



*Empowered lives.
Resilient nations.*

THE EASTERN PARTNERSHIP AND THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

Pathways towards transformation



2019



*Empowered lives.
Resilient nations.*

Summary report

**THE EASTERN PARTNERSHIP AND THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT: PATHWAYS
TOWARDS TRANSFORMATION**

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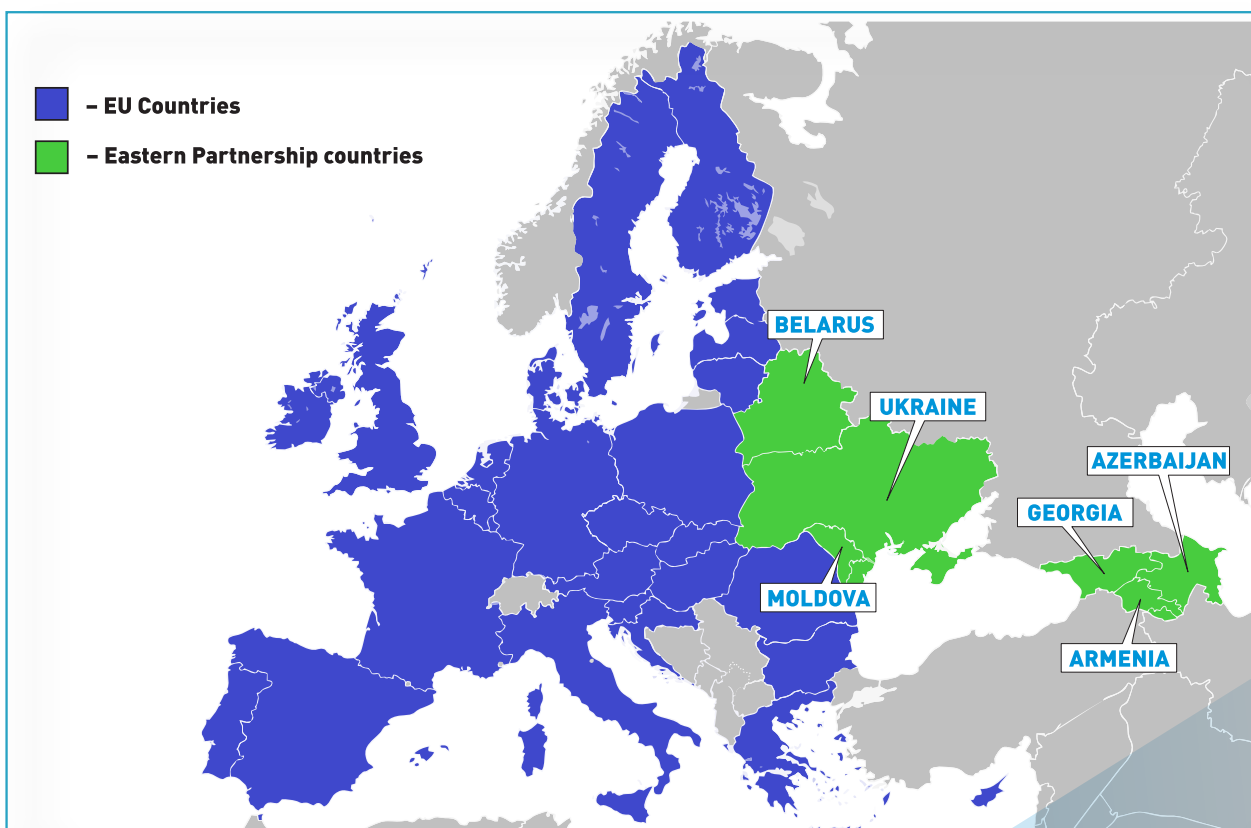
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The case for greater cooperation, integration and sustainable development in Europe

This report is focused on progress made towards implementing and achieving the 2030 Agenda for Sustainable Development (the 2030 Agenda) in the context of the EU seeking to stabilize and strengthen its relationship with its six neighbours to the East, namely Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova, and Ukraine (Figure 1.1).

Each of these countries face a differentiated set of challenges related to sustainable development and they differ somewhat in terms of their relationship to the European Union (EU) in general.

Figure 1.1: The Eastern Partnership countries



THE EUROPEAN NEIGHBOURHOOD POLICY AND THE EASTERN PARTNERSHIP: A PLATFORM OF COOPERATION BETWEEN THE EU AND ITS EASTERN NEIGHBOURS

The EaP is a joint policy initiative that aims to deepen and strengthen relations between the EU, its Member States and the post-Soviet nations of Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. In 2008, Sweden and Poland expressed the need for the EU to deepen relations with its Eastern neighbours and called for the establishment of a so-

called Eastern Partnership. This policy initiative was meant to complement and strengthen the Eastern dimension of the European Neighbourhood Policy, as a vehicle to underpin stability in the broader EU neighbourhood, as well as promote enhanced security and prosperity.

Figure 1.2: Eastern Partnership - 20 Deliverables for 2020
Focusing on key priorities and tangible results



To introduce some level of coherence in their relationship with the EaP partner countries the *20 Deliverables for 2020*, was first published on 15 December 2016. It was revised further in June 2017, following the presentation of the first version of the document to member states and partner countries in the Council¹. The document aims to identify concrete and tangible results for citizens.

The top four priorities as part of the 20 Deliverables by 2020 include supporting: a) economic development and market opportunities; b) the strengthening of institutions and good governance; c) connectivity, energy efficiency, environment and climate change; and d) mobility and people to people contacts. Each of the deliverables contains milestones to be achieved before 2020, targets by 2020, main actors responsible for their achievement and implementation means. Altogether, a set of 87 milestones and targets, 94 means of implementation and more than 70 different responsible actors, distil down ultimately to 20 deliverables (see Figure 1.2).

SOURCE: EU COMMISSION

¹ https://eeas.europa.eu/sites/eeas/files/swd_2017_300_f1_joint_staff_working_paper_en_v5_p1_940530.pdf

SUSTAINABLE DEVELOPMENT IN THE EASTERN PARTNERSHIP COUNTRIES

In the international context, the EaP can support delivery on the 2030 Agenda and the SDGs by bringing new resources and opportunities to the participating countries. All six countries of the EaP had previously adopted the Millennium Development Goals (MDGs) and regularly measured progress towards reaching the targets. Building on the progress that had been achieved through the MDGs, governments agreed a new development agenda in September 2015 titled *Transforming Our World: The 2030 Agenda for*

Sustainable Development after the expiration of the MDGs. In line with this, the overarching challenge for the countries in the EaP will be to continue progress towards higher levels of human development, while retaining or moving to an ecological footprint which is as light as possible. The experience of the Millennium Development Goals has demonstrated that significant challenges remain, and efforts will need to redouble over the lifetime of the SDGs.

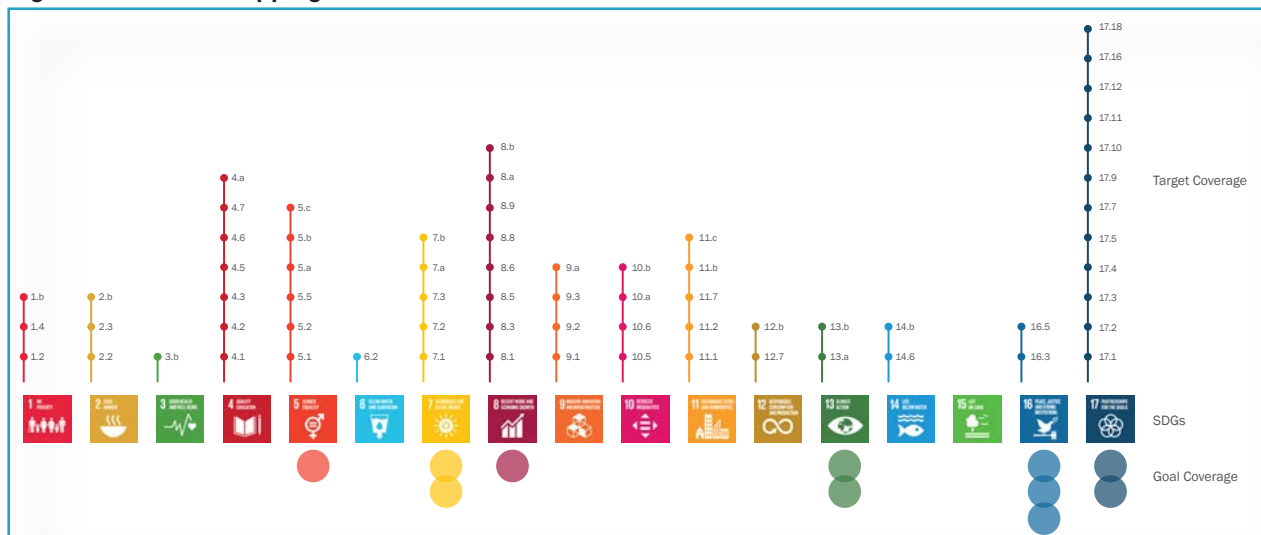
THIS STUDY

This report focuses primarily on the 20 Deliverables for 2020 because the sectoral areas included can be considered in relation to the UN 2030 Agenda for Sustainable Development. As all member states of the EU and the six countries covered by the EaP are committed to the 2030 Agenda, the report considers the contributions and opportunities presented by 20 for 2020 as mutually reinforcing.

It is easy to identify priorities within the 20 Deliverables for 2020 that are also included at the goal level in the SDGs – for example gender equality, energy, governance and partnerships. Strong read-across to the Goals is represented by the coloured

circles under the respective SDG. Even when there is no direct mention of specific SDGs areas in the 20 deliverables for 2020 – for example, “poverty” is not referenced in the latter – by looking at the meaning of the 20 deliverables for 2020 one can argue that other SDGs are ostensibly (if not comprehensively) covered by the EU strategy – including health, infrastructure, inequalities and sustainable cities. The mapping (Figure 1.3) assumes that cooperation on poverty and gender could proceed in Eastern partnership cooperation activities because of the strong cross-cutting focus on gender equality and non-discrimination.

Figure 1.3: Initial mapping of the SDGs to the 20 Deliverables for 2020



SOURCE: REPORT AUTHORS

Results from the 20 Deliverables for 2020 (March 2019) highlight the many good areas of progress across the four areas and two cross-cutting deliverables. Without doubt the progress made would have positive influence on progress towards SDGs also. The report is intended to offer strategic insights about the political framing of the SDGs in those countries covered by the EaP and an analysis of

common development challenges. It explores some long-term challenges around economic growth, demography and the environment; and assesses the status of SDG implementation in each country. It then offers some priority areas that governments and development partners can focus on to increase the transformative potential of their policies and investments.

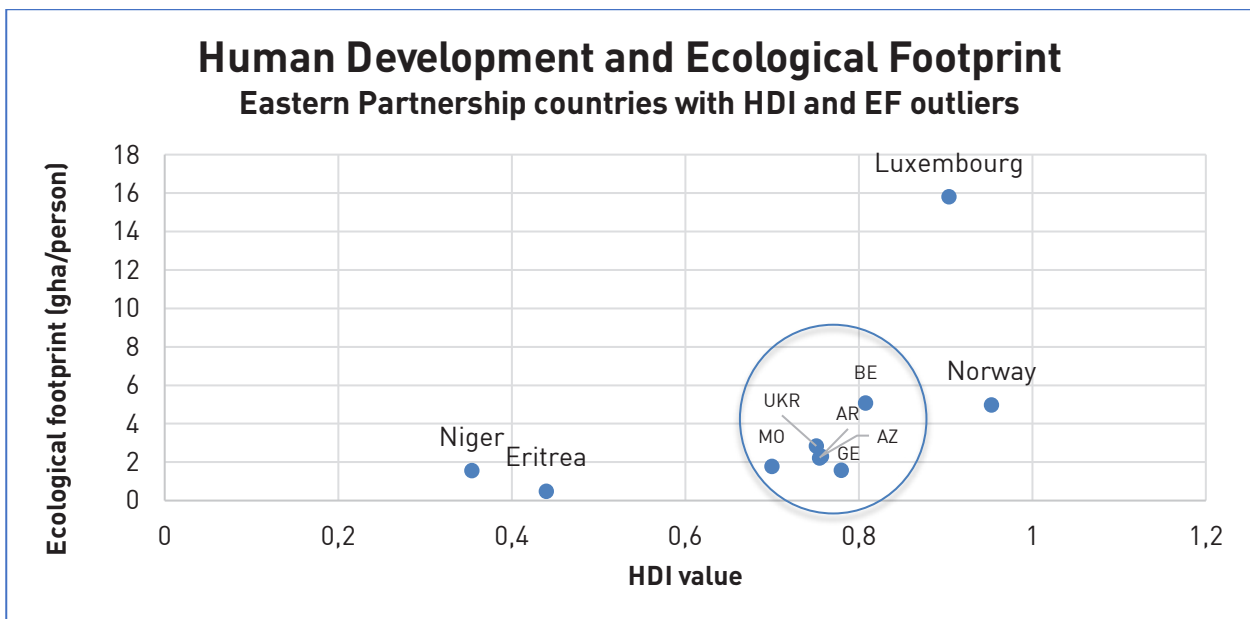
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Partners in transition: Country contexts and development challenges

All countries in the EaP are ranked as having 'high' human development in the UN Human Development Index, with the exception of Belarus whose level of human development is ranked as 'very high'. Belarus also leads the group of countries in terms of having the highest per capita ecological footprint (ranked 41st in the world). The other countries range from Ukraine (ranked 91st) to Georgia (ranked 134th). Three are lower middle-income countries (Georgia, Moldova and Ukraine) and three upper middle-income countries (Azerbaijan, Belarus and Armenia).

