



SUSTAINABLE DEVELOPMENT GOALS UKRAINE



SDG8

**DECENT WORK AND
ECONOMIC GROWTH**



MONITORING REPORT



The “SDGs-Ukraine. SDG8: Decent Work and Economic Growth” monitoring report provides a vision of economic development in the context of Ukraine’s efforts to achieve the Sustainable Development Goals (SDGs). The report provides monitoring of SDG8 targets measured by country-specific indicators. The first thematic report on one selected SDGs aimed at acceleration economic growth in Ukraine. The SDG8 targets presented in the report and their interrelationship with planning/monitoring of national development should be a priority focus of Ukraine’s state policy.

The publication presents an overview of the progress towards SDG8 achieved over the last three years compared to the 2015 baseline; highlights the conditions, successes and failures in achieving all SDG8 targets.

The results of analysis of the degree of incorporation of SDG8 targets into strategic documents of Ukraine are presented; monitoring of the achievement of objectives and measures of strategic documents aimed at the implementation of SDG8 targets performed; proposals on the state policy measures for achievement of SDG8 targets and progress indicators up to 2030 provided.

This report was prepared by the Ministry of Economic Development and Trade of Ukraine and State Statistics Service of Ukraine and approved by the High-Level Inter-Ministerial Working Group for the implementing the SDGs in Ukraine under the chairmanship of the First Vice Prime Minister of Ukraine – the Minister of Economic Development and Trade of Ukraine. Support was provided by UNIDO Focal Point in Ukraine, UN Children’s Fund (UNICEF) office in Ukraine, Institute for Demography and Social Studies of the National Academy of Sciences of Ukraine and NGO “Institute of Green Economics”.

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ACRONYMS AND ABBREVIATIONS

EU	European Union
GDP	Gross domestic product
GFCF	Gross fixed capital formation
ICT	Information and Communications Technology
IPs	Industrial parks
IDPs	Internally Displaced Persons
IDSS NAS	Institute for Demography and Social Studies, National Academy of Sciences of Ukraine
IMF	International Monetary Fund
GII	Global Innovation Index
MEDT	Ministry of Economic Development and Trade of Ukraine
MES	Ministry of Education and Science of Ukraine
MSP	Ministry of Social Policy of Ukraine
OECD	Organization for Economic Co-operation and Development
PPP	Purchasing power parity
RF	Russian Federation
SDG	Sustainable Development Goal
SDG	IWG Interagency Working Group on coordination of implementation and monitoring of SDGs
SME	Small and medium-sized entrepreneurship
SSL	State Service of Ukraine on Labor
SSS	State Statistics Service of Ukraine
TEA	Types of economic activity
UN	United Nations
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization

INTRODUCTION

The 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development – adopted by world leaders in September 2015 at an historic UN Summit – officially came into force on 1 January 2016. Over the next fifteen years, with these new Goals that universally apply to all, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one left behind. Many countries around the world adapted the goals and established country-specific development targets. Ukraine joined the SDGs and, following an inclusive process for adapting them, built a national SDGs system (with 86 national development targets and 172 indicators for monitoring their achievement). Following SDG adaptation, a national discourse was launched in Ukraine to monitor SDGs progress and improve the official statistics system. The national SDG system provides a solid foundation for strategic planning of Ukraine's future development. The High-Level Inter-Ministerial Working Group (IMWG) for the implementing the SDGs in Ukraine under the chairmanship of the First Vice Prime Minister of Ukraine – the Minister of Economic Development and Trade of Ukraine has been established in the country to coordinate all activities related to SDGs in Ukraine. The Group includes representatives of the Ministries and Agencies (at Deputy minister level), the National Academy of Sciences, and the United Nations Country Team. Responsibility for achieving the established targets have been placed on the Ministries and Agencies, which should report annually on progress against designated indicators. Work is now underway to create an open in-

formation SDG platform, localize the SDGs, and implement projects in thematic areas.

During 2016-2019, a national system of implementation of SDGs was established in Ukraine, which includes a coordination mechanism for strategic planning, data collection and monitoring of indicators of achievement of SDGs, preparation of reports on the progress towards SDGs up to 2030.

The 'Sustainable Development Goals: Ukraine' national report identified 86 development targets and 172 indicators for monitoring them (<http://bit.ly/SDGsUkraine>).

The strategic SDG8 targets should be focused on youth development in Ukraine. The targets will serve as key reference points for drafting upcoming strategic planning/policy documents concerning the development of youth from the perspective of securing the human rights. Enabling young people's development and self-realization is one of the most important tasks. In the modern world of information technology, with the scope of knowledge rapidly growing, young people's creativity and activity is a driver of economic development. New challenges have arisen in Ukraine in recent years concerning under-utilization of labour resources aged 15-24. As a result of this, migration of active Ukrainian young individuals abroad has drastically increased. Recognising the challenges young people will face in the changing labour market as a result of demographic changes, technological advancements, globalisation, decision makers in Ukraine should put forward key recommendations to ensure a youth-friendly future of decent work.

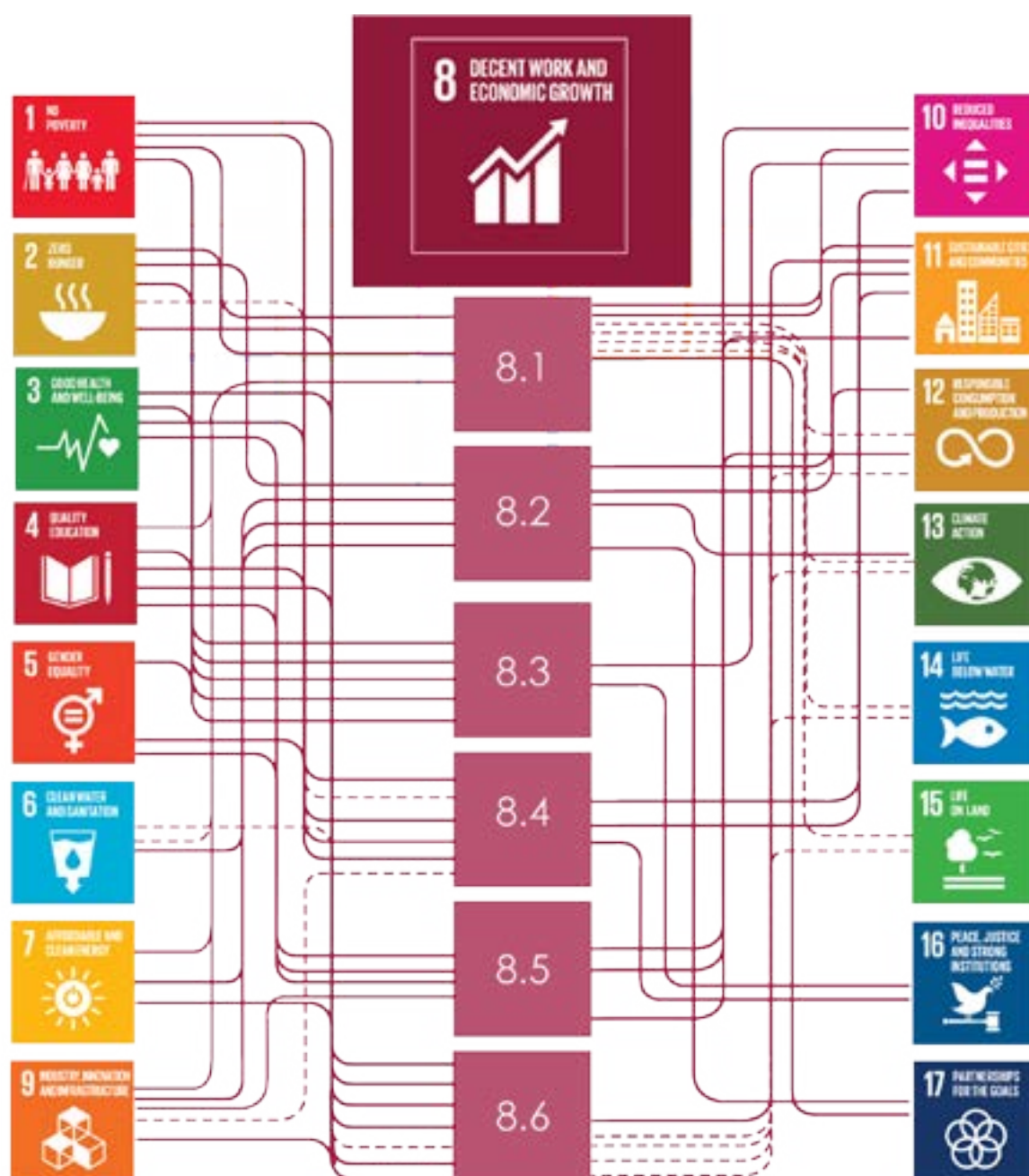
SDG8: DECENT WORK AND ECONOMIC GROWTH

SDG8 – ACCELERATOR OF TRANSFORMATIONS FOR ACHIEVING OTHER SDGs IN UKRAINE



In Ukraine, SDG 8, on the one hand, is a means to achieve other 16 SDGs, and on the other hand, an ultimate goal of the 2030 Agenda.

Fig. 1. Interrelation between SDG8 targets and other SDGs at the national level



DECENT WORK AND ECONOMIC GROWTH: TARGETS AND INDICATORS

GLOBAL INDICATORS

8.1	8.1.1. Annual growth rate of real GDP per capita.
8.2	8.2.1. Annual growth rate of real GDP per employed person.
8.4	8.4.1. Material footprint, material footprint per capita, and material footprint per GDP. 8.4.2. Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP.
8.5	8.5.1. Average hourly earnings of female and male employees, by occupation, age and persons with disabilities. 8.5.2. Unemployment rate, by sex, age and persons with disabilities.
8.6	8.6.1. Proportion of youth (aged 15–24 years) not in education, employment or training.
8.8	8.8.1. Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status. 8.8.2. Level of national compliance with labour right (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation.
8.3	8.3.1. Proportion of informal employment in non-agriculture employment, by sex.
8.9	8.9.1. Tourism direct GDP as a proportion of total GDP and in growth rate. 8.9.2. Proportion of jobs in sustainable tourism industries out of total tourism jobs.
8.10	8.10.1. Number of commercial bank branches per 100,000 adults and (b) number of automated teller machines (ATMs) per 100,000 adults. 8.10.2. proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider.
8.7	8.7.1. proportion and number of children aged 5–17 years engaged in child labour, by sex and age.
8.a	8.a.1. Aid for trade commitments and disbursements.
8.b	8.b.1. Existence of a developed and operationalized national strategy for youth employment.

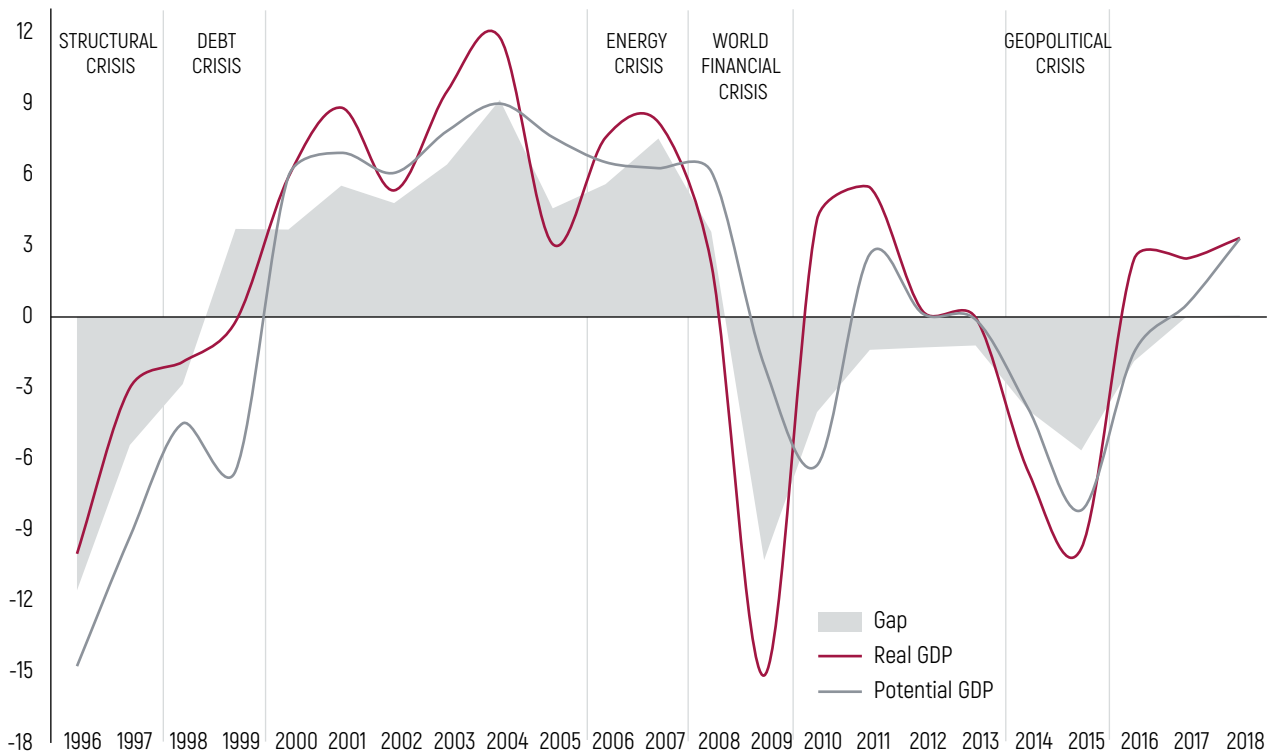
NATIONAL INDICATORS

8.1	8.1.1. GDP volume index (annual average), % 8.1.2. Share of gross fixed capital to GDP, % 8.1.3. Share of exports of goods whose production uses technologies of high and medium high level in total exports of goods, % 8.1.4. Ukraine's position as rated by the Global Innovation Index
8.2	8.2.1. The return on assets 8.2.2. Productivity growth rate, %
8.3	8.3.1. Employment rate among those aged 20–64, %
8.4	8.4.1. Share of youth not in employment, education or professional training in the total number of those aged 15–24, %
8.5	8.5.1. Number of victims of accidents at work that led to disability of 1 day or more, % of 2015 level 8.5.2. Number of workers killed in accidents at work, % of 2015 level 8.5.3. Share of workers employed in jobs with hazardous working conditions in the total full-time payroll, %
8.6	8.6.1. Number of persons employed by SMEs, millions of persons 8.6.2. Share of value added against production costs of SMEs, % of total value added against production costs 8.6.3. Ukraine's position in the rating of Doing Business

CHALLENGES ON THE WAY TOWARDS SDG8

External factors caused 4 out of 5 crises in Ukraine: unsustainable development of the economy due to structural, debt, energy, financial and geopolitical crises, loss of significant resources and capital.

