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RAPID INTEGRATED ASSESSMENT: EXAMPLE OF GOVERNMENT FUNDING PROGRAMMES FOR REGIONAL DEVELOPMENT AND ENVIRONMENTAL PROTECTION OF UKRAINE



The methodology was prepared by Oleksandra Betlii, UNDP National Consultant, within the framework of the Joint Programme 'Promoting Strategic Planning and Financing for Sustainable Development at the National and Regional Levels in Ukraine'



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Abbreviations

| | |
|-------------------|---|
| RDAs | Regional Development Agencies |
| BCU | Budget Code of Ukraine |
| GDP | Gross domestic product |
| VRU | Verkhovna Rada of Ukraine (Ukrainian Parliament) |
| PPP | Public-private partnership |
| NSRD | National Strategy of Regional Development |
| NFRD | National Fund for Regional Development |
| EU | European Union |
| INFF | Integrated National Financing Framework (INFF) |
| CMU | Cabinet of Ministers of Ukraine |
| MinEcology | Ministry of Environmental Protection and Natural Resources of Ukraine |
| MinEnerg | Ministry of Energy |
| MinRegion | Ministry for Communities and Territories Development |
| IFIs | International financial institutions |
| NES | National Economic Strategy |
| UNDP | United Nations Development Programme |
| DFA | Development Finance Assessment |
| SCMU | Secretariat of the Cabinet of Ministers of Ukraine |
| SDGs | Sustainable Development Goals |



Chapter 1.

Introduction

The 2030 Agenda for Sustainable Development was approved by the UN in 2015 to set out a vision for world development. To assess the success of countries in implementing this Agenda, seventeen Sustainable Development Goals to be achieved by the year 2030 (SDGs 2030) as well as their targets and indicators were identified. Ukraine has also joined this Agenda.

The UN Development Programme (UNDP) has proposed a number of tools to increase countries' capacity to achieve the Sustainable Development Goals by 2030. One of them is the Rapid Integrated Assessment (RIA) enabling the assessment of mainstreaming of the Sustainable Development Goals to be reached by 2030 into strategic planning of a country¹. This tool helps assess gaps in consideration of targets and indicators of the Sustainable Development Goals in strategic papers, which can be the basis for incorporation of the SDGs into national and regional planning. However, the implementation of RIA has shown that the consideration of SDGs 2030 targets in policy papers is a necessary, but not a sufficient step to achieve the SDGs. Instead, it is important to provide funding for the targets defined in relevant strategic and policy papers. That is why UNDP is now modifying its approach to Rapid Integrated Assessment by creating the RIA+ tool, which is designed to assess whether the existing funding meets the targets for achieving the Sustainable Development Goals.

In Ukraine, mainstreaming of the Sustainable Development Goals into national strategic and policy papers was analysed for the first time in 2017, when Ukraine was actually starting

the process of joining the global movement to achieve the Sustainable Development Goals by 2030². One of the conclusions of that analysis was that it was necessary to create a system of strategic planning and policy implementation. The inclusion of the SDGs into national policies and the achievement of the targets will contribute to improving the economic development of a country.

The current study envisaged the implementation of an extended version of the rapid integrated assessment RIA+, which was carried out between May and October 2021 for several Sustainable Development Goals related to regional development, environmental protection and energy policy areas:

| | | |
|---|----------------|--|
|  | Goal 6 | Clean water and sanitation |
|  | Goal 7 | Affordable and clean energy |
|  | Goal 12 | Responsible consumption and production |
|  | Goal 13 | Climate action |
|  | Goal 14 | Life below water |
|  | Goal 15 | Life on land |

According to the UN breakdown, five of these SDGs refer to the 'Planet' dimension, namely Goals 6, 12, 13, 14 and 15, while Goal 7 refers to the 'Wealth' dimension. The analysis of the regional policy and, accordingly, government funding programmes of the MinRegion also

¹ https://www.undp.org/sites/g/files/zskgke326/files/publications/RIA%20Tool%20-26.12.201-Final_0.pdf

² Implementing the 2030 Sustainable Development Goals in Ukraine: Analysis of Government Strategies and Public Policy, http://iser.org.ua/uploads/files/ISED_Resume-ENG_v07%20FINAL.pdf



includes some targets for SDG 11 'Sustainable cities and communities'.

The analysis took into account the national system of sustainable development goals and the list of targets and indicators related to them. The national system is completely identical to the global one at the level of SDGs 2030, but differs at the level of targets and indicators. A significant change concerns Goal 13, which has five targets in the global system and only one target 13.1 'Limit greenhouse gas emissions in the economy' in the national system. The selection of the national system of sustainable development goals for the analysis is dictated, among other things, by the fact that the State Statistics Service monitors the implementation of relevant target indicators determined on the basis of the national system of sustainable development goals.

The Rapid Integrated Assessment is based on the analysis of 61 strategic and policy papers related to the integrated strategic development of the state as well as the issues of regional development, energy, water quality and environmental improvement. The papers include both the National Economic Development Strategy until 2030, the National Strategy of Regional Development until 2027, government programmes, and a number of sectoral strategies and plans. The expert assessment has been carried out on the basis of papers that have been adopted since 2016.

The analysis of government funding programmes, where the main manager is the MinRegion, focused on assessing the incorporation of SDGs 2030 targets and indicators, for

which the Ministry is responsible. We speak about both the Ministry's own programmes and national programmes on provision of subventions to local budgets. Some targets are examined here, in particular the ones related to SDG 6 'Clean water and sanitation' and SDG 11 'Sustainable cities and communities'.

The analysis also covered government funding programmes of the MinEnergy and MinEcology. This analysis was complicated by the fact that over the past few years these ministries have been undergoing structural changes as a result of their merger and a subsequent demerger.

The inclusion of goals and targets of sustainable development in strategic and policy papers as well as in government funding programmes was analyzed as part of the *expert assessment*.

The report begins with a brief description of strategic planning and a system for monitoring progress towards achieving the Sustainable Development Goals in Ukraine. Sections 4 and 5 outline regional, energy and environmental policies, respectively. Section 6 presents the results of the assessment of incorporation of selected targets under the Sustainable Development Goals in strategic and policy papers. Special attention is paid to such documents as the Ukraine-EU Association Agreement, the National Economic Strategy until 2030 and the National Strategy of Regional Development until 2030. Sections 7 and 8 analyse the incorporation of the Sustainable Development Goals into government funding programmes of ministries and assess the financing of some targets. The last chapter contains key conclusions and recommendations.



Chapter 2.

Strategic planning and Sustainable Development Goals in Ukraine

'There is no robust strategic framework and a lack of clear hierarchy of planning documents in Ukraine' – this is the conclusion drawn within the analysis of the institutional environment and legal framework that governs public financing of the SDGs, implemented by the UNDP in 2020.³ It is due to both gaps in the implementation of legal norms and the lack of strategic planning rules at the legislative level. Strategies are not always coordinated with each other, and the activities and targets defined in them are sometimes not funded. Strategies often list only sources of funding in general, with the national budget remaining the key one, and they lack understanding of how to attract extra-budgetary funding. In addition, strategic papers often have different validity terms and, accordingly, performance indicators are set in relation to different deadlines for particular steps. Most often there is almost no interrelation between strategic and budget planning.

When preparing strategic planning papers, all authorities should take into account country's international commitments. One of the most important documents in this regard is the Association Agreement between Ukraine and the EU (please see Section 6.2), which has defined the reform agenda in most policy areas. Also, in recent years, the Sustainable Development Goals until 2030, adopted by the UN in 2015, have become more important in strategic planning. In this regard, in 2017, the Ministry of Economic Development and Trade of Ukraine prepared a national report 'Sustainable Development Goals:

Ukraine', which defines the starting and target values of Ukraine's development indicators in order to achieve the Sustainable Development Goals by 2030.⁴ A total of 86 national development targets and 172 monitoring indicators were identified. The report was approved by the High-level Interagency Working Group for Organizing the Process of Achieving the SDGs in Ukraine, chaired by the First Deputy Prime Minister of Ukraine – the Minister of Economic Development and Trade of Ukraine Stepan Kubiv.

Ukraine made a clear commitment to include 17 Sustainable Development Goals in its legislative framework in September 2019, when the President of Ukraine signed a Decree on the Sustainable Development Goals of Ukraine until 2030.⁵ According to the Decree, the Cabinet of Ministers of Ukraine and other stakeholders should ensure that forecast and policy papers are analysed and measures are taken to improve them, and a system for monitoring the implementation of the SDGs is put in place. In accordance with the order of the Prime Minister of Ukraine No. 33598/1/1-19 dated 3 December 2019, pursuant to the Presidential Decree, the Ministry of Economy prepared a monitoring report 'SDGs: Ukraine, 2019' in January 2020.⁶ The analysis of the Ministry of Economy shows that the SDGs are part of government strategies and policy papers, and 145 strategic and policy papers are in line with the SDGs. This can usually be explained by the comprehensive nature

³ For more information, please see the UNDP document 'Analysis of the Institutional Environment and Legal Framework that Governs Public Financing of the SDGs', https://www.ua.undp.org/content/ukraine/uk/home/library/democratic_governance/analysis-of-the-institutional-environment-and-legal-framework-th.html

⁴ The National Report is available at: <https://me.gov.ua/Documents/Download?id=05822f66-290b-4b51-a392-347e76eb5f>

⁵ <http://www.president.gov.ua/documents/7222019-29825>

⁶ Available at: http://www.ukrstat.gov.ua/SDG_prezent/ukr/st_rozv/publ/SDGs-MonitoringReport_v08_24.09.2019.pdf

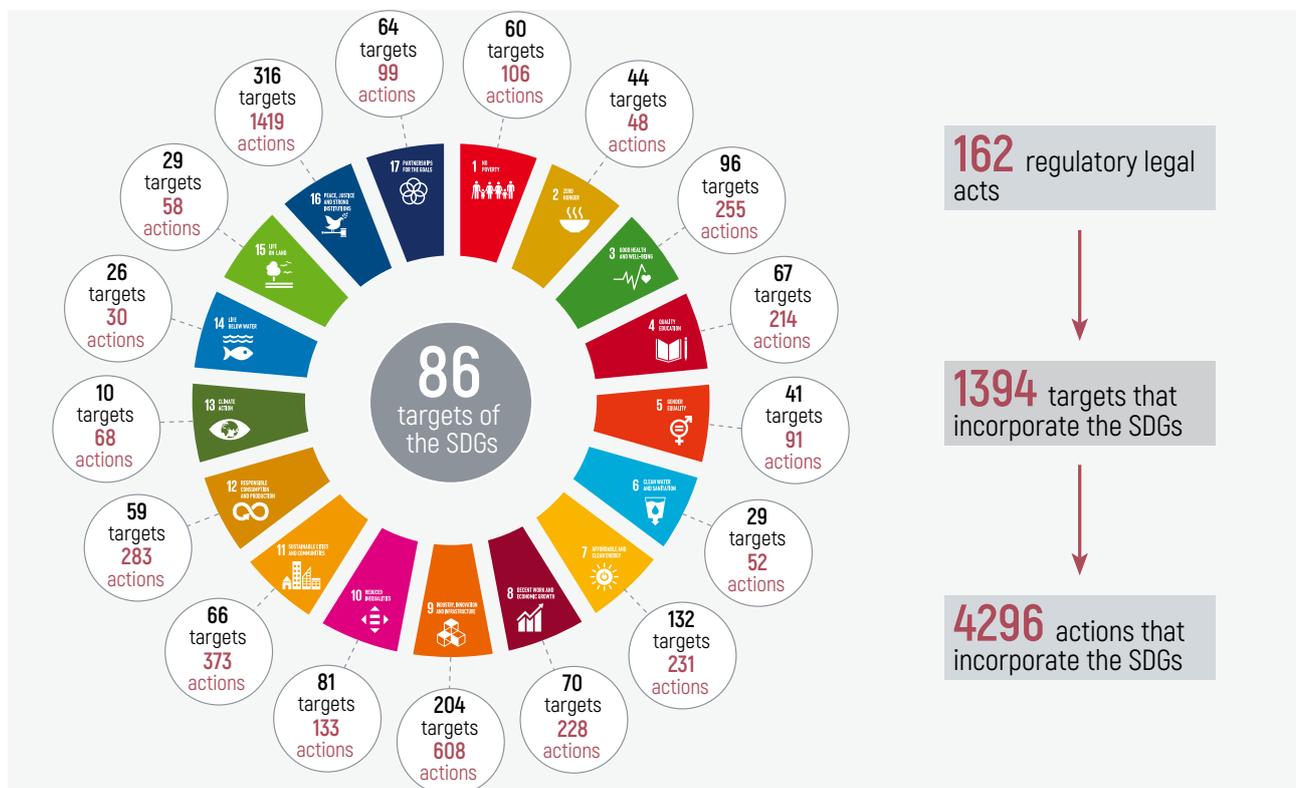


of the SDGs.⁷ At the same time, the SDGs are not always directly taken into account in relevant strategic and policy papers of the government. Therefore, in December 2020, the Cabinet of Ministers of Ukraine amended the regulations, which provided for the need to achieve the SDGs in the process of developing and implementing a government policy.⁸

The targets of the Sustainable Development Goals were distributed based on the decision of the Interagency Working Group in 2018 (Figure). However, this distribution already needs to be revised, taking into account changes that have taken place in the structure of central authorities and their powers. In particular, since 2020, functions related to the employment policy have been transferred from the Ministry of Social Policy to the Ministry of Economy. Several central executive authorities were liquidated and a number of other ones were created. It is therefore necessary to update the distribution of the SDGs among central executive authorities, which could be set forth in a relevant order of the CMU.

According to the distribution made by the Interagency Group, in 2018, most of the targets under the Sustainable Development Goals fall on the Ministry of Social Policy and the Ministry of Economy (if we take into account the transfer of the employment-related function, the Ministry of Economy will be the undisputed leader). The MinEcology also plays an important role in the implementation of the Sustainable Development Goals, but environmental and climate protection programmes usually receive little attention, especially in terms of government funding. The MinRegion, the Ministry of Health (MoH) and the Ministry of Education and Science (MoES) are responsible for the same number of targets of the SDGs and are important for providing high-quality public services to the population, which will contribute to a better life. At the same time, there was no definition of the targets for which, in particular, the Ministry of Defence is responsible, although in fact some targets of SDGs 16 'Peace, justice and strong institutions' fall within its scope. The distribution also needs to be updated, taking into account changes in the structure and responsibility of central executive authorities.

Figure 1: Status of SDGs incorporation into strategic planning papers



Source: Ministry of Economy, Voluntary National Review 'Sustainable Development Goals, Ukraine', 2020

⁷ Available at: http://www.ukrstat.gov.ua/SDG_prezent/ukr/st_rozv/publ/SDGs-MonitoringReport_v08_24.09.2019.pdf

⁸ <https://zakon.rada.gov.ua/laws/show/1285-2020-%D0%BF#n11>



Figure 2: Distribution of SDG targets between central executive authorities (CEAs)

| | № | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|-----------------------------------|----|---------------|--------------------|---------|---------|--------------|----------|----------|----------|---------------|-----------|------------------|------------------|------|------------|-----------|------------------------|------------|
| Ministry of Social Policy* | 19 | 1.1, 1.2, 1.3 | | | | 5.1-5.4, 5.6 | | | 8.3-8.6 | | 10.1-10.5 | | 12.2 | | | | | |
| Ministry of Economy* | 18 | 1.1 | 2.4 | | 4.5 | 5.6 | 6.1 | | 8.1-8.6 | 9.3-9.5 | 10.1 | 11.6 | 12.1, 12.3 | | | | | 17.1, 17.2 |
| MinEcology | 16 | | 2.3 | | | | 6.3, 6.5 | | | | 10.2 | 11.3, 11.5 | 12.1, 12.3, 12.4 | 13.1 | 14.1, 14.2 | 15.1-15.4 | | |
| MinRegion | 14 | | | | | | 6.1-6.5 | 7.1 | | | | 11.1, 11.2, 11.6 | 12.1, 12.4 | | 14.1, 14.2 | | 16.7 | |
| MoH | 14 | | 2.1 | 3.1-3.9 | | 5.5 | 6.1 | | | 9.4 | 10.3 | | | | | | | |
| MoES | 14 | | | | 4.1-4.7 | | | | 8.4, 8.6 | 9.4, 9.5, 9.7 | | | | | | | | |
| MinAgro | 10 | | 2.1, 2.2, 2.3, 2.4 | | | | | | | 9.4 | | | 12.1, 12.4 | | 14.3 | 15.2-15.3 | | |
| Ministry of Infrastructure | 9 | | | | | | | | | 9.1-9.4 | 10.3 | 11.5 | 12.1 | 13.1 | 14.1 | | | |
| Ministry of Internal Affairs | 6 | | | 3.6 | | | | | | | | 11.4 | | | | | 16.1, 16.2, 16.5, 16.6 | |
| MinEnerg | 4 | | | | | | | 7.1, 7.2 | | 9.4 | | | 12.1 | | | | | |
| Ministry of Culture** | 3 | | | 3.8 | | | | | | | | 11.3, 11.6 | | | | | | |
| Ministry of Reintegration | 2 | | | | | | | | | | | | | | | | 16.8, 16.9 | |
| Ministry of Youth and Sports | 1 | | | | | | | | | | | 11.1 | | | | | | |
| Ministry of Finance | 1 | | | | | | | | | | | | | | | | | 17.2 |
| MinDigitalTransform. | 1 | | | | | | | | | 9.6 | | | | | | | | |
| Ministry of Justice | 1 | | | | | | | | | | | | | | | | | 16.3 |
| State Agency on Energy Efficiency | 3 | | | | | | | 7.3, 7.4 | | | | | 12.1 | | | | | |
| National Police | 2 | | | 3.6 | | 5.2 | | | | | | | | | | | | |
| State Water Agency | 1 | | | | | | 6.3 | | | | | | | | | | | |
| State Forestry Agency | 1 | | | | | | | | | | | | | | | 15.2 | | |
| State Empl. Agency | 1 | | | | | | | | 8.5 | | | | | | | | | |
| State Agency for Fisheries | 1 | | | | | | | | | | | | | | 14.3 | | | |
| State Special Comms | 1 | | | | | | | | | 9.6 | | | | | | | | |
| State Consumer Serv | 1 | | 2.4 | | | | | | | | | | | | | | | |
| State FinMonit Serv | 1 | | | | | | | | | | | | | | | | | 16.4 |
| State Emerg. Service | 1 | | | | | | | | | | | 11.4 | | | | | | |
| National Agency on Civil Service | 1 | | | | | 5.4 | | | | | | | | | | | | |

Note:

* Since 2020, the powers related to the employment and labor policy have been transferred from the Ministry of Social Policy to the Ministry of Economy. Accordingly, some targets under SDG 5 and SDG 8 should be transferred to the area of responsibility of the Ministry of Economy.

** Target 3.8 is assigned to the Ministry of Information Policy, which has been liquidated. The target should therefore go to the Ministry of Culture.

Source: Distribution based on the decision of the Interagency Group dated 17.09.2018.

In general, the targets under the 17 Sustainable Development Goals are scattered among various central executive authorities. It is therefore extremely important to put in place a mechanism enabling coordination and joint efforts to implement policies aimed at achieving

the SDGs by 2030. For this purpose, UNDP proposes to use the tool in the format of an Integrated National Financing Framework (INFF). Under the activities related to this tool, a High-level Working Group was established to discuss development priorities.



Chapter 3.

Monitoring progress towards achieving SDGs

In recent years, comprehensive monitoring of the SDGs 2030 achievement and delays has been implemented. In January 2020, the Ministry of Economy published the first Voluntary National Review of the SDGs in Ukraine⁹. In September 2020, the State Statistics Service, as the entity responsible for delivery and publication of information for monitoring the implementation of the SDGs,¹⁰ introduced a monitoring tool on its web page.¹¹ This tool provides an opportunity to track progress towards achieving the SDGs at the national level (since 2015).

For the purpose of RIA+, seven Sustainable Development Goals were selected for the analysis, which are related to regional development, environmental protection and energy policy areas:

| | | |
|---|----------------|--|
|  | Goal 6 | Clean water and sanitation |
|  | Goal 7 | Affordable and clean energy |
|  | Goal 12 | Responsible consumption and production |
|  | Goal 13 | Climate action |
|  | Goal 14 | Life below water |
|  | Goal 15 | Life on land |

According to the UN breakdown, five of these SDGs refer to the 'Planet' dimension, namely Goals 6, 12, 13, 14 and 15, while Goal 7 refers to the 'Wealth' dimension. The analysis of the regional policy and, accordingly, government funding programmes of the MinRegion also includes some targets for SDG 11 'Sustainable cities and communities'.

Box 1: 5 dimensions of the Sustainable Development Goals (5 P's of the SDGs¹²)

The approach '5 P's of the Sustainable Development Goals' divide all SDGs into five dimensions:

- People – to end poverty and hunger in all their forms to ensure dignity and equality: Goals 1, 2, 3, 4 and 5;
- Planet – to preserve planet's natural resources and climate for future generations: Goals 6, 12, 13, 14 and 15;
- Prosperity – to ensure a rich and fulfilling life in harmony with nature: Goals 7, 8, 9, 10 and 11;
- Partnership – to implement the global partnership agenda: Goal 17;
- Peace – to create peaceful, just and inclusive societies: SDG 16.