The countries have had markedly different political and social trajectories in recent years, which has implications on the range and scope of development challenges each face. This particularly concerns issues of: a) governance/rule of law/state capture; b) conflict/post-conflict/ sustaining peace (which are common to all countries, except for Belarus); and c) important differences in socio-economic development, energy balances and external economic integration. Whilst Georgia, Moldova and Ukraine have higher degrees of integration with the EU policy framework, these countries also face implementation challenges in different sectoral areas.

Figure 2.1: Human Development and Ecological Footprint in the Eastern Partnership Countries



SOURCE: GLOBAL FOOTPRINT NETWORK (<http://data.footprintnetwork.org>) AND UN HUMAN DEVELOPMENT INDEX

All the countries have their origins in the centralized Soviet economy and they have retained relevant trade and economic ties with the Russian Federation and the CIS countries. Moreover, the infrastructure and energy networks in the area are quite extensive and integrated. Finally, in recent years, trade with the EU has outpaced and sometimes taken over trade with the CIS area in the past decade, both because of the eastward enlargements of the EU and due to strong demand.

There are also differences in how each of the countries related to the EU. The EU effectively recognizes the differences in integration between the six countries of the EaP by explicitly employing its 'more for more' approach, rather than presenting them with a common integration agenda such as the Acquis Communautaire and relying more on positive rather than negative conditionality approaches.



3

Sustainable development challenges in the countries of the Eastern Partnership

The implementation of the 2030 Agenda for Sustainable Development—a global agenda that encompasses key priorities of the EU’s *Eastern Partnership – 20 Deliverables for 2020*—is likely to be affected by global long-term trends, which include economic shocks, demographic shifts such

as population ageing and migration, climate change and environmental degradation (UNDP and UNRISD 2017).² Depending on how these trends unfold, they may well condition the prospects of achieving the SDGs and their targets at the national level, including in the countries covered by the EaP.

ECONOMIC SHOCKS

Inclusive job-rich growth is critical to implementing the 2030 Agenda, with direct implications for SDG 1 on poverty eradication, SDG 5 on gender equality, SDG 8 on economic growth and decent work, and SDG 10 on reduced inequalities. The last decade has seen a series of broad-based economic crises and negative shocks, including the global financial crisis of 2008-2009, the European sovereign debt crisis of 2010-2012 and the global commodity price realignments of 2014-2016, which together with geopolitical tensions have aggravated risks and uncertainties in the studied countries.

The experience of the global financial crisis and the commodity price fluctuation highlights the unpredictability and volatility in the world economy and financial markets, while exposing vulnerability of national economies to external shocks, especially in commodity-dependent countries that have not managed to diversify their economies. Although economic outlooks project GDP growth in the countries concerned, it is expected to be modest and will remain well below the rates in the pre-crisis period, with cyclical and structural factors constraining long-term economic prospects (UN 2018).³

Unfavourable climate and environmental conditions, demographic trends and geopolitical tensions are likely to elevate policy uncertainty and increase vulnerability. Against this background, it is critical for the countries not only to be cautious about shocks and downside risks of the global economy but also to focus on long-term inclusive growth and resilient economic policies. Expected reforms should pave the way for institutional improvements that contribute to economic growth and wages via higher productivity. Effective use of monetary and fiscal policies should be complemented by policies that address poverty, inequalities, climate change and labour market challenges, which include universal access to social protection, greater economic diversification and continued efforts to expand formal employment.

² UNDP and UNRISD Global trends report 2017

³ https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2018_Full_Web-1.pdf

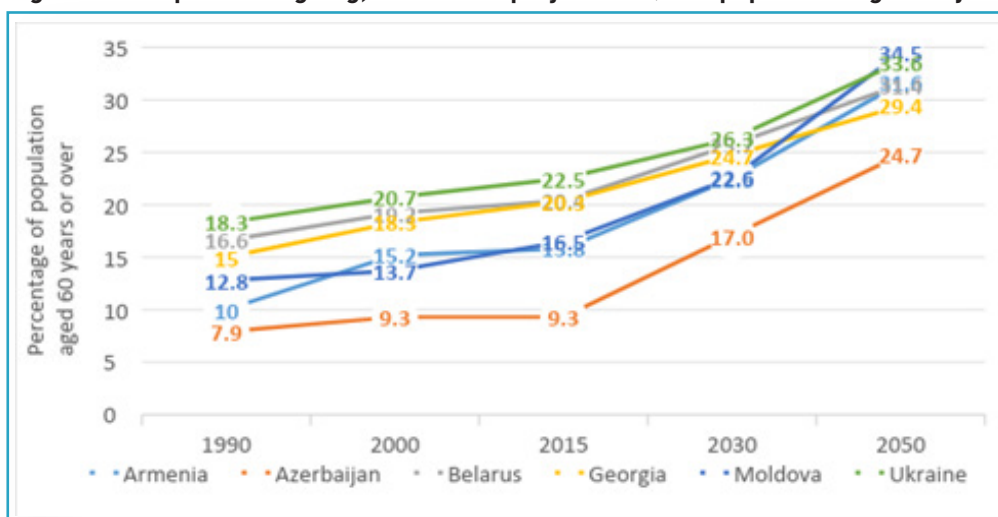
DEMOGRAPHIC TRENDS

Population ageing

Population ageing is a major global trend that affects all countries and cuts across the 2030 Agenda with direct impacts on SDG 1 on poverty eradication, SDG 3 on good health, SDG 5 on gender equality,

SDG 8 on economic growth and decent work, SDG 10 on reduced inequalities, and SDG 11 on sustainable cities (UN et al. 2017; WEF 2018).⁴

Figure 3.1: Population ageing, trends and projections (% of population aged 60 years or over)



SOURCE: UNDESA POPULATION DATABASE (<https://esa.un.org/unpd/wpp/Download/Standard/Population/>)

Population ageing is expected to have a profound effect on the support ratio. In 2015, the six countries had on average 6.1 workers per retiree, but this ratio is projected to decline to 2.5 by 2050. The largest decrease is expected to happen in Azerbaijan where the support ratio is estimated to fall from 11.1 to 3.4.

These low values underline the fiscal and political pressures that the governments are likely to face in the coming decades in relation to systems of health care, pensions and social protection for a growing older population.

Migration

Migration is of major relevance to the six studied countries. Over the past two decades, all these countries have seen considerable outflows of local populations as seen by negative migration rates ranging on average from -0.2 in Azerbaijan to -13.9 in Georgia between 1995-2015. Among main push factors are poverty and lack of good quality well-paid jobs, particularly in earlier years of post-communist transition. Even today the challenges in the labour market, together with substantial skill mismatches

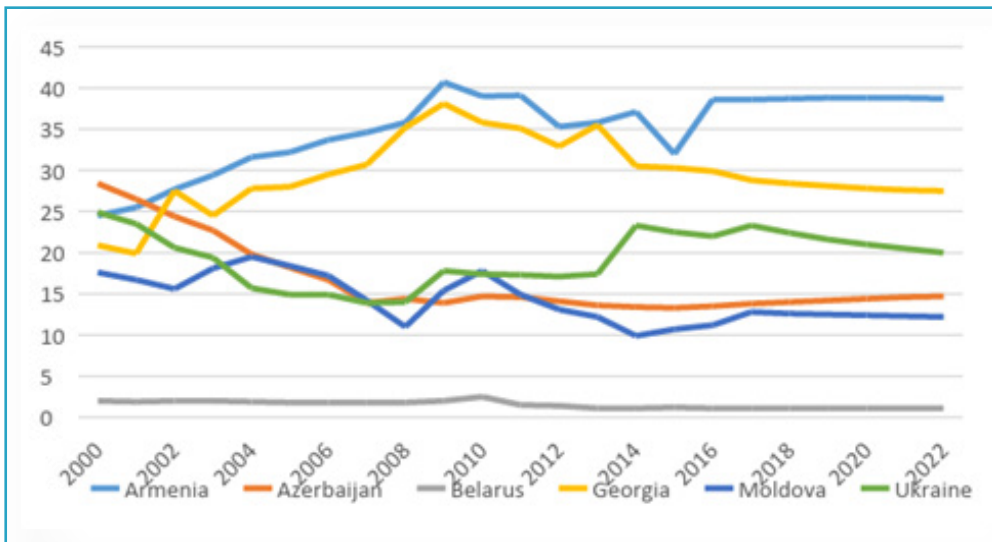
between the outputs of the education system and labour market demands, contribute to high unemployment rates, especially among young people who tend to look for job opportunities elsewhere. The unemployment rate among young people is more than double the total unemployment rate for the whole labour force in these countries, it is particularly high in Armenia (38.6 percent), Georgia (28.8 percent) and Ukraine (23.3 percent), with projections to remain high in the coming years (Figure 3.2).

⁴ UN et al. Ageing and 2030 Agenda brief 2017; WEF Global Risks Report 2018.

⁵ A support ratio is defined as the number of workers (persons aged 20 to 64) divided by the number of retirees (persons aged 65 or over). The support ratio in the EaP countries is calculated based on UNDESA population statistics.

⁶ Net migration is the number of immigrants minus the number of emigrants in a given country over a period, divided by the person-years lived by the population of the receiving country over that period. It is expressed as average annual net number of migrants per 1,000 population. <https://esa.un.org/unpd/wpp/Download/Standard/Migration/>

Figure 3.2: Unemployment rate among young people aged 15-24, trends and projections (% of labour force)



SOURCE: ILO STAT

The demographic trends, including population ageing, decline of the working-age population and continuing migration flows, have far-reaching implications for national economies and societies. This requires action in developing and implementing

cross-sectoral national strategies and policies that not only address the needs and rights of current populations but also anticipate the challenges caused by the changing dynamics, composition and structure of projected population shifts.

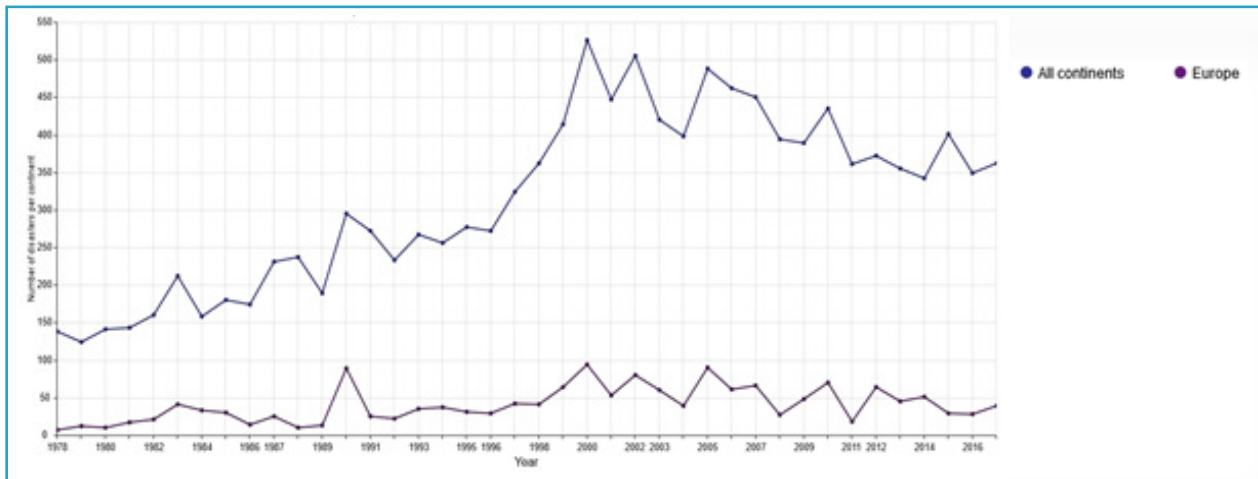
CLIMATE CHANGE AND ENVIRONMENTAL DEGRADATION

The 2030 Agenda sees climate change as a cross-cutting issue and includes important commitments related to environmental sustainability that feature in five dedicated SDGs (SDG 6 on clean water and sanitation, SDG 12 on responsible consumption and production, SDG 13 on climate action, SDG 14 on life below water, and SDG 15 on life on land), as well as in targets related to several other goals (SDG 2 on ending hunger, SDG 7 on affordable and clean energy, SDG 8 on decent work and economic growth, SDG 9 on industry, innovation and infrastructure, and SDG 11 on sustainable cities). The Paris Agreement adopted in 2015 presents an important call for action towards a low-carbon economy and shows the commitment of countries to reduce greenhouse gas emissions and support adaptation efforts.