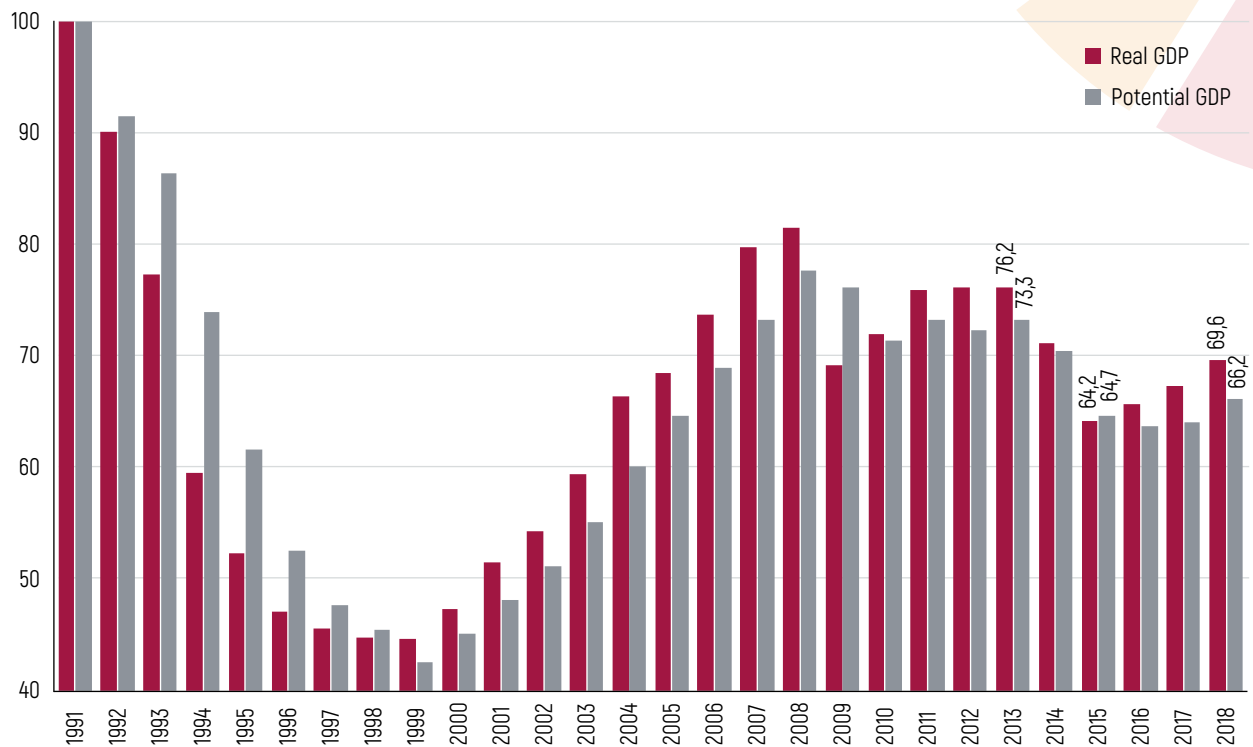
Fig. 2. Changes in actual and potential GDP during 1991-2018, % to the previous year, GDP gap, %



The influence of Russia's aggression in Crimea and in the East of Ukraine:

- ✓ USD 463 M – total country's loss from the conflict in the Donbas (World Bank, March 2015);
- ✓ loss of more than 7% of the territory – sources of GDP share: the Donbas – 10% of GDP, AR of Crimea – 3.7% (Kremlin Aggression in Ukraine: the Price Tag by Anders Aslund);
- ✓ in these areas, in October 2014 – 15% of industrial production, 115 of the 150 coal mines were operational, today – the decline of many settlements, mass labour migration of active population to other countries;
- ✓ within 6 years – more than 13 thousand dead military and civilians, 1.7 million displaced persons, 300 thousand persons with disabilities.
- ✓ trade restrictions imposed by the RF:

Fig. 3. Actual and potential GDP, % to the previous year (1991 = 100 %)



2016 – food embargo; restrictions on the transit of goods from Ukraine to the Republic of Kazakhstan and the Kyrgyz Republic through Russian Federation – the negative impact on GDP was, in general, 0.9 percentage points (annual GDP growth could be 3.3% instead of 2.4 %);

2017 – temporary suspension of the movement of goods by rail and road through the contact line within the Donetsk and Luhansk Oblasts, imposed by the Ukrainian authorities in response to the intensification of hostilities in the East – led to a reduction of metallurgical production by 3.5%, energy generation – by 6.5%;

2018 – restriction on the movement of large-tonnage vessels due to the construction of the Kerch Bridge; blockade, at the end of the year, of the Azov Sea ports – complicates the operation of some metallurgical enterprises, as well as enterprises producing construction materials and those engaged in grain exports;

end of 2018 – special measures towards Ukrainian entities: freezing of non-cash funds, non-documentary securities and property in the territory of the Russian Federation; ban on the transfer of funds outside the Russian Federation, as well as the prohibition by the Russian Federation on the importation of certain goods of Ukrainian origin, first of all, machine-building products.

“Today, Ukraine invests 5% of the country’s GDP in security and defense in order to protect and preserve the most valuable things – the life and safety of citizens, peace in Europe and in the world**”**

Stepan Kubiv, the First Vice Prime Minister of Ukraine – the Minister of Economic Development and Trade of Ukraine

MONITORING OF PROGRESS TOWARDS ACHIEVING SDG8

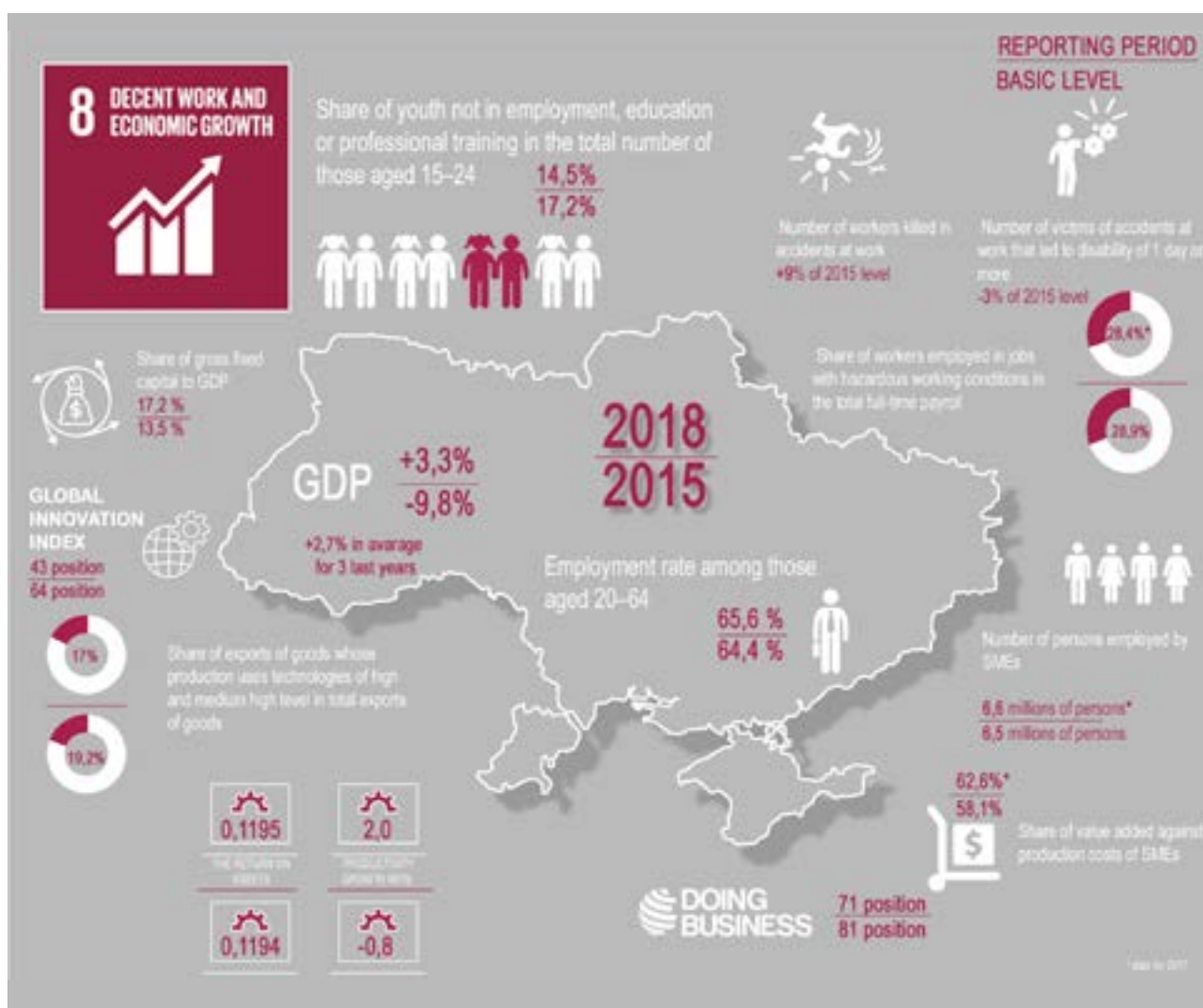
During 2015-2018, the Government's efforts were aimed at eliminating the consequences of annexation of the AR of Crimea and the aggression of the Russian Federation in the East of Ukraine as well as at preventing further losses of economic and human potential.

Reforms initiated in 2016-2018, European integration, reorientation of business from the Russian to developed Western markets fostered the return of the economy to the phase of restorative growth:

- In 2016-2018, GDP grew on average by 2.7% due to the growth of investments (GFCF) and consumer demand of the population;















- The dynamics of labour productivity improved significantly and the share of value added of SMEs increased;
- Labour productivity increased on the basis of modernization of production and new labour remuneration policy;
- The unemployment rate decreased as well as the number of young people that do not work, study and develop professionally;
- Ukraine's ranking improved: Doing Business Index and Global Innovation Index.

At the same time, there is no progress in ensuring occupational safety and increase in the share of exports of high-tech industries.





Achievement of the national SDG8 targets and indicators is insufficient:

- Structural development disproportions are not eliminated;
- Slow development of innovations;
- High informal employment rate;
- Inequality in the labour remuneration of men and women;
- Secure and safe working environment for workers is not ensured;
- Insufficient SMEs access to financial resources and services.

Targets	Completion rate	Indicators
8.1. Ensure a steady GDP growth by modernizing production, developing innovation, increasing export potential and exporting products with high value added		8.1.1. GDP volume index (annual average), %
		8.1.2. Share of gross fixed capital to GDP, %
		8.1.3. Share of exports of goods whose production uses technologies of high and medium high level in total exports of goods*, %
		8.1.4. Ukraine's position as rated by the Global Innovation Index
8.2. Increase the efficiency of production based on sustainable development and the development of competitive high-tech industries		8.2.1. The return on assets
		8.2.2. Productivity growth rate, %
8.3. Increase employment		8.3.1. Employment rate among those aged 20–64, %
8.4. Reduce the share of youth not in employment, education or professional training		8.4.1. Share of youth not in employment, education or professional training in the total number of those aged 15–24, %
8.5. Promote a safe and secure working environment for all workers, including through the application of innovative technologies in terms of health and safety		8.5.1. Number of victims of accidents at work that led to disability of 1 day or more, % of 2015 level
		8.5.2. Number of workers killed in accidents at work, % of 2015 level
		8.5.3. Share of workers employed in jobs with hazardous working conditions in the total full-time payroll, %
8.6. Create institutional and financial capacities for the self-realization of the potential of the economically active population and the development of the creative economy		8.6.1. Number of persons employed by SMEs, millions of persons
		8.6.2. Share of value added against production costs of SMEs, % of total value added against production costs
		8.6.3. Ukraine's position in the rating of Doing Business

 – achieved or, with high probability, can be achieved by 2020,

 – positive dynamic, but not sufficient to achieve the indicator,

 – has a negative dynamic compared to 2015, which with high probability can indicate the impossibility to achieve by 2020.

* – groups 'Products of chemical and related industries', 'Polymers, plastics and articles thereof', 'Machinery, equipment and mechanisms, electrical equipment', 'Ground transportation, aircraft, floating craft', 90th subgroup of the group 'Optical and photographic devices and appliances' (UCGFEA)

	2015	2016	2017	2018	2020	2025	2030
Indicator 8.1.1	90,2	102,4	102,5	103,3	104,0	106,0	107,0
Indicator 8.1.2	13,5	15,5	15,8	17,2	23,0	28,0	22,0
Indicator 8.1.3	19,2	17,3	16,8	17,0	25,0	28,0	30,0
Indicator 8.1.4	64	56	50	43	50	45	40
Indicator 8.2.1*	0,23/0,1194	0,1199	0,1195		0,26/0,13	0,35/0,18	0,45/0,23
Indicator 8.2.2	99,1**/99,2	103,5	103,2	102,0	104,0	103,6	105,8
Indicator 8.3.1	64,4	64,2	64,2	65,6	66,0	68,0	70,0
Indicator 8.4.1	17,7*/17,2	17,8	15,9	14,5	17,0	16,5	15,5
Indicator 8.5.1	100	104	101	97	75	60	55
Indicator 8.5.2	100	107	98	109	70	50	45
Indicator 8.5.3	26*/28,9	–	28,4		22	17	12
Indicator 8.6.1	6,5	6,5	6,6		8,3	9,5	10,5
Indicator 8.6.2	59*/58,1	62,3	62,6		70	75	80
Indicator 8.6.3	81	80	76	71	30	25	20

* Indicator value for the reporting period and target thresholds have been changed due to methodological changes.

** There was a refinement of the reporting data due to the refinement of statistical information, which did not affect the review of target thresholds.

SDG8 PRIORITIES

Achievement of SDG8 and following the determined growth path – 4% by 2020, 6% – by 2025 and 7% – by 2030 – are and remain one of the main priorities for Ukraine.

For the reference: 150 years are needed for Ukraine to achieve EU level of GDP per capi-

ta under PPP, provided that Ukraine's economy grows evenly from 2019 at 2018 potential level (estimated at approx. 3.3%) with EU growth rate of 2.2% (average for the past 5 years);

39 years – subject to GDP growth rates defined under SDG8.

Table 1.

Country	GDP per capita by PPP in 2018, USD	Average annual GDP growth rates within 2014-2018, which were used as a basis and for estimations in the subsequent years, %	Number of years that Ukraine needs to achieve GDP per capita by PPP of the relevant country at the annual growth rate of the Ukrainian economy	
			by 3.3% (estimation of potential growth for 2018)	by 7% (GDP growth by indicator 8.1.1)
Germany	52558,7	1,945	131	41
France	45775,1	1,384	85	34
EU-27	43148,0	2,243	149	39
Italy	39637,0	0,927	62	29
Czech Republic	37371,0	3,548	Do not reach	50
Slovakia	35129,8	3,473	Do not reach	47
Lithuania	34825,8	3,099	680	42
Poland	31938,7	4,025	Do not reach	52
Latvia	29901,3	3,260	3020	40
Turkey	27956,1	4,889	Do not reach	67
Kazakhstan	27549,8	2,940	312	35
Belarus	20003,0	0,172	25	16
Georgia	11485,4	3,979	Do not reach	16
Ukraine	9283,4	x	x	x

Source: IMF (World Economic Outlook, April 2019), estimations of the Ministry of Economic Development and Trade

Monitoring SDG8: target 8.1, indicator 8.1.1.

Indicator 8.1.1	2013	2014	2015	2016	2017	2018
GDP volume index (annual average), %	0,0	-6,6	-9,8	2,4	2,5	3,3

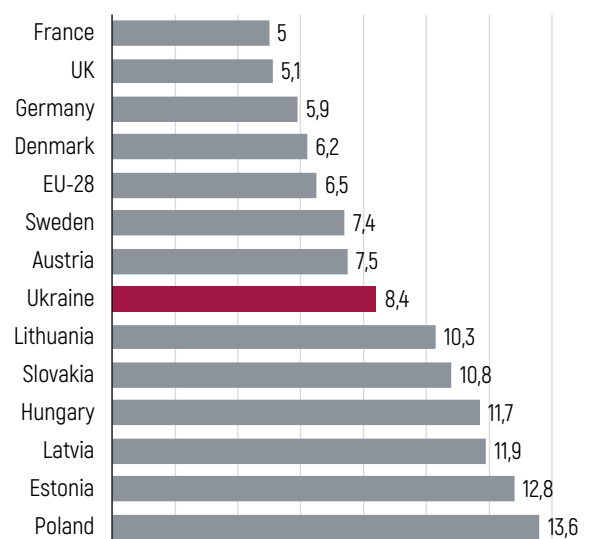
During 2016-2018, real GDP grew by 8.4%, but it is still below the pre-crisis level of 2013 by 8.7 %.