The results of monitoring the current progress in the implementation of SDGs 2030 show that there is a regression with SDG 14 and SDG 17, that is, the opposite trend compared to 2015. There is

⁹ <https://bit.ly/346ly5c>

¹⁰ The data is available at: http://ukrstat.gov.ua/SDG_prezent/ukr/st_rozv/metadata/metadata.htm

¹¹ http://ukrstat.gov.ua/SDG_prezent/ukr/ukr4/index.html

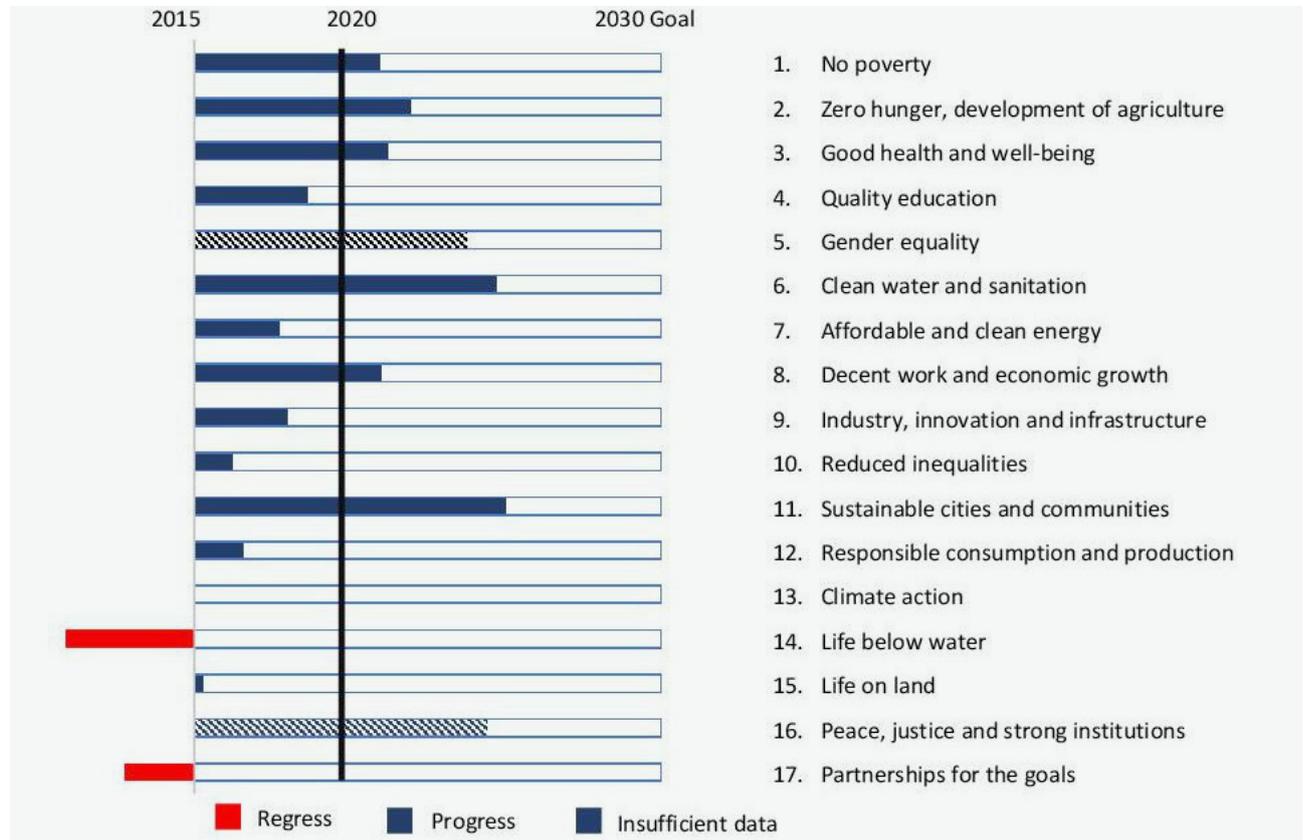
¹² <https://www.un.org/development/desa/jpo/wp-content/uploads/sites/55/2017/02/2030-Agenda-for-Sustainable-Development-KCSD-Primer-new.pdf>



no data for SDG 13, and there is no data for SDG 5 and SDG 16 to fully assess the progress. For the other sustainable development goals discussed in RIA+, the overall situation looks good: there is

a progress in their achievement. However, if to delve into the level of targets or indicators, the situation will not look as homogeneous (please see the targets-related progress in Annex 9.2).

Figure 3: SDG-related current progress



Source: State Statistics Service



Source: State Statistics Service



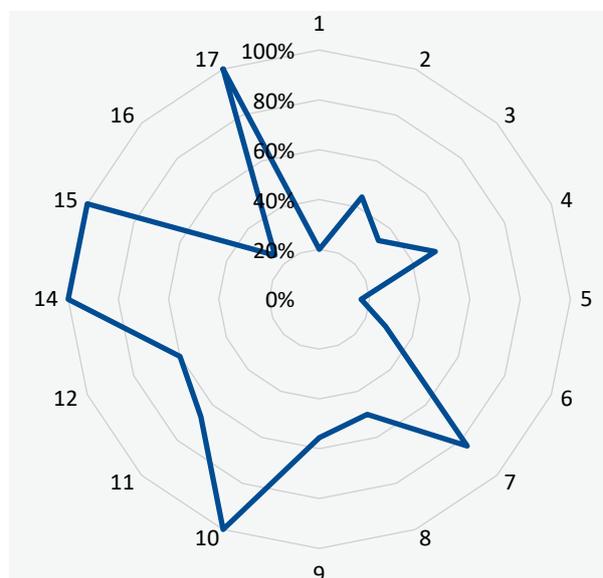
All in all, according to the monitoring of all the Sustainable Development Goals selected for the analysis, carried out by the State Statistics Service, there are indicators, which either tend to deviate from the goal, or require acceleration in achievement. The reverse trend or the lag is demonstrated by all indicators of Sustainable Development Goals 14 'Life below water' and 15 'Life on land'. Only one of six indicators for SDG 7 'Affordable and clean energy' and two of five ones for SDG 12 have positive performance dynamics.

In general, seven Sustainable Development Goals selected for RIA+ are associated with 45% of all indicators, which demonstrate a reverse trend or require acceleration in achievement.

Consequently, significantly greater efforts of the authorities and other stakeholders are needed to achieve the Sustainable Development Goals in the areas of environmental protection, energy and regional development. We mean both further changes in the implementation of policies in these areas and more efficient

government funding as well as mobilization of additional funding for relevant targets.

Figure 5: Share of indicators, which are lagging behind in terms of achieving the Sustainable Development Goals



Note: According to the State Statistics Service, it is impossible to measure the indicator for SDG 13

Source: State Statistics Service



Chapter 4.

Regional development in Ukraine: a three-level planning system

Regional development principles and approaches are defined in the Law of Ukraine 'On Stimulating Regional Development'¹³ and the Law of Ukraine 'On Principles of the National Regional Policy'¹⁴. In the second case, it is determined that *'the purpose of the national regional policy is to enable a dynamic, balanced development of Ukraine and its regions, ensure their social and economic unity, improve the standard of living of the population, and comply with social standards guaranteed by the state for every citizen, regardless of their place of residence'*. It is important that one of the priorities of regional development is the creation of an efficient environmental protection system.

Today the legislation lays the foundations for a three-level system of strategic planning in the field of regional development:

- adoption of the National Strategy of Regional Development,
- adoption of strategies of regional development,
- adoption of strategies for the development of territorial communities.

In August 2020, the Cabinet of Ministers of Ukraine adopted a new National Strategy of Regional Development until 2021-2027 (NSRD-2027)¹⁵ to replace the previous one, which has been in force since 2014¹⁶. It has

been set out¹⁷ that regional strategies should have a SMART specialization, which provides for determination of goals and targets within the economic activity strategy, which have an innovative potential and take into account regional advantages¹⁸. At the same time, regional authorities should involve businesses, scientists and public organizations in determining the specialization. All regions have their own development strategies¹⁹ already. However, some of them adopted the existing strategies before August 2020, and therefore such regions face the necessity to adapt the already approved regional strategies to the NSRD-2027.

Regional development strategies are also adopted by territorial communities (the third level of strategic planning). They should be based on higher-level strategies, but this does not always happen. Unfortunately, there is no summary information on strategies approved by communities on the website of the MinRegion. In accordance with the intentions of the MinRegion, it is expected that by the end of 2021, about 1,000 communities will approve their strategies based on national and regional development strategies, while in 2022 this will be done by all 1,438 communities²⁰.

¹³ Law no. 2850-IV dated 8 September 2005, <https://zakon.rada.gov.ua/laws/show/2850-15#Text>

¹⁴ Law No. 156-VIII dated 5 February 2015, <https://zakon.rada.gov.ua/laws/show/156-19#Text>

¹⁵ Resolution of the CMU No. 695 dated 5 August 2020, <https://zakon.rada.gov.ua/laws/show/695-2020-%D0%BF#Text>

¹⁶ Resolution of the CMU No. 385 dated 6 August 2014, <https://zakon.rada.gov.ua/laws/show/385-2014-%D0%BF-Text>

¹⁷ Instructions of the Prime Minister of Ukraine No. 49960/1/1-18 dated 09.01.2019

¹⁸ <http://thesumy.com/projects/339-smartspetsializatsiia-dlia-stratehii-rehionalnoho-rozvytku-v-ukraini.html>

¹⁹ They are all available at the website of the MinRegion: <https://www.minregion.gov.ua/napryamki-diyalnosti/derzhavna-rehional-na-polityka/strategichne-planuvannya-regionalnogo-rozvitku/regionalni-strategiyi-rozvytku-na-period-do-2027-roku/>

²⁰ <https://www.minregion.gov.ua/press/news/minregion-praczyuyemo-nad-tym-shhob-do-kincya-roku-1000-gromad-maly-vlasni-strategiyi-rozvytku/>



The availability of strategies with clearly defined goals and targets is important for communities at the stage of submission of development projects for financing, in particular, to the National Fund for Regional Development. Thus, in accordance with the current procedures, the commission that selects projects takes into account whether the submitted project corresponds to the strategy and whether it will help achieve its goals. Also, according to the MinRegion, the availability of clear goals and targets will facilitate the access of territorial communities to the funding from EU funds and other donors.

Regional Development Agencies (RDAs) are called upon to provide institutional support to regional development on the ground²¹. They

should ensure the cooperation between all stakeholders to build a capable community, develop the region, support businesses (primarily exporters and SMEs), and increase the investment attractiveness of the region. The process of creating RDAs began in 2016 and as of the end of 2020 they were not put in place in Sumy, Mykolaiv and Kharkiv regions. In some regions they were still in the process of establishment. Most RDAs are financed mainly from the regional budget. At the same time, they were also receiving funding as a result of delivery of commercial services and in the form of the international technical assistance. It is also expected that in 2021-2023, a number of RDAs will be funded from the national budget (within the framework of the sectoral budget support from the EU).

²¹ A detailed description of RDAs and a report on their activities are available on the website of the MinRegion: <https://www.minregion.gov.ua/napryamki-diyalnosti/derzhavna-rehional-na-polityka/institutsiyne-zabezpechennya-regionalnogo-rozvitku/agentsiyi-regionalnogo-rozvitku/>. The RDAs were established pursuant to the Law of Ukraine 'On Principles of the Government Regional Policy' (No. 156-VIII dated 05.02.2015) and the resolution of the Cabinet of Ministers of Ukraine 'On Approval of the Framework Regulation on the Regional Development Agency' (No. 258 dated 11.02.2016).



Chapter 5.

National energy and environmental protection policy

In recent years, there have been considerable changes in energy and environmental protection sectors, which have been significantly influenced by the commitments undertaken by Ukraine under the Association Agreement with the EU²².

An important step towards achieving SDG 7 'Affordable and clean energy' was the transition from universal subsidies²³ for housing and public utility services to more targeted housing and public utility subsidies. This was a consequence of the creation of natural gas and electricity markets, which, among other things, were supposed to contribute to the expansion of the infrastructure and modernisation of the network (target 7.1). Thus, the increase in tariffs, in particular for natural gas, helped improve the financial situation in the NJSC Naftogaz and reduce budget expenditure used for the actual financing of universal subsidies. The increase in electricity tariffs for the population and the introduction of a 'green' tariff for electricity produced from renewable sources contributed to progress in meeting targets 7.2 and 7.3. However, today energy tariffs for the population are lower than the prime cost and do not cover the investment component, which is detrimental to further opportunities to achieve targets under SDG 7.

Specifically, significant changes have been introduced in recent years related to financing energy efficiency and energy saving measures (SDG 7 'Affordable and clean energy') and, in particular, reducing the resource intensity of the economy (SDG 12 'Responsible consumption and production'). The changes were caused, in particular, by the need to implement commitments under the Association Agreement, which have a full correlation with targets of SDG 7.

One of the focuses of the government energy policy in the context of implementing targets to achieve the Sustainable Development Goals is measures designed to increase energy efficiency and energy saving, which primarily correspond to target 7.4 'To raise energy efficiency of the economy' according to SDG 7. In particular, we speak about implementing and financing 'warm loans' to households for the purchase of energy-efficient equipment and equipment for private houses (about 83% of homes), as well as creating an Energy Efficiency Fund, designed to help finance projects on thermal modernization of apartment buildings run by condominiums. The MinRegion was the manager of funds under both programmes until 2020, and since 2020, the MinEnergO, namely the State Agency on Energy Efficiency, has become the main manager of funds under the Warm Loan Programme (see below Annex 10.6). While 'warm loans' have been identified as the easiest and most efficient approach contributing to energy saving, the government has been moving away from financing them over the past few years in order to implement more projects through the Energy Efficiency Fund. At the same time, this

²² *Deepening EU-UKRAINIAN relations: Updating and Upgrading in the Shadow of COVID-19. Third edition, <https://3dcftas.eu/ua/publications/deepening-eu-ukrainian-relations-updating-and-upgrading-in-the-shadow-of-covid-19.-third-edition>*

²³ Universal subsidies are the subsidies provided in the form of lower tariffs for all groups of the population, which do not cover the costs of delivery of various housing and public utility services, in particular gas, electricity and heat. According to the World Bank research, such subsidies are inefficient and expensive.



Fund has not yet become a powerful source of funding for energy efficiency projects, and the way it is financed from the national budget does not appear to be sustainable.

Other measures related to target 7.4 also include legal regulation of the issue of commercial metering of energy resources, the introduction of a system of energy certification of buildings, progress in the field of energy audit, energy management and energy service. This was due to the joint efforts of the MinRegion and the State Agency on Energy Efficiency. At the same time, some of these measures contribute to the expansion of infrastructure, and therefore meet target 7.4. The government and the NJSC Naftogaz made efforts to ensure the diversification of natural gas supply (target 7.2), but there were no efficient steps to diversify other energy carriers.

One of the areas of the national policy where there is still no progress is the public sector of the coal mining industry. Specifically, the Ukrainian coal industry is constantly stagnating, and the government support from the national budget is growing²⁴. Funds that are included in the national budget for investments are most often transferred by the end of the year to cover current expenses, in particular wages. At the same time, the goals defined in the concepts and strategies adopted in this area were not achieved. In 2021, the government approved the concept of the National Target Programme for Fair Transformation of Ukraine's Coal Mining Regions until 2030²⁵, the implementation of which will require financing both from the national budget and other sources.

Changes were made in the field of environmental protection, which relate to ecological Sustainable Development Goals 12-15. In particular, laws on environmental impact assessment (EIA)²⁶ and strategic environmental assessment²⁷ were adopted and a unified register for environmental impact assessment was also put in place²⁸. Today, there is a big gap

in waste management and limitation of greenhouse gas emissions. For instance, there are practically no waste processing and recycling facilities in Ukraine (target 12.4), and the support of coal mines and the use of coal at thermal power plants does not meet SDG 13.

However, not everything from the measures planned within the framework of the implementation of the Association Agreement has been fulfilled yet, as evidenced by the assessment carried out by UCEP experts:²⁹

- In the energy sector: 37.5% of commitments have been fulfilled, while the work on 30.6% has not yet been started;
- In the field of environmental protection: 22.1% of commitments have been fulfilled, while the work on 39.5% has not yet been started.

At the same time, the implementation of the environmental agenda is expected to accelerate. In particular, in the fall of 2021, the government approved the Strategy of Environmental Safety and Adaptation to Climate Change until 2030³⁰.

Further steps and changes in both areas are therefore relevant, as evidenced by the discussions and speeches of the Ukrainian delegation during the COP26 – the Conference of the Parties to the UN Framework Convention on Climate Change, which was held in Glasgow in early November 2021. Ukraine has established its nationally determined contribution (NDC) to the reduction of emissions in the amount of up to 35% from 1990 levels.

It is important to develop a roadmap of actions required for the achievement of the ambitious goals set by Ukraine during the conference, as well as to clarify the assessment of the necessary and available funding for relevant actions. For instance, the analytical report of the MinEcology speaks about the need to attract about EUR 100 billion to ensure Ukraine's transition to a climate-neutral economy by 2030³¹.

²⁴ A more detailed analysis of the coal industry and an assessment of the efficiency of budget expenditures is presented in the DixiGroup study 'Evaluating the Efficiency of Public Expenditures on Coal Industry Restructuring', <https://ua.boell.org/sites/default/files/2021-02/Otsinka%20efektyvnosti%20derzhvydatkiv%20na%20restrukturyzatsiu%20vugilnoi%20galuzi.pdf>

²⁵ <https://zakon.rada.gov.ua/laws/show/1024-2021-%D0%BF#Text>

²⁶ <http://zakon2.rada.gov.ua/laws/show/2059-19>

²⁷ <https://zakon.rada.gov.ua/laws/show/2354-19#Text>

²⁸ <http://eia.menr.gov.ua/>

²⁹ Ukraine and the Association Agreement: Monitoring 2014-2019 Implementation, Ukrainian Centre for European Policy, <https://ucep.org.ua/doslidzhennya/ukrayina-ta-ugoda-pro-asocziacziyu-monito.html>

³⁰ <https://zakon.rada.gov.ua/laws/show/1363-2021-%D1%80#Text>

³¹ Analytical Review of the Nationally Determined Contribution, July 2021.pdf, MinEcology



Chapter 6.

Strategic policy papers on regional development and SDGs

6.1. Selected SDGs in strategic and policy papers

For the assessment of regulatory documents (RD), there were selected strategies, programmes and action plans, which are primarily comprehensive (overall) in nature, as well as a number of narrower documents, which first of all relate to SDG-2030 targets chosen for the analysis in the study (see Box 1).

The assessment was focused on the following:

- Is there a reference in the documents to Sustainable Development Goals?
- Are the sources of funding specified?
- What targets are taken into account in the relevant documents that the MinRegion is responsible for?

A rapid integrated assessment covered a total of 61 programme and strategic papers and implementation plans (see Annex 10.2), including 50 ones adopted by the Cabinet of Ministers of Ukraine. Strategies and their implementation plans are often endorsed as separate documents and cover activities designed for different periods of time: long- and medium-term strategies versus medium- and short-term plans. Plans detail the activities provided for in strategies and programmes and contain deadlines for their implementation. It was decided to change

this approach, starting from 2020: an agreement was reached to accompany strategic research with action plans. At the same time, the integrated strategies of NSRD-2027 and NES-2030 were adopted without detailed action plans.

Among the documents analysed, 19 ones contained a clear reference to SDGs 2030 as a reference point or basis for the adoption of the document. At the same time, only three documents detailed or mentioned Sustainable Development Goals: NES-2030, the resolution of the CMU 'On Approval of the Government's Priority Action Plan for 2020' and the resolution of the CMU 'Action Plan for the Implementation of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand'.

The assessment shows that comprehensive development strategies of Ukraine, such as programmes of activities of the Cabinet of Ministers of Ukraine and plans for their implementation, as well as the action plan for the implementation of the Association Agreement include most of the measures for those SDGs 2030 targets, which are considered in the study, as they are comprehensive documents. Also, 16 of 26 targets selected for the analysis of SDG targets are contained in the National Strategy of Regional Development for 2021-2027.



Box 2: Assessment Methodology

For a rapid integrated assessment, regulations were selected, which were adopted in the period mainly from 2017 to May 2021. A number of regulations were taken from the list of 162 documents that the Ministry of Economy used for the analysis as of 2019. Several regulations adopted in 2016 were also included. This period was chosen because the Sustainable Development Goals were approved by the UN in September 2015.

First of all, the list incorporates comprehensive strategic documents, programmes of activities of the Cabinet of Ministers of Ukraine and plans for their implementation. It also includes a number of narrower documents that are related to regional development, ecology and access to water, or that were expected to address the objectives of the relevant sustainable development goals.

Since most regulations do not contain direct references to the SDGs in general and individual targets for the SDGs selected for the study in particular, the analysis is based primarily on an expert assessment of logical relations between the activities defined in the regulations and the corresponding SDG targets.

A number of strategies do not clearly refer to SDGs 2030, although they may contain measures that will help achieve some goals. Thus, the Maritime Doctrine of Ukraine until 2035 deals with the sustainable development of coastal regions and defines measures to achieve targets 14.1 '*Reduce marine pollution*' and 14.2 '*Ensure the sustainable use and protection of marine and coastal ecosystems, increase their sustainability and restore them through innovative technologies*' under SDG 14 '*Life below water*' but there is no clear mention of the UN Sustainable Development Goals 2030.³² Also, in the National Security Strategy of Ukraine adopted by the Presidential Decree,³³ there is no reference to SDGs 2030, but there are several measures that generally correspond to some targets selected for the

assessment of the Sustainable Development Goals.

The Human Development Strategy instead notes the consideration of SDGs 2030, but it is primarily about SDG 3 '*Good health and well-being*', SDG 4 '*Quality education*', SDG 1 '*No poverty*', SDG 8 '*Decent work and economic growth*', etc. However, the Strategy does not focus on the issue of quality environment and sustainable environment development, which is important for human development. Therefore, this Strategy lacks targets that would meet the Sustainable Development Goals discussed in this study (such as clean water, safe environment, etc.).

In general, the documents analysed most often identify activities that can be attributed to SDG target 12.4 '*Reduce the amount of waste generated and increase the volume of its processing and reuse based on innovative technologies and industries*'. It is noteworthy that most often the documents referred specifically to waste management and increasing recycling without specifying an innovative approach, which is deemed to be important for this target. At the same time, given the current situation with this issue in Ukraine, it is the innovation that we should focus on.

The National Environmental Action Plan until 2025 contains measures that can be correlated with all the targets selected for the analysis of environment-related sustainable development goals (SDG 6 and SDGs 12-15). At the same time, the text of the decree itself is concise and does not contain references to the Sustainable Development Goals and performance indicators that the government plans to achieve through a large list of measures.