Climate change is directly linked to the rise in disasters associated with natural hazards. The Emergency Events Database (EM-DAT) shows that globally natural hazards have become more frequent during the past two decades (Figure 3.3).⁷ Between 1998 and 2017, at least 4.4 billion people globally were affected by these events, which is almost twice the level recorded between 1978 and 1997. In Europe, 1,060 disasters related to natural hazards were recorded in the last 20 years, affecting 19.6 million people and causing a total damage of USD 243.8 billion.

⁷http://emdat.be/emdat_db/

Figure 3.3: Number of disasters associated with natural hazards worldwide and in Europe, 1978-2017



SOURCE: EM-DAT INTERNATIONAL DISASTER DATABASE

The countries of the EaP are highly vulnerable to the effects of climate change. According to the national reports on climate change under the UNFCCC, there has been an increase in variability and intensity of extreme weather events such as floods, landslides, wildfires, earthquakes and temperature rise in all the countries concerned, and this trend is projected to continue.⁸ The EM-DAT data show that during the last two decades the EaP countries saw nearly 6 million people affected by natural hazards and incurred losses totalling USD4.6 billion.

As a way forward, the negative impacts of climate change can be considerably reduced through appropriate mitigation efforts. An important step is transition towards a low-carbon economy by implementing renewable energy technologies, improving energy efficiency in businesses, buildings and transport, and investing in research and development. In view of the growing intensity and frequency of natural hazards in the countries concerned, it is also critical to increase investments in disaster and climate risk reduction and adaptive disaster responses.

National reports on climate change under the UNFCCC include stabilization scenarios that integrate mitigation measures to reduce greenhouse gas (GHG) emissions, thus leading to stabilization of GHG concentrations in the atmosphere. According to these scenarios, GHG emission levels are projected to decrease in all contexts if relevant policies are implemented. In the years ahead, the six countries will need to improve the legal and policy framework related to environment and climate change, by adopting relevant national strategies; strengthen monitoring of the quality of the environment by increasing related administrative and financial capacity; improve the collection and use of data; and establish systematic strategic planning on climate change.

⁸ http://unfccc.int/national_reports/non-annex_i_natcom/items/10124.php



GENDER EQUALITY

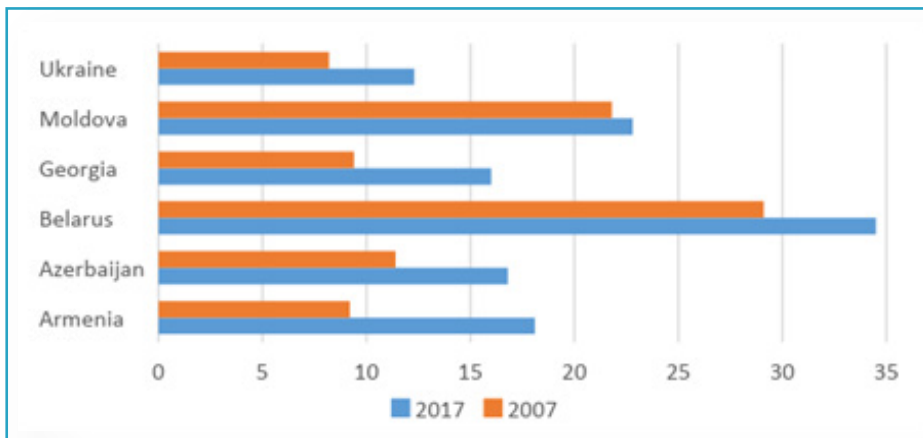
Gender equality lies at the heart of the 2030 Agenda and is a cross-cutting issue of the *Eastern Partnership – 20 Deliverables for 2020* which is in line with the EU Gender Action Plan 2016-2020. Gender equality has a profound intrinsic value and at the same time is an important accelerator that can lead to more rapid progress towards achieving the 2030 Agenda with positive multiplier effects across the spectrum of development (Dugarova 2018).⁹ The examination of labour force participation indicates persistently lower participation of women than men across the six countries.

There has been limited progress in labour force participation among women over the past decade, with particularly low rates in Moldova and Ukraine. Moreover, in all the countries concerned, except for Armenia, the participation of women in the labour force is projected to decline by 2030. This could be attributed to gender-based discrimination

in the labour market, scarcity of decent formal job opportunities, and women’s engagement in household and care activities. Notably, national time-use surveys show that in Belarus and Moldova women dedicate on average 19 percent of their time to unpaid care work, which is nearly twice as much compared to men.

Another important indicator of gender equality is a balanced representation of women in national parliaments. As seen from Figure 3.4, there has been progress in women’s political participation in all countries in the EaP but it is still far from parity. In 2017, women in Ukrainian parliament accounted for only 12.3 percent, which contrasts with 34.5 percent in Belarus. At the same time, quantitative representation has not translated into the quality of participation, as women continue to have limited power to influence decisions.

Figure 3.4: Proportion of seats held by women in national parliaments (%)



SOURCE: INTER-PARLIAMENTARY UNION

To accelerate progress towards achieving gender equality and implementing the 2030 Agenda, it is important to ensure equal rights and opportunities for both women and men; enhance women’s agency and substantive participation in decision-making

processes; eliminate gender-based violence and discrimination; and transform power relations at all levels of society (Dugarova 2018; UNRISD 2005, 2016; UN Women 2018).¹⁰

⁹Dugarova, E. 2018. Gender equality as an accelerator for achieving the Sustainable Development Goals. New York: UNDP and UN Women.

¹⁰Dugarova Gender equality as an accelerator for achieving SDGs 2018; UNRISD Gender Equality 2005; Policy Innovations for Transformative Change 2016; UN Women Turning Promises into Action 2018.

4 Common challenges and priorities in the countries of the Eastern Partnership

The results of this section are based on analysis of many development planning documents per country and our analysis suggests that the highest priority in the countries covered by the EaP is given to objectives related to governance and partnerships (Goals 16 and 17) and to economic development (Goals 8 and 9), although these objectives are not necessarily always well-aligned with the specific targets of the relevant SDGs.

Two social goals with clear links to economic development – Goal 4 on quality education and Goal 10 on inequalities – were also identified as high priorities across the studied documents. Although

there were some variations across countries, the goals related to poverty, food, health and gender (Goals 1, 2, 3 and 5) were ranked mainly as medium level priorities. Resource and environment-related objectives were given the least attention in the reviewed documents except for energy (Goal 7) that was usually ranked as a mid-level priority.¹¹

A summary of diverging country priorities is provided below, and then the range of rankings of priorities is presented in Table 4.1. In terms of the ranking of the goals, larger differences could be observed in the country-level rankings in SDGs 1, 4, 5, 7, 9, 11 and 15.

Table 4.1: Results of the national RIAs, examining the alignment of the national policy framework with SDG targets

	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine		
Scope	169 global targets	151 nationally relevant targets*	169 global targets	95 national targets	126 targets - full or partial alignment	169 global targets	88 national targets	169 global targets
SDG1	86%	71%	43%	100%	40%	29%	100%	43%
SDG2	100%	75%	50%	100%	100%	63%	100%	50%
SDG3	92%	77%	77%	100%	100%	69%	89%	62%
SDG4	80%	80%	40%	100%	86%	60%	89%	70%
SDG5	67%	100%	11%	86%	83%	56%	60%	33%
SDG6	100%	38%	63%	100%	67%	50%	100%	63%
SDG7	80%	60%	60%	100%	100%	60%	100%	80%
SDG8	58%	42%	67%	100%	90%	75%	100%	50%
SDG9	63%	75%	50%	100%	100%	63%	100%	88%
SDG10	30%	20%	40%	71%	71%	50%	100%	50%
SDG11	40%	40%	50%	100%	86%	60%	100%	60%
SDG12	0%	18%	36%	100%	75%	55%	100%	45%
SDG13	80%	60%	20%	100%	100%	60%	100%	20%
SDG14	50%	20%	0%	100%	0%	0%	100%	30%
SDG15	67%	42%	50%	100%	56%	42%	100%	33%
SDG16	50%	42%	17%	85%	90%	75%	89%	67%
SDG17	74%	21%	11%	50%	21%	21%	100%	16%
Total	64%	49%	39%	93%	68%	51%	94%	44%

¹¹ While gender was a relatively well discussed topic across the various countries and document types, gender equality was rarely translated to actual development priorities. Thus, for this goal we observed some differences in the results of the wordcount and the priority analysis.

¹² In Azerbaijan, an initial RIA in 2017 excluded the targets of SDG17 and some of the Mol targets under the other goals, thus analysing a total of 132 targets. A second iteration of the RIA included SDG 17, but still excluded some of the Mol targets for some SDGs (e.g. SDGs 6, 7, 10, 11 and 12). However, the alignment percentages were calculated against the full set of 169 global targets.

Armenia: The issue of poverty (SDG 1) was identified as the third most important priority after decent work and economic growth (SDG 8) and global partnerships (SDG 17). SDG 2 concerning hunger and food security also ranked higher (in seventh place) compared to the overall results (eleventh). Infrastructure development and innovation (SDG 9) as well as sustainable cities and communities (SDG 11) were less discussed topics in the development documents of Armenia.

Azerbaijan: Compared to the other countries, food production and agriculture (SDG 2) as well as water and sanitation (SDG 6) were discussed and prioritized more in the development documents of Azerbaijan. Issues around sustainable cities were also considered to a greater extent. At the same time, energy related issues (SDG 7) were less prioritized and discussed. As for goals focusing on human development, health (SDG 3) and gender equality (SDG 5) were ranked lower than those for the six countries as a whole.

Belarus: Many of the production and resource-use related goals received more attention in the development documents of Belarus in comparison to the aggregated results for the six countries. These include water and energy (SDGs 6 and 7), sustainable production and consumption (SDG 12), climate change (SDG 13) and territorial ecosystems (SDG 15). As for the human-development related topics, education (SDG 4) ranked higher than the aggregated results for the six countries whereas poverty, gender and inequality issues (SDGs 1, 5 and 10) as well as economic development and governance topics (SDGs 8, 9 and 16) were ranked lower.

Georgia: Topics related to health and education (SDGs 3 and 4) were given greater coverage, while governance-related matters (SDG 16) were considered to a lesser extent compared to the development documents of the other countries. Water and energy objectives (SDGs 6 and 7) were also ranked lower.

Moldova: Governance-related objectives (SDG 16) were ranked as the top priority. While reduced inequalities (SDG 10) ranked higher than the average for all countries, infrastructure (SDG 9) appeared as a lower priority. Compared to the other countries more importance was given to climate change issues (SDG 13).

Ukraine: Within the top-ranking priorities, governance (SDG 16) was given more attention than economic development (SDG 8) and partnership issues (SDG 17). Surprisingly, gender equality (SDG 5) ranked as the second most important priority across the documents, which was well above the overall ranking for the six countries. In contrast, education (SDG 4) was less well discussed.

Generally, from analysing the various policy documents across each of the countries we can see the following general trend. Economic growth and decent work, followed by investments in infrastructure and improved governance, rank high. Goals related to the environment and natural resources tend to fall lower on the priorities list. In general, Goals related to people and human development feature below economic priorities but above environmental priorities.





5

Maximizing Synergies: The Eastern Partnership initiative and the 2030 Agenda for Sustainable Development

From an analysis of the priority areas of national strategic documents and *20 Deliverables for 2020*, it is clear that at least three prerogatives – a better economy, strengthened institutions and good governance and greater action on environment-related issues, particularly investments in greening the economy are critical. Meanwhile, a common thread across all of the priority areas is jobs and economic growth. These priorities map on directly to SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure), SDG 16 (peace, justice and strong institutions), SDG 12 (responsible consumption and production) and SDG 7 (affordable and clean energy) most directly. However, because the SDGs are inter-related and mutually reinforcing, several other goals also have an impact on the stated priority areas, including SDG 10 (reduced inequalities), SDG 4 (quality education) and SDG 5 (gender equality), amongst others.

An analysis of the national acceleration areas (Table 5.1) for each country shows that several common themes run across the five countries. The most common accelerator across the countries is the development of inclusive, green economy growth and development. Other shared accelerators include institutional and economic development, including developing an inclusive labour market and high-employment; democratic governance, civic participation and a modern and efficient public administration; enhanced and inclusive service delivery and social protection; and in the case of Moldova and Belarus, the cross-cutting theme of gender equality was mentioned.