The lagging of the average annual GDP growth rate of 2.7% behind the national indicator 8.1.1 of 4% was caused by:

- negative impact on production of various trade and transit restrictions, in particular, imposed by the Russian Federation during 2016-2018, and Ukraine's mirror response actions;
- incomplete replacement of losses of the traditional Russian market by the entry into new markets and expansion in the European markets, due to the complexity and length of the processes of entering new markets;
- insufficient introduction of innovative products and technology in the industry that would help to win new markets;

- insufficient external demand, including caused by new protectionist policies spreading in the world.

Fig. 4. GDP growth during 2016-2018, % (2015=100)



Source: Eurostat, estimations of the Ministry of Economic Development and Trade according to the State Statistics Service

Monitoring SDG8: target 8.1, indicator 8.1.2.

Indicator 8.1.2	2013	2014	2015	2016	2017	2018
Share of gross fixed capital to GDP, %	16,9	14,2	13,5	15,5	15,8	17,2

The source of the economic growth during 2016-2018 was domestic consumer and investment demand.

Active expansion of investment demand of the non-financial sector (more than 70% of investment financing) and state governance sector (more than 12%) supported the trend towards investment and innovation renewal of production in the face of aggravation of global competition and a significant loss of the traditional Russian market.

Gross fixed capital formation (GFCF) resumed after a three-year drop by 36.8% within 2013-2015:

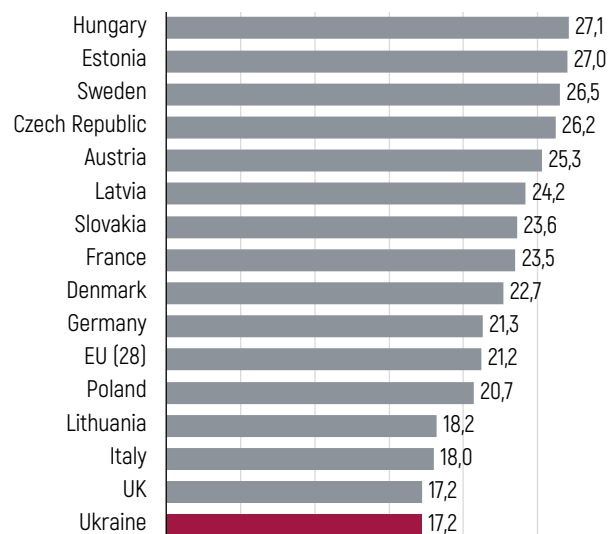
- growth of GFCF by 59.8% in 2016-2018 allowed to exceed its 2013 pre-crisis level by 10.3%;
- share of GFCF in the GDP increased in 2018 to 17.2 % versus 13.5 % in 2015 and exceeded the 2013 level (16.9 % of GDP).

However, currently, this dynamic is insufficient to reach the target of 23% of GFCF in the GDP, as determined by the national indicator 8.1.2. of SDG8 for 2020.

Factors:

- lack of engagement of the banking system (only 7.8% of investment financing) and the stock market in the financing of investment projects;
- low activity of foreign investors (0.3% of investment financing) due to slow reform of the judicial system and weak protection of property rights;
- ongoing military and economic aggression of the RF.

Fig. 5. Proportion of GFCF in the GDP in 2018, % to the volume of GDP



Source: Eurostat.

Monitoring SDG8: target 8.1, indicator 8.1.3.

Indicator 8.1.3	2013	2014	2015	2016	2017	2018
Share of exports of goods whose production uses technologies of high and medium high level in total exports of goods, %	24,4	20,4	19,2	17,3	16,8	17,0

During 2016-2018, there was a positive, albeit insignificant, contribution of external demand for main goods of domestic export to the economic growth in the context of a better foreign economic situation.

The trends of growing exports of high and medium-high-tech goods emerged:

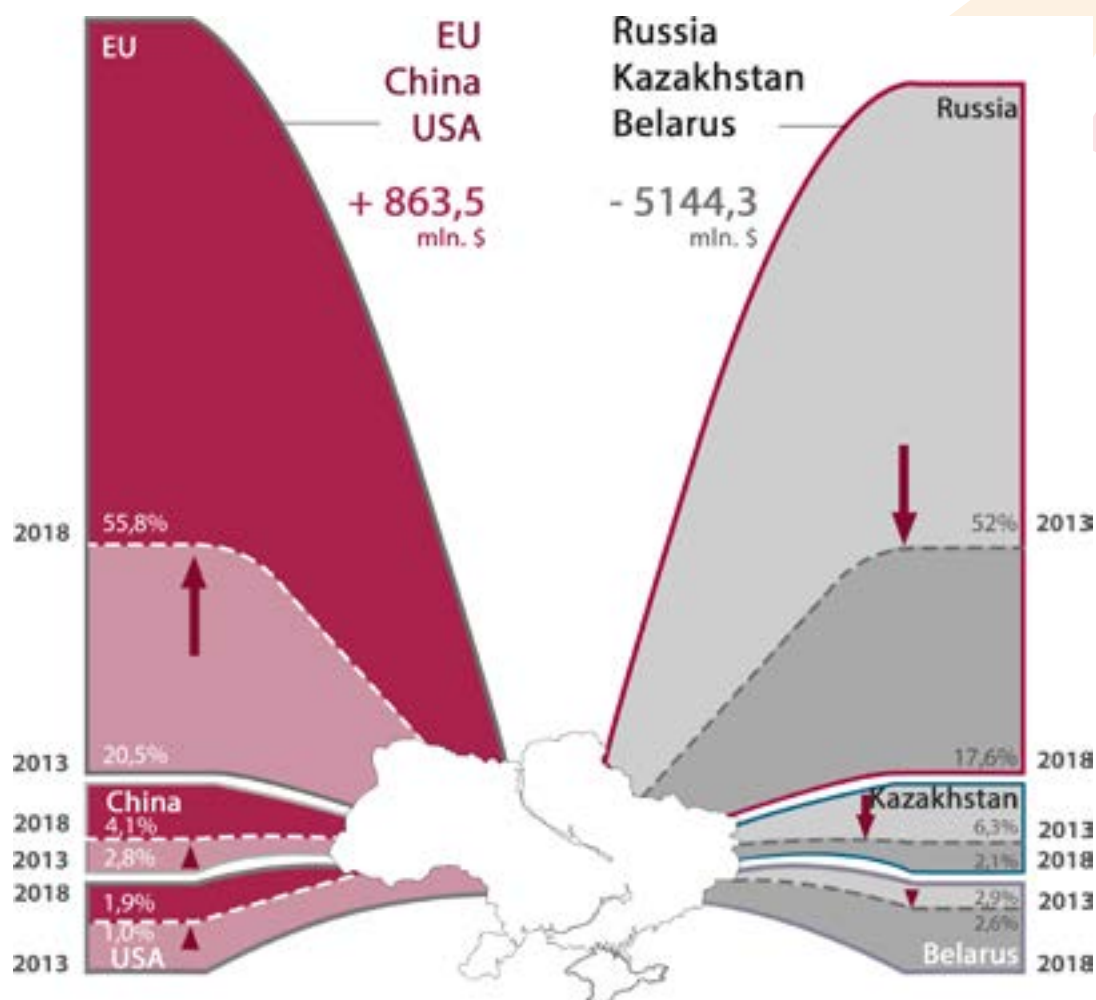
- volume of exports of these goods increased by 27.5% during 2017-2018, but this increase was insufficient to compensate for losses incurred within 2013-2016 as a result of the reduction of the volume of exports of these goods by 66.2%;
- proportion of these goods in the total volume of exports increased in 2018 to 17%, compared with 16.8% in 2017, however, it was still lower than the 2015 level (19.2 %).

Accordingly, there is a lagging behind the achievement of the national indicator 8.1.3. of SDG8, determined for the proportion of exports of high and medium-high-tech goods in the total volume of exports of goods at the level of 25% at the end of 2020.

The dynamic of export of high-tech services significantly accelerated:

- according to the National Bank of Ukraine during 2016-2018, the positive balance of trade in telecommunication, computer and information services increased by 1.9 times (from USD 1.5 bn in 2015 to USD 2.9 bn in 2018), and
- the share of these services in the export of services increased from 16.9 % in 2015 to 22 % in 2018.

Fig. 7. Export of machine building production to certain countries in 2013 and 2018.



Source: State Statistics Service.

Currently, these service sectors should be considered as accelerators of Ukraine's economic growth in the near future. They adequately and quickly respond to both domestic policy and external changes. This flexibil-

ity largely depends on the attractiveness of these sectors for small and medium enterprises, the development of which is a priority for the Government of Ukraine

Table 2. Telecommunication, computer and information services within 2015-2018

Services in the sphere of telecommunications, computer and information services	2015	2016	2017	2018
Balance, billion USD	1,5	1,8	2,3	2,9
Exports, billion USD	2,1	2,3	2,8	3,5
percentage of exports of services, %	16,9	18,6	19,5	22,0
Imports, billion USD	0,6	0,5	0,5	0,6
percentage of imports of services, %	5,5	4,1	3,9	4,3

Source: State Statistics Service

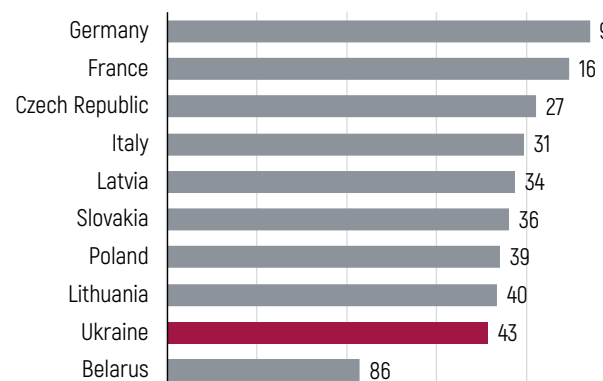
Monitoring SDG8: target 8.1, indicator 8.1.4

Indicator 8.1.4	2015	2016	2017	2018
Ukraine's position as rated by the Global Innovation Index	64	56	50	43

The state gradually creates conditions for boosting investments and innovations. The improvement of innovation appeal is evidenced by an increase in Ukraine's ranking under the Global Innovation Index: **43 in 2018 compared to 64 in 2015 and 50 according to the target 8.1.4. of SDG8 for 2020.**

However, these steps are insufficient to achieve target 8.1: the launched investment and innovation production upgrade is not yet sufficient to ensure sustainable GDP growth through modernization of production and innovation development

Fig. 6. Countries' ranking under the Global Innovation Index – 2018



Source: Global Innovation Index 2018.

Table 3. Introduction of innovations at industrial enterprises

Year	Share of industrial enterprises that implemented innovations, %	Implemented	Share of industrial enterprises that implemented innovations, %	Implemented	Share of industrial enterprises that implemented innovations, %	Share of realized innovative products in volume of industrial, %
2000	14,8	1403	430	15323	631	9,4
2005	8,2	1808	690	3152	657	6,5
2010	11,5	2043	479	2408	663	3,8
2015	15,2	1217	458	3136	966	1,4
2016**	16,6	3489	748	4139	1305	...
2017	14,3	1831	611	2387	751	0,7

* by 2003 – new product types;

** according to the results of the state statistical observation under the form #INN 'Examination of innovation activity of enterprises within 2014-2016' (according to the international methodology).

Monitoring SDG8: target 8.2, indicator 8.2.1.

Indicator 8.2.1	2015	2016	2017
The return on assets	0,1194	0,1199	0,1195

In the context of high growth of investments within 2016-2018, the upgrade of production capacities continued. In 2016-2017, the volume of fixed assets in the economy increased by 4.9%.

The fixed assets in industries using high and medium-high technology increased at the above economy-average rate:

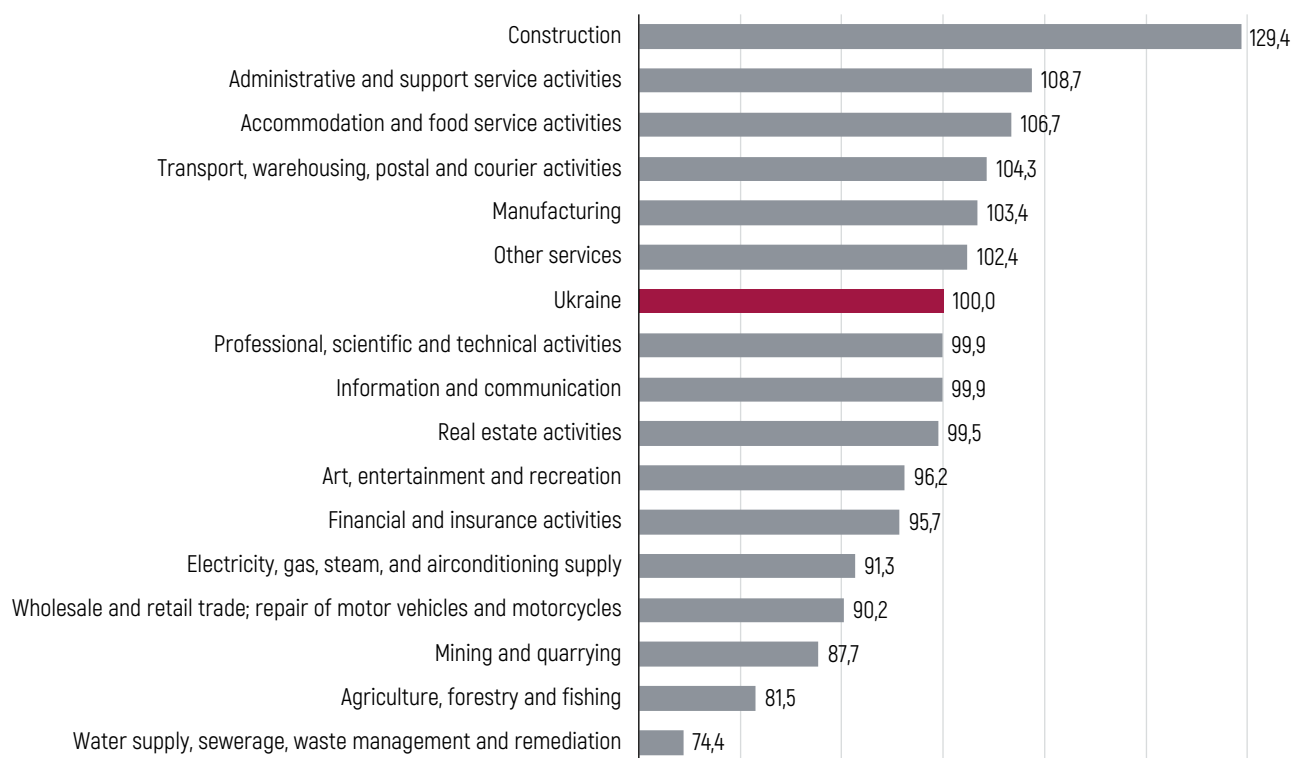
- in the production of main pharmaceutical products and pharmaceuticals – by 18.3% within 2 years,
- in the production of computers, electronic and optical products – by 9.9%,
- in the production of electrical equipment – by 11.5%,

- in the information and telecommunication sector – by 15.6%,
- in the professional, scientific and technical activity – by 11.1%

However, there was no stable trend towards the increase in return on fixed assets during this period, **which casts doubt on the achievement in 2020 of the national indicator 8.2.1. at the level of 0.13.**

Given the increase in the volume of fixed assets, and, accordingly, the growing production potential, this negative outcome is a reflection of the negative effects of external challenges that restrict the demand for domestic products or the possibilities of their production and transportation. Another factor is the lack of introduction of innovative products by the domestic industrial businesses.