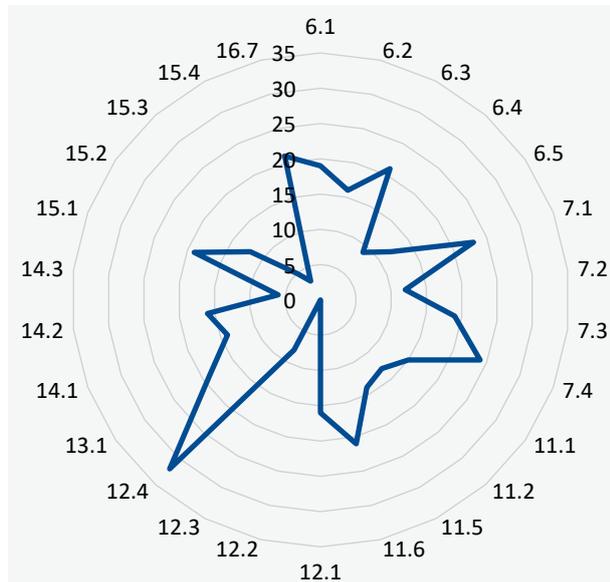
Adopted in October 2021, the Environmental Security and Climate Adaptation Strategy until 2030 contains measures that, according to an expert assessment, correspond to the implementation of 14 of 26 selected targets for achieving the Sustainable Development Goals. The document is comprehensive and includes all the main environment protection targets. The Strategy also has a direct reference to SDGs 2030, but some targets are not directly mentioned. At the same time, the document does not contain performance indicators, which could be used as indicators for corresponding targets of SDGs 2030.

³² Resolution of the CMU No. 1108 dated 18 December 2018, <https://zakon.rada.gov.ua/laws/show/1108-2018-%D0%BF#n11>

³³ Presidential Decree No. 392/2020 dated 14 September 2020, <https://zakon.rada.gov.ua/laws/show/392/2020#n12>



Figure 6: Incorporation of regional development, energy and environmental protection SDG targets based on the number of documents analysed



Source: Expert assessment

The analysis of the documents shows that they most often pay attention to reducing emissions and waste: in particular, much attention is paid to target 6.3 'Reduce the volume of untreated wastewater discharge, primarily using innovative water treatment technologies at the national and individual levels' and 12.4 'Reduce the amount of waste generated and increase the volume of its processing and reuse based on innovative technologies and industries'.

At the same time, it is among the 17 SDGs that the priority target related to SDG 7 'Affordable and clean energy' is most often identified in documents. In particular, 24 of the 61 documents refer to energy efficiency measures (target 7.4). 23 documents define activities that can be attributed to the target of SDG 7.1 'Expand infrastructure and modernize networks to ensure reliable and sustainable energy supply through the introduction of innovative technologies'. It was often about introducing new technologies to reduce heat loss in heating networks and investing in networks. The same targets also often indirectly influence the implementation of target 12.1 'Reduce the resource intensity of the economy', which is rarely mentioned in the documents directly: they mention more often the need and plans for modernizing production and technical processes, which, according to the assessment, will contribute to greater competitiveness of the economy by reducing its resource intensity.

The implementation of most measures requires a capable government both at the central level and on the ground. Almost half of the documents reflected relevant measures to improve the efficiency of the local government, which is extremely important for regional development (target of SDG 16.7 'Increase the efficiency of national and local governments.')

Improving the quality of drinking water as a document goal and targets is almost not mentioned in the documents. At the same time, 19 of the documents analysed include targets for attracting investment or improving the state of centralized water supply systems, and 16 contain targets for improving the quality of centralised wastewater disposal (targets 6.1 and 6.2 of SDG 6 'Clean water and sanitation' respectively). For SDG 6, target 6.4 'Improve water use efficiency' is the least often mentioned.

SDGs 13-15 targets are mentioned less frequently than others. However, such important targets as 13.1 'Limit greenhouse gas emissions in the economy' and 15.1 'Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems' are top priorities among these targets, which is important given the current state of the environment in Ukraine and the decarbonization commitment.

Not all strategic and policy papers and implementation plans contain performance indicators that are defined by the SMART approach. In some places, such indicators are quite general and declarative and describe the process rather than the result, which makes it impossible to clearly assess the efficiency of implementing defined targets. In general, it can be noted that most of the documents analysed do not include indicators for the selected SDGs.

As a positive example, it is worth noting the Strategy of the State Environmental Policy of Ukraine until 2030, adopted in February 2019.³⁴ The Strategy clearly mentions the need to implement the national SDGs 2030 system to overcome imbalances in the economic, social and environmental sectors, improve the state of the environment as a necessary element of the quality of life and ensure sustainable regional development. In this document, at the

³⁴ Law of Ukraine No. 2697-VIII dated 28 February 2019, <https://zakon.rada.gov.ua/laws/show/2697-19#Text>



level of both targets and indicators, the corresponding targets for 'environmental' SDGs 2030 are used: we mean the corresponding targets for SDG 6 'Clean water and sanitation', SDG 12 'Responsible consumption and production', and SDG 14 'Life below water'. In this regard, the document is rather an exception among the strategies adopted.

One of the disadvantages of the documents analysed is that they do not specify the amount of funding (with the exception of two documents that clearly define it). Only half of the documents analysed indicate funding sources declaratively. Most often, these are funds from the state and local budgets and loans from IFIs.

6.2. Ukraine-EU Association Agreement and SDGs

One of the important documents defining Ukraine's strategic steps is the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their member states, on the other hand (*the Association Agreement, AA*). The Agreement was signed in two stages in 2014: on 21 March – the political part and on 27 June – the economic part of the Agreement, and was ratified by the Verkhovna Rada and the European Parliament on 16 September³⁵. Since 1 November 2014, the Agreement has been used partially (as a temporary solution), and on September 2017, the Association Agreement entered into force in full.

It is important that the Association Agreement contains the provisions on the deep and comprehensive free trade area (FTA), and therefore it is a comprehensive document that provides for cooperation between Ukraine and the EU in political, economic, social and humanitarian sectors and the harmonization of the Ukrainian legislation with the EU one. Accordingly, it provides for reforms that Ukraine has committed to implement in the areas of justice, economy, foreign and security policy.

The Association Agreement was developed and signed in accordance with the UN decision on the approval of the Sustainable Development Goals until 2030, but the

document defines sustainable development principals as mandatory: the signatories of the Agreement 'are committed to strengthening cooperation in environment protection, the principles of sustainable development and a green economy'. It is important that the EU has committed itself to implementing the SDGs 2030 Agenda. Thus, Ukraine is actually also called upon to fulfill SDGs 2030 commitments not only through the decision to mainstream the goals in its legislation and budgeting, but also through the valid Association Agreement with the EU. At the same time, the SDGs 2030 Agenda recognizes international trade as a driving force for inclusive economic growth and poverty reduction and, accordingly, an important measure for achieving SDGs 2030³⁶. In particular, we speak about the following SDGs: Goal 2 'Zero hunger, development of agriculture'; Goal 8 'Decent work and economic growth'; Goal 10 'Reducing inequalities'; and Goal 17 'Partnerships for the goals'. At the same time, as the Association Agreement provides not only for measures aiming at cooperation in trade, it also contains a larger compliance with the SDGs. In particular, the AA speaks about the importance of developing various sectors of the economy from fishing to metallurgy paying attention to sustainable development.

Chapter 13 'Trade and sustainable development' of the Association Agreement (Section IV 'Trade and trade-related issues') is an important subsection of the Agreement, where the topics are in compliance with SDG targets. Article 289 of this Chapter states: '*The parties refer to the 1992 Agenda for the Twenty-first Century on Environment and Development, the Johannesburg Plan of Implementation on Sustainable Development of 2002 and internationally agreed policy programmes in the areas of employment and social policy, in particular, the Decent Work Programme of the International Labour Organization (ILO) and the UN Economic and Social Council Ministerial Declaration on Full Employment and Decent Work of 2006*'. Trade should also promote sustainable development in all dimensions (Article 293). The Chapter considers mandatory the assessment of the impact of measures defined in Chapter 13 on sustainable development (social components and the environment), in particular through the assessment of the impact of trade aspects

³⁵ https://zakon.rada.gov.ua/laws/show/984_011

³⁶ <https://unctad.org/topic/trade-analysis/trade-and-SDGs>



of sustainable development recognized as important (Article 298). This Chapter also deals with the elimination of discrimination in employment and professions, which corresponds to SDG 5 'Gender equality'.

Chapter 17 of the AA (Section V 'Economic and sectoral cooperation') is devoted to agriculture and rural development. The measures provided for in it deal with a number of targets related to, in particular, SDG 2 'No hunger, development of agriculture', SDG 8 'Decent work and economic growth' as well as SDG 11 'Sustainable cities and communities'.

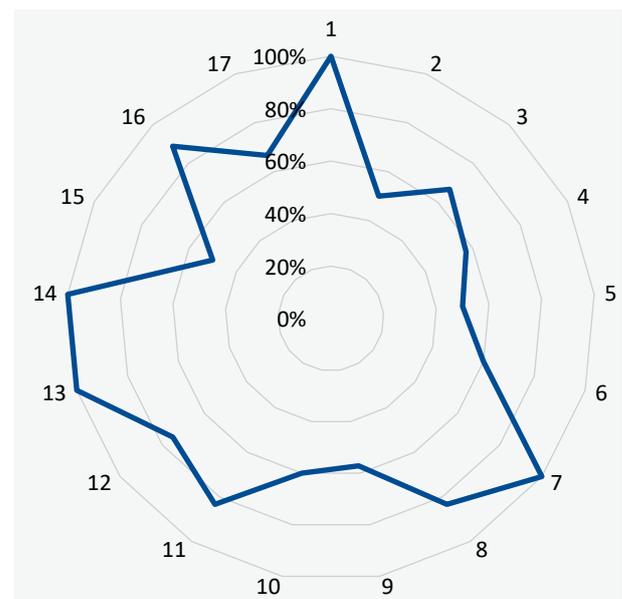
The national targets for SDG 13 'Climate action' define only one target: 13.1 'Limit greenhouse gas emissions in the economy', which is taken into account in the AA. In particular, Article 338 of Chapter 1 'Cooperation in the field of energy, including nuclear energy' (Section V 'Economic and sectoral cooperation') defines one of the topics for cooperation between Ukraine and the EU: 'promotion of the mechanism for joint implementation of the Kyoto Protocol to the 1997 United Nations Framework Convention on climate change in order to reduce greenhouse gas emissions through the implementation of energy efficiency and renewable energy projects'.

Article 360 of Section 6 'Environment' (Section V 'Economic and sectoral cooperation') defines that 'the Parties develop and strengthen cooperation on environmental issues and thus contribute to the implementation of the long-term goals of sustainable development and a green economy'. In general, the tasks set out in this section correspond to the environmental goals of sustainable development.

All in all, according to the expert assessment, the areas and objectives of policies stipulated in the Association Agreement fully reflect all 17 Sustainable Development Goals. There are differences at the level of targets, which may also be partly due to the nature of the Agreement, which does not reflect all areas of life. For instance, the AA in the field of education deals with higher and vocational education, but does not pay attention to school and preschool education (SDG 4 'Quality education'). Less attention is also paid to family planning and child education (SDG 5 'Gender

equality'). Another reason is that national targets for sustainable development goals were taken into account, which are sometimes very specific. In particular, they include the implementation of the pension reform. In general, the consideration of national targets in the Association Agreement is the highest in industry areas, such as SDG 7 'Affordable and clean energy'. It is not surprising that under SDG 16 'Peace, justice and strong institutions' most of the targets coincide with the issues set out in the Agreement: only a state with strong institutions, the rule of law and efficient law enforcement agencies will be able to implement all the planned steps and provide for the economic growth.

Figure 7: Comparison of targets in the Ukraine-EU Association Agreement with the Sustainable Development Goals (% of congruent targets under the SDGs)



Source: Expert assessment based on the Association Agreement and SDG targets

Again, the Association Agreement was prepared for years before the UN adopted the SDGs 2030 Agenda. At the same time, the comparison of targets between the two documents shows that Ukraine has already a roadmap for implementing most of the targets that will help the country achieve the sustainable development goal by 2030. This document is the Association Agreement itself as well as the Action Plan adopted for its implementation³⁷.

³⁷ The Action Plan is available at: <https://zakon.rada.gov.ua/laws/show/1106-2017-%D0%BF#n10>



The Association Agreement recognizes the important role of the civil society in implementing the measures envisaged, as it brings in the expertise, ideas and a point of view for achieving sustainable goals³⁸. The latter helps the government develop the rules of the game (institutional framework) needed for efficient changes aimed at sustainability.

It is noteworthy that the European Green Deal³⁹, which aims at reaching the ambitious goal of a climate-neutral Europe by 2050, will keep playing an important role in Ukraine's cooperation with the EU in the areas of clean energy and a secure environment. The Government of Ukraine has expressed its intention to join the European Green Deal, which creates both challenges and opportunities for the country⁴⁰.

6.3. National Economic Strategy until 2030 and mainstreaming of SDGs

There is no robust strategic framework and a lack of clear hierarchy of planning documents in Ukraine, and most strategies are not inter-related and hereditary⁴¹. Although the analysis of the Ministry of Economy shows that SDGs are integrated into legislative and regulatory documents of Ukraine, in fact they are not always mentioned directly, it happens rather at the level of targets where the Sustainable Development Goals are not clearly mentioned.

All the more important was the adoption in March 2021 of a long-term comprehensive development strategy – the National Economic Strategy until 2030⁴² whose mission clearly defines the need to take into account the Sustainable Development Goals. In general, NES-2030 refers to the concept of sustainable development of various areas of life and economic activities.

Under area 20 'Quality of life' among target indicators of the 2030 Strategy the implementation of all or some national targets for most SDGs is planned:

| | |
|--|---|
|  Goal 1 | No poverty |
|  Goal 3 | Good health and well-being |
|  Goal 4 | Quality education |
|  Goal 5 | Gender equality |
|  Goal 6 | Clean water and sanitation |
|  Goal 10 | Reducing inequalities |
|  Goal 11 | Target 11.3. Ensure the preservation of cultural and natural heritage with the involvement of the private sector (under SDG 11 'Sustainable cities and communities') |
|  Goal 12 | Responsible consumption and production |
|  Goal 13 | Climate action |
|  Goal 14 | Life below water |
|  Goal 15 | Life on land |
|  Goal 16 | Peace, justice and strong institutions |

In a number of other areas, the sustainable development of agriculture, energy and industry is mentioned. In these areas, in general, we can speak about the inclusion of some targets for such goals as:

| | |
|---|---|
|  Goal 2 | Zero hunger, development of agriculture |
|  Goal 7 | Affordable and clean energy |
|  Goal 9 | Industry, innovation and infrastructure |

For the sustainable development of the economy, it is important to attract domestic and foreign investment and reduce public debt in relation to GDP, which meets some targets of **Goal 17** 'Partnerships for the goals'. In various sections the Strategy also mentions measures

³⁸ Trade and Sustainable Development Governance in Ukraine – The Need for an Integrated Implementation Approach // A4U Analytical Studies and Business Consultations No. 12, July 2018, <https://bit.ly/3kp70Vf>

³⁹ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁴⁰ <https://dixigroup.org/storage/files/2020-05-26/european-green-dealwebfinal.pdf>

⁴¹ UNDP document 'Analysis of the Institutional Environment and Legal Framework that Governs Public Financing of the SDGs', https://www.ua.undp.org/content/ukraine/uk/home/library/democratic_governance/analysis-of-the-institutional-environment-and-legal-framework-th.html

⁴² Resolution of the Cabinet of Ministers of Ukraine, No. 179 dated 3 March 2021, <https://zakon.rada.gov.ua/laws/show/179-2021-%D0%BF#n25>



to create decent jobs, reduce unemployment (in particular among young people), and economic growth based on innovation, which corresponds to **Goals 8** 'Decent work and economic growth'.

At the same time, if we analyse NES-2030 in the context of particular targets under the SDG, we will notice that some targets are not reflected in Strategy's activities. In particular, referring to strategic goal 3 'Ensuring a safe environment for the population' and area 20 'Quality of life' NES-2030 speaks about implementation of national targets related to SDG 6, however, the targets stated contain no proposals concerning centralized water disposal, improved quality of drinking water, etc. At the same time, a number of measures, although not directly defined in accordance with SDG targets, can indirectly influence their implementation.

Thus, in general, NES-2030 is the first high-level long-term strategy that has taken into account Ukraine's commitments to achieve 2030 Sustainable Development Goals to a significant extent. At the same time, so far this has been implemented mainly at the level of goals and sometimes targets, but the Strategy lacks some clearly defined targets and their indicators. Therefore, it is extremely important to prepare and adopt the Action Plan for the implementation of NES-2030, which would take into account SDGs 2030 at the level of performance indicators.

6.4. National Strategy of Regional Development

In August 2020, the Cabinet of Ministers of Ukraine adopted the National Strategy of Regional Development for 2021-2027 (NSRD-2027), which 'defines a general vector of sustainable regional development and is developed in accordance with the Sustainable Development Goals of Ukraine until 2030'. Although the paper repeatedly addresses the Sustainable Development Goals and the importance of sustainable development in various areas of life, it lacks a clear link between Strategy's activities and objectives and the relevant SDG targets and indicators.

NSRD-2027 defines broad comprehensive strategic goals, for which an extensive list of operational goals is proposed. The implementation of regional development programmes and investment programmes will ensure the achievement of the goals set. At the same time, the participation of the public and other stakeholders in the preparation of regional development strategies and programmes is important.

The Strategy addresses the need to implement the Sustainable Development Goals at the regional level and, consequently, the need to build a multi-level SDG monitoring system that will include a mechanism for collecting, analysing, evaluating and reporting particular SDG indicators at regional and local levels.

According to the assessment, the NSRD-2027 does not take into account all the targets for which the MinRegion is responsible. In particular, there are no direct measures for such targets as 6.4 'Increase water use efficiency' and 6.5 'Ensure the implementation of Integrated water resources management', considering that the description of challenges at the beginning of the Strategy includes the issue of water use efficiency and water resources management. At the same time, a number of expert assessment measures will indirectly influence the implementation of some SDG targets, in particular, 12.1 'Reduce the resource intensity of the economy'.

In May 2021, the CMU adopted the Action Plan for the implementation of NSRD-2027 in 2021-2023. As assessed, it includes 14 SDG targets, which have been considered in the study. Referring to SDG 6 'Clean water and sanitation' we talk about financing measures to improve the quality of water supply and sanitation systems (targets 6.1 and 6.2, respectively), in particular by attracting funds from IFIs for these purposes, launching public-private partnership projects and including appropriate investments in national and local investment programmes. Both the Strategy and the Action Plan provide for steps raising energy efficiency.



Chapter 7.

Responsibility of the MinRegion for the implementation of SDGs

7.1. Powers of the MinRegion

Numerous central and local authorities implement measures to promote regional development. At the same time, the Ministry for Development of Communities and Territories of Ukraine (MinRegion) is the main central executive authority responsible for the development and implementation of a government regional policy⁴³. Within the framework of the regional policy, the MinRegion is in charge for building capable communities and stimulating the participation of regions in international and cross-border cooperation programmes, for the implementation of which it:

- sets out priorities for regional development and develops a government strategy of regional development of Ukraine and its implementation plan, coordinates the preparation of regional development strategies;
- promotes integrated socio-economic development of regions;
- evaluates and monitors the implementation of a government regional policy;
- submits proposals to the CMU regarding the distribution of funds from the National Fund for Regional Development (NFRD).

The focus of the MinRegion in the regional policy is primarily on the creation of financially capable territorial communities and a capable network of institutions. We speak here about educational, medical and administrative

institutions that provide for the access to high-quality public services.

When developing and implementing the government regional policy the MinRegion, in particular, is responsible for:

- development of a unified technical, socio-economic policy in the field of drinking water, drinking water supply and sanitation;
- coordination of heat supply schemes for areas with more than 20 thousand inhabitants and regional programmes for the modernization of heat supply systems;
- household waste management, ensuring the development and implementation of national programmes in the field of household waste management, plans and measures in the field of household waste management;
- coordination of activities of local executive authorities in the field of household waste management.

Hence, according to the legislation, the MinRegion is responsible for working out a regional policy and developing communities, but in practice, not all regional development programmes are funded by the MinRegion. Thus, the results of the analysis carried out by the experts of the U-LEAD programme showed that 'the regional development policy is dispersed between 110 government funding programmes and 20 public authorities'⁴⁴,

⁴³ Regulations on the MinRegion, <https://zakon.rada.gov.ua/laws/show/197-2014-%D0%BF#Text>

⁴⁴ Financing of regional and local development from the national budget of Ukraine (Janez Sustersic, Ljubica Kosheliuk, Vitalii Pylypiv), <https://voxukraine.org/finansuvannya-regionalnogo-ta-mistseвого-rozvytku-derzhavnogo-byudzhetu-ukrayiny/>



which negatively affects policy coordination. Accordingly, in practice the experts recommend to make the MinRegion the main entity in charge of the implementation of regional and local development programmes and, respectively, strengthen its coordinating function.

Since 2021 the Sustainable Development Goals have been mandatory for consideration in all government regulatory documents. At the same time, the National Strategy of Regional Development until 2027 already notes that it was developed in accordance with the Sustainable Development Goals of Ukraine until 2030 and is designed to ensure the sustainable development of regions.

The decision to assign the SDGs to responsible ministries was approved in 2018 by the Interagency Group on the SDGs (see the Table in Annex 2). Subsequently, in 2020, the Ministry of Economy proposed to slightly update the distribution of responsibilities, primarily to take into account the new structure of ministries, however, no relevant decision has been made so far.

According to the distribution, the MinRegion has been made responsible for two Sustainable Development Goals: *SDG 6 'Clean water and sanitation'* and *SDG 11 'Sustainable cities and communities'* and targets related to these goals. At the same time, other ministries have been defined responsible for reaching some targets under these SDGs.

At the level of various SDG targets, in accordance with the distribution of the Interagency Group implemented on the basis of legally defined powers and tasks, the MinRegion is involved in the implementation of some targets for several other Sustainable Development Goals:

- *SDG 7 'Affordable and clean energy'*, target 7.1 'Expand infrastructure and modernize networks to ensure reliable and sustainable energy supply through the introduction of innovative technologies';
 - *SDG 11 'Sustainable cities and communities'*, target 11.1 'Provide for affordable housing', 11.2 'Ensure the development of settlements and territories exclusively on the basis of integrated planning and management with public participation', 11.6 'Ensure the development and implementation of local
- development strategies aimed at economic growth, creation of jobs, tourism, recreation, local culture and production of local products';
 - *SDG 12 'Responsible consumption and production'*, target 12.1 'Reduce the resource intensity of the economy', 12.4 'Reduce the amount of waste generated and increase the volume of its processing and reuse based on innovative technologies and production facilities';
 - *SDG 14 'Life below water'*, target 14.1 'Reduce marine pollution', 14.2 'Ensure the sustainable use and protection of marine and coastal ecosystems, increase their sustainability and restore them through innovative technologies';
 - *SDG 16 'Peace, justice and strong institutions'*, 16.7 'Increase the efficiency of national and local governments'.