Table 5.1: Overlaps in priority areas between MAPS¹² acceleration areas and identified priorities

	Identified acceleration areas	Priorities in current development documents	Overlaps and differences
Armenia	<ul style="list-style-type: none"> • Modern and efficient public administration • Strengthened social protection system • Green economy development • Unleashed human capital • High-growth, high-employment economy 	<ul style="list-style-type: none"> • SDG 1 (no poverty) 8 (decent work and economic growth), 10 (reduced inequalities), 16 (peace justice and strong institutions), 17 (partnerships) • SDG 4 (quality education) • SDG 9 (industry, innovation, infrastructure) - 	<ul style="list-style-type: none"> • Good coverage, except for green economy development. • SDG 12 (responsible consumption and production), 15 (life on land) are ranked as low-priorities in current development documents
Azerbaijan	<ul style="list-style-type: none"> • Inclusive labour market • Green growth promotion • Enhanced service delivery 	<ul style="list-style-type: none"> • SDG 8, 16 and 17 • SDG 4 • SDG 9 	<ul style="list-style-type: none"> • While SDG 8 (decent work and economic growth) appears as a high-priority in the current development documents, aspects related to inclusivity and sustainability are not covered. • SDG 10 (reduced inequalities) is only an upper-mid-level priority while SDG 12 (responsible consumption and production) and SDG 15 (life on land) are among the low priorities. • In connection to service delivery, SDG 4 (quality education) is a high priority (according to the word count analysis) but SDG 3 (good health and well-being) 6 (clean water and sanitation), 7 (affordable and clean energy) are lower-medium to low-priorities.
Belarus	<ul style="list-style-type: none"> • Green, inclusive, sustainable growth • Future generation orientation • Digital transformation and social innovation • Gender equality 	<ul style="list-style-type: none"> • SDG 4, 7, 8, 9 and 17 	<ul style="list-style-type: none"> • Fairly good coverage • SDG 10, SDG 12 and SDG 15 appear as medium-level priorities (thus can contribute to making economic development greener and more inclusive). • The future generation orientation is reflected by the high prioritization of SDG 4 • Gender equality is among the lowest priorities in current development documents.
Georgia		<ul style="list-style-type: none"> • SDG 4, 8, 9, 16 and 17 • SDG 10 but only as a headline priority 	
Moldova	<ul style="list-style-type: none"> • Green economy and resilience • Institutional and economic development • Inclusion of all, human rights and gender 	<ul style="list-style-type: none"> • SDG 4, 8, 10, 16, 17 	<ul style="list-style-type: none"> • Good coverage • Institutional and economic development are among the high priority areas of the current development documents. • SDG 11, 12 and 15 are among the lowest priorities, thus aspects of green and resilient development are not very well reflected in the current development documents. • SDG 10 is a high-level priority in current development documents • Gender is fairly well discussed (but not prioritized in all documents)
Ukraine	<ul style="list-style-type: none"> • Sustainable economic growth, employment and environment • Equitable access to quality and inclusive services, and social protection • Democratic governance, rule of law and civic participation • Human security, social cohesion and recovery, with particular focus on eastern Ukraine 	<ul style="list-style-type: none"> • SDG 8, 9, 10, 16, 17 • SDG 5 	<ul style="list-style-type: none"> • The sustainability aspects of economic development are not very well reflected in current development documents. • SDG 6, 12, 13, 15 ranks low. • Inclusivity is well-reflected, although service delivery (e.g related to education, health or utilities) are among goals accorded medium priority.

¹² This acronym stands for mainstreaming, acceleration and policy support – this approach was defined by the UN Development Group to help support countries take nationally driven approaches to SDGs

Achieving the SDGs will require transformations at many different scales and levels of policy and implementation in order to effect discernible and systemic change, leading to more inclusive societies that leave no one behind. This necessitates a radical rethink of economic structures and their relationship with the carrying capacity of the Earth, in addition to innovative policies that integrate the social, economic and environmental dimensions of sustainability.

However, in the context of the six studied countries and considering the priorities listed in the national development documents and those listed in the *Eastern Partnership - 20 Deliverables for 2020* document, three clear transformative pathways for acceleration are:

- Developing inclusive green economies that support resilient sustainable growth and job creation;
- Investing in resilient infrastructure that will encourage the adoption of innovative energy policies; and
- Implementing social protection mechanisms that provide a bulwark against impending climate-related and demographic shifts.

Each of these areas also correspond to many of the stated priorities in several national development documents, were identified as MAPS¹³ accelerators (see Table 5.1), and the 20 Deliverables for 2020 document agreed to by the six partner countries of the

EaP. They also nicely map on to the broad framework of the 2030 Agenda, and its three dimensions of sustainable development.

Therefore, connecting several SDGs into clusters or simply a logical network of interdependencies, may better build on existing synergies, identify greater inter-linkages, address trade-offs and maximize results. Thus, each of the transformative pathways for acceleration above entails working towards the achievement of several SDGs at the same time. For example, developing inclusive green economies that support job creation would require the simultaneous fulfilment of SDGs 8 (decent work and economic growth), SDG 1 (no poverty), SDG 10 (reduced inequalities), SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production) and possibly SDG 13 (climate action). Similarly, investing in green infrastructure would involve addressing and meeting a similar mix of SDGs and their targets (SDGs 1, 8, 7, 8, 9, 10, 11, 12, 13), as does implementing more extensive social protection mechanisms (SDGs 1, 2, 3, 4, 6, 10). These SDGs could be combined deliberately with the priority of creating jobs, ensuring greater climate and environmental action, and providing social protection floors for the majority of people across different demography's in the six countries.

SDG CLUSTER 1: COMBINING JOB GROWTH WITH GREEN ECONOMIES

The dominant wisdom in development policy, in both policymaking circles and business, was that cutting greenhouse gas (GHG) emissions and meeting environmental standards would entail a sacrifice in economic growth. This outlook has been challenged through experiences in both developed and developing countries, with evidence showing that economic growth can complement environmental conservation, and the transition to low-carbon, green and circular economies can generate better jobs, poverty reduction and social inclusion if managed properly (ILO and UNEP 2012). It also creates opportunities for economic diversification, increased competitiveness and access to new markets. A greener economy and the associated

benefits from environmental preservation are also important elements that add to the resilience of people and communities. Moreover, investing in the green economy is expected to bring about greater levels of employment: in the waste sector alone, there is an EU-wide potential for generating 400,000 new jobs. Taken together, the cumulative effects of greening the economy—which include adding more diverse jobs to the market, reducing environmental risks and ecological scarcity, increasing resilience and improving well-being and social equity are crucial elements of improved quality of life for everyone.

¹³ Mainstreaming, acceleration and policy support – reflected in UN reports prepared for relevant countries

¹⁴ https://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_181836/lang--en/index.htm. According to the ILO/UNEP report, the transformation to a greener economy could generate 15 to 60 million additional jobs globally over two decades and lift tens of millions of workers out of poverty.

Support areas for this cluster of SDGs

The following mix of policies and approaches would make contributions to developing productive sectors. These have been taken from the UN inter-agency MAPS reports where available. Policy effectiveness would however need further analysis:

- Identifying sectors where green growth can be encouraged and linked to businesses development opportunities in the sector (i.e. sustainable tourism, sustainable transport, green technology, renewables, etc.)
- This would need to be combined with a number of pro-greening policies such as,
 - promoting business incubation and start-ups, and develop capacity/skills in SMEs
 - Increased investment in research and development (R&D) and focusing on either tax incentives or other fiscal policies for the uptake of green technologies,
 - Integrating skills development for green industries tied to the policy objectives and key sectors being identified,
 - Development of public-private partnerships for green technologies (e.g. innovation policy and promotion, venture capital, reform of training and vocational education frameworks, finetuning SME policies, adjusting public procurement laws, tax benefits, etc.), as well as in entrepreneurial activities such as high-risk funding of early-stage innovative start-ups.
- Undertaking strategic approaches to identify and support national (green) companies' integration into regional and global value chains without having to build up entire industries;
- Improved energy management systems, financial support mechanisms and simplified regulatory environment to attract more private investment in energy efficiency and renewable energy technologies (i.e. introduction of feed-in electricity tariffs and tax incentives for investments in renewable energy technologies);
- Setting in place targets for the enhancement and use of clean energy solutions and energy efficiency;
- Improved financial infrastructure and provision of business development services and access to finance for SMEs.

➤ In addition, traditional sectors would need to go through a modernization (especially agriculture) to stimulate rural development and to create decent work and balanced regional development. This would include

- Involving local communities: increasing the productivity and competitiveness of the sector;
- Attracting investments in productive capacity, and linking the sector to international markets for high-quality, high-value products;
- Improving (i.e. agricultural infrastructure) especially with respect to water and land management,
- Improvements in environmental management with strengthened integrated land-use and water management;

Reform to the agricultural sector in particular could have a ripple effect on social factors as the number of small landholders reduce and the traditional forms of agriculture begin to shrink and affect traditional ways of life. These implications will need to be weighed carefully by policy makers.

These activities would need to also be supported with further strengthening and integration into regional and global trade and value chains, with activities including:

- Develop the digital economy and integrate the use of big data to assess the trends in regional trade and competitiveness of products and services in international markets;
- Examine the implications of technology and 4IR on jobs and growth;
- Look to develop niche markets that can focus on sustainable product development as well as value chain integration in areas supporting sustainability principles;
- Establish an effective platform for public-private dialogue to provide policy feedback – this would rely on strengthening regional/local governance;
- Connect diaspora networks to promote exchange and stimulate trade and investment

SDG CLUSTER 2: BUILD RESILIENT INFRASTRUCTURE AND DEVELOP INNOVATIVE ENERGY POLICIES

Given the fact that the countries of Eastern Europe and the Caucasus are highly vulnerable to the effects of climate change, pollution and environmental degradation (see Chapter 2), investing in appropriate and resilient infrastructure, particularly as it applies to energy and natural resources is critically important. In fact, infrastructure is so important that it appears as both an explicit goal and as an implicit means to implement and achieve all other SDGs. The spill-over effects and returns to investment for infrastructure spending needs to be well defined to ensure it supports smart growth.

Besides developing energy-related infrastructure to provide clean energy access to urban and rural areas, other forms of infrastructure—for example, transportation in the form of roads, railways, ports and airport are also key to ensuring people's mobility and connecting rural areas to domestic and regional markets, which in turn will contribute to a country's economic development. Meanwhile, sustainable water infrastructure will both improve people's lives by providing access to clean water and if done correctly, help to manage an important environmental resource in a sustainable manner.

Support areas for this cluster of SDGs

The following mix of policies and approaches would make contributions to developing productive sectors. These have been taken from the UN inter-agency MAPS reports where available. Focusing largely on the development and investment in improved governance frameworks activities and interventions need to focus on;

- Energy sector reforms to facilitate implementation of renewable energy projects and setting renewable energy targets and an emphasis on reducing total GHG emissions.
- Developing flexible and innovative financing schemes for renewable power projects
- Improving access for clean energy access especially to urban areas where scale can be achieved but also looking into renewable systems for rural areas
- Reform of energy subsidizing policies to ensure the uptake of renewables can proceed
- Investing in green infrastructure (as opposed to fossil fuels)

With a view to investing in more integrated and well-informed infrastructure systems to promote resource-use efficiency, the following activities should be pursued;

- Sustainable urban planning and transportation (i.e. improved public transportation, and incentives to promote electric vehicles including putting in place the infrastructure to allow for the charging of electric vehicles.);
- Improved energy efficiency in both public and residential buildings (i.e. improved energy-efficient lighting, for energy efficient standards and labels for householder appliances, and promoting energy service companies);

- Introduction of specific risk reduction and adaptation measures relating to efficient water management, land use, food production, urban development, and community resilience;
- Advice and support to establish financing mechanisms for efficient and resilient infrastructure systems and facilities (i.e. modernization of waste management technologies, better management of soil and water resources improved agricultural practices with efficient water and land use planning in place, high quality (organic) food production, and the enhancement of carbon sinks, etc.).

With a focus on protecting biodiversity, improving land and water management, reducing pollution and better waste management, the following activities should be pursued;

- Conservation of biodiversity in a strengthened protected area system that is better able to meet its potential to support economic growth;
- Develop a system of integrated water and land-use planning and management in central government and ensure support to local governments in this area;
- Strengthen the system of improved pollution and waste management with a focus on urban areas. In rural areas analyse the systems of water pollution protection and management;

SDG CLUSTER 3: IMPLEMENTING SOCIAL PROTECTION MECHANISMS THAT PROVIDE A BULWARK AGAINST IMPENDING ECONOMIC SHOCKS, AND CLIMATE-RELATED AND DEMOGRAPHIC SHIFTS

It is striking that an analysis of gaps between identified acceleration areas and the priorities by country in current development documents demonstrates that priority areas involving service delivery (for example, education, health and utilities) figure only as a medium priority in most countries. The countries of Eastern Europe and the Caucasus are facing large impending demographic shifts brought on by rapid population aging, decline of the working-age population and a decrease in migration

flows which means increasing attention to these areas will be needed. In addition, climate change and increased intensity and frequency of extreme weather events also risk denting national economies and sustainable livelihoods of local populations in these countries. The resulting consequences would be filtered through changes in agricultural productivity, public health, access to energy and to resources and a decrease in tourist activity, amongst other effects.