Fig. 8. Index of changes in the fixed assets return factor in 2017, % (2015=100) .



Source: State Statistics Service, estimations of the Ministry of Economic Development and Trade

Monitoring SDG8: target 8.2, indicator 8.2.2.

Indicator 8.2.2	2015	2016	2017	2018
Productivity growth rate, %	99,2	103,5	103,2	102,0

Somewhat better was the dynamic of labour productivity per one employed (indicator 8.2.2.).

It grew annually by 2.9% on average, starting from 2016, and within 3 years increased by 8.9% (5.2% within 2016-2017, which is significantly higher than the dynamic of capital productivity).

The factors of labour productivity growth were, on the one hand, the upgrades that contributed to the intensification of production per one employed, and on the other hand – better incentives linked to the introduced labour remuneration reform (reduction of tax burden in 2016 and a significant increase in the minimum wage in 2017), which improved the motivation of workers.

However, the dynamic of productivity remained lower than the national indicator 8.2.2. of SDG 8, set at 4% on average for 2016-2020.

Unlike the return on assets, labour productivity grew across the majority of types of economic activities (TEAs).

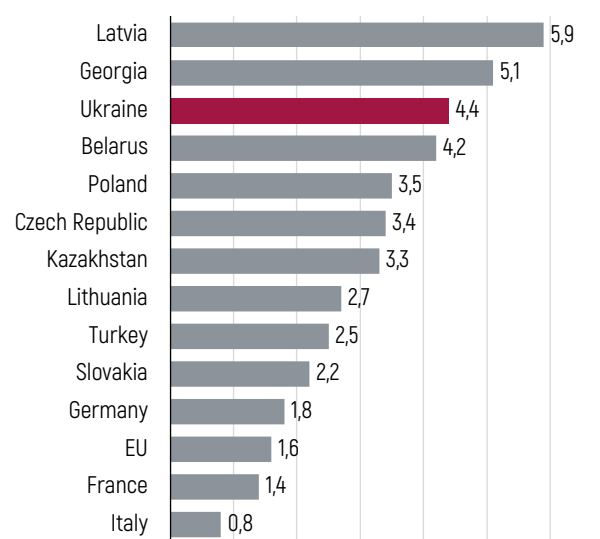
TEAs in the service sector with the use of high and medium-high technology in production had one of the highest rates of productivity growth.

As a result:

- the growth rate of processing manufacturing industries with the use of high and medium-high technology exceeded the growth rate of industry as a whole:
- in 2017, compared with 2015, the share of processing manufacturing industries with the use of medium-high technological processing increased to 2.6% in the structure of gross value added, although the 2013 level – 2.8% – was not achieved, which is a consequence of significant reduction of production during the crisis

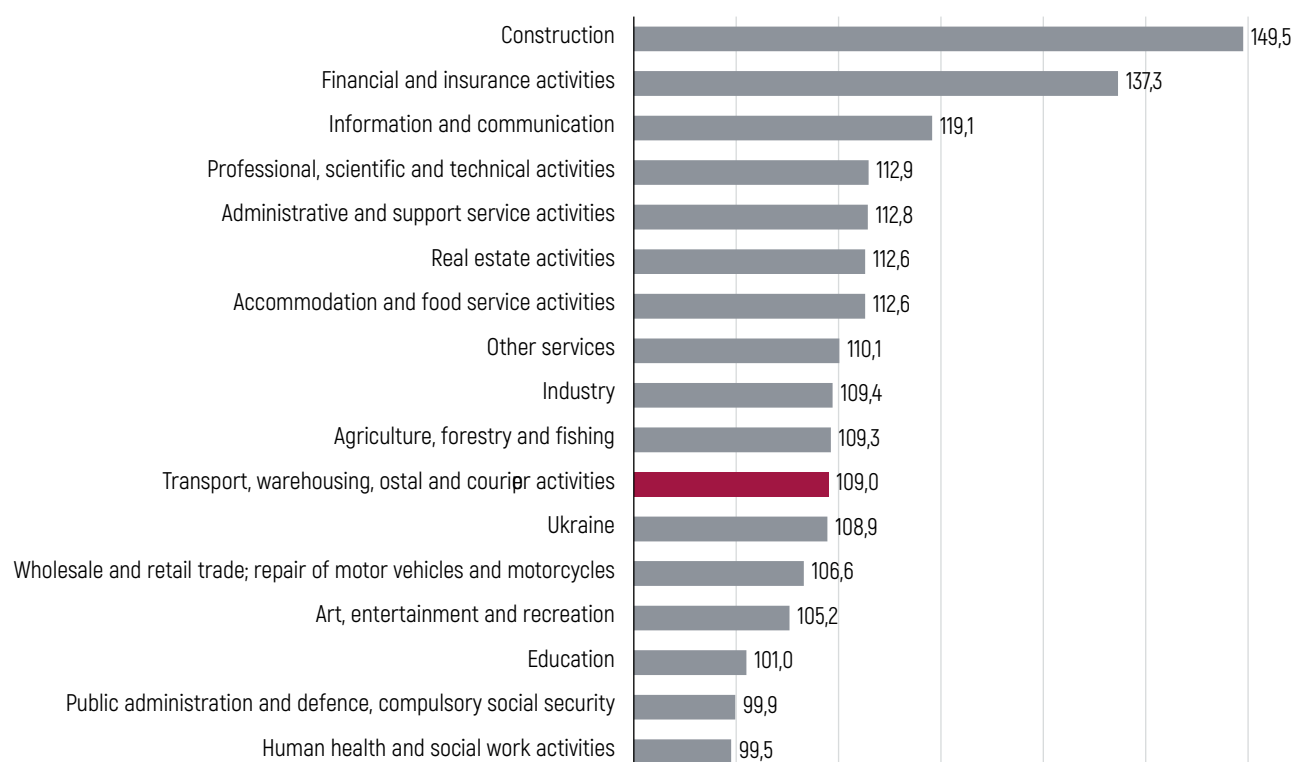
2014-2015 in connection with the loss of a significant share of the Russian market. At the same time, the share of processing manufacturing industries with the use of high technological processing, as compared to 2015, did not change and amounted to 0.6%, but increased compared to 2013 level – 0.4%.

Fig. 9. Labour productivity growth rate in 2018 (in international dollars by PPP 2011),%



Source: World Bank, ilo.org

Fig. 10. Labour productivity per one employed by types of economic activities¹ in 2017 (2015=100)



¹ – By types of economic activities, labour productivity is estimated on the basis of gross value added and the number of employed population aged 15-70 years.

Source: State Statistics Service, estimations of the Ministry of Economic Development and Trade.

The share of TEAs of the service sector with the use of high and medium-high technology in production in the structure of gross value added in the economy within 2016-2018 continuously increased from 8.9% in 2015 to 9.8% in 2018 (8.9% in 2013). This once again indicates the high potential of these TEAs in the formation of Ukraine's GDP in the near future!

International comparisons. According to Eurostat data, in 2011, the share of TEAs of the processing industry with the use of high-tech processing was 1.3% in the structure of gross value added of the European Union economies (27 countries), while the medium-high-tech processing – 5.1%.

Table 3. Dynamic of processing industry TEAs with the use of high and medium-high manufacturing technology, % compared with the previous year

	2013	2014	2015	2016	2017	2018
High technology	0,7	-7,7	-15,5	10,6	7,7	0,7
Medium-high technology	-15,8	-18,5	-13,8	0,7	11,4	6,4

Source. State Statistics Service, estimations of the Ministry of Economic Development and Trade based on the High-tech classification of manufacturing industries (Based on NASE Rev.2.2-digit level)

Table 4. Shares of processing industry TEAs with the use of high and medium-high manufacturing technology in the structure of gross value added in the economy by the level of technology use, %

	2013	2014	2015	2016	2017
High technology	0,4	0,5	0,6	0,6	0,6
Medium-high technology	2,8	2,9	2,5	2,5	2,6

Source. State Statistics Service, estimations of the Ministry of Economic Development and Trade

Monitoring SDG8: target 8.3, indicator 8.3.1.

Indicator 8.3.1	2015	2016	2017	2018
Employment rate among those aged 20–64, %	64,4	64,2	64,2	65,6

In the context of the three-year economic growth, in 2018, the employment rate among those aged 20-64 increased from 64.4% in 2015 to 65.6% in 2018. This **allows to expect the achievement of the national indicator 8.3.1. of SDG 8 set at 66% by the end of 2020.**

The increase in the employment rate occurred in the context of introduction of a new social policy, which included the reform of the system of labour remuneration and taxation on wages, as well as measures aimed at creating new jobs. In particular:

- in 2016, the real wage growth amounted to 9 % in the context of lowering the rate of the single contribution for mandatory state social insurance from 34.7% to 22%;

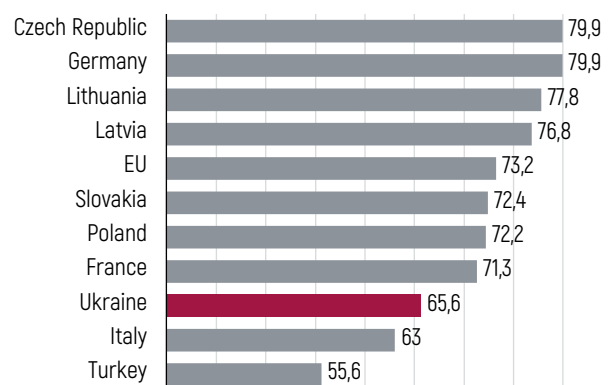
- in 2017 – 19.1 % in the context of raising the minimum wage from UAH 1,439 to UAH 3,200 and the de-shadowing of wages as a result of introduction of a new methodology for determining the minimum wage;
- in 2018 – 12.5% in the context of average wage raising in the economy at a rate higher than the raising of the minimum wage, in response to the continuing migration-related outflow of personnel.

Overall, over three years, real wages increased by 46% and even exceeded the 2013 level by 9%.

The positive trends include a reduction in the gap between the higher average wage of men

and women's wage from 25.1% in 2015 to 22.3% in 2018, although there still is gender wage gap.

Fig. 11. Employment rate among those aged 20-64 in 2018, %



Source: Eurostat.

One of the positive outcomes of the Government's social reforms aimed at increasing the income of the population was the formation of **a tendency towards the de-shadowing of wages and reduction of the level of informal employment**. Due to the stimulating effect of raising the minimum wages in the economy and the salary of workers of the I tariff category in the context of a significant reduction of taxation in 2016, the level of the shadow economy, estimated on the basis of "expenditures of population – retail trade turnover", decreased within 2016-2018 by 11 percentage points to 46% of the official GDP (57% in 2015, 51% in 2016, and 48% in 2017). On the whole, the integral indicator of the shadow economy level decreased within 2016-2018 in response to the restoration of macroeconomic stability and economic growth in the context of implementation of reforms in Ukraine – by 10 percentage points to 30% of GDP – the lowest over the past 11 years.

The **informal employment level** decreased from 26.2% of the total number of the employed in 2015 to 21.6% in 2018, the number of the informally employed in 2018 was 3.5 million. Usually, the representatives of certain socio-economic groups are engaged in informal employment.

Thus, informal labour relations predominated in the self-employment sector, where the share of the population working in informal work plac-

es was 71.9%, while among those employed the share of such workers was 12.2%.

Among women, the share of self-employed exceeded the corresponding indicator among men (74.6% vs. 70.1 %), and in rural areas it was twice as high as in urban settlements (91% and 42.2 % respectively).

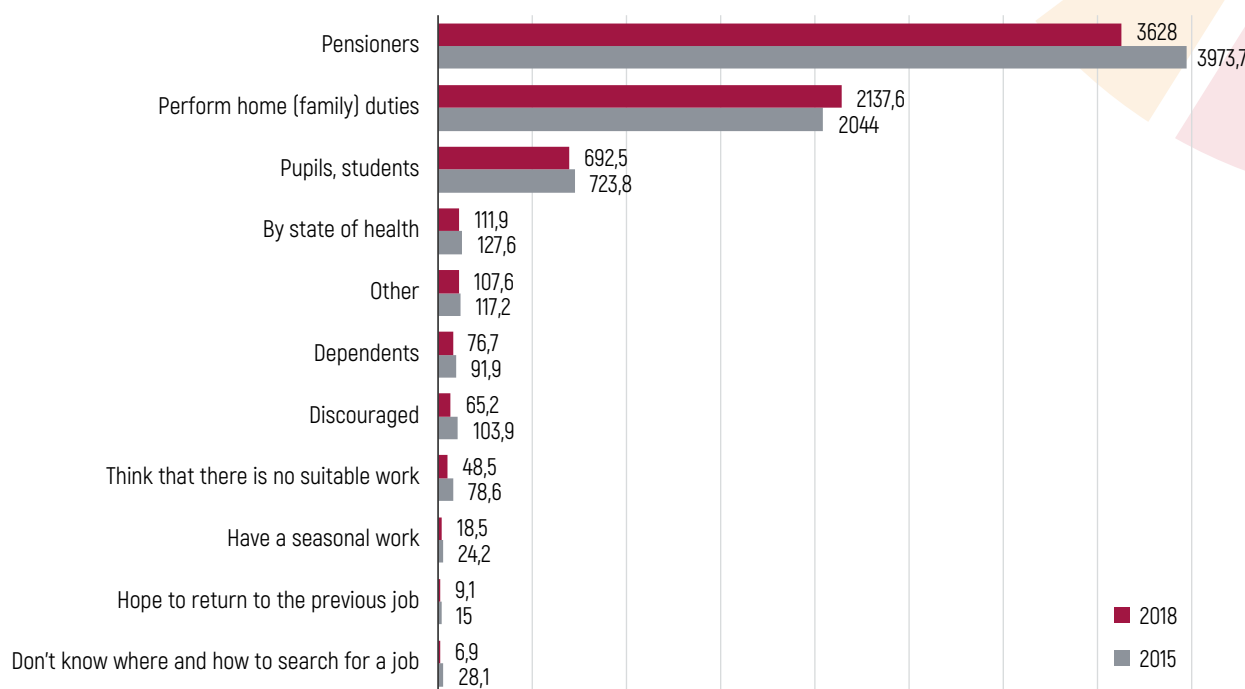
The number of those economically inactive aged 20-64 is another indicator that characterizes the increase in employment and the improvement of the labour market situation in Ukraine through creation of decent jobs, improvement of conditions for self-employment, and raising incentives for work. It decreased over the past three years by 5.8% and in 2018 amounted to 6.9 million persons, or about one third of the total population of this age (28.2% vs. 29.2% in 2015).

Every second economically inactive person was a pensioner, every third was performing home (family) duties, every tenth was a student. At the same time, compared with 2015, the number of those "frustrated" (working-age unemployed persons that stopped active job search because they lost hope to find the job) significantly decreased by 37.2%; the number of those that did not know where and how to look for a job decreased by 4 times; the number of those that believe that there is no suitable work decreased by 38.3%. These categories for 2018 make up 120.6 thousand persons, or 1.7% of the working-age economically inactive population versus 210.6 thousand persons and 3.1%, respectively, compared with 2015.

Consequently, the new social policy, which was implemented during 2016-2018, generally stimulated employment growth and, accordingly, economic growth, de-shadowing and contributed to the improvement of material situation of population, and thus, the reduction of poverty (according to the absolute criterion: equivalent expenditures below the actual subsistence minimum), which for 9 months of 2018 amounted to 45% versus 58.3% in 2015.

However, the still relatively low standard of living of the population did not allow to stop both external and internal labour migration, the dynamic of which remained high during 2016-2018.

Fig. 12. Population aged 20-64 by reasons of economic inactivity, thous. people



Source. State Statistics Service

According to the State Statistics Service survey, in 2015-2017, the number of migrant workers outside Ukraine amounted to 1,303.3 thousand people, which is by 10.3% more than in 2010-2012, taking into account the demographic changes.