Of course, the policy of the MinRegion also concerns the implementation of other Sustainable Development Goals. In particular, it concerns *SDG 3 'Good health and well-being'* and *SDG 4 'Quality education'* since the MinRegion is supposed to contribute to the development of a capable network of measures that can ensure access to high-quality educational and medical services. The same reservations can be made for other SDGs. As the MinRegion is responsible for regional development, its scope of influence includes SDG 1 'No poverty', SDG 2 'Zero hunger, development of agriculture', and SDG 8 'Decent work and economic growth', etc.

However, for the purposes of this study ***the incorporation of those sustainable development goals and targets in strategic papers and government funding programmes will be evaluated, for which the MinRegion is responsible in accordance with the distribution made by the Interagency Group.***

7.2. Regional development financing: subventions

The assessment of incorporation of SDGs in strategic and policy papers showed that most often the texts of the papers do not contain an expected amount of funding defined for relevant strategies and programmes. The assessment of



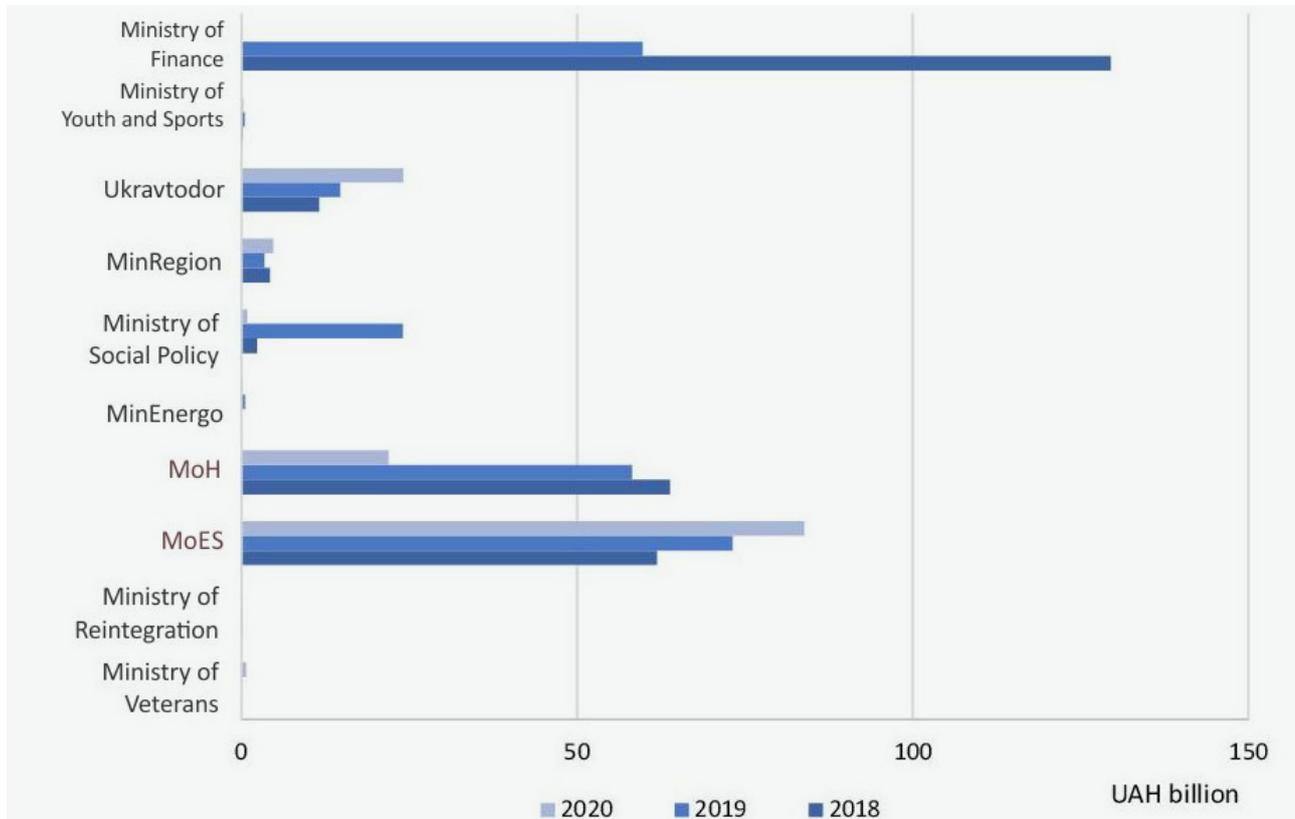
the necessary funding is included in two of the documents analysed: the concept of the National Target Social Programme 'Drinking water of Ukraine' for 2022-2026 and the National Target Programme for the Restoration and Development of Peace in Eastern Regions of Ukraine.

Often the amount of funding is defined as 'within the limits of national budget allocations', which does not allow us to actually implement all the measures set forth, as well as to evaluate the true plans of relevant authorities before the targets are implemented. In general, most often budget requests for financing various activities and strategy targets as well as the request of the MinRegion, which was submitted as part of the preparation of the Budget Declaration for 2022-2024, exceed the amounts provided for in the budget-related laws and the Declaration already adopted.

26 documents analysed declaratively determine the sources of financing, which include funds from the state and local budgets, as well as other sources that are not prohibited by law. At the same time, we often speak not about private financing, but financing from IFIs. In some cases, it is planned to introduce public-private partnership projects in the field of water supply, sanitation, and heat supply. However, the planned amounts of funding are not determined by sources.

Adopted strategies and programmes also often become the basis for creating or changing government funding programmes. That is why passports of individual government funding programmes frequently contain links to the relevant regulations. However, not all the documents are taken into account in government funding programmes.

Figure 8. Financing of subventions



Source: SSSU

Traditionally, the activities of government programmes and strategies as well as national programmes are financed via numerous subventions from the national budget to local budgets (in fact, subventions are the targeted transfers). We also speak about financing

regional development programmes under various sustainable development goals. At the same time, a number of reforms have been implemented in recent years, under which subvention financing has gradually decreased from about UAH 270 billion in 2018 to UAH 136 billion



in 2020. This was primarily done to improve the budget expenditure efficiency.

In particular, subventions for financing social payments to various categories of the population (such as families with children and low-income families), managed by the Ministry of Finance in 2018 and 2019, were centralised at the level of the government funding programme of the Ministry of Social Policy to increase the efficiency and timeliness of financing relevant expenditures. The subvention for housing and public utility benefits and subsidies was replaced by direct transfers to the population as part of the monetization reform of this type of social support. These costs primarily correspond to SDG 1 *'No poverty'*.

Since 2018, the medical subvention corresponding to SDG 3 has gradually been replaced with direct payment for medical care by the National Health Service of Ukraine (NHSU) to health care institutions (HCI). At the same time, as part of the fight against Covid-19 in 2020, a number of other subventions were introduced for the purchase of equipment and products and implementation of repairs in HCIs. These subventions, managed by the Ministry of Health (MoH), correspond to SDG 3 *'Good health and well-being'*.

The educational subvention remains to be the largest subvention received by territorial communities to finance general secondary education, which is managed by the Ministry of Education and Science (MoES). There are also subventions for the purchase of equipment and renovation of schools. These subventions correspond to SDG 4 *'Quality education'*.

Regional development is also supported by a socio-economic subvention, which was traditionally managed by the Ministry of Finance, but in 2019-2020 this programme was managed by the MinRegion. At the same time, this subvention is assessed as an inefficient and opaque type of support, since its distribution is influenced by deputies, and therefore most often they are received not by those communities that are most in need, but by those where the position of people's deputies is strong.⁴⁵

Funding for these subventions is distributed across several sustainable development goals, the main ones being SDG 1, SDG 3 and SDG 4.

Subventions managed by the MinRegion relate to regional development provided for by various sustainable development goals. They concern primarily the construction or renovation of hospitals, cultural and educational institutions that partially comply with SDG 9 *'Industry, Innovation and infrastructure'* as well as SDG 3 and SDG 4. In 2020, against the background of the need to increase the capacity of HCIs due to the fight against Covid-19, several subventions were introduced specifically for SDG 3.

Subventions finance the construction of a defined list of local roads as well, which also corresponds to SDG 9 *'Industry, innovation and infrastructure'*. Ukravtodor is the manager of funds under the relevant government funding programmes. At the same time, subventions for some roads are registered as separate government funding programmes, which is hardly always efficient, in particular, given that it is difficult to use savings on the construction of a particular road for the construction of another one. So, in 2020, there were 15 subventions for the construction of particular roads.

In 2019, there was also financed a subvention to local budgets for the implementation of environmental protection measures at municipal property facilities in the amount of UAH 0.5 billion, which was managed by the Ministry of Energy and Environmental Protection of Ukraine⁴⁶. In 2018 and 2020, there was no such subvention. It was stated in the Procedure for using corresponding subvention funds⁴⁷ that it is directed to the protection and rational use of water resources, protection of atmospheric air, protection and rational use of natural plant resources, protection and rational use of wildlife resources (except for the construction and arrangement of shelters for keeping homeless animals), the rational use and storage of industrial and household waste. So, the corresponding subvention concerned targets related to SDG 6 *'Clean water and sanitation'* as well as SDG 12 *'Responsible consumption and production'*.

⁴⁵ Please see, inter alia, the following publications: <https://voxukraine.org/subventsiyi-na-sotsialno-ekonomichnij-rozvitok-yak-zupiniti-politichnij-rozpodil-byudzhethnih-koshitiv/>, <https://www.oporaua.org/news/parliament/22813-neformalni-deputatski-fondi-povertaiutsia-za-koshhti-platnikov-podatkov>

⁴⁶ In 2020, this Ministry was divided into two ones: the Ministry of Energy of Ukraine and the Ministry of Environmental Protection and Natural Resources of Ukraine.

⁴⁷ Resolution of the CMU No. 228 dated 20.03.2019, <https://zakon.rada.gov.ua/go/228-2019-%D0%BF>



In general, a large number of different types of subventions, each of them being a separate government funding programme, are not in line with the best world practices. Scattered financing of regional development activities under various programmes and managers does not contribute to the efficient use of taxpayer funds. And in the absence of clear goals and defined performance indicators for the relevant programmes, it appears extremely difficult to assess the efficiency of corresponding expenditures. It is therefore important to conduct reviews of expenditures under the relevant government funding programmes.

A positive direction in recent years has been the consolidation of individual subventions from 2020 into a single government funding programme for financing social support at the level of the Ministry of Social Policy and monetization of housing and public utility benefits and subsidies.

7.3. Government funding programmes of the MinRegion in 2018-2020

Over the past few years, there has been a number of changes in the list of programmes of the MinRegion, which are explained by significant fluctuations in the financing of the Ministry (see Annex 10.5). First of all, we speak about government funding programmes of the MinRegion itself (excluding the programmes of lower-level managers): 14 programmes with actual funding of UAH 2.4 billion in 2018, 12 with funding of UAH 2.1 billion in 2019 and 10 for the amount of UAH 0.5 billion in 2020. At the same time, the number of lower-level managers has been reduced from two to one, as the State Agency on Energy Efficiency and Energy Saving has become subordinate to the Ministry of Energy since 2020. It is this Agency that finances the Warm Loans Programme, which is expected to increase energy efficiency in residential buildings (see Annex 10.6).

Table 1: Government funding programmes of the MinRegion, actual funding

| | 2018 | | 2019 | | 2020 | |
|--|------|-------------|------|-------------|------|-------------|
| | pcs | billion UAH | pcs | billion UAH | pcs | billion UAH |
| Government funding programmes of the MinRegion | 14 | 2.40 | 12 | 2.05 | 10 | 0.49 |
| <i>Implementation of the National Target Programme 'Drinking Water of Ukraine'</i> | 1 | 0.14 | – | – | – | – |
| <i>Financing of the Energy Efficiency Fund</i> | 1 | 1.50 | 1 | 1.22 | 1 | 0.00 |
| <i>National Fund for Regional Development</i> | 1 | 3.80 | 1 | 5.49 | 1 | 4.37 |
| National government funding programmes of the MinRegion | 6 | 8.03 | 7 | 8.90 | 12 | 9.06 |
| Loan programmes where the main manager of funds is the Minregion | 5 | 1.58 | 7 | 1.68 | 8 | 1.76 |
| <i>Loan repayment</i> | 2 | –0.07 | 3 | –0.07 | 4 | –0.08 |
| <i>Borrowings</i> | 3 | 1.64 | 4 | 1.74 | 4 | 1.84 |
| Programmes of implementers (lower level managers) | 4 | 0.66 | 3 | 0.80 | 1 | 0.16 |
| <i>State Architectural and Construction Inspectorate of Ukraine</i> | 2 | 0.19 | 1 | 0.19 | 1 | 0.16 |
| <i>State Agency on Energy Efficiency and Energy Saving of Ukraine</i> | 2 | 0.47 | 2 | 0.60 | n/a | n/a |

Source: SSSU

The rapid reduction in funding for MinRegion's own programmes in 2020 was primarily due to the lack of funding for the Energy Efficiency Fund. This was a consequence of the revision of the national budget in April 2020, when the government changed the budget, taking into account Covid-19 challenges. As a result, there were resources on

Fund's accounts but no full-fledged activities of the Fund⁴⁸.

⁴⁸ At the same time, it is noteworthy that based on the results of the audit of the efficiency of budget execution for the implementation of the National Target Economic Programme for Energy Efficiency in 2016-2018 the Audit Office concluded that the funds for the relevant programme were used inefficiently, there were problems with budget planning and control over the use of funds and duplication in the functions of the Agency on Energy Efficiency and the Energy Efficiency Fund, https://rp.gov.ua/upload-files/Activity/Collegium/2019/6-3_2019/R_RP_6-3_2019.pdf



Another source of financing of government funding programmes of the MinRegion is soft lending from IFIs⁴⁹. Loans, in particular, finance the programme *'Development of urban infrastructure and activities in the district heating sector of Ukraine, development of the water supply and sanitation system in the city of Mykolaiv, reconstruction and development of the municipal water management system in Chernivtsi'*, the financing of which amounted to UAH 1.6 billion in 2018, UAH 1.5 billion in 2019 and UAH 1.8 billion in 2020. At the same time, the financing of the *Municipal Infrastructure Development Programme*, although it was planned for all these years, has not started, though the project is an important source of financing for projects in the field of heat supply, energy efficiency of buildings and outdoor lighting of populated areas. In 2020, the MinRegion noted that the lack of finance under the Programme is a consequence of lengthy procedures and the need to update the feasibility study.

In general, the financing of government funding programmes, where the MinRegion is the main manager of budget funds, is determined annually in a one-year national budget. Resources are allocated from both general and special purpose⁵⁰ funds. In particular, the Special Fund finances the following:

- government funding programme 2751270 *'Support to Ukraine's Regional Policy'* with a source of financing being the *'Sectoral support from the European Union'*,
- government funding programmes *'Implementation and coordination of activities of the Urban Infrastructure Development Project, activities in the district heating sector of Ukraine, the Emergency Loan Programme for Ukraine and the Municipal Infrastructure Development Programme of Ukraine'* and the *'Subvention from the national budget to local budgets for the implementation of projects under the Emergency Loan Programme for the Reconstruction of Ukraine'*, which are financed at the expense of IFIs' soft loans. Agreements signed with IFIs on providing loans contain the total amount of financing for relevant projects.

The National Target Programme *'Drinking Water of Ukraine'* for 2011-2020⁵¹ was financed only in 2011, 2012, and 2018. It is the Programme that corresponds to SDG 6 *'Clean water and sanitation'*, however, unfortunately, it has not become a priority for the government. This is despite the fact that there was a corresponding government programme and relevant activities were provided for in a number of national strategic and policy papers. Accordingly, most of the Programme's activities were not implemented, which, in particular, is discussed in the *National Report on the Quality of Drinking Water and the State of Drinking Water Supply in Ukraine in 2019*.⁵² Due to the completion of the previous programme against the background of unresolved problems, in particular the low quality of drinking water, a large part of the population that does not have a centralised water supply and sanitation yet, high discharge of polluted municipal and industrial wastewater, the question arose regarding the further steps to be taken by the state to provide the population with high-quality drinking water. Accordingly, in 2021, the concept of the updated Programme *'Drinking Water of Ukraine'* for 2022-2026 was approved.⁵³ The draft national budget for 2022, which was submitted by the government to the Parliament, did not provide funds to finance the Programme, although the indicators of the Budget Declaration for 2022-2024 show that such funding was probably reserved at the expense of funding from IFIs. The lack of the funding could be a consequence of the failure to adopt a draft Law on the National Target Social Programme *'Drinking Water of Ukraine'* for 2022-2026, which the government submitted to the Parliament on 2 July 2021 and which has not yet been voted even in the first reading.⁵⁴ At the same time, the approved Law on the National Budget for 2022 provides for the financing of this Programme in the amount of UAH 1.0 billion. That said, the adoption of the Target Program by the Members of Parliament is urgent for the timely financing of relevant measures.

⁵¹ Law of Ukraine No. 3933-VI dated 20 October 2011, <https://zakon.rada.gov.ua/laws/show/3933-17#Text>

⁵² National Report on the Quality of Drinking Water and the State of Drinking Water Supply in Ukraine in 2019, <https://www.minregion.gov.ua/napryamki-diyalnosti/zhkh/teplo-vodopostachannya-ta-vodovidvedennya/natsionalna-dopovid/nacjonalna-dopovid-pro-yakist-pytnoyi-vody-ta-stan-pytnogovodopostachannya-v-ukrayini-za-2019-rik/>

⁵³ Order of the CMU No. 388-r dated 28 April 2021, <https://zakon.rada.gov.ua/laws/show/388-2021-%D1%80#Text>

⁵⁴ Draft Law No. 5723 dated 2 July 2021, http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=72415

⁴⁹ Information about all projects, including agreements and funding amounts, is available on the Open Data Portal *'Register of IFIs' Projects'*, <https://proifi.gov.ua/>

⁵⁰ Expenses of the Special Fund are financed from incomes that has a specific purpose.



The largest government funding programme, where the MinRegion is the main manager of funds, is the National Fund for Regional Development (NFRD), which is designed to finance regional projects selected for financing.⁵⁵ Although according to the Budget Code of Ukraine, funding for the NFRD should amount to at least 1% of the planned revenues of the General Fund of the national budget, in practice this norm is not met. In particular, in 2018-2020, part of the funds reserved in the first version of the draft Law on the National Budget that the government submitted to the Parliament was transferred during the budget process to finance subventions to local budgets for the implementation of socio-economic development of particular territories. At the same time, in 2018-2019, the main manager of budget funds under this Programme was the Ministry of Finance, and therefore this Programme is present in the analysis only with 2020 indicators.

7.4. Government funding programmes of the MinRegion and SDGs

The objective of the government policy, to be achieved with the help of the government funding programme, the goal of the programme and relevant performance indicators are defined in the passports of respective government funding programmes (see Box 2). In particular, the objectives and goals of programmes are often defined in a fairly general way and contain wording such as:

- Ukrainians receive high-quality utility services // Improving the quality of service delivery and energy efficiency by public utilities in the field of water supply, sanitation, heat supply;
- Ukrainians receive high-quality utility services // Upgrading and/or minimizing the deterioration of the urban infrastructure of Ukraine;
- Ukrainians living in 'depressed regions' have sufficient opportunities for development // Implementation of measures within the framework of sectoral support from the European Union;

- Ukrainians have comfortable and affordable housing // Providing internally displaced persons, participants of the Anti-Terrorist Operation (ATO) and/or participants of the Joint Forces Operation (JFO) with housing;
- Ukrainians receive high-quality utility services // Ensuring the implementation and coordination of joint projects with the IBRD and EIB for infrastructure rehabilitation, replacement and modernisation of equipment at selected public utilities to reduce serious risks to public health and the environment.

Analysis of the performance indicators of government funding programmes, which are defined in their passports, indicates that they do not mention SDGs 30 at the level of targets and indicators. Cost indicators for government funding programme passports contain the amount of national budget expenditures, including financing through soft loans from IFIs. The programmes for which purchases are provided contain information about the cost of purchases. Also, some programmes define the necessary personnel and financing for business trips. In particular, for programmes that require the involvement of experts and consultants, their number and amount of remuneration are specified.

Product indicators, in particular, contain the number of soft loans granted, projects financed at the expense of the NFRD or IFIs, the number of devices or equipment purchased, the number of facilities built/reconstructed, etc. These indicators help understand what funds were spent under the programme. At the same time, there are indicators that are hardly informative and can hardly help assess the efficiency of financing the events, such as the number of business trips, the number of audits, the number of meetings and decisions made.

As a result, the performance indicators provided often do not relate to the goals of government funding programmes at all, as they are most often defined as the average cost of the project, expert or business trip. In other words, the passports of government funding programmes do not actually contain the target indicators that are planned to be achieved through their financing. Some quality indicators, which often include percentage indicators of the extent of implementation of particular projects, also do not help.

⁵⁵ Please see the Report 'Development Finance Assessment in Ukraine' to analyse financing of the NFRD, describe the selection of projects, and possible shortcomings in the programme design.



Box 3. Budget documents of the main managers of budget funds

The Budget Code provides for several important documents for financing government funding programmes that are prepared by main managers of budget funds (MMBF). Thus, the MMBF prepares a budget request, which is submitted for the medium term to the Ministry of Finance and contains proposals with appropriate justification of the amount of budget funds required to perform the functions assigned to it, as well as performance indicators⁵⁶.