Support areas for this cluster of SDGs

The following mix of policies and approaches would make contributions to developing productive sectors. These have been taken from the UN inter-agency MAPS reports where available.

Interventions in labour market and social protection systems that emphasize creating and sustaining decent jobs, providing good quality health and infrastructural services, adequate pensions and income support, the following activities should be considered, including:

- Enhancing the role of active social protection measures, especially concerning employment in the social protection system;
- Expanding coverage, increasing targeting accuracy, and ensuring full equity in the social protection system;
- Expanding access to social services, inter alia by increasing their provision electronically;
- Analysis of existing inherited pension systems and reforms to improve pensions funds and their operation, including achieving current, medium-, and long-term financial sustainability of the pension system;
- Implementation of voluntary (private sector) pension accounts and the introduction of non-state pension institutions;
- Strengthening social protection of the population, especially vulnerable groups, and their social integration;
- Implementing employment-oriented macroeconomic policies and supporting SMEs, in order to labour market stability and expand decent work opportunities;
- Improvement in the legal and institutional frameworks for employment policies, to improve labour market efficiency and support the implementation of flexible policies;
- Development of skills of the workforce, reorganization of the professional development system, and adaptation of personnel training to labour market requirements, in order to increase labour productivity and competitiveness;
- Expanding the scope of active labour market measures and increasing their effectiveness in order to ensure inclusive employment;
- Development of social dialogue, strengthening of labour standards, and reductions in informal labour relations, in order to strengthen the social protection of the unemployed and job-seekers as well as the employed;
- Developing a labour market monitoring and forecasting system, in order to improve the efficiency of employment policy.
- Analyze and support policy development to remove the disincentives to joining formal employment
- Development and implementation of a stronger labour migration framework which addresses the needs of different migrant profiles; promoting skill-matching for migrants and returnees, and taking measures to retain national human capital; improving data collection and analysis to improve evidence-based policy making and implementation across migration issues; reintegration of refugees and returnees; and, migrant healthcare
- Develop the skills of case managers and social workers
- Strengthen inter-agency coordination
- Integration and digitization of beneficiary registries, with links to an integrated M&E system

With a focus to building community resilience to disaster and the impact of climate change focus on the following;

- Introduce innovative social protection measures that enhance availability access to risk financing mechanisms (including micro-insurance, micro-credit, risk transfers, Green Bonds and other blended funding instruments) by poor and vulnerable communities and risk-prone socio-economic development sectors.
- To support the establishment of these measures, governments should increase public investments, build partnerships with private sector entities such as banks and insurance companies, and access global finance mechanisms
- Promoting the development and take up of, for instance, agriculture insurance services and other risk management or mitigation measures to protect farmers from results of natural hazards and other shocks of climate induced disasters.
- Adopting an ecosystem-based approach to enhance risk management and adaptation to the impacts of climate change;
- Integrate climate policies into sectoral plans and budgeting processes and introducing climate risk insurance schemes.
- Strengthening resilience to climate change and disaster risks through improved governance and promoting policies that integrate risk into development;
- Developing capacity for conducting disaster risk assessments and building the resilience of communities. i.e. emergencies and improved early warning systems that will enable the ability to predict and adapt to climate change as well as the integration of adaptation measures into sectoral programmes and development planning, plus institutionalizing climate and risk-related data collection and analysis

THREE ENABLERS FOR UNLEASHING PROGRESS ON THE SDGS: GOVERNANCE, GENDER EQUALITY AND QUALITY EDUCATION AND TRAINING

Well-developed governance structures and gender equality are cross-cutting and underlying catalysts for the achievement of all other SDGs. Meanwhile, the scale of changes required to be on more transformative development pathways in the countries of the EaP require large campaigns to reform the education system in some countries to ensure better quality education, and in others to instil more relevant vocational training programmes that could overcome the skills mismatch in the labor market. Addressing skills mismatch would be particularly important in the context of rapidly greening economies and infrastructural policies.

Governance and accountability, at its simplest, refers to the whole of institutions, instruments and processes to negotiate, mediate, solve problems, generate decision-making and create new opportunities in society. It also entails adherence to the rule of law, and transparency and accountability mechanisms to implement policies. Governance further encompasses broader themes such as the quality of public administration, effective institutions and institutional arrangements, stakeholder involvement and partnerships, processes for addressing social needs, and inclusion, illustrated

best by the core SDG-related edict of “leave no one behind”. For the six countries, responsive governance in essence, is the backbone for ensuring initiatives such as reforms of the regulatory framework, investments in renewable energy and support for the greening of the economy occur in ways that are transparent and participatory, taking into account the voices of local people, particularly the poorest and most marginalized, who may face the brunt of sudden changes in the natural or policy environment. Strong institutions (ministerial departments and local agencies) also underlie the achievement of policy coherence and cross-sectoral work across silos and SDG thematic areas.

While governance and improving systems of governance will remain a fundamental bedrock of sustainable development, there are several priority areas that could be pursued in each of the countries to help drive some of the transformations needed. Based on the above analysis these could include:

- Review and reform to social protection systems reflecting on some of the key trends which will impact the sustainability of current systems, including needed labor market reforms to reduce informality;
- Build a long-term objective of investing in greater research and development and with the objectives of transforming digital connectivity and green technologies;
- Review and reform to systems of environmental governance and data to measure progress against the set of environmental SDGs;
- Build confidence in better governance systems that encourage investment in key sectors. This would include addressing key indicators on governance reform measures that provide confidence in investment financing and budgeting as well as doing business.

Ensuring **gender equality** and stronger support to women's rights, including the prerogative of achieving gender balance within government and across other fora, is a prerequisite for countries to take full advantage of the economic and social potential within their own societies. Given that gender equality systematically figured in the lowest priority bracket in several development documents, the need to publicize its importance is particularly high. Ensuring gender equality is also important from the perspective of data collection and analysis. Gender mainstreaming in public policies combined with ensuring gender disaggregated data to measure progress on all policies implemented lead to not only better monitoring but to also better outcomes for all.

Gender equality approaches focused on unlocking sustainable development include:

- Develop new policies for improving care services to unlock productivity growth and inclusion of women in formal labor market;
- Develop and advocate new roles for women and girls in high value market segments including better education opportunities supporting long term benefits;

- Encourage and engage more women in society and in key positions such as Parliaments to support green growth policies and championing SDGs.

Providing **education and vocational training** is particularly important in the context of impending reforms in the economy and society of most countries in the EaP. Quality education (or SDG 4) figured strongly in nearly all the countries and is a key issue. Education as a driver to unleash the potential of all the SDGs is especially relevant in the context of the changing structure and nature of the economy (to ensure that skills match the needs of a changing economy), the increasing out-migration of youth (who may be leaving due to a lack of jobs and a lack of necessary skills to compete in a changing labour market) and to increase public knowledge (and therefore support) of the sustainability component of economic development. In the partner countries, this might also include measures to improve information exchange between the countries to and promote regional integration and to support high quality programmes in national languages (EAP-CSF 2017).¹⁶

Education approaches focused on unlocking sustainable development include:

- From a long-term perspective early childhood education remains a clear need to be improved;
- Meeting the skills shortage and improving VET opportunities in developing youth skills for emerging economic and technology trends;
- Ensure gender equity in education and ensuring equal opportunities for girls across the spectrum of education opportunities;
- Benchmarking quality education in the primary and secondary school systems bringing them closer to EU standards;
- Building tertiary education opportunities to match increasing emphasis to R & D needed to help economies transform.

¹⁶ http://eap-csf.eu/wp-content/uploads/EaP-CSF-Policy-Brief_2020-deliverables.pdf



SDG implementation in the Countries of the Eastern Partnership

All six countries have started activities in support of SDG implementation and monitoring, although these have been more comprehensive in some countries. Planning activities have been started in all countries, while activities supporting implementation and monitoring efforts are in a rather early-phase of development.

The six studied countries all assigned or set up a main body responsible to oversee the SDG implementation and monitoring processes in their respective countries. These were usually coordination bodies, led by a high-level government official or designated ministry department/unit and involved the representatives of various relevant ministries and government agencies.

Table 6.1: Overview of institutional framework for implementation

	Overall coordination	Stakeholder involvement
Armenia	National Council on Sustainable Development (NCSD) under the Prime Minister's Office	Via the Inter-Agency Committee on SDGs
Azerbaijan	National Coordination Council for Sustainable Development (NCCSD) hosted by the Ministry of Economy	
Belarus	National Sustainable Development Goals Coordinator National SDG Council	Parliamentary Group on SDGs Partnership Group for Sustainable Development
Georgia	Planning and Innovations Unit of the Policy Analysis, Strategic Planning and Coordination Department SDG Council	4 Thematic Working Groups of the SDG Council
Moldova	State Chancellery National Council for Sustainable Development is also established and chaired by the Prime Minister.	10 Sectorial working groups under the leadership of the state secretaries from line-ministries
Ukraine	Ministry of Economic Development and Trade High-Level/Inter-Ministerial Working Group on SDGs	

OUTREACH AND CAPACITY-BUILDING

SDG outreach and capacity-building activities have been initiated in all countries. Examples of **awareness-raising initiatives** include awareness raising campaigns (e.g. in Yerevan, Armenia or an 8-day train tour in Belarus: *UN 70 Belarus Express for SDGs*); various SDG events, targeting

parliamentarians, journalist, private sector (e.g. in Azerbaijan, Georgia and Ukraine) or dissemination and awareness-raising materials (i.e. a videos, billboards, publications in Belarus, in Georgia and Moldova). In Azerbaijan, the launch of an SDG innovation award was also foreseen for 2018.¹⁷

¹⁷ ibid

In **Georgia**, a series of lectures and informational workshops designed to educate diverse populations and an SDG Contest was organized by the Institute for Development of Freedom of Information. In **Moldova**, SDGs themes were included in the agenda of many thematic events involving professionals from different

sectors. Websites, promoting the SDGs were also identified in **Azerbaijan** (<http://sdg.az>) and **Belarus** (www.sdgs.by). A prototype governmental web portal for SDGs has also been launched in **Ukraine**.¹⁸

INDICATORS AND MONITORING FRAMEWORK

Institutional responsibilities for SDG monitoring activities were allocated in all six countries, usually within the National Statistical Agency. As a first step, all six countries assessed the availability of those

nationally relevant SDG indicators which are fully or partially aligned with the global SDGs indicators. An overview of the indicator availability is presented in table 6.2.

Table 6.2: Overview of indicators availability

	Fully available	Exist but not fully compliant
Armenia	16%	58%
Azerbaijan	70 indicators	30 indicators
Belarus	131 indicators correspond to the global list out of 225 relevant indicators.	
	94 indicators have been replaced or supplemented by proxy indicators.	
Georgia	120 indicators	
Moldova	65 out of 152 relevant quantitative global SDG indicators	16 indicators out of 152 relevant quantitative global SDG indicators can be reported partially, without the specified disaggregation.