As of April 22, 2019, according to the Unified Information Database of Internally Displaced Persons, 1.4 million IDPs from the temporarily occupied areas of the Donetsk and Luhansk Oblasts and the AR of Crimea were registered.

ly occupied areas of the Donetsk and Luhansk Oblasts and the AR of Crimea were registered.

Therefore, the state should continue to pay considerable attention to the labour market development, creation of decent jobs, conditions for entrepreneurship development, wage and pension reforms, which will encourage Ukrainians to realize their abilities and embody their dreams in Ukraine.



Monitoring SDG8: target 8.4, indicator 8.4.1.

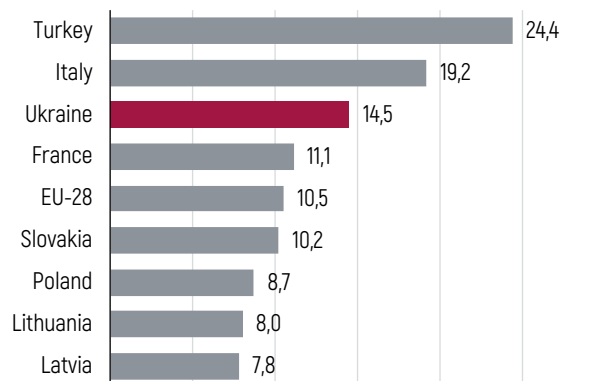
Indicator 8.4.1	2015	2016	2017	2018
Share of youth not in employment, education or professional training in the total number of those aged 15-24, %	17,2	17,8	15,9	14,5

In 2018, compared with 2015, the share of youth not in employment, education or professional training reduced to 14.5%, **which today is well below the national indicator 8.4.1. of SDG 8, set at 17% by the end of 2020 and 15.5% by the end of 2030.**

54% of young people aged 15-24 were not in employment, education or professional training being supported by the state (social bene-

fits) and close relatives (performed family duties, receive a survivor's pension, supported and not working "for health reasons"). At the same time, the state could use this untapped potential of youth, creating conditions for the realization of their knowledge and skills, using the wide possibilities of information technology and organizing various forms of domestic work.

Fig. 13. Youth not in employment, education or professional training in 2018, %



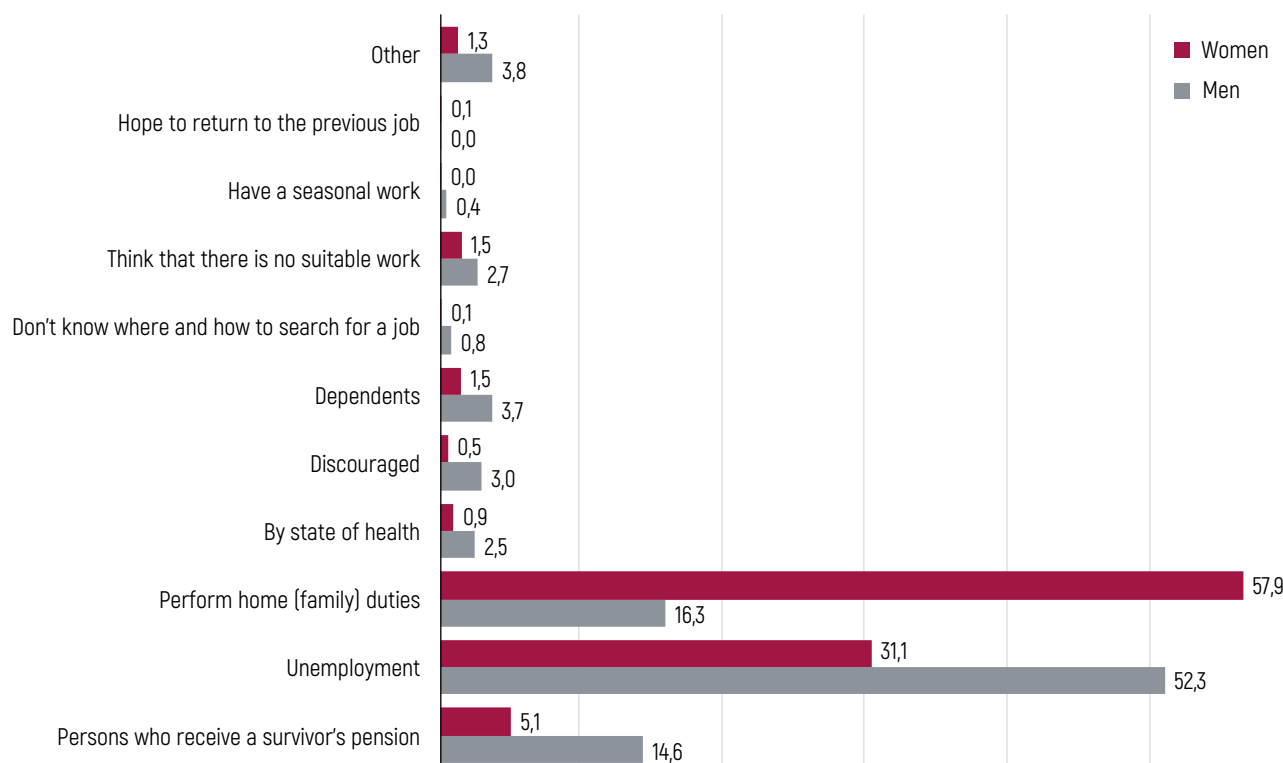
Source: Eurostat.

Part of young people were not in employment, education or professional training due to reasons connected with low awareness of the labour market needs. In 2018, the share of these young people was 6%. The problems with the

employment of this group of young people are related to the lack of dynamic general economic development in Ukraine, the underdeveloped labour market infrastructure, the lack of motivation and skills among youth to independently acquire knowledge as well as the low level of vocational guidance of youth on the labour force needs of the economy.

In 2018, as in previous years, among young people aged 15-24 in this category there were more women than men. Thus, the share of women in the total number of persons aged 15-24 was 17.8%, and men – 11.3%. The main reason that women were not in employment, education or professional training was the performance of family duties (58%). This indicates a significant imbalance in the gender composition of this category of young people, since the share of men that perform family duties was only 15%.

Fig. 14. Reasons why youth aged 15-24 were not in employment, education or professional training in 2017, by gender



Source: State Statistics Service, estimations of the Ministry of Economic Development and Trade.

Monitoring SDG8: target 8.5, indicator 8.5.1.

indicator 8.5.2.

Indicator 8.5.1	2015	2016	2017	2018
Number of victims of accidents at work that led to disability of 1 day or more, % of 2015 level	100	104	101	97
Indicator 8.5.2				
Number of workers killed in accidents at work, % of 2015 level	100	107	98	109

In 2018, for the first time in the past 3 years, the level of accidents at work that led to disability of 1 day or more decreased compared to 2015 level by 3% and amounted to 4.1 accidents per 1,000 workers. However, **this dynamic is insufficient to achieve the national indicator 8.5.1 of SDG 8, set at 75% of the 2015 level by 2020.**

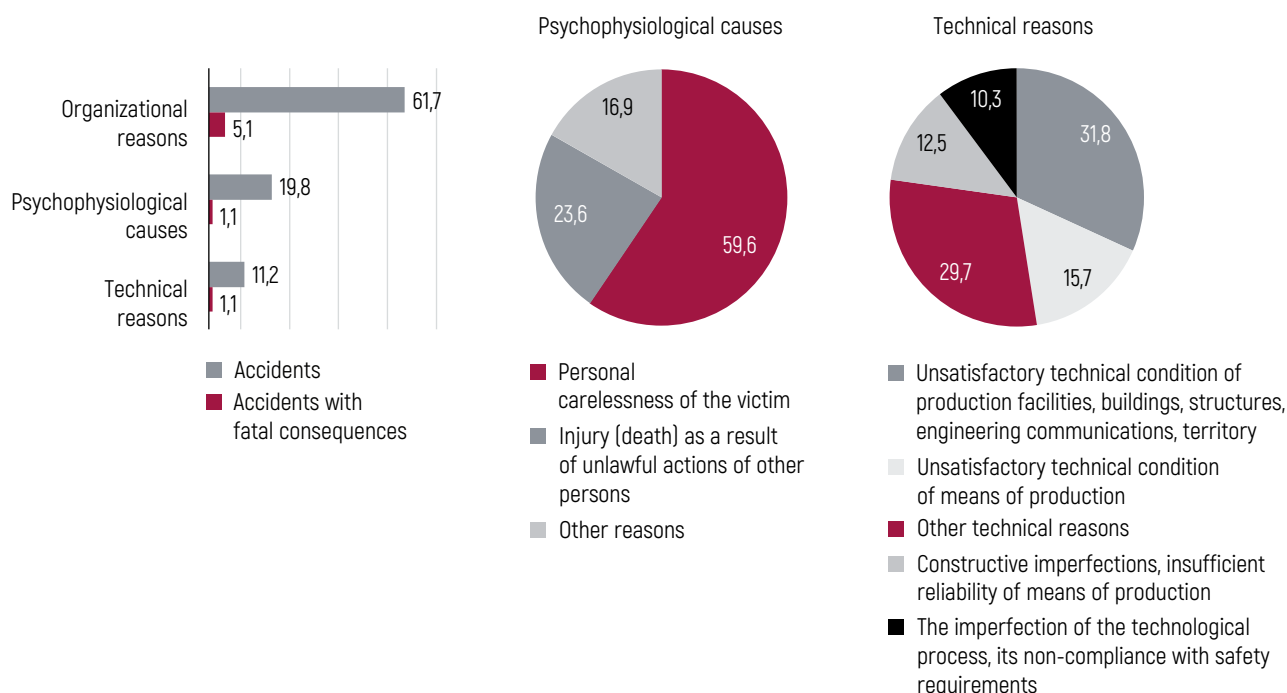
The situation with the achievement of the second national indicator 8.5.2 of SDG 8 is currently worse. Thus, the number of fatal work accidents in 2018 increased by 9% compared to 2015 and amounted to 0.4 accidents per 1,000 workers (it was by 2% lower than in

2015 only in 2017). Target indicator – reduction in 2020 to 70% of 2015 level.

The main causes of accidents, including fatal ones, are organizational. The most common among them are as follows: non-compliance with the requirements of occupational safety instructions, non-fulfillment of official duties, violation of rules of traffic safety, technological process etc.

Therefore, one of the priority activity areas for all enterprises should be the formation of the occupational safety culture, since a healthy and self-conscious workforce is the driving force of the state's future.

Fig. 15. Distribution of the number of victims of accidents by the most traumatic accident causes for 2018

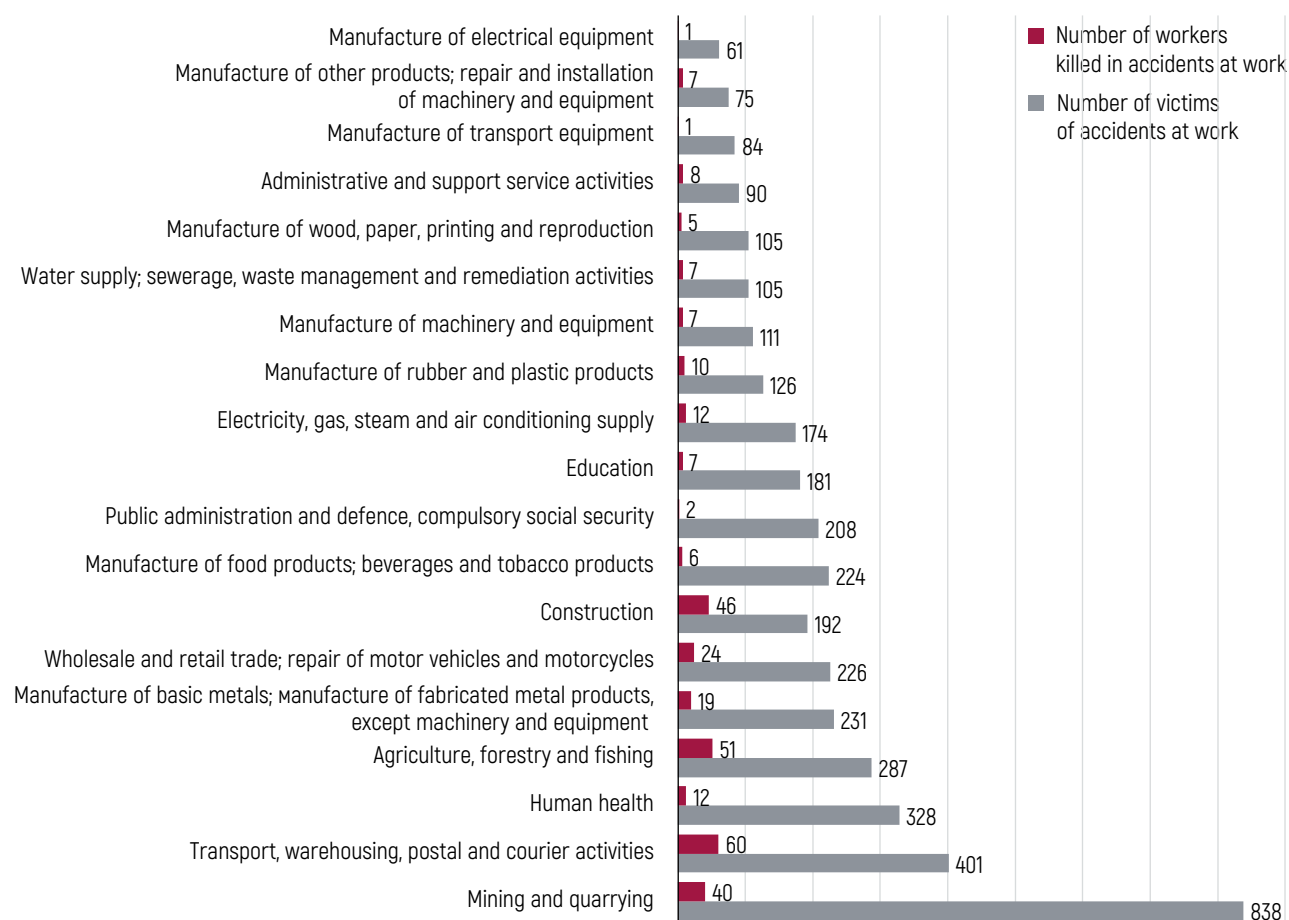


Source: State Social Insurance Fund.

The most hazardous types of activities in Ukraine are construction, mining and quarrying, metallurgical production, agriculture, trade and transport.

In 2018, the number of fatal accidents across these types of activities amounted to 70% of all fatal accidents.

Fig. 16. Distribution of the number of victims of accidents according to the N-1 acts by the most hazardous sectors of the economy where the accidents occurred for 2018



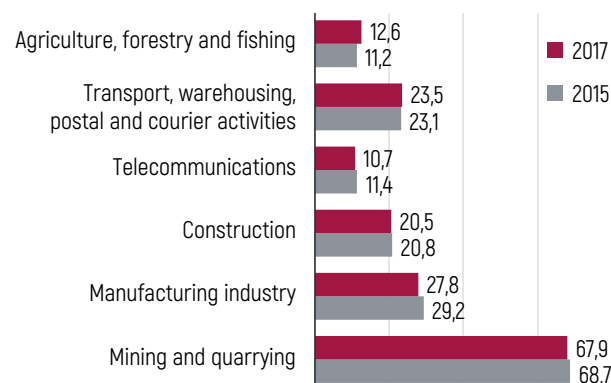
Source. Social Insurance Fund.

Monitoring SDG8: target 8.5, indicator 8.5.3.