Within 45 days from the entry into force of the Law on the National Budget, the MMBF develops and approves, in coordination with the Ministry of Finance, a one-year passport of a government funding programme. This is a document that defines the purpose, objectives, and areas of use of budget funds, responsible implementing entities, performance indicators and other characteristics of the government funding programme in accordance with the budget purpose established by the Law on the National Budget of Ukraine (decision on the local budget).⁵⁷

The government funding programme passport defines several types of performance indicators:⁵⁸

- expenditures: they determine the volume and structure of resources that ensure the implementation of the government funding programme, and characterise the expenditure framework,
- product: it describes the results of the activities of the main manager for the corresponding budget period within the government funding programme,
- efficiency: it characterises the economic efficiency in spending budget funds, the efficiency in delivering public services, defines the cost of resources per unit of product indicator;
- quality: they characterise the dynamics of achieving the goal and targets of the government funding programme, the compliance of the created product with the established standards (norms), the extent of implementation of investment projects, work performance, the extent of readiness of construction projects, the quality of a product created.

In addition, according to the order of the Ministry of Finance, these performance indicators must meet SMART criteria. At the same time, the assessment shows that government funding programmes often have performance indicators that are far from these criteria, which does not let us assess the efficiency of financing.

The programme 2751570 'Implementation of the National Target Programme 'Drinking water of Ukraine', adopted in 2018 is an exception among relevant government funding programmes. The targets in this programme are based completely on the targets and indicators of SDG 6 'Clean water and sanitation'. A partial efficiency analysis is also possible for energy efficiency programmes that the MinRegion is responsible for: quality indicators show the savings of natural gas as a result of the implementation of energy efficiency projects (Annex 10.6).

However, most often government funding programme passports of the MinRegion do not have interlinked goals, key performance Indicators and SDG targets, for which the Ministry is responsible, which is common for most government funding programmes in Ukraine. There is also no information about financing of various targets under the consolidated government funding programme. At the same time, it is noteworthy that since 2021, the main managers of budget funds have begun to publish reports on the implementation of government funding programme passports in a new form⁵⁹ where they are expected to specify the reasons for deviations between planned and actual indicators and to publish the results of evaluation of the efficiency of programmes,

⁵⁶ Article 2 of the Budget Code of Ukraine, <https://openbudget.gov.ua/budget-literacy/glossary/017>

⁵⁷ Article 2 of the Budget Code of Ukraine (<https://openbudget.gov.ua/budget-literacy/glossary/044>).

⁵⁸ Order of the Ministry of Finance of Ukraine 'On Government Funding Programme Passports', No. 1098 dated 29 December 2002, as amended, Order of the Ministry of Finance of Ukraine 'On Performance Indicators of the Government Funding Programme' No. 1536 dated 10 December 2010.

⁵⁹ Reports on the implementation of government funding programme passports of the MinRegion are available at: <https://www.minregion.gov.ua/about/funding/zvity-pro-vykonannya-pasportiv-byudzhetnyh-programme-za-2020-rik/>.



which was done by the MinRegion in relation to the year 2020⁶⁰. The results of evaluation of the efficiency of programmes are presented not only for MinRegion's own programmes, but also for national government funding programmes (subventions), which corresponds to the principles of accountability and transparency in the public sector. Finally, these documents provide information on deviations between planned and actual funding and performance indicators.⁶¹ At the same time, we speak specifically about evaluating the efficiency and impact of financing on achieving the set goal and particular targets of government funding programmes. This, in particular, can be explained by the shortcomings of some goals and targets of government funding programmes.

Due to the lack of clear references to the SDGs in government funding programmes, the study attempted to build logical links between the performance indicators for government funding programmes of the Ministry and the SDGs 2030 as well as the targets for which the Ministry is responsible within the framework of implementation of SDGs 2030. According to the expert assessment, most of the government funding programmes under which the MinRegion is the main manager are aimed at achieving SDG 3 'Good health and well-being' (13 programmes), SDG 4 'Quality education' (12 programmes) and SDG 11 'Sustainable development of cities and communities' (13 programmes). However, the first two of these SDGs are primarily the goals of national government funding programmes of the MinRegion, the funding for which is provided in the form of subventions to the regions, and they concern the SDGs, for which other ministries are responsible.

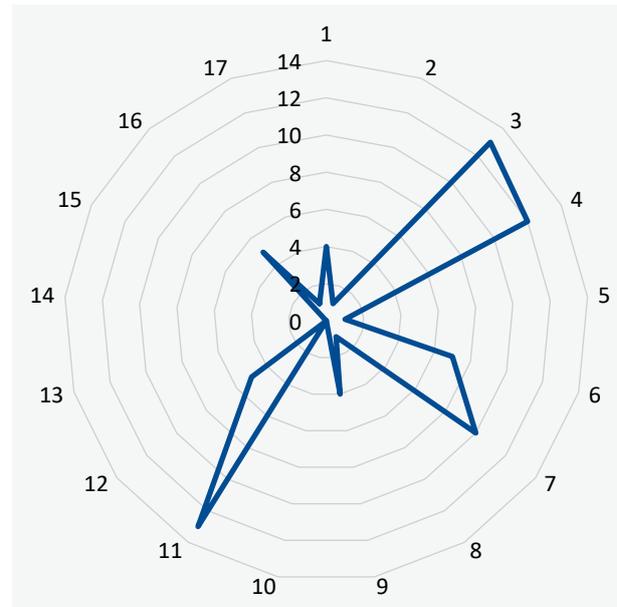
Also, according to the expert assessment ten government funding programmes are designed to contribute to the achievement of SDG 7 'Affordable and clean energy' and seven – to the achievement of SDG 6 'Clean water and sanitation'. Five government funding programmes allocate funds to achieve SDG 12 'Responsible consumption and production'. The procedure for using funds under the programme

⁶⁰ Evaluation of the efficiency of government funding programmes of the MinRegion in 2020 are available at: <https://www.minregion.gov.ua/about/funding/rezultaty-ocinky-efektyvnosti-byudzhetnyh-programme-za-2020-rik/>

⁶¹ It is noteworthy that these documents are not submitted in the format of open (machine-readable) data, which complicates the analysis.

'Subvention from the national budget to local budgets for building the infrastructure for amalgamated territorial communities' takes into account gender mainstreaming.

Figure 9: Assessment of distribution of government funding programmes of the MinRegion by Sustainable Development Goals, based on the number of programmes



Source: Expert assessment

As part of the Rapid Integrated Assessment, an attempt was also made to assess the expenditures under government funding programmes, where the MinRegion is the main manager of funds, according to the SDGs 2030 targets, for which the Ministry is responsible. In accordance with the assessment not all of the above SDGs received funding during 2018-2020 (please see Figure 10 showing an assessed distribution of total funding over three years). Thus, the analysis of reports on budget passports and the results of performance evaluation shows that most of the funding was directed to the following SDG 2030 targets:

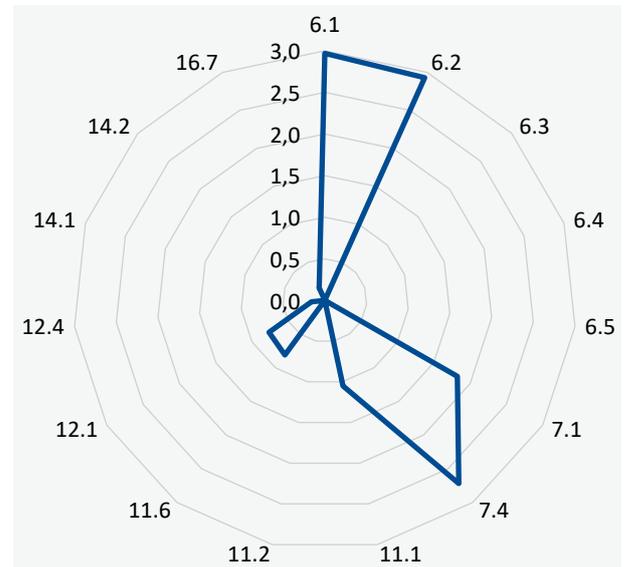
- 6.1. Ensure the availability of high-quality services for the supply of safe drinking water, construction and reconstruction of centralized drinking water supply systems using the latest technologies and equipment;
- 6.2. Ensure the availability of modern drainage systems, construction and reconstruction of water intake and sewage treatment plants using the latest technologies and equipment;



- 7.1. *Expand infrastructure and modernise networks to ensure reliable and sustainable energy supply through introduction of innovative technologies and*
- 7.4. *Increase energy efficiency of the economy.*

However, it is noteworthy that the reports analysed rarely contain information on detailed expenditures in the context of budget use areas, which would make them clearly linked to the targets of sustainable development goals. Therefore, the Figure shows an expert assessment, which may differ slightly from actual indicators. However, this will not change the ranking of selected SDG 2030 targets based on budget expenditures of the national budget for their achievement.

Figure 10: Assessment of distribution of expenditures under government funding programmes of the MinRegion in relation to SDG 2030 targets, total in 2018-2020, billion UAH



Source: Expert assessment



Chapter 8.

Responsibility of the MinEnergo and MinEcology for the implementation of SDGs

8.1. Powers of the MinEnergo and MinEcology

In recent years, there have been several changes in the structure of the Cabinet of Ministers of Ukraine, in particular regarding linear ministries responsible for policy development and financing of government funding programmes in the field of energy and environmental protection. Until September 2019, two different ministries were responsible for these two areas: the Ministry of Energy and Coal Industry of Ukraine and the Ministry of Ecology and Natural Resources of Ukraine, which were merged at the end of 2019. However, in 2020, this newly created Ministry of Energy and Environmental Protection of Ukraine was divided into the Ministry of Energy and the Ministry of Environmental Protection and Natural Resources of Ukraine.

In accordance with the current legislation the powers of the **MinEnergo** include the following⁶²:

- development and implementation of the national policy in the power, nuclear-industrial, coal-industrial, peat-producing, oil and gas, oil and gas processing sectors (the fuel and energy sector);

- development and implementation of the national policy in the field of efficient use of fuel and energy resources, energy saving, renewable energy sources and alternative fuels (except for issues dealing with energy efficiency of buildings and other constructions) and in the field of supervision (control) in the power and heat supply sectors.

The tasks of the MinEnergo are defined as the development and implementation of a government policy in the fuel and energy sector, in the field of efficient use of fuel and energy resources, energy saving, renewable energy sources and alternative fuels, as well as supervision in these sectors. In addition, the Ministry exercises government control in the field of nuclear energy and radiation safety. The Ministry also sets priorities for the development of these areas.

According to the distribution of the Interagency Working Group on the SDGs (2018), the MinEnergo has been designated as the ministry responsible for fulfilling targets of SDG 7 'Affordable and clean energy' (please see Annex 10.4). At the same time in terms of targets for this goal only the first two targets are assigned to the MinEnergo:

- 7.1. Expand infrastructure and modernise networks to ensure reliable and sustainable energy supply through implementation of innovative technologies – together with the MinRegion;

⁶² Resolution of the CMU 'On Approval of the Regulations on the MinEnergo', No. 507 dated 17 June 2020, <https://zakon.rada.gov.ua/laws/show/507-2020-%D0%BF#Text>



- 7.2. To diversify the supply of primary energy resources.

The State Agency on Energy Efficiency, which has been subordinate to the MinEnergO since 2020, while in 2018-2020 it was under the MinRegion, is responsible for fulfilling the other two targets of this goal. The MinEnergO has also been identified as one of the responsible ministries for two more targets of other SDGs 2030:

- 9.4. Promote the accelerated development of high- and medium-high-tech sectors of the processing industry, which are formed on the basis of 'Education – Science – Production' chains and a cluster approach in the areas of: development of an innovative ecosystem; development of information and telecommunications technologies (ICT); application of ICT in the agro-industrial complex, energy, transport and industry; high-tech engineering; creation of new materials; development of pharmaceutical and bioengineering industries;
- 12.1. Reduce the resource intensity of the economy (this includes, in particular, programmes for the reorganization of coal mining companies).

In accordance with current regulations on the **MinEcology**⁶³ the Ministry:

- develops and implements a government policy in the field of environmental protection and within the limits of powers provided for by law, biological and genetic safety;
- develops and implements a government policy in the field of forestry and hunting within the limits of the powers provided for by law;
- develops a government policy in the areas of water management development, management, use and reproduction of surface water resources; geological study and rational use of subsurface resources; management of the exclusion zone and the zone of unconditional (mandatory) resettlement, overcoming the consequences of the Chernobyl disaster, decommissioning of the Chernobyl nuclear power plant and the transformation of the shelter facility into an environmentally safe

system as well as public administration in the field of radioactive waste management at the stage of its long-term storage and disposal (radioactive waste management).

Hence, the range of tasks for which the MinEcology is responsible is large and concerns, in particular, the following areas:

- environmental protection and, within the limits of the powers provided for by law, biological and genetic safety;
- geological study and rational use of mineral resources;
- management of waste, in particular radioactive waste with hazardous chemicals;
- handling of pesticides and agrochemicals;
- overcoming the consequences of the Chernobyl disaster;
- radiation protection;
- rational use, reproduction and protection of natural resources;
- protection and rational use of land;
- conservation, reproduction and sustainable use of biological and landscape diversity, protection, use and reproduction of forests, development, conservation and use of an ecological network;
- organization of protection and use of the nature reserve fund;
- atmospheric air protection, monitoring, reporting and verification of greenhouse gas emissions from installations located on the territory of Ukraine;
- development of water management, management and control over the use of water resources, protection and reproduction of water resources.

The MinEcology exercises government supervision in these areas, and is also responsible for environmental impact assessment, strategic environmental assessment, and prioritisation in these areas.

According to the decision of the Interdepartmental Working Group (2018), the MinEcology was made responsible for achieving the following ecological sustainable development goals:

⁶³ Resolution of the CMU 'Some Issues of the Ministry of Environmental Protection and Natural Resources', No. 614 dated 25 June 2020, <https://zakon.rada.gov.ua/laws/show/614-2020-%D0%BF#Text>



| | | |
|--|----------------|-------------------------|
| | Goal 13 | Climate action |
| | Goal 14 | Life below water |
| | Goal 15 | Life on land |

The Ministry, together with other ministries, is responsible for the implementation of most of the objectives of these sustainable development goals (see Annex 10.4). The MinEcology is in charge of actions under several other targets, in particular, actions within SDG 6 'Clean water and sanitation' and SDG 12 'Responsible consumption and production'.

8.2. Government funding programmes of the MinEnergO and MinEcology

Changes in the structure of ministries responsible for the environment and energy as well as in subordination of various entities produce a negative impact on the sustainability of policies in these areas. However, even so, there has been progress and positive changes that have contributed to approaching the Sustainable Development Goals through reaching some targets (as discussed in Section 5)⁶⁴.

Since the structure of the authorities responsible for energy and environmental policies has changed, programmes have migrated accordingly from one budget manager to another. The MinRegion was the manager of funds for financing some programmes in this area, in particular, we speak about financing the State Agency on Energy Efficiency and Energy Saving of Ukraine, which passed under the umbrella of the MinEnergO in 2020. Such changes make it difficult to compare the amount of funding for particular programmes by years (see Annex 10.7).

Table 2 shows government funding programmes of the relevant ministries in 2018-2020. In 2020, there were 13 and 9 direct government funding programmes of the MinEnergO and MinEcology (excluding the programmes of lower-level managers), respectively. The largest share of funding for energy programmes was for the support of the

coal industry. At the same time, the programme of the State Agency for Water Resources of Ukraine '*Operation of the Water Management System and Water Resources Management*' accounted for significant funding in environmental areas. Against the background of the change in the structure of the Cabinet of Ministers of Ukraine, the State Agency for Fisheries and the State Forest Resources Agency became subordinate to the MinEcology (at the same time, in 2021, the State Agency for Fisheries again passed under the Ministry of Agrarian Policy, after its restoration). In 2019, the MinEnergO had one national government funding programme 'Subvention from the national budget to local budgets for the implementation of environmental protection measures at municipal property facilities', which was no longer funded in 2020. However, in 2020, the MinEnergO had another national government funding programme – 'Subvention from the national budget to local budgets to finance measures of socio-economic risk compensation to the population living in the observation zone'.

Although the MinEnergO is responsible for the energy efficiency policy, until 2020 the main manager of budget funds for both key programmes on energy efficiency in residential buildings – 'Warm Loans', for which the State Agency on Energy Efficiency and the Energy Efficiency Fund are responsible – was the MinRegion (see Annex 10.6). Since 2020, the State Agency on Energy Efficiency has become subordinate to the MinEnergO.

The MinEnergO is responsible for developing a government coal mine management policy. Numerous governments announce plans to restructure mines and liquidate the most unprofitable or inefficient ones. Accordingly, the national budget most often includes money for two subsidy programmes: restructuring and liquidation of state-owned coal mines. Moreover, initially the first one always has a significant investment component, but traditionally during the budget year, funds are actually transferred to the maintenance of mines and payment of wages to their employees. So, in 2019 and 2020, there were five different government funding programmes that supported coal mining companies. In 2020, support for the coal mining industry amounted to UAH 5.7 billion, or 92% of the total funding of MinEnergO's programmes (excluding funding for the programmes of lower-level managers).

⁶⁴ Deepening EU-UKRAINIAN relations: Updating and Upgrading in the Shadow of COVID-19. Third edition, <https://3dcftas.eu/ua/publications/deepening-eu-ukrainian-relations-updating-and-upgrading-in-the-shadow-of-covid-19-third-edition>

**Table 2:** Government funding programmes of the MinEnergy and MinEcology, actual funding

| | 2018 | | 2019 | | 2020 | |
|--|-------------------------------|-------------|--------------|------|-------------|-------|
| | pcs | billion UAH | pcs | pcs | billion UAH | pcs |
| Ministry of Energy and Coal Industry of Ukraine | 17 | 4.00 | - | - | - | - |
| MinEcology and Natural Resources of Ukraine | 9 | 1.16 | - | - | - | - |
| Ministry of Energy and Environmental Protection of Ukraine (Minecoenergo) | - | - | 21 | 5.70 | - | - |
| Ministry of Energy of Ukraine | - | - | - | - | 13 | 6.15* |
| Ministry of Environmental Protection and Natural Resources of Ukraine | - | - | - | - | 9 | 0.66 |
| <i>Government support in the field of coal mining</i> | 6 | 3.35 | 5 | 4.20 | 5 | 5.65 |
| Programmes of implementing entities (managers of the lower level) | 22 | 8.05 | 29 | 8.33 | 31 | 9.01 |
| <i>Subordination</i> | Ministry of Natural Resources | | Minecoenergo | | ** | |
| <i>State Service of Geology and Mineral Resources of Ukraine</i> | 3 | 0.15 | 2 | 0.14 | 2 | 0.10 |
| <i>State Environmental Inspectorate of Ukraine</i> | 1 | 0.39 | 1 | 0.37 | 1 | 0.38 |
| <i>National Commission for Radiation Protection of the Population of Ukraine</i> | 1 | 0.95 | n/a | n/a | n/a | n/a |
| <i>State Agency of Water Resources of Ukraine</i> | 9 | 4.33 | 10 | 4.37 | 8 | 4.75 |
| <i>State Agency of Ukraine for the Management of the Exclusion Zone</i> | 8 | 2.23 | 7 | 2.33 | 8 | 2.09 |
| <i>State Agency for Fisheries of Ukraine</i> | n/a | n/a | 5 | 0.42 | 3 | 0.41 |
| <i>State Forest Resources Agency of Ukraine</i> | n/a | n/a | 3 | 0.55 | 6 | 0.65 |
| <i>State Inspectorate of Ukraine for Energy Supervision</i> | n/a | n/a | 1 | 0.16 | 1 | 0.19 |
| <i>State Agency on Energy Efficiency and Energy Saving of Ukraine</i> | n/a | n/a | n/a | n/a | 2 | 0.44 |
| National government funding programmes of the Minecoenergo | n/a | n/a | 1 | 0.48 | n/a | n/a |
| National government funding programmes, MinEnergy | n/a | n/a | n/a | n/a | 1 | 0.11 |

Note:

* Excluding UAH 32.2 billion paid in the form of compensation to the NJSC Naftogaz for economically sound expenses incurred in order to fulfill the special duties assigned to it in accordance with Article 11 of the Law of Ukraine 'On the Natural Gas Market' to ensure public interests in the functioning of the natural gas market, reduced by the income received in the course of performing such special duties, and taking into account the permissible level of profit.

** The last two lower-level managers fall under the MinEnergy, all the others – under the MinEcology.

Source: SSSU

In fact, the passports of government funding programmes *to support the coal industry* do not contain goals and performance indicators that would correlate with indicators and targets defined by the Sustainable Development Goals in the field of energy or environmental protection. Instead, government funding is aimed at paying wages to employees of coal mining companies: in 2020, 98.7% of funding under the largest programme – restructuring of the coal industry – was directed to payment of wages.

As an example, a study carried out by DixiGroup showed that national budget expenditures on the restructuring of the coal industry are not efficient⁶⁵. At the same time, the volume and directions of budget financing for the coal industry did not fully correspond to current policy and strategic papers, and the forecast goals were not achieved. An increase in fund-

⁶⁵ DixiGroup study 'Evaluating the Efficiency of Public Spending on Coal Industry Restructuring', <https://ua.boell.org/sites/default/files/2021-02/Otsinka%20efektyvnosti%20derzhvydatkiv%20na%20restrukturizatsiu%20vugilnoi%20galuzi.pdf>



ing to support the industry does not lead to an increase in coal production and sales, as the industry requires investment.

According to the expert assessment, the costs of supporting the coal industry were distributed between SDG 7 'Affordable and clean energy' and SDG 12 'Responsible consumption and production', but further in-depth analysis is needed. For instance, the UNEP research⁶⁶ notes that often subsidies, in particular to coal mining companies, on the contrary, have a negative impact on the achievement of the Sustainable Development Goals⁶⁷. In particular, they lead to a decrease in investment in the development of renewable energy sources as well as to excessive energy consumption. According to the WHO, the further use of coal, which is facilitated by subsidies, is harmful for the health of the population, and therefore goes against the targets of SDG 3 'Good health and well-being'.

The major government funding programme in the field of environmental protection is the 'Operation of the State Water Management System and Water Resources Management', for which the State Water Resources Agency of Ukraine is responsible. According to the regulations on the State Water Resources Agency, it implements a government policy in the field of management, use and reproduction of surface water resources, development of water management and land reclamation, operation of state water management multi-purpose facilities, inter-farm irrigation and drainage systems⁶⁸. In particular, its tasks include the following:

- development of river basin management plans to achieve/maintain a 'good' ecological state of waters (target 6.5 under SDG 6 'Clean water and sanitation');
- implementation of measures for the ecological recovery and care of surface waters (target 15.1 under SDG 15 'Ensuring the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems');

- ensuring the design, construction and reconstruction of systems protecting against harmful effects of water, ground and local water pipes, water supply and sewerage systems in rural areas, hydraulic structures and channels, land reclamation systems and individual engineering infrastructure facilities (targets under SDG 6 and SDG 15).