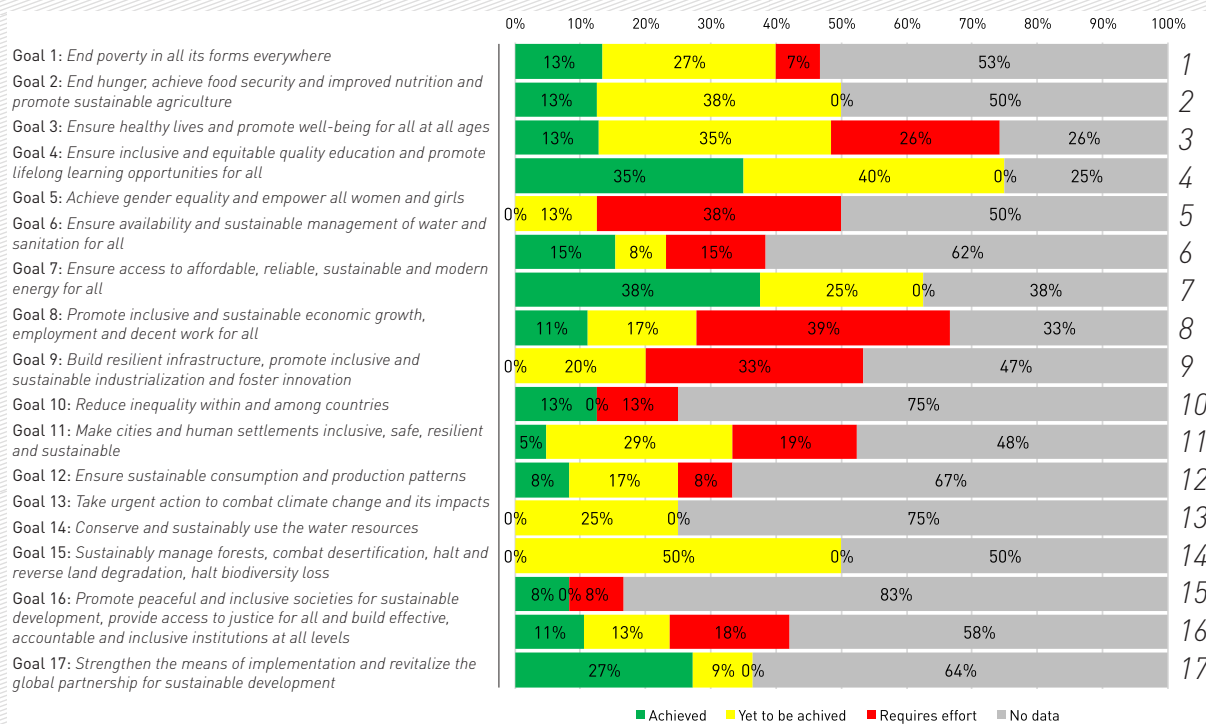
¹⁸ UN Country Team, Ukraine, email exchange

Example: SDG Dashboard Moldova

After a 9-month process, the Government of Moldova prepared and agreed a set of national SDG indicators. This process led to the establishment of 152 quantitative and 19 qualitative (narrative) indicators considered relevant for Moldova. Using a SDG Dashboard offers a simple and straightforward way to assess the current situation, as well as offer initial support to nationalization of SDG indicators and targets in Moldova 2030 strategy.

- —target value already achieved
- —target value yet to be achieved, but could be achieved
- —indicator value is so far from target value and would need significant effort to be achieved
- —data are not available or it is impossible to set target

SDG Dashboard for Moldova, most recent data



SOURCES: NATIONAL BUREAU OF STATISTICS, WORLD BANK WORLD DEVELOPMENT INDICATORS

REPORTING

Four countries (Armenia, Azerbaijan, Belarus and Georgia) have submitted their first **Voluntary National Reviews (VNRs)**: Georgia in 2016, Azerbaijan and Belarus in 2017 and Armenia in 2018. In addition, Azerbaijan is preparing to submit its second VNR

in 2019. Although no VNR has been submitted yet, a detailed SDG baseline report was prepared for Ukraine, which provides an overview of the SDGs adapted for Ukraine.



7 Financing and Budgeting for the SDGs

In terms of financing SDG implementation, various MAPS reports emphasized that domestic public revenues and international private sources (e.g. Foreign Direct Investment or remittances) should be considered as the primary sources of financing. The question therefore becomes two-fold; How to measure potential SDG financial resources flowing to the country and how to measure the commitment of financing to specific SDGs?

In mapping domestic flows to possible “SDG finance”, three key methodological challenges appear: (i) whether *gross or net data* on financial inflows should be used; (ii) *how to avoid double-counting* flows that may appear both as external and as domestic finance; and (iii) *how to exclude data for financial flows that may not contribute to achieving the SDGs* (particularly as concerns flows from national budgets) from these calculations. To these a fourth challenge may be added: how to forecast potential SDG financial flows out to 2030.

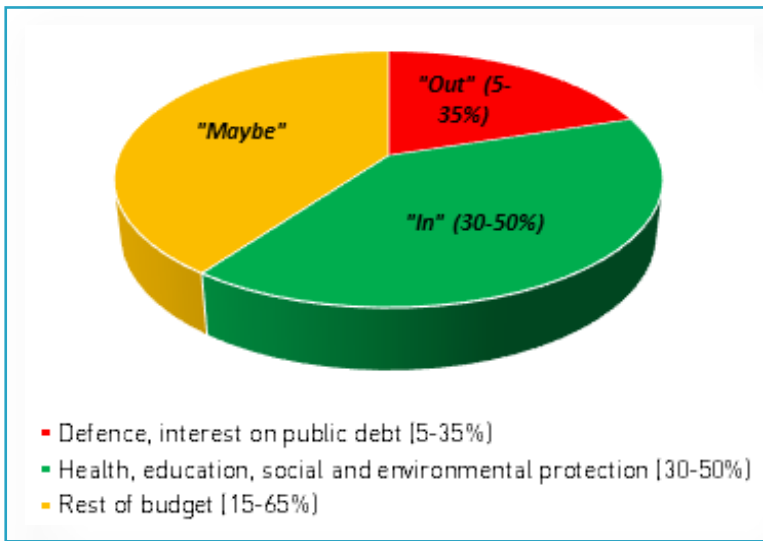
The second important perspective is filtering data on financial flows that may not contribute to achieving the SDGs from the calculations reflects two aspects of public finance. First, the prospective inclusion of the government budget *in toto* into estimates of SDG finance would mean that state budgets in most countries would overwhelm all other financing sources. Second, governments and development partners are increasingly looking to link individual national budget chapters and lines to specific SDG targets and indicators.

Macro- and micro-financial responses to this challenge in the public sector may be identified. Macro-financial responses focus on identifying broad categories of budget spending that (in rough and ready terms) can be classified as either contributing (e.g., spending on environmental protection, health care, education, social protection) or not contributing (e.g., military/defence spending, interest payments on public debt) to SDG achievement. The macro-financial approach suggests that as little as 35% and as much as 95% of government expenditures could be treated as SDG finance (depending on country specifics) (Figure 7.1).

The macro-financial approach¹⁹ suggests that as little as 35% and as much as 95% of government expenditures could be treated as SDG finance (depending on country specifics). This wide range both highlights the imprecision of such a broad-gauge approach and suggests the need for a more granular examination of individual budget lines vis-à-vis specific SDG targets and indicators (“micro-financial approach”) (see Figure 7.2). However, to date, some countries have expressed intentions to align their national budgets with SDG priorities, although the actual implementation of such activities was lagging behind in most. Therefore, limited analysis has been done on the micro-financial aspects of funds being directed to SDG outcomes. Much of this may be due to the separation between national development planning processes and annual budgeting processes at the national level.

¹⁹ The country results presented in the next section are based on this methodology, and on data drawn from the OECD-DAC, World Development Indicators, and IMF-WEO databases, and from national central banks. Some methodological limitations apply and are noted in a paper titled From “finance for development” to “financing the SDGs” in Europe and Central, UNDP, Ibid

Figure 7.1: Macro-financial approach to SDG financing estimates (regional)²⁰

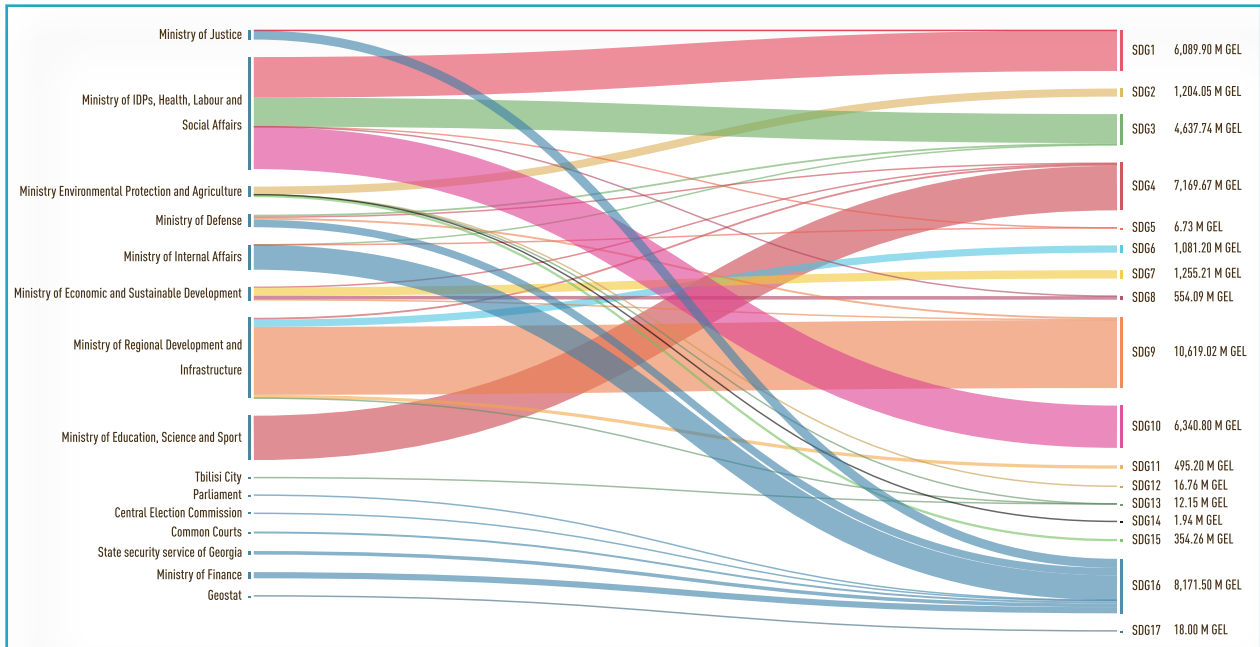


UNDP CALCULATIONS BASED ON DATA FROM THE WORLD BANK AND THE STOCKHOLM INTERNATIONAL PEACE RESEARCH INSTITUTE.

Figure 7.2 below highlights a broad analysis of Georgia's budget to the goal level. It highlights that a large proportion of the national budgeting processes is spent towards improving institutions. No doubt an analysis of Georgia's rise up the Governance Effectiveness Indicators could suggest this finance has been well spent. However, the analysis between

this budgeting approach and the priority policy areas highlights the disconnect between policy intentions and budget execution. For more effective SDG expenditure reforms to planning, budgeting and monitoring are needed in most countries. Issues of policy and governance effectiveness have been raised in most of the MAPS reports conducted.

Figure 7.2: Micro-financial approach (Georgia)²¹



SOURCE: UNDP GEORGIA CALCULATIONS BASED ON THE BASIC DATA AND DIRECTIONS (BDD) DOCUMENT FOR 2017-2020 (2019-2022 BUDGETING CYCLE) AND ADDITIONAL GOVERNMENT PROGRAMME BUDGETS.

²⁰ Information and methodological approach developed in From "finance for development" to "financing the SDGs" in Europe and Central Asia, Ben Slay, Senior Economist UNDP, draft Jan 2019

²¹ This analysis was undertaken as part of the MAPS preparations for Georgia

The following section investigates the financial flows for each country.

ARMENIA

In terms of financing SDG implementation, the MAPS reports emphasized that domestic public revenues and international private sources (e.g. Foreign Direct Investment or remittances) should be considered as the primary sources of financing. For instance, in **Armenia**, three action areas were identified

to improve SDG financing, including optimized public spending; smart taxation and subsidies; and innovative financing solutions for diaspora and private sector engagements (Republic of Armenia and UNDP, 2017).²²

Figure 7.3—Armenia: Shares of potential SDG finance from all sources (annual averages, 2008-2017)

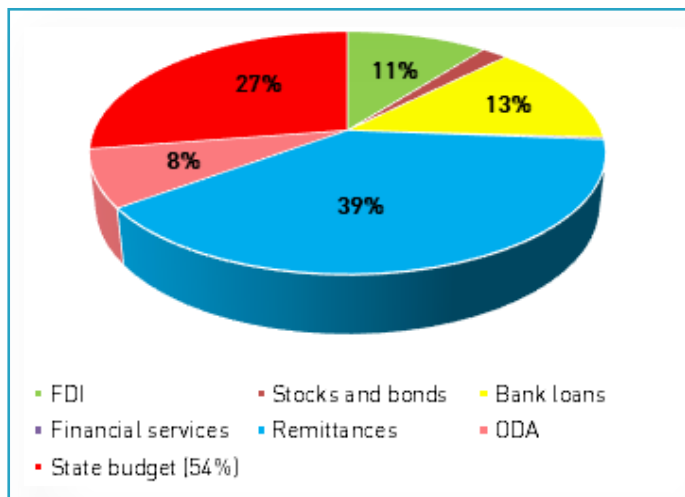


Figure 7.4—Armenia: Potential per-capita SDG finance (2008-2030)



UNDP CALCULATIONS, BASED ON CENTRAL BANK, IMF, AND WORLD BANK DATA AND FORECASTS.

Armenia has one of the region's largest shares of remittances in total potential SDG financial flows during 2008-2017 (39%), well above the state budget's 27% share (Figure 7.3). In per-capita terms, potential SDG finance in Armenia dropped from close to \$1800 in 2008 to below \$1300 in 2017 (Figure 7.4), due primarily to the dram's depreciation and declines in commercial financial inflows. Inertial extension

of IMF projections (for 2018-2023) suggests that potential SDG finance will rise close to \$2800 by 2030.