Indicator 8.5.3	2015	2016	2017	2018
Share of workers employed in jobs with hazardous working conditions in the total full-time payroll, %	28,9	-	28,4	-

The working conditions in production are created under the influence of negative factors, such as the aging and wear of machines, mechanisms, buildings, structures, their untimely repair and maintenance etc. In the industry, agriculture, construction the number of transport-related workplaces that do not meet the occupational safety norms and rules increases.

Fig. 17. Distribution of workers employed in jobs with hazardous working conditions, by types of economic activity in 2017



Source. State Statistics Service.

Monitoring SDG8: target 8.6, indicator 8.6.1.

indicator 8.6.2.

Indicator 8.6.1	2015	2016	2017	2018
Number of persons employed by SMEs, millions of persons	6,5	6,5	6,6	
Indicator 8.6.2				
Share of value added against production costs of SMEs, % of total value added against production costs	58,1	62,3	62,6	

Small and medium-sized enterprises (SMEs) are more flexible to changes and adapt to them more quickly. Ukraine's experience confirms this.

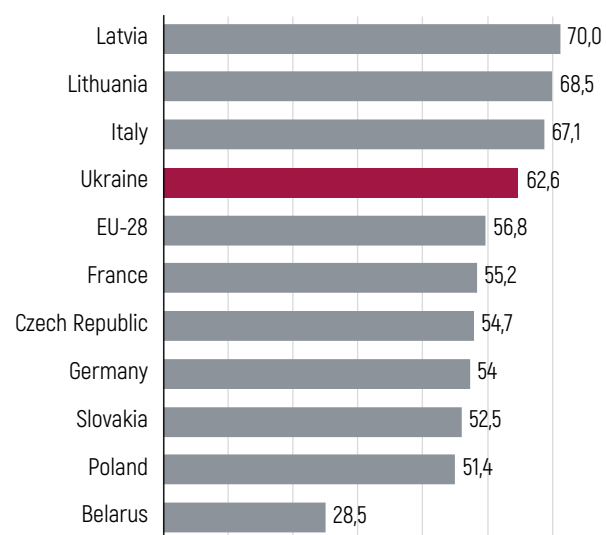
35.8% of large enterprises and only 12.6% of SMEs "did not survive" the loss of the share of traditional Russian markets and a significant reduction in the domestic demand.

During the restorative growth in 2016-2017, there was quite significant reduction in the number of large enterprises – by 5.7%, as well as the number of employed by them – by 8.6%, due to the problems with adaptation to new, more stringent financial conditions and requirements of new markets, while in the SME sector, these losses were only 1.5% and 1.7%, respectively.

As a consequence, in 2013 (before the crisis) the large enterprises' share in the sales volume in the economy was 39.6%, SMEs share was 53.8% and entrepreneurs' share was 6.6 %; in 2015, the shares were as follows: 37 / 55.9 / 7.1, and 2017 – 35.2 / 57.5 / 7.3.

In 2017, the share of workers employed by SMEs, as well as entrepreneurs in the total number of the employed in the economy reached 80.8% (79.1% – in 2015 and 75.5% in 2013).

Fig. 18. Share of value added against production costs of SMEs in 2017, % of total value added against production costs



Source: National Statistics Committee of the Republic of Belarus, State Statistics Service of Ukraine, <https://bit.ly/2ZtVwov>.

Monitoring SDG8: target 8.6, indicator 8.6.3.

Indicator 8.6.3	2015	2016	2017	2018
Ukraine's position in the rating of Doing Business	81	80	76	71

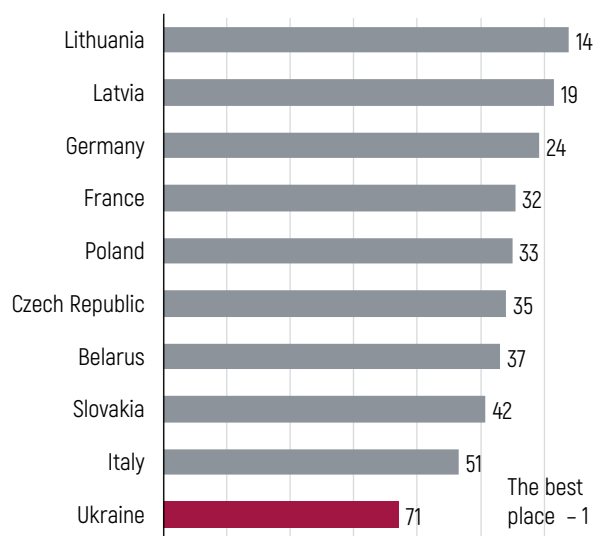
The Government of Ukraine identified deregulation, development of entrepreneurship and competition as one of the policy priorities. The "deregulation" Government sessions were held on a quarterly basis (starting from Q IV of 2016) in order to make decisions aimed at improving the conditions of SMEs activi-

ty. During these sessions, 72 regulatory acts were adopted within 3 years, of which 26 regulatory acts were adopted in 2018.

As a result, in 2016-2018, Ukraine's Doing Business ranking grew by 10 positions and in 2018 it ranked 71st among 190 countries.

However, today, the progress in the Doing Business rating is slower than planned, which threatens the achievement of the national indicator 8.6.3, set as 30th in 2020.

Fig. 19. Certain countries' position in the Doing Business 2019 rating



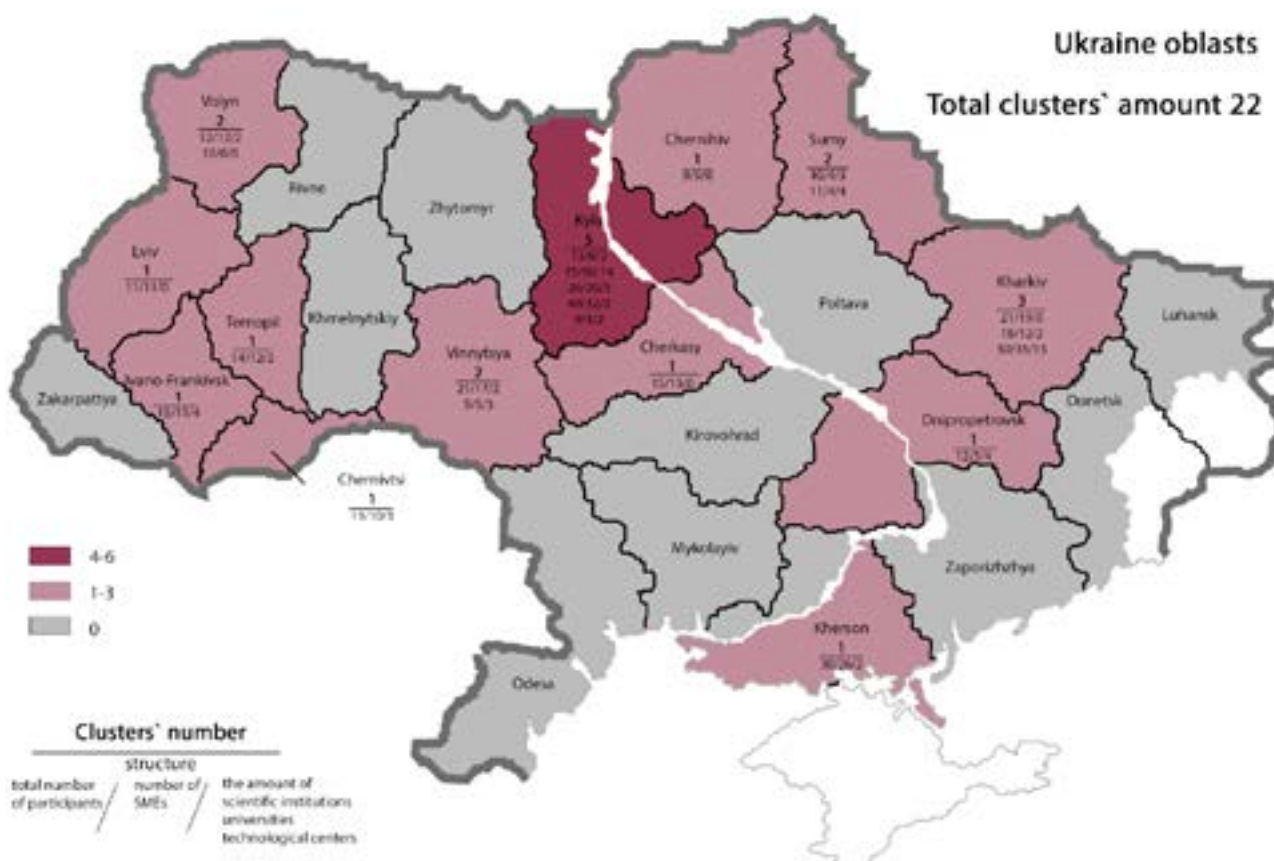
Source: Doing Business 2019.

On the one hand, the general Ukraine's ranking was objectively influenced by significant positive changes in other countries, since many of them are guided by the Doing Business rating in their internal regulations. Thus, according to World Bank statistics, for 16 years of existence of the rating, 3,500 reforms were implemented. From 02.06.2017 to 01.05.2018, 128 countries implemented record-breaking 314 reforms aimed to improve the regulation in all areas that are measured for this rating.

On the other hand, Ukraine's ranking was also negatively influenced by the lack of progress in a number of reforms: "taxation" – 11 positions (from 43rd to 54th); "connection to the electric grid" – 7 positions (from 128th to 135th); "registration of enterprises" – 4 positions (from 52nd to 56th); "obtaining loans" – 3 positions (from 29th to 32nd).

The effect of the implemented regulatory reforms in Ukraine was most positive for such high-tech types of economic activities as "In-

Fig. 20. Ukrainian clusters registered with the European Cluster Collaboration Platform



Source. Ministry of Economic Development and Trade.

formation and Telecommunications”; “Health-care and Social Assistance”. According to the results of 2016-2017, there are positive outcomes by all three dimensions – the number of SMEs, the number of those employed by SMEs, the share of value added against production costs of SMEs.

At the same time, the TEA “Information and Telecommunications” became the leader among all other TEAs by the increase in the number of SMEs by 26.5%, and ranked second by the increase in the number of the employed – by 16% to 265.3 thous. persons, and the share of value added – by 14.9 percentage points.

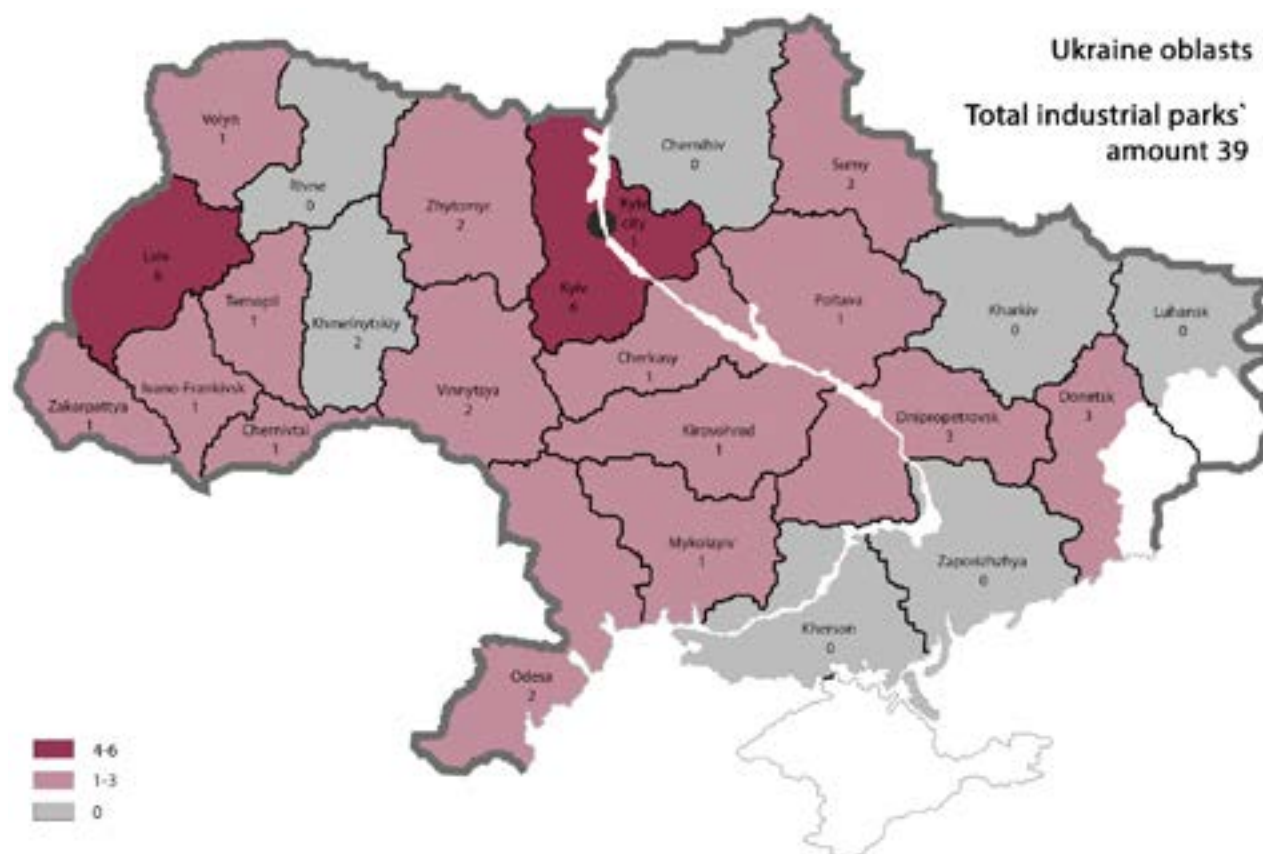
The development of the TEA “Information and Telecommunications” in Ukraine is facilitated not only by the high level of education and professional training, simplification of business environment in the country implemented by the Government, but also by the recent acceleration of economy clustering and development of industrial parks. This creates institu-

tional framework for the development and implementation of high and medium-high-tech industries, the latest innovative and digital technology, environmentally-friendly (green) technology and the development of creative industries.

At the European Cluster Collaboration Platform, there are currently 22 registered Ukrainian clusters, including 9 IT clusters, and by the general number of participants – 69.7% are SMEs.

In 2015, there were 16 industrial parks (IPs) in Ukraine, and within 2016-2018, 25 new ones were registered. Among the total number of the newly-established IPs, 6 IPs operate in the field of information and telecommunications, 4 IPs are engaged in research activities, 13 IPs produce machinery and equipment, 12 IPs produce electric equipment, 2 IPs produce computers, electronic and optical products. This confirms the recent trend towards the development of high and medium-high-tech industries.

Fig. 21. Industrial parks included in the Industrial Park Register as of 15.05.2019



The clustering of the economy and the establishment of a network of IPs become the driving force of the modern global transformations and changes in the development agenda in Ukraine, but the effectiveness of the initiated changes should improve.

Currently, the achievement of national indicators 8.6.1 – number of persons employed by SMEs and 8.6.2. – share of value added against production costs of SMEs, as a percentage of the total value added by costs (Table 3.22.), as well as indicator 8.6.3 – Ukraine’s position in the Doing Business rating remain compromised.

The progress is restrained by slow implementation of necessary reforms in the areas of “taxation”, “connection to the electric grid”, “registration of enterprises”, “obtaining of loans”. In particular, the issue of expanding the granting of loans to SMEs by commercial banks, which is stipulated by several state strategic documents, remains unaddressed. The funding of projects on the arrangement of industrial parks included in the IP Register and ensuring the access of these IPs to the engineering and transport infrastructure are very limited.



