-hazard and multi-stakeholder approach 	
<ul style="list-style-type: none"> • Gender inequality in income opportunities result in increased vulnerability and poverty risks for women 	<ul style="list-style-type: none"> • Changes in population poverty profile and composition • Exclusion of ethnic minorities 	<ul style="list-style-type: none"> • Highest risk for poverty among families with many children, single women-headed households and older persons women • Poverty risk and multiple deprivations in terms of access to public services and infrastructure is higher among vulnerable categories of population, especially women • Deprivation from safe housing, income, employment and access to services for conflict-affected population 	<ul style="list-style-type: none"> • Social protection reforms ensure protection of most vulnerable populations and reduce household dependence on state • Reallocate resources from housing and remaining fossil fuel subsidies /tax expenditures; using gains from curtailing exemptions/ tax rate reductions, and bringing informal activities under tax net • Build decentralized social services with effective intergovernmental income equalization transfers, ensuring minimum standards for social services 	
<ul style="list-style-type: none"> • Macroeconomic instability • Increasing external financing gap • Depreciation of exchange rate • Increased inflation • Deteriorating business environment and investment profile due to inability to cope with corruption and secure independent judiciary • Supply shocks due to disrupted production, trade and transport 	<ul style="list-style-type: none"> • Dynamics of key indicators, GDP/Debt ratio, domestic demand and investment, exchange rate and inflation • Availability and dynamics of external financing (IFI and commercial loans, bond yield, EU MFA, FDIs) • Weakened balance sheets of households, businesses, and banks 	<ul style="list-style-type: none"> • Insufficient social safety net for most vulnerable • Surge in poverty as income and consumption suffer from quarantine and lower remittances • Particular vulnerability of informal employment sector 	<ul style="list-style-type: none"> • Strong commitment to foundational reforms • Effective dialogue with development partners and cooperation across the humanitarian and development areas 	
<ul style="list-style-type: none"> • Increased depopulation, impact of demographic decline on economy and society 	<ul style="list-style-type: none"> • Trends in population and migration indicators 	<ul style="list-style-type: none"> • Unsustainable social security and pension systems impacting poorest populations 	<ul style="list-style-type: none"> • Developing a "Demographic Resilience" approach to Population issues • Investment in human capital as budget priority; • Migration and mobility governance framework 	



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