While to date, the government of Armenia has not linked the national budget to the SDG implementation activities, it is considered feasible for certain budget lines as specific activities can be disaggregated and tagged to specific SDGs.²³

AZERBAIJAN

Compared to most of the rest of the region, the state budget plays a relatively large role in Azerbaijan—accounting for 54% of potential SDG financial flows during 2008-2017 (Figure 7.5). Rapid growth in budget revenues generated by energy exports (especially before the oil price correction of 2014) have ensured this. Inflows of bank loans, FDI, and stocks and bonds—most of which went into the oil and gas sector—accounted for most of the remainder (nearly 40% of the total). By contrast, remittances and especially ODA play much smaller roles in Azerbaijan than they do in many other countries in the region.

In **Azerbaijan**, fossil fuels subsidies were estimated around 3.5% of the total budget spending between 2013 and 2015 and it was suggested that reduction in harmful subsidies could contribute to achieving climate and green economy targets.²⁴ In **Azerbaijan**, the budgeting is arranged by economic sectors but further integration of the SDG into national and sub-national budgets is planned.²⁵

²² Republic of Armenia and UNDP, 2017

²³ UN Country Team, Armenia, email exchange

²⁴ Azerbaijan MAPS report, 2017

²⁵ UN DESA, 2017

Figure 7.5—Azerbaijan: Shares of potential SDG finance from all sources (annual averages, 2008-2017)

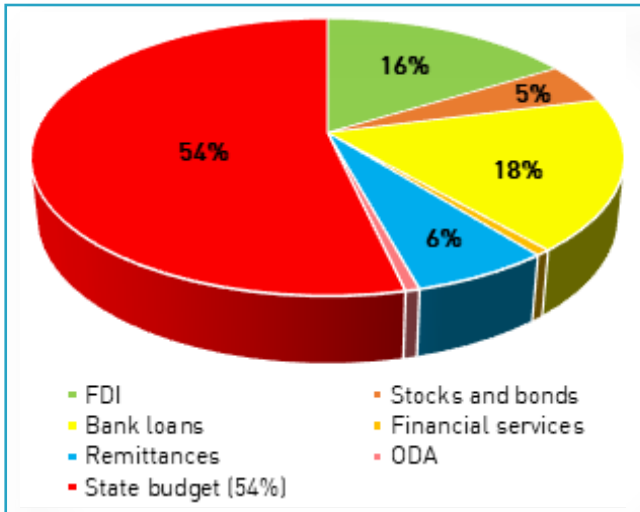
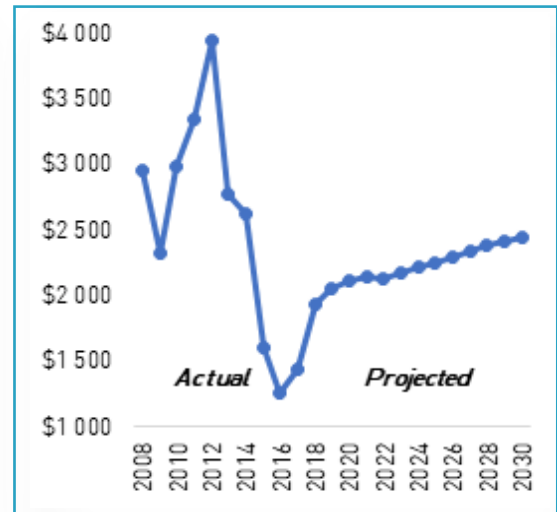


Figure 7.6—Azerbaijan: Potential per-capita SDG finance (2008-2030)



UNDP CALCULATIONS, BASED ON CENTRAL BANK, IMF, AND WORLD BANK DATA AND FORECASTS.

BELARUS

The state budget plays an even larger role in Belarus, accounting for 69% of potential SDG finance during 2008-2017 (Figure 7.7). Given the large role played by state enterprises and banks and the state budget in the Belarusian economy, this result is not particularly

surprising. Bank loans, FDI, and remittances accounted for virtually all of the remainder; ODA inflows accounted for less than 1% of total potential SDG finance.

Figure 7.7—Belarus: Shares of potential SDG finance from all sources (annual averages, 2008-2017)

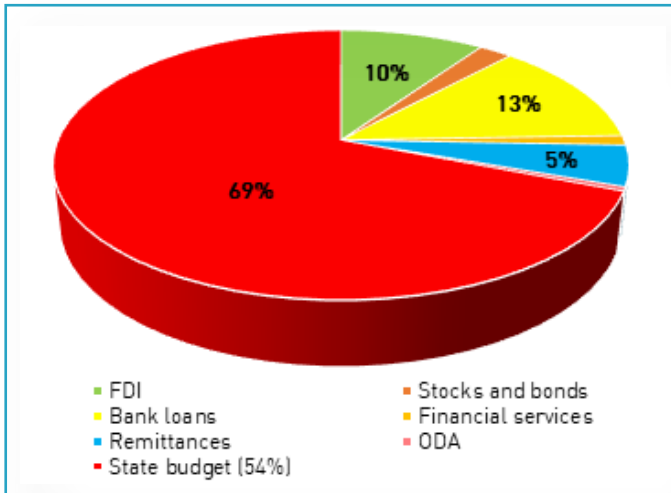
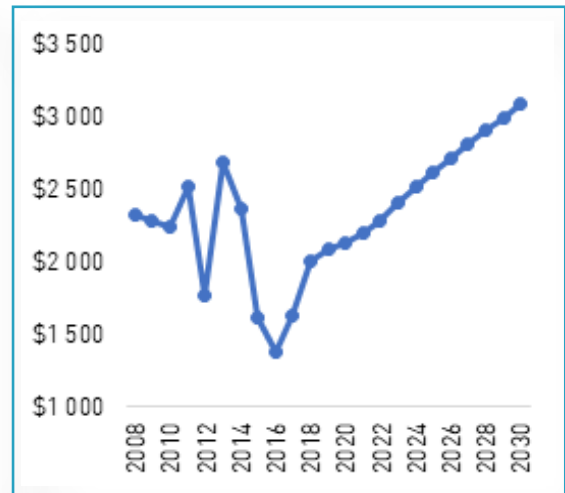


Figure 7.8—Belarus: Potential per-capita SDG finance (2008-2030)



UNDP CALCULATIONS, BASED ON CENTRAL BANK, IMF, AND WORLD BANK DATA AND FORECASTS.

Expressed in per-capita terms (Figure 7.8), potential SDG finance in Belarus dropped from nearly \$2700 in 2013 to under \$1400 in 2016, due to the depreciation of the Belarusian ruble and the recession of 2015-2016. Inertial extension of IMF growth and current-account projections (for 2018-2023) suggests that potential SDG finance would rise to close to \$3100 by 2030—thanks largely to growing FDI and commercial bank lending. More rapid forecast growth is precluded by the relatively slow GDP growth and

small capital inflows projected by the IMF (Belarus's current-account deficit is projected to drop to 2.0% of GDP during 2022-2023, while annual GDP growth during 2021-2023 is projected at only 2.0%). The MAPS report of **Belarus** also suggested that public revenues and public-private partnerships should be considered as the main sources for SDG financing and SDG implementation are planned to be financed from state and regional programs or international projects.²⁶

²⁶ UN Country Team, Belarus, email exchange

GEORGIA

Georgia demonstrates one of the more balanced potential SDG finance profiles in the region, with the state budget, remittances, FDI, bank credits, and ODA all playing significant roles (Figure 7.9). While this diversified portfolio suggests a certain resilience

in financing sources, it also reflects the fact that less than 30% of GDP is captured and redistributed via the state budget. The IMF projects this ratio to drop below 27% during 2021-2023.

Figure 7.9—Georgia: Shares of potential SDG finance from all sources (annual averages, 2008-2017)

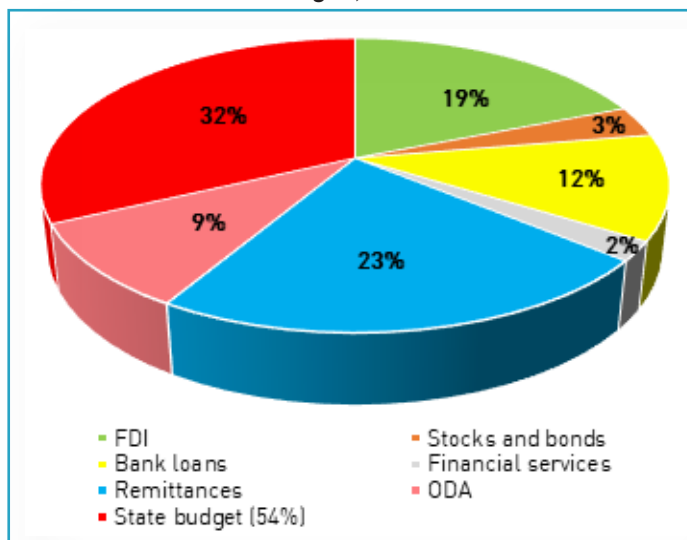
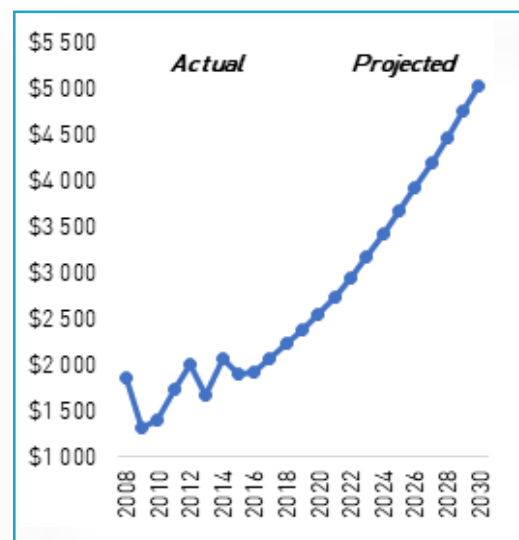


Figure 7.10—Georgia: Potential per-capita SDG finance (2008-2030)



UNDP CALCULATIONS, BASED ON CENTRAL BANK, IMF, AND WORLD BANK DATA AND FORECASTS.

To support improved budgeting, the State Audit Office of **Georgia** introduced a dedicated page for SDG-related audits on its Budget Monitoring Portal, where it presents the outcomes of State Audits in relation to SDG implementation and identifies areas

for improvements. (<https://budgetmonitor.ge/en/sdg>). Georgia is also in the process of developing an SDG tracker which will be able to monitor progress on SDGs.

MOLDOVA

Moldova like demonstrates a balanced potential SDG finance profile, with remittances, the state budget, and bank loans from abroad accounting for some 85% of total finance during 2009-2017 (Figure 7.11). Remittances are the largest source of potential SDG finance in Moldova, accounting for more than a third of the total during this time.

In **Moldova**, as part of the Public Administration Reform, the Government envisaged to optimize and operationalize a rigorous, integrated and coherent strategic planning system, and to correlate it with

financial resources (Objective 2, action 16 of the Action Plan on PAR implementation 2018-2020). Also, upon its approval, the Moldova 2030 Strategy will become the long-term reference document in the process of elaborating the Medium-Term Budgetary Framework. Therefore, the structure and destination of public expenditures is to be adapted to the strategic objectives of sustainable development of the Republic of Moldova.

²⁷ UN Country Team, Moldova, email exchange

Figure 7.11—Moldova: Shares of potential SDG finance from all sources (annual averages, 2009-2017)

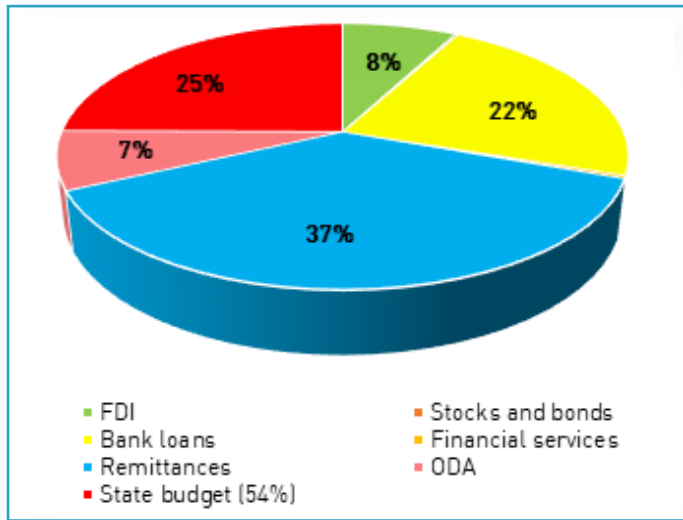


Figure 8.12—Moldova: Potential per-capita SDG finance (2009-2030)



UNDP CALCULATIONS, BASED ON CENTRAL BANK, IMF, AND WORLD BANK DATA AND FORECASTS.