INTEGRATION OF SDG8 TARGETS INTO NATIONAL DEVELOPMENT AGENDA

INCORPORATION OF SDG 8 TARGETS INTO POLICY

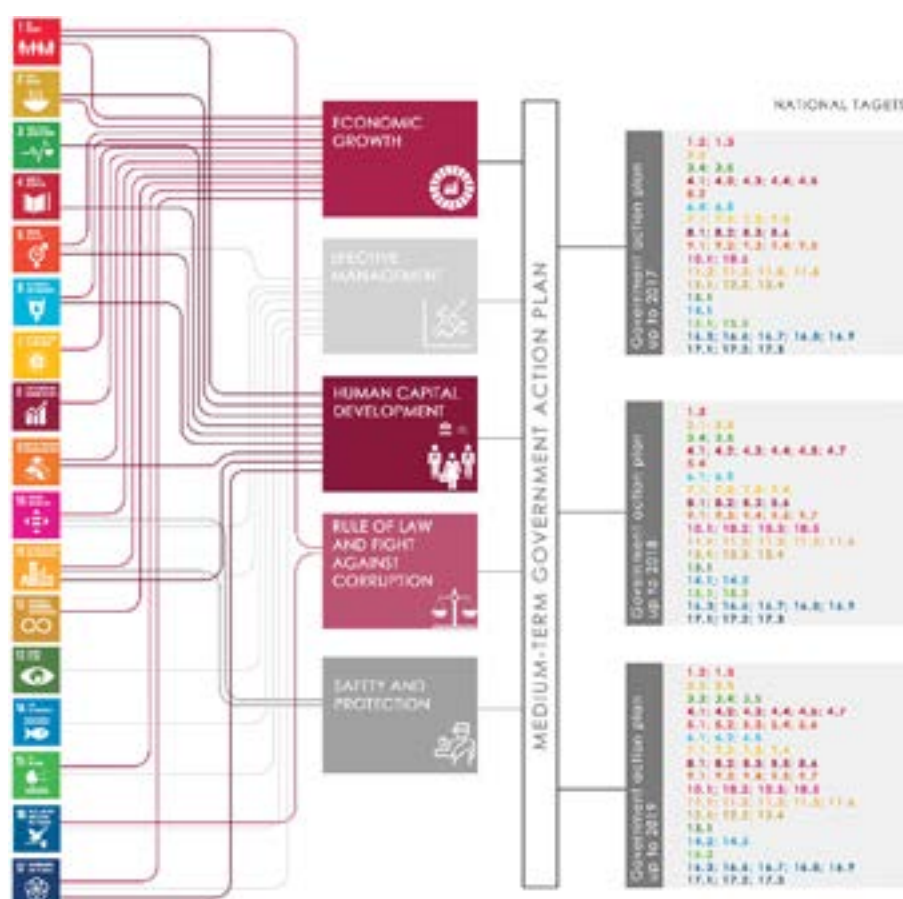
Main steps for integrating SDGs into the framework of the national policy and priorities of the Government of Ukraine:

- During 2016 – 2017, there was an open process of adaptation and localization of SDGs aimed to identify the national priorities and development targets up to 2030.

- September 2017 – approval of the National Report “Sustainable Development Goals: Ukraine”¹
- Incorporation of the identified goals and targets into strategic documents of the state.

¹ The Report is available at the official website of the Ministry of Economic Development and Trade: <https://bit.ly/2JAGZ72>.

Fig. 22. Inclusion of goals and targets in the Government’s Medium-Term and annual plans



COORDINATION OF ACTION ON ACHIEVEMENT OF SDGS IN UKRAINE

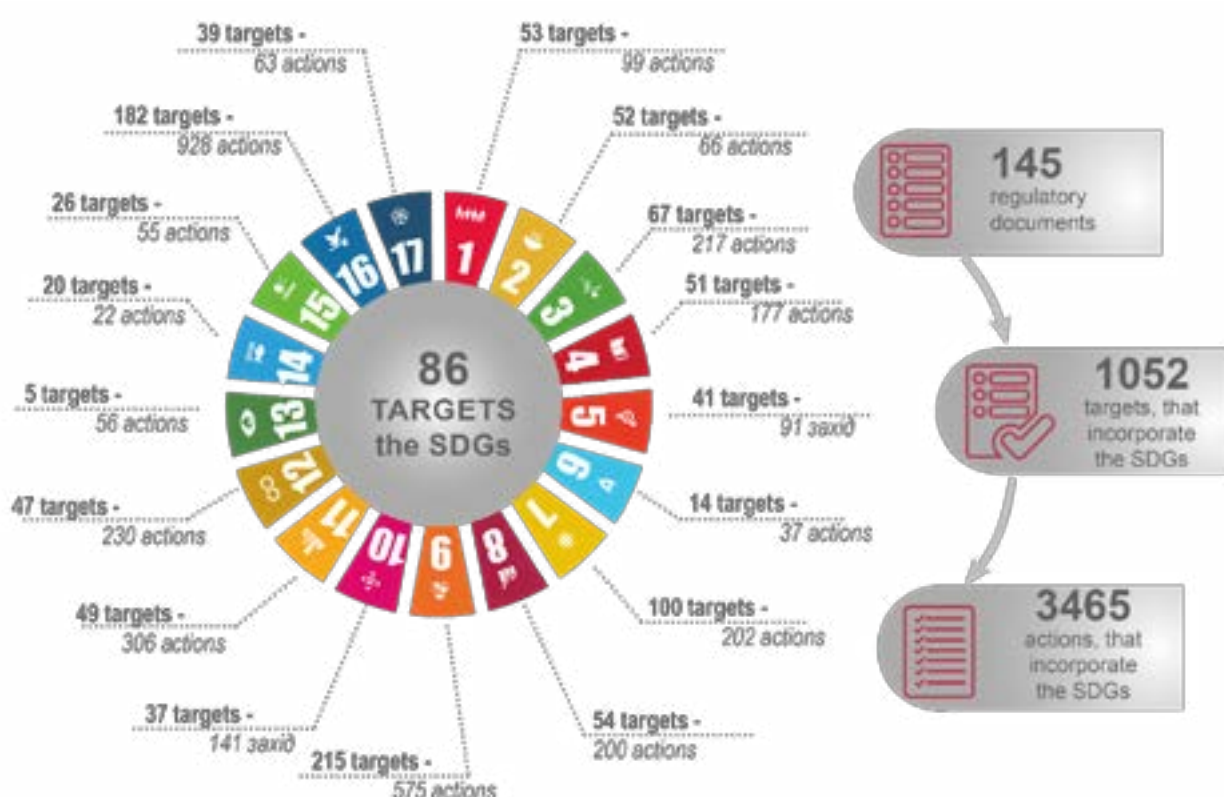
The Interagency Working Group on coordination of implementation and monitoring of SDGs (SDG IWG) was established in order to coordinate the incorporation of SDG targets into strategic (policy) documents of the

Government and monitoring of SDGs per the Government’s Order. The representatives of central executive authorities, UNDP, UNICEF and UNIDO in Ukraine will participate in the SDG IWG.

Decisions adopted by the IWG include as follows:

- division and corresponding assignment of central executive bodies by SDG targets;
- approval of the concept of annual and five-year monitoring reports on assessment of the progress towards SDGs in Ukraine;
- approval of the draft Government's Resolution "Coordination of data collection for monitoring of SDGs";
- approval of the list of topics of the national thematic reports to be covered in the Reports on achievement of SDGs in Ukraine in the framework of monitoring;
- analysis and evaluation of the degree of incorporation of SDG targets into strategic (policy) documents of the Government;
- approval of the draft concept of establishment of the Information Platform "Partnership for the Achievement of SDGs".

Fig. 23. Status of SDG incorporation into the current regulatory acts (national strategic and policy documents)



DEGREE OF INCORPORATION OF SDG 8 TARGETS

During 2018-2019, the Ministry of Economic Development and Trade, along with other central executive bodies, assessed the degree of incorporation of SDG targets and activities into the current strategic (policy) documents.

Conclusions:

- Due to the close connection of SDG targets, there is an overlapping of about 10% of the targets in the strategic and policy documents, which incorporate the SDG targets;
- Mostly short-term policy planning (up to 2022);
- It is necessary to update and clarify the targets and activities of the current strategic (policy) documents;
- The development of strategic (policy) documents by the authorities is non-systemic and insufficiently focused on the outcomes and resource provision.

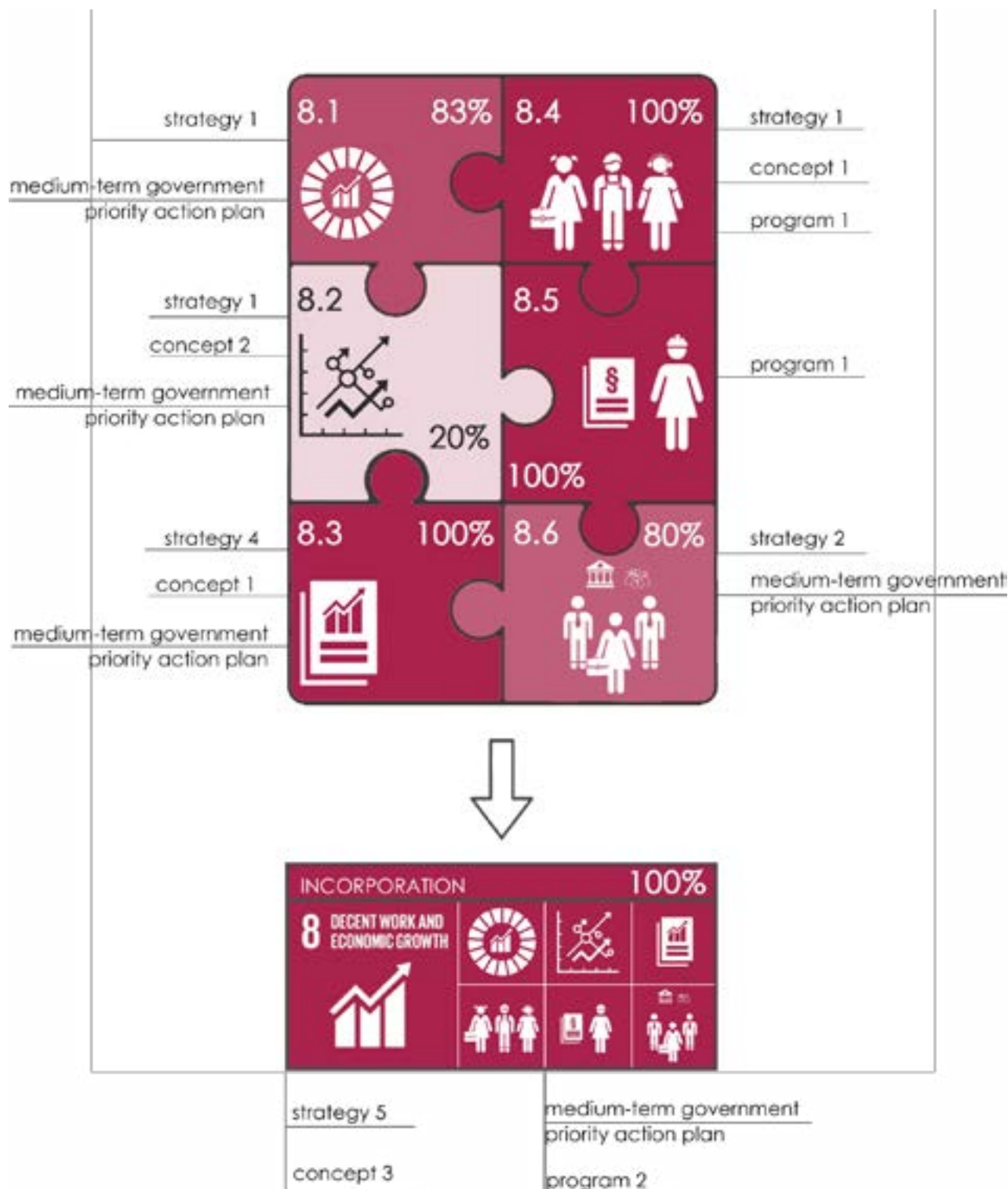
SDG 8 "Decent Work and Economic Growth", which covers two main strategic directions, is rather incorporated into the current regulatory acts.

The 6 targets of SDG 8 are essentially incorporated into 9 current strategic and policy documents through the implementation of 54 objectives (44 of which are up to 2018), identified in these documents, and 200 activities (of which 133 activities are to be implemented by 2018), the implemen-

tation of which is aimed at ensuring the achievement of objectives of the regulatory acts.

SDG 8 targets 8.3., 8.4. and 8.5 are fully incorporated into strategic and policy documents. Targets 8.1, 8.2 and 8.6 are partly incorporated.

Fig. 24. Degree of incorporation of SDG 8 and SDG 8 targets into the regulatory acts, %



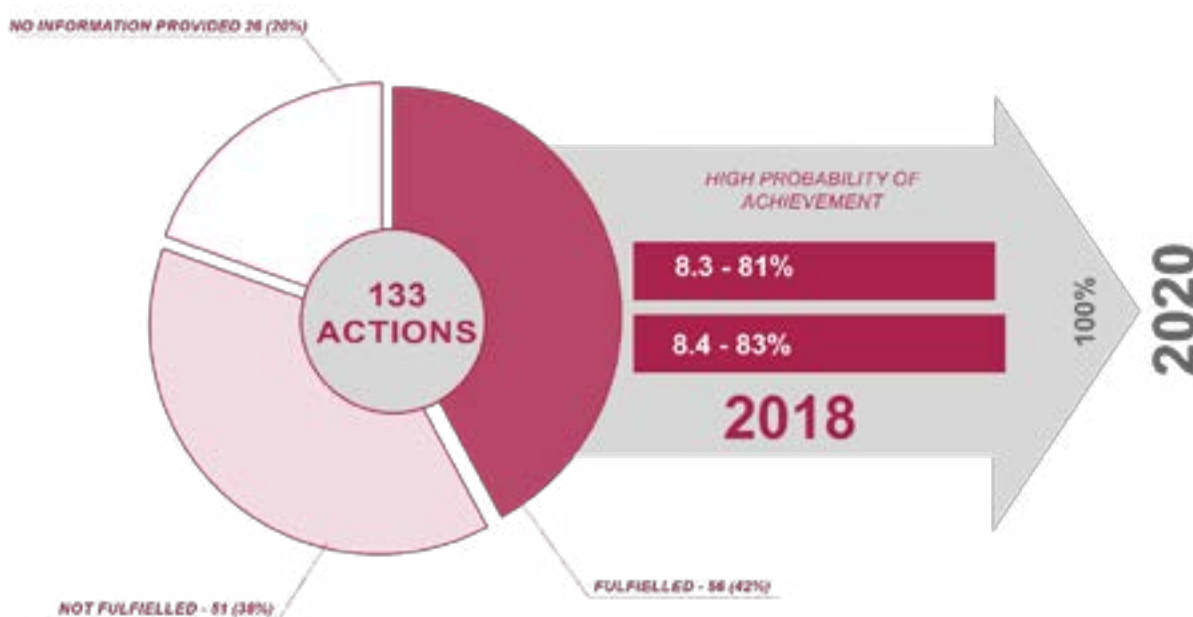
DEGREE OF IMPLEMENTATION OF ACTIVITIES IDENTIFIED IN THE STRATEGIC AND POLICY DOCUMENTS AND AIMED TO ACHIEVE SDG 8 TARGETS

Of the 133 activities aimed at achieving the SDG 8 targets and to be implemented by 2018, 56 (42%) were implemented, 51 (38%) were not implemented, 26 (20%) were not covered in the data provided by implementers within the framework of monitoring.

The highest degree of implementation is observed in relation to the targets that currently

demonstrate a high probability of achievement by 2020 – 8.3 – 81% of activities implemented and 8.4 – 83% of activities implemented.

Activities related to the financial component of the reforms are lagging behind the most. However, the institutional framework (transformations), on its own, cannot ensure the necessary progress.