Within the framework of the government funding programme 'Operation of the State Water Management System and Water Resources Management', the funding primarily falls on the maintenance of government funding water management institutions and water monitoring laboratories. Thus, the State Water Resources Agency ensures the operation of the state water management and reclamation system, which includes main channels that implement inter-basin redistribution of water resources, reservoirs, state irrigation, drainage and humidification systems. It also directs efforts to restore the engineering infrastructure of irrigation systems and puts into operation new irrigation areas on the basis of public-private partnership⁶⁹.

The passport of the government funding programme 'Operation of the State Water Management System and Water Resources Management', for the implementation of which the State Water Resources Agency (MinEcology) is responsible, does not contain references to the Sustainable Development Goals and some targets also do not correspond to the SDG targets. At the same time, some quality indicators partially correspond to indicator 6.5.1 related to SDG 6. Most of the funding for this programme comes from payments for the services of water management institutions and water monitoring laboratories (i.e. the funding is provided within the framework of the Special Fund of the national budget).

The MinEcology has two government funding programmes with the funding, which can be attributed to SDG 13 'Climate action', aiming at limitation of greenhouse gas emissions in the economy. One of them deals with financing the activities of the National Centre for Greenhouse Gas Emissions Inventory⁷⁰, its

⁶⁶ United Nations Environment Programme, UNEP.

⁶⁷ UNEP (2019). Measuring Fossil Fuel Subsidies in the Context of the Sustainable Development Goals <https://wedocs.unep.org/bitstream/handle/20.500.11822/28111/FossilFuel.pdf>

⁶⁸ <https://www.davr.gov.ua/misiya-ta-strategiya->

⁶⁹ Report of the State Water Agency for 2020, <https://www.davr.gov.ua/fls18/Zvit2020.pdf>

⁷⁰ <http://nci.org.ua/>



main tasks is to 'collect, process, systematise, analyse, accumulate and store information necessary for the preparation of the national inventory of anthropogenic emissions and absorption of greenhouse gases as well as to improve the national system for assessing anthropogenic emissions and absorption of greenhouse gases, which are regulated by the Montreal Protocol on substances that destroy the ozone layer'. However, this Centre has not actually become operational yet.

The second programme under SDG 13 is the '*State support for measures aimed at reducing greenhouse gas emissions (increasing absorption), including insulation of premises of social security institutions, development of international cooperation on climate change issues*'. Within the framework of this Programme, projects of targeted environmental (green) investments are implemented.⁷¹ According to the passport of this Programme, one of the quality indicators of this Programme is defined as 'the volume of annual reductions in greenhouse gas emissions', which corresponds in content to indicator 13.1.1. The other eight quality indicators relate to the extent of implementation of each of the projects. 18 performance indicators primarily contain the average cost of insulation of 1 sq. m, and they differ between projects though their passport does not explain the difference between them, and 20 product indicators contain primarily square meters of replaced windows and insulated walls. In total, this Programme defines 59 performance indicators, and most of them do not make it possible to assess the programme performance and the influence of the funds used on achievement of expected results.

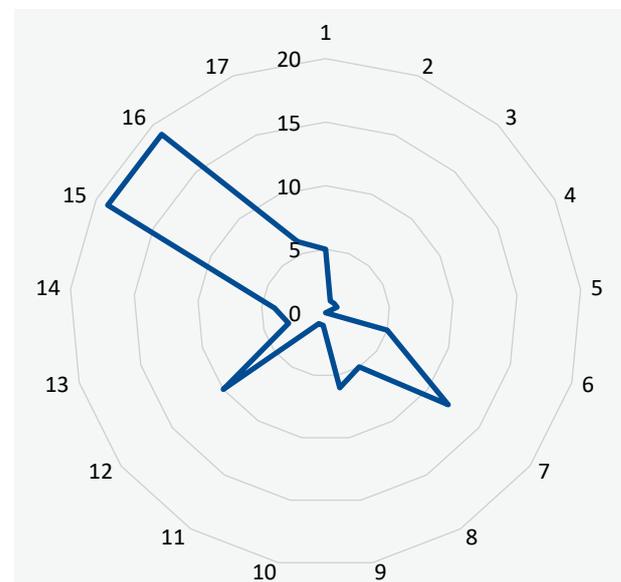
As already noted in Section 7.4, the analysis of government funding programme passports shows that they rather do not mention the Sustainable Development Goals. Also, the targets defined in the passports do not directly correspond to the targets of the respective SDGs. At the same time, the goals of the government policy to be implemented with the help of a government funding programme can often be correlated with the Sustainable Development Goals.

⁷¹ Passport of a government funding programme, https://mepr.gov.ua/files/docs/Passporta_KPKVK/2020/nakaz_401_2701530.pdf

Since there is no clear link between budget planning and the Sustainable Development Goals, as in the case of programmes of the MinRegion, the distribution of government funding programmes according to the Sustainable Development Goals was determined on the basis of the expert assessment (Figure 11). Thus, according to the assessment, most of the programmes of the MinEnergо and MinEcology are related to the targets of the following SDGs 30:

- **Goal 15** 'Life on land' and Goal 16 'Peace, justice and strong institutions' – 19 programmes per each;
- **Goal 7** 'Affordable and clean energy' – 12 programmes;
- **Goal 12** 'Responsible consumption and production' – 10 programmes.

Figure 11: Assessment of the distribution of government funding programmes of the MinEnergо and MinEcology with a breakdown by SDGs 30, based on the number of programmes



Source: Expert assessment

As part of the Rapid Integrated Assessment, an attempt was also made to estimate expenditures under government funding programmes, the main managers of which were the MinEnergо and the MinEcology, irrespective of their composition (Annex 10.7). According to the expert assessment, funding for different targets was not uniform, which is explained by the specifics of financing particular Sustainable



Development Goals. Figure 12 shows an estimate of the distribution of the total funding for three years in the context of targets for selected SDGs.

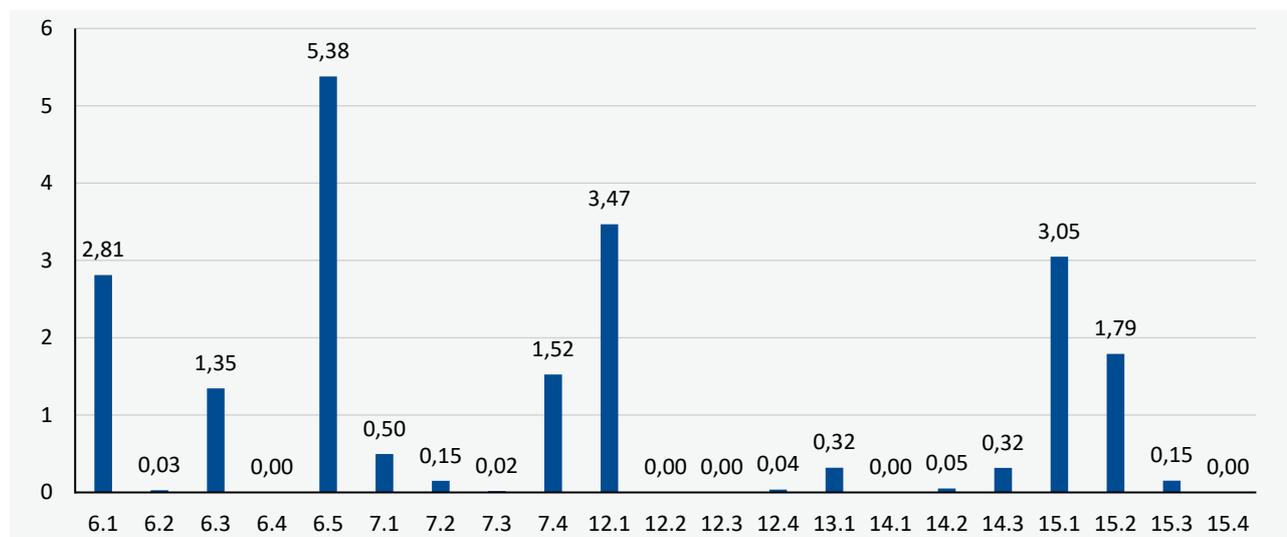
Thus, the analysis of reports on budget passports and the results of performance evaluation shows that most of the funding was directed to SDG 6 'Clean water and sanitation'. These are primarily expenditures related to government funding programmes of the State Water Resources Agency, which, according to the expert assessment, were distributed among the following targets:

- 6.1 'Ensure the availability of high-quality services for the supply of safe drinking water, construction and reconstruction of centralised drinking water supply systems using the latest technologies and equipment';
- 6.3 'Reduce the volume of untreated wastewater discharge, primarily using innovative water treatment technologies at the national and individual levels';
- 6.5 'Ensure the implementation of Integrated Water Resources Management'.

Target 12.1 'Reduce the resource intensity of the economy' partially corresponds to the cost of budget support for the coal industry. These programmes also partially comply with target 7.1. on sustainable energy supply and 7.2 on ensuring diversification of energy supplies.

A number of government funding programmes meet target 15.1 'Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems', the largest of which is the 'Conservation of the nature reserve fund'.

Figure 12. Assessment of the distribution of expenditures under government funding programmes of the MinEnergy and MinEcology in relation to targets of selected SDGs, total in 2018-2020, billion UAH



Source: Expert assessment

Thus, in the area of energy and environmental protection, there are passports of government funding programmes that contain performance indicators that partially correspond to SDG indicators. At the same time, in general, government funding programmes contain

a large number of performance indicators, which often do not make it possible to assess the impact of budget expenditures on the achievement of the goals set, in particular the achievement of the Sustainable Development Goals.



Chapter 9.

Conclusions and recommendations

There is no robust strategic framework and a lack of clear hierarchy of planning documents in Ukraine.⁷² It is due to both gaps in the implementation of legal norms and the lack of legally defined rules for strategic planning. At the same time, while preparing strategic planning documents, all public authorities should take into account international commitments of the country. In recent years, the Sustainable Development Goals until 2030, adopted by the UN in 2015, have become more important in strategic planning.

Nowadays a three-level approach to regional development planning is being introduced, pursuant to which the strategies of territorial communities should be consistent with the priorities and tasks of regional strategies, which, in turn, are designed to reflect the main provisions of the National Strategy of Regional Development. In general, the NSRD contains a large list of priorities, which can hardly be achieved considering strict budget constraints. It is therefore important to evaluate the available sources for financing the development, work out and implement measures to mobilize additional financing and direct it to priority development areas⁷³.

The Rapid Integrated Assessment of the incorporation of SDGs 2030 targets, for which the MinRegion, MinEnergO and MinEcology are responsible, showed that comprehensive development strategies of Ukraine, such as activity programmes of the Cabinet of Ministers of

Ukraine and plans for their implementation as well as the Action Plan for the Implementation of the Association Agreement include most of the actions for those SDG 2030 targets, which are considered in the study, as they are comprehensive documents.

Some strategies do not clearly refer to SDGs 2030, although they may contain actions that will help achieve particular goals. Not all strategic and policy papers and implementation plans contain performance indicators that are defined using the SMART approach. In some places, such indicators are quite general and declarative and describe the process rather than the result, which makes it impossible to clearly assess the efficiency of implementation of particular targets. In general, it can be noted that most of the documents analysed do not consider indicators related to the selected SDGs.

In terms of their goal, some government funding programmes of the MinRegion, MinEnergO and MinEcology meet the targets of SDGs 2030 selected for the study. At the same time, the budget passports of these programmes contain performance and effectiveness indicators that are not specifically related to the implementation of SDGs 2030 targets. There is often a lot of such indicators, but the number of those that would allow to determine the efficiency of financing is really small. Also, often the passports do not contain clear target indicators of government funding programmes that would make it easy to understand what exactly is planned to be achieved with the help of budget financing of relevant activities.

In general, today it is not possible to assess the impact of financing on the achievement of SDG 30 indicators and targets. Such an assessment

⁷² This section is based on the results presented in the UNDP document prepared earlier 'Analysis of the Institutional Environment and Legal Framework that Governs Public Financing of SDGs', https://www.ua.undp.org/content/ukraine/uk/home/library/democratic_governance/analysis-of-the-institutional-environment-and-legal-framework-th.html

⁷³ Please see the *Development Finance Assessment: Ukraine*, UNDP.



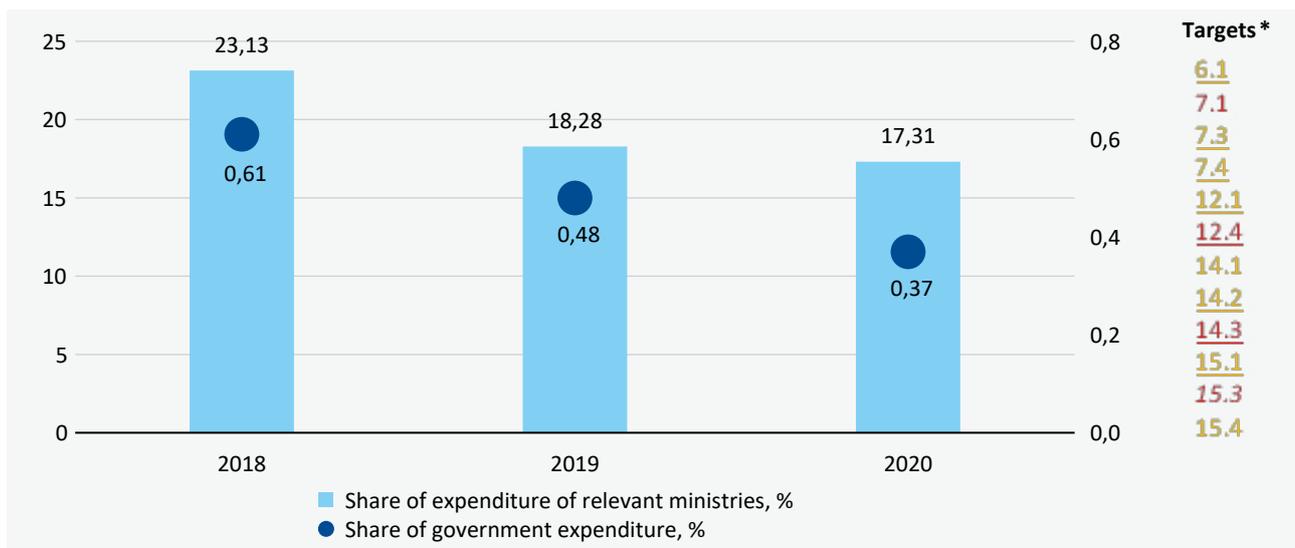
is important to predict the need to finance the gap between the actual and target sustainable development indicators.

The analysis has also shown that there is no clear linkage between strategic planning and budgeting. Thus, although the targets that can be attributed to the Sustainable Development Goals 12-15 are given sufficient attention in strategic papers, in fact, they account for quite a bit of funds in the national budget. In particular, there is a striking difference regarding the implementation of target 12.4 'Reduce the volume of waste generation and increase the volume of its processing and reuse based on innovative technologies and industries': it is a leader in strategic papers, however, in 2018-2020 it

got little funding. At the same time, this funding was primarily received within the framework of IFIs' soft loans. As a result, in the field of waste management and recycling, we have a huge gap in the implementation of targets defined in strategic papers.

Based on the results of monitoring carried out by the State Statistics Service, the implementation of a number of targets for SDGs, which were selected for the analysis within the framework of this study, is lagging behind or needs to be accelerated. At the same time, the assessment showed that the share of budget expenditure, which might correspond to financing of respective targets, decreased in 2018-2020 (Figure 13).

Figure 13: Expenditure related to targets of SDGs selected, the achievement of which is lagging behind or needs to be accelerated, %



Note:

* yellow is used for targets, the achievement of which, as stated by the State Statistics Service, needs to be accelerated, red – for targets the achievement of which is lagging behind. At the same time, for all indicators of respective targets, except for 7.1 and 15.3, either the lag or the need to accelerate the achievement has been registered, respectively.

Source: expert assessment

Thus, based on the assessment performed, the following recommendations can be made:

- In strategic and policy papers, it is necessary not only to mention the SDGs 2030 as a commitment, but also to clearly define the targets and indicators for corresponding SDGs 2030 that are planned to be implemented and achieved. The advantage of using such indicators is their ongoing monitoring, which is regularly carried out by the State Statistics Service. At the same time:

- ▶ It is necessary to clearly define the ministries responsible for implementing SDG 2030 targets, since the structure of the Cabinet of Ministers of Ukraine has changed in recent years. It is important to define cooperation between ministries where the scope of activities intersects. Thus, the MinRegion should actually take an important role in developing a wide range of strategic papers not only in the areas considered in this study, but also in the areas of education, health and ecology.



- ▶ It is advisable to adopt a methodology for taking into account SDG 2030 targets in strategic and policy papers.
- At the level of targets and indicators, SDGs 2030 should become an integral part of regional development strategies, which will facilitate the monitoring of their implementation. Such a step requires strengthening the institutional capacity of national and local governments;
- Some government funding programmes should be united, which will contribute to better coordination. In particular, we mean programmes to support the coal industry, regional development, etc.;
- Full-fledged three-year budget planning will allow financing reforms and priorities. That is why the Budget Declaration should clearly specify several priorities for which funding will be increased over the next few years. The INFF can be a mechanism that will make it possible to determine these priorities;
- Financing of programmes in the energy sector should be sustainable: in particular, we speak about financing the Energy Efficiency Fund, warm loans. This also applies to defining the rules of the game for green energy;
- The government should start to reorganise and liquidate coal mines, which require financing from year to year without a tangible positive impact on reducing the resource intensity of the economy. This will help decrease the resource intensity of the economy and greenhouse gas emissions, and encourage investment in green energy;
- It is necessary to clearly define performance indicators of government funding programmes, which should include target indicators for corresponding SDGs 2030. This would help the Cabinet of Ministers of Ukraine in general and the Ministry of Finance and line ministries in particular to monitor the efficiency of financing the policies;
- Government funding programme passports should contain SDGs 2030 targets, for the achievement of which government funding will be directed, and the indicators for the Sustainable Development Goals should be included in performance indicators;
- The analysis in this report is based on the expert assessment. A more detailed analysis of the correlation between government funding programmes and SDGs 2030 targets with the involvement of specialists from relevant ministries might be slightly different, but it is unlikely to change the priority areas that are funded from the budget. In the future, in order to neutralise the expert influence on assessments, it is necessary to introduce codification of SDG targets within the framework of an expanded programme classification of expenses.



Chapter 10.

Annexes

10.1. National targets of Sustainable Development Goals

Goal 1. No poverty

- 1.1. Reduce the poverty level by 4 times, in particular through the elimination of its extreme forms
- 1.2. Increase the coverage of poor people with targeted social assistance programmes
- 1.3. Increase the resilience of socially vulnerable groups of the population

Goal 2. Zero hunger, development of agriculture

- 2.1. Ensure access to balanced nutrition to the level of scientifically based standards for all population groups
- 2.2. Double agricultural productivity, primarily through innovative technologies
- 2.3. Ensure the development of sustainable food production systems that help maintain ecosystems and gradually improve the quality of land and soil, primarily through innovative technologies
- 2.4. Reduce the volatility of food prices

Goal 3. Good health and well-being

- 3.1. Reduce maternal mortality
- 3.2. Minimize preventable mortality among children under 5
- 3.3. End the epidemics of HIV/AIDS and tuberculosis, including through innovative practices and treatments
- 3.4. Reduce premature mortality from non-communicable diseases
- 3.5. Reduce by a quarter premature mortality, including through the introduction of innovative approaches to diagnosing diseases

- 3.6. Reduce serious injuries and deaths from road traffic accidents, including through innovative practices of resuscitation, treatment and rehabilitation after road traffic accidents
- 3.7. Ensure universal, quality immunization with innovative vaccines
- 3.8. Reduce the prevalence of smoking among the population through innovative media to inform about negative effects of smoking
- 3.9. Reform health care financing

Goal 4. Quality education

- 4.1. Ensure access to quality school education for all children and adolescents
- 4.2. Ensure access to quality pre-primary development for all children
- 4.3. Ensure access to vocational education
- 4.4. Improve the quality of tertiary education, ensure its close relationship with science, and promote the establishment of towns of education and science in the country
- 4.5. Increase the prevalence of knowledge and skills required for decent jobs and entrepreneurship among the population
- 4.6. Eliminate gender disparities among school teachers
- 4.7. Create a modern learning environment in schools, including inclusive education, through innovative approaches

Goal 5. Gender equality

- 5.1. Create an environment for ending all forms of discrimination against women and girls



- 5.2. Reduce the level of gender-based and domestic violence, and ensure efficient prevention of its manifestations and timely assistance to victims
- 5.3. Encourage shared responsibility for house-keeping and child-rearing
- 5.4. Ensure equal opportunities for representation at all levels of decision-making in political and public life
- 5.5. Increase the population's access to family planning services and reduce teenage fertility
- 5.6. Expand economic opportunities for women

Goal 6. Clean water and sanitation

- 6.1. Provide access to quality services of safe drinking water, and ensure the construction and reconstruction of centralised drinking water supply systems using the latest technologies and equipment
- 6.2. Provide access to modern sanitation systems, and ensure the construction and reconstruction of water intake and sewage treatment facilities using the latest technologies and equipment
- 6.3. Reduce the discharge of untreated wastewater, primarily through innovative technologies of water purification at the national and individual levels
- 6.4. Increase the efficiency of water use
- 6.5. Implement integrated water resources management

Goal 7. Affordable and clean energy

- 7.1. Expand the infrastructure and modernise networks for reliable and sustainable energy supply through the introduction of innovative technologies
- 7.2. Ensure diversification of the supply of primary energy resources
- 7.3. Increase the share of renewable energy in the national energy balance, in particular through the introduction of additional capacities at facilities that produce energy from renewable sources
- 7.4. Increase the energy efficiency of the economy