Analysis of State Budgets in Moldova in the MAPS report highlighted the main source of consolidated budget revenues is VAT, followed by state social insurance contributions, excises, and mandatory health insurance contributions. VAT and excise duties represent 40 percent of consolidated and some 85 percent of state budget revenues. Share of income taxes (personal and corporate) are relatively low, however overall wage payroll taxation is quite significant if state social insurance and mandatory health insurance are included.

Social spending for social insurance education, and health represent the biggest part of consolidated budget expenditures. While Moldova spend significant amounts for social protection (13.4 percent of GDP or

35 percent of consolidated budget in 2017), education (6.7 percent of GDP or 18 percent of consolidated budget), and health (5 percent of GDP or 13 percent of consolidated budget). However, the Moldovan government education spending as percentage of GDP is quite high compared to the region, while mean years of schooling and completion rates are below the regional average. Likewise, health spending is quite high, while life expectancy is one of the lowest in the region.

UKRAINE

Potential SDG finance in **Ukraine** is dominated by the state budget, which accounted for 59% of the total during 2008-2017 (Figure 7.13). Remittances and FDI accounted for 17% and 9%, respectively. ODA only accounted for 2% of total potential SDG finance during 2008-2017; despite considerable post-2013 donor interest in Ukraine, this share was only 4% during 2014-2016.

In per-capita terms, potential SDG finance in Ukraine dropped from close to \$2000 in 2008 to below \$900 in 2016 (Figure 7.14). This decline, which can be seen as a proxy for the vicissitudes of Ukraine's development

prospects during the past decade, reflects the twin blows of the global financial crisis and then Ukraine's own post-2013 economic woes. These can in large part be ascribed to the on-going conflict in the Donbas and tensions with the Russian Federation, as well as to investor and donor disappointment with the pace of market and governance reforms in the country. In Ukraine – although no specific funding mechanism has been introduced for SDG implementation - there is a draft strategy for mid- and long-term planning in the Ministry of Economic Development and Trade that stipulates the alignment of the national budget (and that of line ministries) with SDG objectives.

Figure 7.13—Ukraine: Shares of potential SDG finance from all sources (annual averages, 2008-2017)

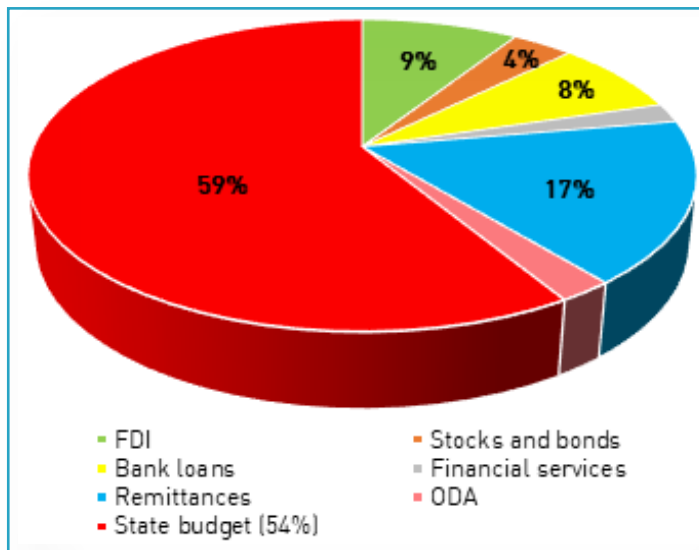
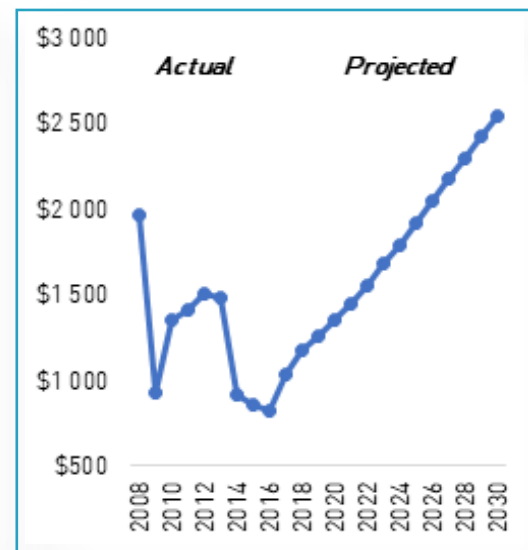


Figure 7.14—Ukraine: Potential per-capita SDG finance (2008-2030)



UNDP CALCULATIONS, BASED ON CENTRAL BANK, IMF, AND WORLD BANK DATA AND FORECASTS.

The above analysis highlights the broad financial flows that could be considered 'potential' SDG finance sources, notwithstanding some of the methodological challenges of this analysis. However, as stated better planning, financial management and monitoring of SDGs could assist engagement on SDG financing perspectives as well as integrating SDGs into budgeting systems and budgeting guidelines for line ministries.

However, different sources of financing also suffer from certain constraints in terms of 'availability' for broader for SDG expenditure. For example, as the MAPS report for Moldova highlights:

"While remittances play a crucial role in the short to medium term, they cannot be considered a sustainable source of finance in the longer-term due to several reasons: long-term demographic trends are not favorable and it is likely the number of potential migrants going down by 15 percent by 2020 and by 50 percent by 2060²⁸; migrants tend to settle in their host country²⁹, often moving with their families, and hence, reduce or stop sending money back. Moreover, remittances are spread for the whole society in a thin layer mostly on consumption³⁰, and are therefore difficult to mobilize for development purposes, a situation aggravated by lack of trust in institutions, with exception of church and local administration³¹."

²⁸ Mihail Peleah. Sustainability of migration model in Moldova. Paper presented at Simpozionul Științific al Tinerilor Cercetători ASEM-2012 (Ediția a X-a), 2012

²⁹ According to opinion polls only some 17% of respondents plan not to return to Moldova, although planned time span for return of majority of migrants is 6-10 years. CIVIS and IASCI (2010). Strengthening the Link between Migration and Development in Moldova

³⁰ UNDP (2015) Labour Migration, Remittances, and Human Development in Central Asia. Central Asia Human Development Paper. <https://goo.gl/q2iz64>

³¹ Mihail Peleah. Migration, multidimensional welfare and social exclusion. On Sat The policy and practice of regulating migration in the context of modern challenges. Proceedings of the international research conference. Tiraspol, January 27, 2017 - Chisinau, International Organization for Migration, mission in Moldova, 2017 <https://goo.gl/cMtkxN>

8

Fostering SDG alignment and greater policy coherence across the partner countries

The following provides some clear directions which each of the countries may adopt and contextualise to their own circumstances to move to more transformative pathways to achieving the SDGs.

HORIZONTAL AND VERTICAL POLICY COHERENCE

Ensuring that proposed policies, programmes and targets are supportive of nationally adapted SDGs is the first step to more integrated development solutions. The UN is active in advocating for horizontal policy coherence in the countries that it supports. It has developed expertise in undertaking integrated policy analysis work. The UNCTs could share this approach with Member States as a means to assess policy and programme proposals for their potential to either benefit or negatively impact on specific national priorities and nationally adapted SDGs.

In addition, the UN could provide assistance in two key ways, through 1) technically supporting the creation of coordinating institutional mechanisms where needed through, for example, initiating formal partnerships across sectoral line ministries and agencies; and 2) providing analytical support to inform key policies, programmes and projects for their impact on the nationally adapted SDGs within the six countries.³²

Vertical policy coherence is about strengthening the linkages between decentralized levels of governance, ranging from national to local. Again, the UN could play a role in supporting analysis that helps to localize the SDGs in particular settings—

for example within particular cities—and also on the consultative mechanisms that allow national policies to be informed by local realities, and vice versa.

In addition to classic vertical and horizontal coherence within government departments and the SDGs, it is clear from the 20 Deliverables for 2020 that greater horizontal integration of the three cross-cutting themes - ensuring gender equality, better engaging civil society, and strengthening strategic communications - could be mainstreamed more effectively into each of the deliverables—for example, gender with respect to jobs and SME creation, civil society participation vis-à-vis strengthening institutions and good governance and strengthening strategic communications across all four thematic areas.

³² <https://undg.org/2030-agenda/mainstreaming-2030-agenda/horizontal-policy-coherence/>

SDG FOLLOW-UP AND REVIEW

The 2030 Agenda encourages UN Member States to carry out regular reviews of progress at the national and subnational levels with the purpose of identifying successes, challenges and lessons learned, and with a view to accelerating the implementation of SDGs. The two primary ways in which national SDG reporting

takes place is through Voluntary National Reviews (VNRs), and national SDG reports. To this end, the UN can be effective in encouraging and advocating for the sharing of success stories, cautionary tales and lessons learned. All of this can in turn accelerate the implementation and realization of the SDGs.

PLANNING FOR THE LONGER-TERM

In the countries of the EaP, there is a need to support improved planning and budgeting frameworks that integrate SDGs at their core. The UN could assist discussions on how planning and policy could be more cognizant of long-term shifts in economy, demography, and the environment, and also plan for more dramatic one-off shocks. Providing assistance to politicians and government officials grappling

with information on how to address changes that go beyond political and planning cycles can support long-term resilience. There is also a need to see linkages between budgeting and planning processes improved. This would mean more explicitly linking SDG financing and budgeting cycles to strategic planning goals and providing some role for Parliamentary oversight on national progress.

DEVELOP AN ADDITIONAL DELIVERABLE ON HUMAN, CIVIL AND POLITICAL RIGHTS AND DEMOCRACY

In 2015, the Review of the European Neighbourhood Policy included a specific reference to the EU being “committed to promoting good governance, democracy, rule of law and human rights.”³³ Because this statement was not explicitly included in the final Joint Staff Working Document 20 deliverables for 2020, several elements of good governance—including targets related to improvements in legislation and its effective implementation, electoral rights, and freedom of media are not mentioned. Therefore, it may be necessary to create a platform to ensure regular discussion of these issues (no matter what it

may be branded) and to create concrete work plans, with attached monitoring mechanisms that include both government representatives and civil society and medium and long-term targets in these areas. One of these longer-term targets may be inclusion into international and national organizations with a record of protecting human rights and democracy (i.e. the Council of Europe and OSCE) (EaP-CSF 2017).³⁴ These commitments together would go a long way towards meeting the capacities and institutions targets that are mainstreamed across the SDGs, as well as nearly all the targets of SDG 16 on its own.

ENHANCED CROSS-BORDER, TERRITORIAL COOPERATION

From an analysis of various economic activities taking across borders between partner countries and the EU and in some cases, between partner countries themselves, it seems that the EaP process could be strengthened further by implementing specific policies around territorial cooperation that engage local communities across borders into a vision for sustainable development. For example, environment impact assessments might be required of people who live on opposite sides of the border if an activity is taking place on one side of it. On the other hand, migration flows between countries might require

more sensitive cross-border programmes, with a view towards bringing together local communities and multiple bottom-up approaches. This might be as simple as expanding existing programmes such as the agricultural development strategies in place in Armenia, Georgia and Moldova (which could be expanded to Azerbaijan, Belarus and Ukraine), or strengthening current territorial programmes such as the European Grouping of Territorial Cooperation and the European Economic Group of Interest).

³³ http://eeas.europa.eu/archives/docs/enp/documents/2015/151118_joint-communication_review-of-the-enp_en.pdf

³⁴ http://eap-csf.eu/wp-content/uploads/EaP-CSF-Policy-Brief_2020-deliverables.pdf

CONCLUSION

The 2030 Agenda ultimately presents a vision for development that balances and integrates the economic, social and environmental dimensions of sustainability. It is largely reinforced by the various national priorities that have been spelled out by the six countries within their national development plans, as well as by the 20 Deliverables for 2020 that was developed in 2016.

Because of the diversity of the countries within the EaP, and more importantly the differentiated relationships that have evolved with the EU, the 20 deliverables for 2020 can arguably be described as a programmatic approach to overlay some conformity and coherence, and to add focus on whether progress is being made on some common areas of importance. The 20 for 2020 initiative, provides a vehicle for assistance that may lead to improved outcomes especially coinciding with the SDGs linking to the initiative (see Figure 1.3). However, as this report highlights for each country there is a unique configuration as well as a complex interaction amongst regional partners and trends that will continue to influence and support specific SDG outcomes.

Given the varied roles and comparative advantages of the EaP countries, the EU and the UN in driving progress towards the SDGs, the possibilities for more complementary, coherent, and catalytic action could be explored more deeply. With less than two years left to run on the 20 deliverables for 2020, also marking five years into the 2030 Agenda, one proposal work for enhanced coordination would be through the creation of an **EU-EaP-UN coordination working group**, which would be mandated to closely examine existing overlaps, gaps, synergies and progress on clusters of priorities to achieve the SDGs. In fact, multi-stakeholder working groups already have a history of success across the countries.



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