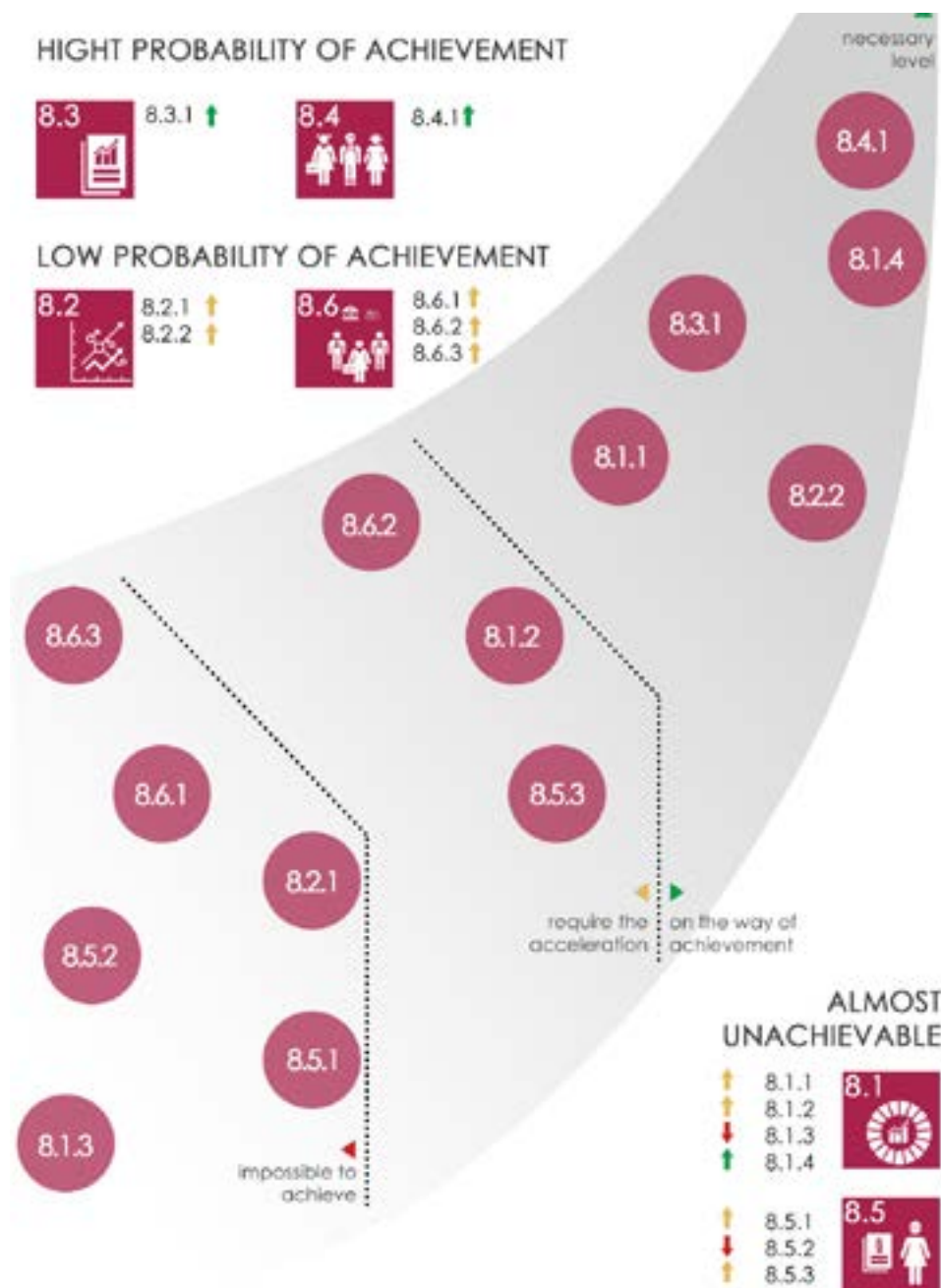


CONCLUSIONS AND RECOMMENDATIONS

In relation to target 8.1, the part of the target which envisages the export to foreign markets of products with high value added was not incorporated, and accordingly, not implemented. Although in Ukraine there are several institutionalized tools (Export Promotion Office at the Ministry of Economic Development and Trade, exhibitions and fairs organized by the Ministry of Economic Development and Trade, Export

Credit Agency etc.) that can contribute to the implementation of this element of the target, none of these tools is currently clearly focused on the export to foreign markets of products with high added value, accordingly, there is no progress towards indicator 8.1.3 – share of exports of goods whose production uses technologies of high and medium high level in total exports of goods.

Fig. 25. Distribution of indicators by the intensity and speed of achievement of the target values



Target 8.2 is only by 20% incorporated into the strategic and policy documents of Ukraine. The progress in the achievement of indicators is partial. Thus, labour productivity grew, but at the same time the productivity of assets remained mostly unchanged. The lack of general progress is, in essence, a reflection of the insufficient intensity of production growth in general. One of the reasons is the lack of a comprehensive vision of the development of production and, in particular, of high-tech competitive industries.

Target 8.6 – as of the end of 2018, it was incorporated by 80%. The creative industries in general were not covered by the state policy measures. The existing forms of SME development support were insufficient, as they were not backed up by financial resources.

Target 8.5 is incorporated by 100%, but the absolute majority of activities of the National Social Program for Improvement of Occupational Safety and Working Environment for 2014-2018, which were aimed at achieving the target 8.5, have not been implemented due to the lack of planned financing. This is partly the reason why there is no tangible progress towards indicator. 8.5.2- number of workers killed in accidents at work.

In relation to the remaining targets – 8.3 and 8.4 – there is sufficient progress allowing to expect the achievement of the national indicators by 2020. This was also facilitated by, among other things, the effective implementation of activities included in the strategic and policy documents.

At the same time, the current progress towards these targets is controversial and may also be triggered by the development of several negative trends: increase in the number of people (including youth) that go to work abroad; growing number of retired young people, which is a result of an ongoing military conflict in Ukraine; emergence of problems associated with the “demographic decline” of the 1990s and early 2000s. Therefore, their implementation should remain in the focus of the Government.

Step 1:

to complete the incorporation of target 8.1 in terms of export to foreign markets of products

with high value added; target 8.6- in terms of developing creative economy; target 8.2 - in terms of systemic development of high-tech industries and to incorporate target 8.5 as the previous regulatory act expired.

Step 2:

to accelerate the implementation of the reform on deregulation and development of competition, guarantee and protection of property rights, building a stable, transparent and simple tax system, reform of the system of labour remuneration and tax reform, decentralization, elimination of corruption at all levels, and de-shadowing of the economy.

Step 3:

in order to ensure the necessary progress in the implementation of all SDG 8 targets, it is necessary, as evidenced by the monitoring of the achievement of SDG 8, to strengthen the focus of the state policy on the following:

- (i) establishment and development of high-tech competitive industries (from fundamental science to production and maintenance);
- (ii) further intensification of investments, implementation of infrastructure projects (highways, transport interchanges, high-speed passenger railways, vehicles for railways and waterways: cars, barges, power grids etc.);
- (iii) strengthening institutional and financial support for the development of innovative processes and products, protection of intellectual property;
- (iv) support for exports with high gross value added;
- (v) ensuring financial stability and improving conditions of access to financial resources for both internal and external market players, including SMEs.

Step 4

to review the indicators of achievement of the SDGs in Ukraine. The goals should be ambitious. If monitoring is currently showing that there are achievable goals in the short term perspective – it is worth to aim higher.

Step 5:

to change the system and extend the perspective of state strategic planning.

TO CHANGE THE SYSTEM AND EXTEND THE PERSPECTIVE OF STATE STRATEGIC PLANNING

A large number of strategic and policy documents (in particular, the objectives and activities of 145 strategic and policy documents are directed on the achievement of 17 Sustainable Development Goals):

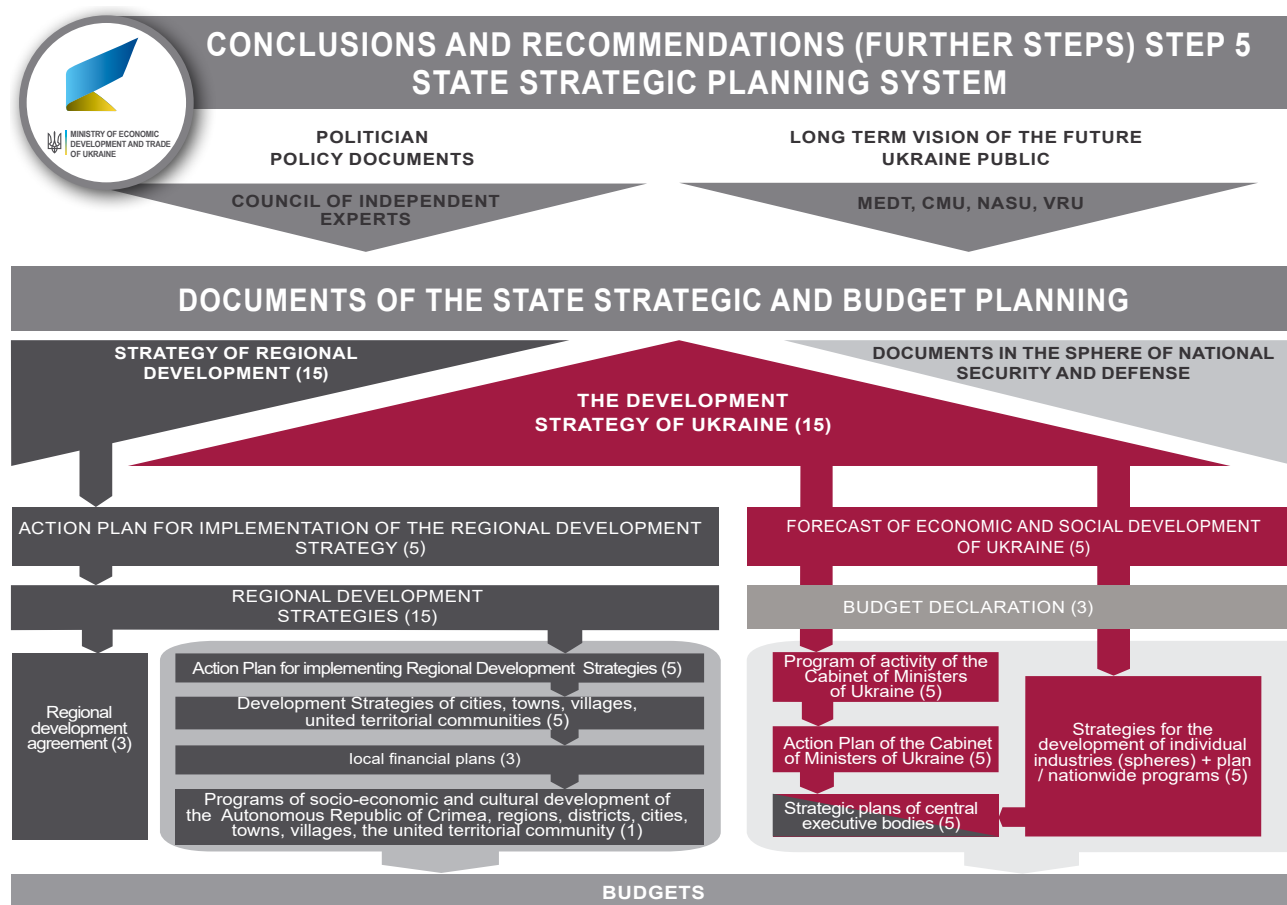
- forms a discrete, rather than systematic, approach to policy formulation;
- blurs goals and objectives;
- disperses rather than concentrates the necessary financial and human resources.

The outcome of such non-systemic activity is, among others, the underfunding of important objectives and activities, the low degree of their implementation, the overlapping of functions, objectives and activities among executive authorities, the low responsibility.

In order to overcome this “chaos” at the state level in the same way as it was done in Ukraine at the regional level and in the security and defense sector, it is expedient to introduce

systemic changes, namely, to fully revise the system of definition and implementation of the country’s development goals – strategic planning based on the development of a hierarchical and consistent model for managing the design and implementation of strategic planning documents.

The draft Law of Ukraine On State Strategic Planning, developed by the Ministry of Economic Development and Trade together with other interested central executive bodies, which is based on the fundamentally new principles of forming a system of state strategic planning and forecasting instruments that envisage significant changes in the system and structure of such documents, their hierarchy, the composition of entities responsible for the development and approval, monitoring and evaluation of efficiency, as well as public reporting on the implementation of objectives and activities, achievement of goals envisaged by all state strategic planning documents is aimed to ad-



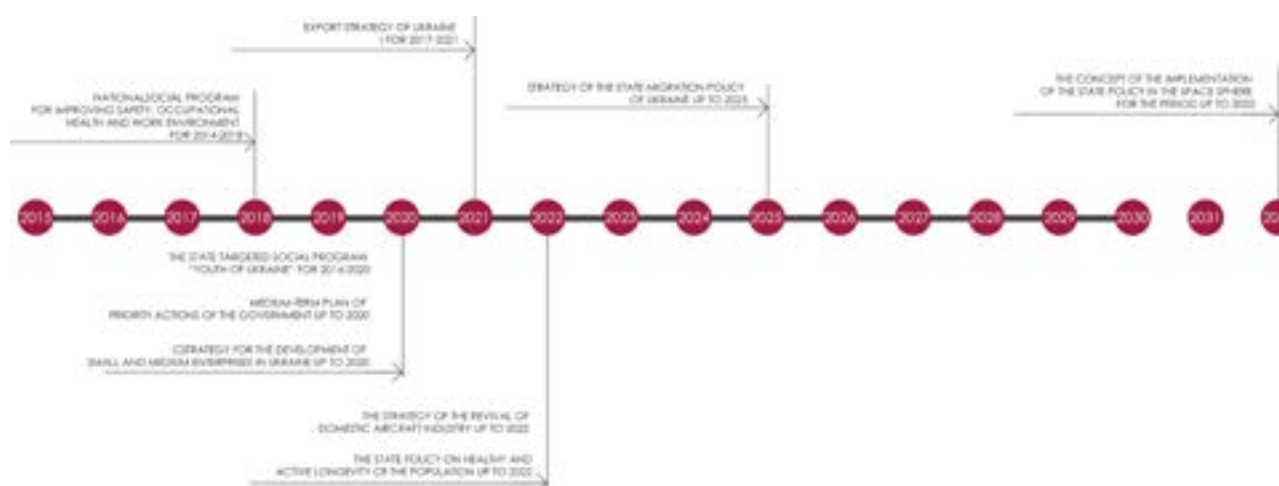
dress this issue. The Draft Law also envisages that all documents of the new system should be interlinked and linked to budgeting, which will reduce the dispersion of the budget funds and allow to concentrate them on achievement of the identified goals.

The analysis of achievement of SDG 8 revealed that 7 out of 9 strategic documents, whose objectives and activities are aimed at achieving SDG 8, have a perspective by 2022. This insignificant planning timeframe does not allow the public to understand the ultimate goal of all the steps currently implemented by the authorities. For example, what economy will Ukraine have in 2050 – green, the economy of industries 4.0, cre-

ative economy or raw material and agrarian economy. What will happen to the environment, will Ukrainians stay in Ukraine. The answers to these questions also impact the choice of tools and decisions of the current state policy, as well as understanding and perception of these decisions by the public.

The foresight research on the development of science, technology, economy, society and ecology within the coming 10, 20 and 30 years, which, in turn, forms the basis for the development of a vision of Ukraine's future, is to help in addressing this difficult issue. Ukraine should also look beyond the horizon, despite the numerous issues it is currently facing.

Fig. 26. Distribution of strategic documents by the planning perspective





SUSTAINABLE DEVELOPMENT GOALS – UKRAINE

SDG8: DECENT WORK AND ECONOMIC GROWTH

MONITORING REPORT