Goal 8. Decent work and economic growth

- 8.1. Ensure a steady GDP growth by modernising production, developing innovation,

increasing export potential and exporting products with a high value added

- 8.2. Increase the efficiency of production based on sustainable development and the development of competitive high-tech industries
- 8.3. Increase employment
- 8.4. Reduce the share of youth not in employment, education or professional training
- 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
- 8.6. Create institutional and financial capacities for the self-realization of the potential of the economically active population and the development of the creative economy

Goal 9. Industry, innovation and infrastructure

- 9.1. Develop quality, reliable, sustainable and accessible infrastructure based on the use of innovation technologies, including ecologically clean means of transport
- 9.2. Ensure increased use of electric transport and related network infrastructure
- 9.3. Ensure access to road infrastructure based on the use of innovative technologies, in particular by expanding state participation in various infrastructure projects
- 9.4. Promote accelerated development of high- and medium-technology sectors and manufacturing industries which are formed based on the use of 'education–science–production' chains and a cluster approach by areas: development of an innovation ecosystem; development of ICT; use of ICT in agriculture, energy, transport and industry; high-technology mechanical engineering; creation of new materials; development of pharmaceutical and bioengineering industry
- 9.5. Create financial and institutional systems (innovative infrastructure) that will ensure the development of scientific research and scientific and technical (experimental) development
- 9.6. Ensure access to the Internet, especially in rural areas
- 9.7. Ensure increased youth participation in research



Goal 10. Reducing inequalities

- 10.1. Ensure accelerated growth of income of the least well-off 40 percent of the population
- 10.2. Prevent manifestations of discrimination in society
- 10.3. Ensure access to social services
- 10.4. Pursue remuneration policy based on equality and fairness
- 10.5. Reform pension insurance based on fairness and transparency

Goal 11. Sustainable development of cities and communities

- 11.1. Ensure access to housing
- 11.2. Ensure development of settlements and territories exclusively based on integrated planning and participatory management
- 11.3. Ensure protection and safeguarding of the cultural and natural heritage, with involvement of the private sector
- 11.4. Ensure timely public alert about emergencies through innovative technologies
- 11.5. Reduce the adverse impact of pollutants, including on the urban environment in particular, through innovative technologies
- 11.6. Ensure the development and implementation of local development strategies aimed at economic growth, job creation, tourism, recreation and development of the local culture, and production of local products

Goal 12. Responsible consumption and production

- 12.1. Reduce resource consumption of the economy
- 12.2. Reduce the loss of food along production and marketing chains
- 12.3. Ensure sustainable use of chemicals through innovative technologies and production
- 12.4. Reduce the amount of waste generation, and increase recycling and reuse through innovative technologies and production

Goal 13. Climate action

- 13.1. Limit greenhouse gas emissions in the economy

Goal 14. Life below water

- 14.1. Reduce marine pollution

- 14.2. Ensure the sustainable management and protection of marine and coastal ecosystems, and improve their resilience and recovery through innovative technologies
- 14.3. Implement effective regulation of extraction of marine resources

Goal 15. Life on land

- 15.1. Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems
- 15.2. Promote sustainable forest management
- 15.3. Restore degraded lands and soils through innovative technologies
- 15.4. Ensure the conservation of mountain ecosystems

Goal 16. Peace, justice and strong institutions

- 16.1. Reduce the prevalence of violence
- 16.2. Increase detection of victims of human trafficking and all forms of exploitation
- 16.3. Increase confidence in courts and ensure equal access to justice
- 16.4. Strengthen the system for preventing and counteracting the legalisation of illegal incomes, the financing of terrorism and the proliferation of weapons of mass destruction
- 16.5. Reduce illicit trafficking of weapons, ammunition and explosive materials
- 16.6. Reduce the scale of corruption
- 16.7. Increase the efficiency of government bodies and local self-government
- 16.8. Ensure recovery of conflict affected areas (Donbas)
- 16.9. Strengthen social stability, and promote peacebuilding and community security (conflict and post-conflict arrangements)

Goal 17. Partnerships for the goals

- 17.1. Mobilize additional financial resources by promoting foreign and domestic investment
- 17.2. Consistently reduce the debt burden on the economy
- 17.3. Develop a partnership between government and business to achieve the Sustainable Development Goals



10.2. Current progress in the context of selected Sustainable Development Goals

Goal 6. Clean water and sanitation

| | |
|--|---|
| | 6.1. Provide access to quality services of safe drinking water, and ensure the construction and reconstruction of centralized drinking water supply systems using the latest technologies and equipment |
| | 6.2. Provide access to modern sanitation systems, and ensure the construction and reconstruction of water intake and sewage treatment facilities using the latest technologies and equipment |
| | 6.3. Reduce the discharge of untreated wastewater, primarily through innovative technologies of water purification at the national and individual levels |
| | 6.4. Increase the efficiency of water use |
| | 6.5. Implement integrated water resources management |

Goal 7. Affordable and clean energy

| | |
|--|--|
| | 7.1. Expand the infrastructure and modernize networks for reliable and sustainable energy supply through the introduction of innovative technologies |
| | 7.2. Ensure diversification of the supply of primary energy resources |
| | 7.3. Increase the share of renewable energy in the national energy balance, in particular through the introduction of additional capacities at facilities that produce energy from renewable sources |
| | 7.4. Increase the energy efficiency of the economy |

Goal 11. Sustainable cities and communities

| | |
|--|--|
| | 7.1. Expand the infrastructure and modernize networks for reliable and sustainable energy supply through the introduction of innovative technologies |
| | 7.2. Ensure diversification of the supply of primary energy resources |
| | 7.3. Increase the share of renewable energy in the national energy balance, in particular through the introduction of additional capacities at facilities that produce energy from renewable sources |
| | 7.4. Increase the energy efficiency of the economy |
| | 7.1. Expand the infrastructure and modernize networks for reliable and sustainable energy supply through the introduction of innovative technologies |
| | 7.2. Ensure diversification of the supply of primary energy resources |

Goal 12. Responsible consumption and production

| | |
|--|--|
| | 12.1. Reduce resource consumption of the economy |
| | 12.2. Reduce the loss of food along production and marketing chains |
| | 12.3. Ensure sustainable use of chemicals through innovative technologies and production |
| | 12.4. Reduce the amount of waste generation, and increase recycling and reuse through innovative technologies and production |

Goal 13. Climate action

| | |
|--|---|
| | 13.1. Limit greenhouse gas emissions in the economy |
|--|---|

Goal 14. Life below water

| | |
|--|--|
| | 14.1. Reduce marine pollution |
| | 14.2. Ensure the sustainable management and protection of marine and coastal ecosystems, and improve their resilience and recovery through innovative technologies |
| | 14.3. Implement effective regulation of extraction of marine resources |

Goal 15. Life on land

| | |
|--|--|
| | 15.1. Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems |
| | 15.2. Promote sustainable forest management |
| | 15.3. Restore degraded lands and soils through innovative technologies |
| | 15.4. Ensure the conservation of mountain ecosystems |

Symbols:

| | | | |
|--|--|--|---------------------------------------|
| | Sufficient progress in achieving the target | | Reverse trend in achieving the target |
| | Acceleration is required to achieve the target | | Impossible to measure |

Source: State Statistics Service⁷⁴

⁷⁴ http://ukrstat.gov.ua/SDG_prezent/ukr/ukr4/index.html#



10.3. List of regulatory documents analysed

| | Name | Regulatory document type | Date of adoption | Number | Number of targets |
|----|---|----------------------------------|-------------------------|---------------|--------------------------|
| 1 | Environmental Security and Climate Adaptation Strategy until 2030 | Ordinance of the CMU | 20.10.21 | No. 1363-r | 14 |
| 2 | On approval of the Concept of the National Target Programme for Fair Transformation of Coal Regions of Ukraine until 2030 | Resolution of the CMU | 22.09.21 | No. 1024 | 5 |
| 3 | On the Decision of the National Security and Defence Council of Ukraine dated 14 May 2021 'On the Human Development Strategy' | Presidential Decree | 14.05.21 | № 225/2021 | 0 |
| 4 | Some Issues of Implementation of the National Strategy of Regional Development for 2021-2027 (Action Plan) in 2021-2023 | Ordinance of the CMU | 12.05.21 | No. 497-r | 14 |
| 5 | On Approval of the Concept of the National Target Social Programme 'Drinking Water of Ukraine' for 2022-2026 | Ordinance of the CMU | 28.04.21 | No. 388-r | 4 |
| 6 | On Approval of the National Environment Protection Action Plan until 2025 | Ordinance of the CMU | 21.04.21 | No. 443-r | 18 |
| 7 | On Approval of the Government's Priority Action Plan for 2021 | Ordinance of the CMU | 24.03.21 | No. 276-r | 19 |
| 8 | On the National Youth Strategy until 2030 | Presidential Decree | 12.03.21 | № 94/2021 | 1 |
| 9 | On Approval of the National Economic Strategy until 2030 | Resolution of the CMU | 03.03.21 | No. 179 | 21 |
| 10 | National Security Strategy of Ukraine | Presidential Decree | 14.09.20 | No. 392/20 | 10 |
| 11 | On Approval of the Government's Priority Action Plan for 2020 | Ordinance of the CMU | 09.09.20 | No. 1133-r | 15 |
| 12 | On Approval of the National Strategy of Regional Development for 2021-2027 | Resolution of the CMU | 05.08.20 | No. 695 | 16 |
| 13 | On approval of the Programme of Activities of the Cabinet of Ministers of Ukraine | Resolution of the CMU | 12.06.20 | No. 471 | 9 |
| 14 | On Approval of the Action Plan for 2020 for the Implementation of the Poverty Reduction Strategy | Ordinance of the CMU | 03.03.20 | No. 202-r | 2 |
| 15 | On the Annual National Programme under the Auspices of the Ukraine – NATO Commission for 2021 | Presidential Decree | 11.05.21 | No. 189/2021 | 7 |
| 16 | On Approval of the Programme of Activities of the Cabinet of Ministers of Ukraine | Resolution of the CMU | 29.09.19 | No. 849 | 19 |
| 17 | Integrated Border Management Strategies until 2025 | Ordinance of the CMU | 24.07.19 | No. 687-r | 0 |
| 18 | Strategy for the Development of Exports of Agricultural, Food and Processing Industry Products of Ukraine until 2026 | Ordinance of the CMU | 10.07.19 | No. 588-r | 0 |
| 19 | Innovation Development Strategies until 2030 | Ordinance of the CMU | 10.07.19 | No. 526-r | 0 |
| 20 | Strategy to Promote Private Investment in Agriculture until 2023 | Ordinance of the CMU | 05.07.19 | No. 595-r | 0 |
| 21 | On Approval of the Concept of Implementation of the Industrial Pollution Government Policy | Ordinance of the CMU | 22.05.19 | No. 402-r | 3 |
| 22 | On Approval of the Action Plan for Organising the Implementation of the Agreement on Financing the Danube Transnational Programme (Interreg V-B Danube – CCI 2014tc16m6tn001) | Ordinance of the CMU | 15.05.19 | No. 337-r | 1 |
| 23 | Action Plan for Implementation of the Strategy for the Development of Tourism and Resorts until 2026 in 2019 | Order of the Ministry of Economy | 05.03.19 | No. 346 | 0 |
| 24 | Basic Principles (Strategy) of the Government Environmental Policy of Ukraine until 2030 | Law | 28.02.19 | № 2697-VIII | 18 |
| 25 | National Waste Management Plan until 2030 | Ordinance of the CMU | 20.02.19 | No. 117-r | 3 |
| 26 | On Approval of the Action Plan for the Implementation of a New Stage of Reforming Local Self-government and Territorial Organization of Power in Ukraine for 2019-2021 | Ordinance of the CMU | 23.01.19 | No. 77-r | 1 |
| 27 | Government Priority Action Plan for 2019 | Ordinance of the CMU | 18.12.18 | No. 1106-r | 19 |



| | Name | Regulatory document type | Date of adoption | Number | Number of targets |
|----|---|---------------------------------|-------------------------|---------------|--------------------------|
| 28 | Maritime Doctrine of Ukraine until 2035 (new edition) | Resolution of the CMU | 18.12.18 | No. 1108 | 3 |
| 29 | Some Issues of Implementation of the National Strategy of Regional Development until 2020 in 2018-2020 | Resolution of the CMU | 12.09.18 | No. 733 | 2 |
| 30 | Agreement on Financing the Danube Transnational Programme (Interreg V-B Danube-CCI 2014TC16M6TN001) | Law | 19.09.18 | № 2554-VII | 5 |
| 31 | On Approval of the 2018 Action Plan for Implementation of the National Plan for Reduction of Emissions from Large Combustion Plants | Ordinance of the CMU | 13.06.18 | No. 428-r | 1 |
| 32 | Action Plan for the Implementation of the Stage 'Energy Sector Reform (until 2020)' of the Energy Strategy of Ukraine until 2035 'Safety, Energy efficiency, Competitiveness' | Ordinance of the CMU | 06.06.18 | No. 497-r | 5 |
| 33 | Action Plan for the Implementation of the Strategy for the Development of Small and Medium-sized Businesses in Ukraine until 2020 | Ordinance of the CMU | 10.05.18 | No. 292-r | 3 |
| 34 | Action Plan for the Implementation of the Concept of the Government Policy in the field of Heat Supply until 2020 | Ordinance of the CMU | 10.05.18 | No. 307-r | 1 |
| 35 | Government Priority Action Plan for 2018 | Ordinance of the CMU | 28.03.18 | No. 244-r | 17 |
| 36 | On the Strategic Environmental Assessment | Law | 20.03.18 | № 2354-VIII | 3 |
| 37 | 2018 Action Plan to Implement the Poverty Reduction Strategy | Ordinance of the CMU | 14.02.18 | No. 99-r | 1 |
| 38 | Action Plan for the Implementation of the Strategy for the Development of Tourism and Resorts until 2026 in 2019 | Ordinance of the CMU | 28.12.17 | No. 1902 | 1 |
| 39 | Export Strategy of Ukraine (Roadmap for Strategic Trade Development) for 2017-2021 | Ordinance of the CMU | 27.12.17 | No. 1017-r | 4 |
| 40 | National Target Programme for Restoring and Developing Peace in Eastern Regions of Ukraine | Resolution of the CMU | 13.12.17 | No. 1071 | 5 |
| 41 | Action Plan for the Implementation of the Concept of the Government Climate Change Policy until 2030 | Ordinance of the CMU | 06.12.17 | No. 878-r | 5 |
| 42 | On Additional Measures for the Development of Forestry, Rational Use of Natural Resources and Support of Nature Reserve Areas | Presidential Decree | 21.11.17 | No. 381 | 4 |
| 43 | National Waste Management Strategy in Ukraine until 2030 | Ordinance of the CMU | 08.11.17 | No. 820-r | 5 |
| 44 | On the National Plan to Reduce Emissions from Large Combustion Plants | Ordinance of the CMU | 08.11.17 | No. 796-r | 3 |
| 45 | Action Plan for the Implementation of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand | Resolution of the CMU | 25.10.17 | No. 1106 | 17 |
| 46 | Energy Strategy of Ukraine until 2035 'Security, Energy Efficiency, Competitiveness' | Ordinance of the CMU | 18.08.17 | No. 605-r | 7 |
| 47 | Concept of Implementation of the Government Policy in the field of Heat Supply | Ordinance of the CMU | 18.08.17 | No. 569-r | 1 |
| 48 | Action Plan for the Implementation of the Rural Development Concept | Ordinance of the CMU | 19.07.17 | No. 489-r | 12 |
| 49 | On the Energy Efficiency Fund | Law | 08.06.17 | № 2095-VIII | 2 |
| 50 | Concepts of the Coal Industry Reform and Development until 2020 | Ordinance of the CMU | 24.05.17 | No. 733-r | 1 |
| 51 | Strategy for the Development of Small and Medium-sized Businesses in Ukraine until 2020 | Ordinance of the CMU | 24.05.17 | No. 504-R | 4 |
| 52 | Action Plan for the Implementation of the Strategy for Reforming the Public Finance Management System for 2017-2020 | Ordinance of the CMU | 24.05.17 | No. 415-r | 2 |
| 53 | Medium-term Plan of Priority Actions of the Government until 2020 | Ordinance of the CMU | 03.04.17 | No. 275-r | 16 |



| | Name | Regulatory document type | Date of adoption | Number | Number of targets |
|----|--|---------------------------------|-------------------------|---------------------------|--------------------------|
| 54 | Tourism and Resort Development Strategy until 2026 | Ordinance of the CMU | 16.03.17 | No. 168-r | 1 |
| 55 | Strategy for Reforming the Public Finance Management System for 2017-2020 | Ordinance of the CMU | 08.02.17 | No. 142-r | 2 |
| 56 | Medium-term Priority Areas of the Innovation Activity at the National Level for 2017-2021 | Resolution of the CMU | 28.12.16 | No. 1056 | 8 |
| 57 | Action Plan for the Implementation of the Concept of the Government Climate Change Policy until 2030 | Ordinance of the CMU | 07.12.16 | No. 932-r | 5 |
| 58 | National programme for the Development of Cross-border Cooperation for 2016-2020 | Resolution of the CMU | 23.08.16 | No. 554 | 8 |
| 59 | Strategy of Public Administration Reform of Ukraine for 2016-2020 | Ordinance of the CMU | 24.06.16 | No. 474-r | 1 |
| 60 | Poverty Reduction Strategy | Ordinance of the CMU | 16.03.16 | No. 161-r | 1 |
| 61 | On Approval of the National Strategy of Regional Development until 2020 | Resolution of the CMU | 06.08.14 | No. 385 | 14 |



10.4. Authorities in charge of achieving Sustainable Development Goals selected for the analysis

| Targets | Responsible ministry (decision of the Interagency Group dated 17.09.2018) | Indicator |
|---|---|---|
| Goal 6. Clean water and sanitation | MinRegion | |
| 6.1. Provide access to quality services of safe drinking water, and ensure the construction and reconstruction of centralised drinking water supply systems using the latest technologies and equipment | MinRegion, MoH | 6.1.1. Safety and quality of drinking water based on microbiological indicators (based on % of non-standard samples) 6.1.2. Safety and quality of drinking water based on radiation indicators (based on % of non-standard samples) 6.1.3. Safety and quality of drinking water based on organoleptic, physical, chemical, sanitary and toxicological indicators (based on % of non-standard samples) 6.1.4. Share of the rural population with access to centralised water supply, % 6.1.5. Share of the urban population with access to centralised water supply, % |
| 6.2. Provide access to modern sanitation systems, and ensure the construction and reconstruction of water intake and sewage treatment facilities using the latest technologies and equipment | MinRegion | 6.2.1. Share of the rural population with access to centralised wastewater disposal systems, % 6.2.2. Share of the urban population with access to centralised wastewater disposal systems, % |
| 6.3. Reduce the discharge of untreated wastewater, primarily through innovative technologies of water purification at the national and individual levels | MinRegion, Ministry of Natural Resources, State Water Resources Agency | 6.3.1. Volume of discharge of polluted (polluted without treatment or insufficiently treated) wastewater into water bodies, millions of cubic metres 6.3.2. Share of discharge of polluted (polluted without treatment or insufficiently treated) wastewater into water bodies in total discharges, % |
| 6.4. Increase the efficiency of water use | MinRegion, Ministry of Natural Resources, State Water Agency | 6.4.1. Water content of GDP, cubic metres of water used per UAH 1,000 of GDP (actual prices) 6.4.2. Current water content of GDP to 2015 level, % |
| 6.5. Implement integrated water resources management | Ministry of Natural Resources, MinRegion | 6.5.1. Number of river basins with approved river basin management plans |
| Goal 7. Affordable and clean energy | Minenergo | |
| 7.1. Expand the infrastructure and modernise networks for reliable and sustainable energy supply through the introduction of innovative technologies | MinEnergo, MinRegion | 7.1.1. Generation of power, billions of kWh 7.1.2. Electric power distribution losses, % 7.1.3. Heat losses in heat networks, % |
| 7.2. Ensure diversification of the supply of primary energy resources | MinEnergo | 7.2.1. Maximum share of imported primary energy (excluding nuclear fuel) from one country (company) in the total supply (imports), % (by coal, gas, oil) 7.2.2. Share of one supplier of the nuclear fuel market, % |
| 7.3. Increase the share of renewable energy in the national energy balance, in particular through the introduction of additional capacities at facilities that produce energy from renewable sources | State Agency on Energy Efficiency and Energy Saving | 7.3.1. Share of energy produced from renewable sources in the total final energy consumption, % |
| 7.4. Increase the energy efficiency of the economy | State Agency on Energy Efficiency and Energy Saving | 7.4.1. Energy intensity of GDP (primary energy consumption per unit of GDP), kg of oil equivalent per USD by PPP 2011 |



| Targets | Responsible ministry (decision of the Interagency Group dated 17.09.2018) | Indicator |
|--|--|---|
| Goal 11. Sustainable cities and communities | | |
| MinRegion | | |
| 11.1. Ensure access to housing | MinRegion, Ministry of Social Development, Ministry of Youth and Sports | 11.1.1. Solvency ratio of the borrower, PTI (ratio of monthly payments of the borrower and his/her family for servicing a preferential mortgage debt received at the expense of the state or local budget, to the total monthly income) 11.1.2. Coverage of territorial units of Ukraine (regions) by programmes that provide access to housing to various categories of citizens, % |
| 11.2. Ensure development of settlements and territories exclusively based on integrated planning and participatory management | MinRegion | 11.2.1. Share of regions that have approved and implemented regional development strategies and action plans for their implementation developed with public participation, % |
| 11.6. Ensure the development and implementation of local development strategies aimed at economic growth, job creation, tourism, recreation and development of the local culture, and production of local products | MinRegion, MinEconomy, Ministry of Culture | 11.6.1. Number of jobs in the tourism industry (economic activity classifier code-2010 – 55.1, 55.2, 55.3, 79.11, 79.12), persons |
| Goal 12. Responsible consumption and production | | |
| MinEconomy | | |
| 12.1. Reduce resource consumption of the economy | MinEconomy, MinRegion, MinEnergO, MinAgro, Ministry of Infrastructure, Ministry of Natural Resources, State Agency on Energy Efficiency and Energy Saving | 12.1.1. Resource consumption in GDP (share of consumed physical volumes of natural resources, generated waste and emissions of pollutants per unit of GDP), % of the 2015 level |
| 12.2. Reduce the loss of food along production and marketing chains | MinAgro | 12.2.1. Share of post-harvest losses in the total production of cereals, % 12.2.2. Share of post-harvest losses in the total production of vegetables and melons, % |
| 12.3. Ensure sustainable use of chemicals through innovative technologies and production | MinEconomy, Ministry of Natural Resources | 12.3.1. Share of enterprises which have introduced chemical management systems in accordance with international standards in the total number of enterprises that use hazardous chemicals, % |
| 12.4. Reduce the amount of waste generation, and increase recycling and reuse through innovative technologies and production | Ministry of Natural Resources, MinRegion, MinAgro | 12.4.1. Volume of waste generated by all economic activities per unit of GDP, kg per USD 1,000 PPP in 2011 12.4.2. Share of burned and recycled waste in the total waste generated, % |
| Goal 13. Climate action | | |
| Ministry of Natural Resources | | |
| 13.1. Limit greenhouse gas emissions in the economy | Ministry of Natural Resources, Ministry of Infrastructure | |
| Goal 14. Life below water | | |
| Ministry of Natural Resources | | |
| 14.1. Reduce marine pollution | MinRegion, Ministry of Natural Resources, Ministry of Infrastructure | 14.1.1. Share of discharges of polluted wastewater in total discharges in the marine environment, % |



| Targets | Responsible ministry (decision of the Interagency Group dated 17.09.2018) | Indicator |
|--|--|---|
| 14.2. Ensure the sustainable management and protection of marine and coastal ecosystems, and improve their resilience and recovery through innovative technologies | Ministry of Natural Resources, MinRegion | 14.2.1. Area of territories and objects of the natural reserve fund of coastal regions, % of the territory of coastal areas 14.2.2. Area of territories and objects of the natural reserve fund in the Black and Azov Seas, thousands of hectares |
| 14.3. Implement effective regulation of extraction of marine resources | MinAgro, State Agency for Fisheries | 14.3.1. Volumes of legal extraction of marine bio-resources in the exclusive maritime zone of Ukraine, thousands of tonnes |
| Goal 15. Life on land | Ministry of Natural Resources | |
| 15.1. Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems | Ministry of Natural Resources | 15.1.1. Area of territories and objects of the natural reserve fund, thousands of hectares 15.1.2. Share of the area of territories and objects of the natural reserve fund in the total area of the country, % 15.1.3. Share of the area of the national environmental network in the total area of the country, % |
| 15.2. Promote sustainable forest management | MinAgro, State Forestry Agency, Ministry of Natural Resources | 15.2.1. Forested territory of the country, % 15.2.2. Wood stock in forests, millions of cubic metres |
| 15.3. Restore degraded lands and soils through innovative technologies | Ministry of Natural Resources, MinAgro | 15.3.1. Establishment and implementation of a voluntary national target to achieve a neutral level of land degradation under the area: 'Maintaining the content of organic matter (humus) in soils' (the content of organic carbon (humus) in agricultural land soils (%)) (additionally, data from international sources and organisations can be used) 15.3.2. Arable land, thousands of hectares 15.3.3. Share of arable land in the total area of the country, % 15.3.4. Area of organic production, thousands of hectares 15.3.5. Area of agricultural land of extensive use (hayfields, pastures), thousands of hectares 15.3.6. Share of the area of agricultural land of extensive use (hayfields, pastures) in the total area of the country, % |
| 15.4. Ensure the conservation of mountain ecosystems | Ministry of Natural Resources | 15.4.1. Area of the nature reserve fund in mountainous regions, thousands of hectares 15.4.2. Share of the area of the nature reserve fund in mountainous regions in the total area of the country, % |
| Goal 16. Peace, justice and strong institutions | Ministry of Internal Affairs | |
| 16.7. Increase the efficiency of government bodies and local self-government | MinRegion | 16.7.1. Ukraine's place in the Global Competitiveness Report rating by sub-index 'Institutions (government and public institutions)' |

Note: The Ministry of Natural Resources is now called the MinEcology

Source: Distribution made by the decision of the Interagency Group dated 17.09.2018



10.5. Government funding programmes of the MinRegion in 2018-2020

| Code | Programme name | 2018 | 2019 | 2020 |
|---------|--|-----------------|-----------------|-----------------|
| 2750000 | Ministry for Communities and Territories Development of Ukraine | 3,068.15 | 2,849.26 | 641.21 |
| 2751000 | Office of the Ministry of Regional Development, Construction, Housing and Public Utility Services of Ukraine | 2,403.26 | 2,052.14 | 485.06 |
| 2751010 | Guidance and management in the field of regional development, construction, housing and public utility services | 141.31 | 178.54 | 164.41 |
| 2751030 | Research, scientific and technical developments in the field of construction, housing and public utility services, regional development, implementation of works under national target programmes in the field of housing and public utility services development, scientific developments on rationing and standardisation in the field of construction and housing policy, research on conservation and study of flora species in specially created conditions | 6.53 | 6.65 | 7.37 |
| 2751070 | Functioning of a national scientific and technical library | 7.81 | 8.62 | 9.16 |
| 2751190 | Providing government support for the construction (purchase) of affordable housing | 85.26 | 346.87 | n/a |
| 2751270 | Support for the Ukraine's regional policy | 75.76 | 128.87 | 179.39 |
| 2751290 | Functioning of the Energy Efficiency Fund | 1,500.00 | 1,219.33 | n/a |
| 2751320 | Construction of football fields with artificial turf in the regions of Ukraine | 289.04 | n/a | n/a |
| 2751370 | Financial support of the National Fund for the Promotion of Youth Housing Construction | 6.85 | 6.85 | 6.85 |
| 2751380 | Partial compensation of the interest rate of commercial bank loans to young families and single young citizens for the construction (reconstruction) and purchase of housing | 33.04 | 25.12 | 15.20 |
| 2751420 | Increase in the authorised capital of the state specialized financial institution 'National Fund for the Promotion of Youth Housing Construction' with subsequent use for the implementation of the National Housing Programme for Youth | 30.00 | 29.00 | 28.00 |
| 2751470 | Reducing the cost of mortgage loans to provide affordable housing to citizens in need of better housing conditions | 51.09 | 42.47 | 34.51 |
| 2751570 | Implementation of the National Target Programme 'Drinking Water of Ukraine' | 138.21 | n/a | n/a |
| 2751610 | Implementation and coordination of activities of the Urban Infrastructure Development Project, measures in the district heating sector of Ukraine, Emergency Loan Programme for Ukraine, Municipal Infrastructure Development Programme of Ukraine and measures for the restoration of the Eastern Ukraine | 38.37 | 59.82 | 40.18 |
| 2751630 | Implementation of the Emergency Loan Programme for the reconstruction of Ukraine | 0.00 | 0.00 | 0.00 |
| 2752000 | State Architectural and Construction Inspectorate of Ukraine | 189.96 | 193.07 | 156.15 |
| 2752010 | Guidance and management in the field of architectural and construction control and supervision | 187.96 | 193.07 | 156.15 |
| 2752020 | Development of e-governance in the field of architectural and construction control and supervision | 1.99 | n/a | n/a |
| 2754000 | State Agency on Energy Efficiency and Energy Saving of Ukraine | 474.94 | 604.05 | n/a |
| 2754010 | Guidance and management in the field of efficient use of energy resources | 57.09 | 58.29 | n/a |
| 2754060 | Implementation of the National Target Economic Programme for Energy Efficiency | 417.85 | 545.76 | n/a |
| 2760000 | Ministry of Regional Development, Construction, Housing and Public Utility Services of Ukraine (national expenditures, lending and credit) | 8,025.97 | 8,904.26 | 9,059.92 |
| 2761000 | Ministry of Regional Development, Construction, Housing and Public Utility Services of Ukraine (national expenditures, lending and credit) | 8,025.97 | 8,904.26 | 9,059.92 |
| 2761030 | Subvention from the national budget to local budgets for the implementation of cross-border cooperation projects | n/a | 9.56 | n/a |



| Code | Programme name | 2018 | 2019 | 2020 |
|---------|---|----------|----------|----------|
| 2761040 | Subvention from the national budget to local budgets for the implementation of measures aimed at developing the health care system in rural areas | 1,000.00 | 1,000.00 | n/a |
| 2761070 | National Fund for Regional Development | 3,798.55 | 5,486.07 | 4,370.89 |
| 2761090 | Subvention from the national budget to local budgets for the implementation of socio-economic development of some territories | n/a | n/a | 1,689.10 |
| 2761110 | Subvention from the national budget to the city budget of Bucha, Kyiv region for the construction of a preschool children's institution on Lesia Ukrainka St. in the city of Bucha, Kyiv region | n/a | 0.00 | n/a |
| 2761130 | Subvention from the national budget to local budgets to build the infrastructure for amalgamated territorial communities | 1,861.29 | 2,060.07 | n/a |
| 2761220 | Subvention from the national budget to the regional budget of the Kharkiv region for the construction of the facility of the municipal non-profit company 'Regional Oncology Centre' | n/a | n/a | 100.00 |
| 2761230 | Subvention from the national budget to the regional budget of the Zhytomyr region for the reconstruction of a bunker for a linear accelerator to be installed in the municipal non-profit company 'Zhytomyr Regional Cancer Dispensary' of the Zhytomyr Regional Council | n/a | n/a | 4.00 |
| 2761240 | Subvention from the national budget to the regional budget of the Cherkasy region for the construction of a 700-seat House of Culture in the town of Kanev at Enerhetykiv St. under the Shevchenko Cultural Centre | n/a | n/a | 65.00 |
| 2761250 | Subvention from the national budget to the regional budget of the Transcarpathian region for the construction of a Centre of Perinatology, Obstetrics and Gynecology in Uzhhorod, Transcarpathian region | n/a | n/a | 300.00 |
| 2761270 | Subvention from the national budget to the regional budget of the Cherkasy region for the construction of a preschool institution at the address: 87 Heroiv Dnipra St., city of Cherkasy | n/a | n/a | 79.00 |
| 2761280 | Subvention from the national budget to the regional budget of the Kyiv region for the construction of a kindergarten-school of the 1 st level of education for 180 pupils at the address: 6 Shkilna St., Bobrytsia village, Kyivo-Sviatoshynskiy district, Kyiv region | n/a | n/a | 10.00 |
| 2761290 | Subvention from the national budget to the budget of the city of Kyiv for the implementation of the project on thermal modernisation of high school No. 290 at the address: 13A Revutskoho St. in the Darnytskyi sub-district | n/a | n/a | 20.85 |
| 2761300 | Subvention from the national budget to the regional budget of the Transcarpathian region for the socio-economic development of the Transcarpathian region | n/a | n/a | 10.00 |
| 2761330 | Subvention from the national budget to local budgets for the implementation of projects on reconstruction and major overhaul of reception departments in hub health care institutions in hospital districts | n/a | n/a | 1,381.59 |
| 2761350 | Subvention from the national budget to local budgets to finance measures of socio-economic risk compensation for the population living in the observation zone | 120.40 | 115.51 | n/a |
| 2761520 | Subvention from the national budget to local budgets to pay off the difference between the actual cost of thermal energy, district heating services, hot water supply, centralised water supply and wastewater disposal, cold water supply and wastewater disposal (using building systems), which were produced, transported and supplied to the population, budget institutions and organisations and/or other companies providing heat supply, centralised drinking water supply and wastewater disposal services, and tariffs that were approved and/or agreed by national or local authorities | 978.30 | n/a | n/a |
| 2761600 | Subvention from the national budget to local budgets for the implementation of projects under the Emergency Loan Programme for the reconstruction of Ukraine | 267.43 | 233.06 | 1 029.48 |



| Code | Programme name | 2018 | 2019 | 2020 |
|---------|---|-----------------|-----------------|-----------------|
| 2750000 | Ministry for Communities and Territories Development of Ukraine: Loan Programmes | 1 575.77 | 1 675.95 | 1 761.48 |
| 2751360 | Repayment of loans granted from the national budget to young families and single young citizens for the construction (reconstruction) and purchase of housing, and of penalties | -29.77 | -28.22 | -27.72 |
| 2751430 | Government soft lending to individual rural developers for the construction (reconstruction) and purchase of housing | 35.17 | 35.96 | 32.74 |
| 2751440 | Repayment of loans granted from the national budget to individual rural developers for the construction (reconstruction) and purchase of housing | -36.57 | -35.35 | -34.44 |
| 2751480 | Repayment of loans granted from the national budget to internally displaced persons, participants of the Anti-Terrorist Operation (ATO) and/or participants of the Joint Forces Operation (JFO) for the purchase of housing | 0.00 | 0.00 | -13.45 |
| 2751490 | Provision of a soft long-term government loan to internally displaced persons, participants of the Anti-Terrorist Operation (ATO) and/or participants of the Joint Forces Operation (JFO) for the purchase of housing | 0.00 | 189.89 | 14.37 |
| 2751540 | Repayment of loans granted in 2012 from the national budget of Ukraine for the implementation of the government funding programme 'Soft lending to legal entities, including condominiums, for reconstruction, major and current overhaul of housing and public utility facilities' | 0.00 | -1.30 | -1.10 |
| 2751600 | Development of urban infrastructure and activities in the district heating sector of Ukraine, development of the water supply and sanitation system in the city of Mykolaiv, reconstruction and development of the municipal water management system in Chernivtsi | 1,606.94 | 1,514.98 | 1,791.08 |
| 2751640 | Municipal Infrastructure Development Programme | 0.00 | 0.00 | 0.00 |

Source: SSSU



10.6. Warm Loans Programme and Energy Efficiency Fund

Warm Loans Programme is primarily aimed at supporting energy-efficient measures for owners of private houses. It is funded under the programme 'Implementation of the National Target Economic Programme for Energy Efficiency' (code 2406060 in 2020). The State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEESU), which in 2020 was transferred to the subordination of the MinEnergO (from the MinRegion), is responsible for its implementation.

In the passport of this government funding programme it was written in 2020 that it is aimed at achieving the following goal of the government policy: 'A smaller number of Ukrainians are below the energy poverty line and the energy efficiency of the economy has been improved'⁷⁵. Consequently, this government funding programme can be assigned to SDG 1 'No poverty' (target 1.3) and SDG 7 'Affordable and clean energy', although the Sustainable Development Goals are not mentioned in the passport of the government funding programme.⁷⁶ The purpose of the government funding programme is defined as 'Stimulating the population and condominiums (HA) to implement energy saving measures' (SDG 7). The task of the government funding programme is 'to provide government support to the population for the implementation of energy-efficient measures, and introduce modern energy-efficient technologies' (target 7.4 of SDG 7).

The passport contains several performance indicators:

- three product indicators: the number of people that have received support in various areas of the programme,
- six performance indicators: the average amount of compensation and the volume of loans attracted per UAH of government support;
- four quality indicators: saving of natural gas by one person/condominium.

⁷⁵ <http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245467388>

⁷⁶ The programme takes into account the resolution of the CMU 'On Approval of the National Target Economic Programme for Energy Efficiency and Development of Energy Production from Renewable Energy Sources and Alternative Fuels for 2010-2021', which was taken into account already in 2010, <https://zakon.rada.gov.ua/laws/show/243-2010-%D0%BF#Text>

Thus, this programme has a small number of performance indicators that are easy to monitor. However, as can be seen from the report on the efficiency of the implementation of this government funding programme, the available indicators do not allow us to clearly define and measure the impact of funding on the achievement of targets that, according to the expert assessment, relate to target 7.4 of SDG 7. In particular, the savings in natural gas were in some cases higher than planned as there was a complete rejection of natural gas, but the report and passport lack indicators that would indicate how it was replaced and how it influenced on the consumption of other energy carriers.

The Energy Efficiency Fund is focused on providing grant and technical support to co-owners of multi-storied buildings (in the legal form of an association of owners of apartment buildings – condominiums). The Fund was created with financial and technical support of German and EU governments. From the national budget, its activities are financed under the government funding programme 'Financing the Energy Efficiency Fund': the programme code is 2751290 and the main manager of budget funds for it is the MinRegion. At the same time, the website of the MinRegion has a passport for this government funding programme only for 2018⁷⁷ (in 2020, the Fund did not receive funding from the national budget).

In accordance with the passport of the government funding programme it is aimed at 'improving the level of energy efficiency of the national economy, ensuring energy security and transition to efficient use and consumption of energy resources', which corresponds primarily to SDG 7 'Affordable and clean energy' and SDG 12 'Responsible consumption and production'. The goal of the government funding programme is to 'reduce energy consumption, introduce modern energy-efficient technologies in housing', which is comparable to target 7.4. In particular, the target of the government funding programme is to encourage consumers to invest in energy efficiency.

⁷⁷ <https://www.minregion.gov.ua/wp-content/uploads/2018/02/2751290.pdf>



The passport of the government funding programme for financing the Energy Efficiency Fund defines the following performance indicators:

- seven cost indicators reflect the total amount of funding for the Fund's activities and are related to the number of employees of the Fund and members of its supervisory board, in particular;
- five product indicators include the number of completed projects and the amount of funds attracted;
- seven performance indicators include the average cost of projects and the amount of loans attracted;

- nine quality indicators include a reduction in primary consumption of natural gas, final and primary consumption of thermal energy as well as a reduction in specific energy consumption.

Consequently, twice as many performance indicators are defined in the passport of this programme. In general, individual quality indicators are similar to the indicator for target 7.4 of SDG 7. If there is information on reducing consumption, this will allow us to measure the efficiency of the government funding programme, in particular to assess the impact of budget expenditures on achieving the set price. It can also make it possible to assess the need for government funding to achieve SDGs 2030 under a relevant target.



10.7. Government funding programmes of the MinEnergO and MinEcology in 2018-2020, million UAH

| 2018 | | | 2019 | | | 2020 | | |
|----------------|--|-----------------|----------------|--|------------------|----------------|---|------------------|
| 1100000 | Ministry of Energy and Coal Industry of Ukraine | 4,004.61 | 2400000 | Ministry of Energy and Environmental Protection of Ukraine | 14,026.17 | 2400000 | Ministry of Energy of Ukraine | 38,997.86 |
| 1101000 | Office of the Ministry of Energy and Coal Industry of Ukraine | 4,004.61 | 2401000 | Office of the Ministry of Energy and Environmental Protection of Ukraine | 5,696.95 | 2401000 | Office of the Ministry of Energy of Ukraine | 38,359.82 |
| 1101010 | General guidance and management in the fuel and energy sector and coal industry | 151.54 | 2401010 | General guidance and management in the field of energy and environmental protection of Ukraine | 283.00 | 2401010 | General guidance and management in the energy sector | 240.47 |
| 1101030 | Applied scientific and technical developments. implementation of works under national target programmes and government orders. training of academic staff and financial support for the development of scientific infrastructure in the fuel and energy sector and coal industry | 6.79 | 2401030 | Applied scientific and technical developments. implementation of works under national target programmes and government orders. training of academic staff and financial support for the development of scientific infrastructure in the fuel and energy sector and coal industry | | 2401040 | Scientific and technical activities in the energy sector | 5.90 |
| 1101070 | Liquidation of unprofitable coal mining and coal processing companies | 281.13 | 2401040 | Applied scientific and technical developments. implementation of works under national target programmes and government orders in the field of environmental protection. financial support for the training of academic staff | 62.52 | 2401070 | Measures to liquidate unpromising coal mining companies | 265.42 |
| 1101100 | Mine rescue measures at coal mining companies | 290.00 | 2401070 | Liquidation of coal and peat mining companies | 127.90 | 2401100 | Mine rescue measures at coal mining companies | 289.99 |
| 1101140 | Physical protection of nuclear installations and nuclear materials | 29.68 | 2401090 | In-service training and reskilling in the field of ecology and natural resources. training of academic, research and teaching staff | 27.98 | 2401140 | Physical protection of nuclear installations and nuclear materials | 36.15 |
| 1101160 | Occupational health and safety measures at coal mining companies | | 2401100 | Mine rescue measures at coal mining companies | 289.16 | 2401380 | Compensation to the Joint-Stock Company 'National Joint-Stock Company «Naftogaz of Ukraine»' of economically justified expenses incurred in order to fulfill special duties assigned to it in accordance with Article 11 of the Law of Ukraine 'On the Natural Gas Market' to ensure public | 32,204.88 |



| 2018 | | 2019 | | 2020 | | | | |
|---------|---|----------|---------|---|--|----------------|---|---------------|
| | | | | | interests in the process of functioning of the natural gas market. reduced by the income received in the course of performing such special duties, and taking into account the allowed level of profit | | | |
| 1101380 | Development of e-governance in the fuel and energy sector | 1.99 | 2401140 | Physical protection of nuclear installations and nuclear materials | 32.99 | 2401420 | Implementation of the government investment project 'Novokostiantynivka Mine. Development of Production Capacities' | 9.14 |
| 1101440 | Ukraine's contribution to the Energy Community | 5.81 | 2401160 | Conservation of the nature reserve fund | 398.65 | 2401430 | Repayment of wage arrears to employees of PJSC 'Mine «Nadiia»' | 51.00 |
| 1101470 | Fulfillment of debt obligations on loans raised under government guarantees for the implementation of socio-economic development projects | 293.88 | 2401210 | National target environmental programme of priority measures for 2019-2023 to render former uranium production facilities and site of the Production Association 'Prydniprovskiy Chemical Plant' safe | | 2401440 | Ukraine's contribution to the Energy Community | 5.40 |
| 1101530 | Government support for the construction of Nova Volyn Mine No. 10 | 34.65 | 2401270 | Implementation of environmental protection measures | 157.51 | 2401470 | Fulfillment of debt obligations on loans raised under government guarantees for the implementation of socio-economic development projects | 199.50 |
| 1101540 | Support to the implementation of the Energy Strategy of Ukraine | 51.63 | 2401440 | Ukraine's contribution to the Energy Community | 6.07 | 2401490 | Support to the implementation of the Energy Strategy of Ukraine | |
| 1101550 | Government support to the public joint-stock company 'Main gas pipelines of Ukraine' | 19.86 | 2401470 | Fulfillment of debt obligations on loans raised under government guarantees for the implementation of socio-economic development projects | 271.87 | 2401590 | Restructuring of the coal industry | 5,038.74 |
| 1101560 | Informational and organizational support for the 9 th International Forum on Energy for Sustainable Development | 2.29 | 2401480 | Government support for the construction of Nova Volyn Mine No. 10 | 61.87 | 2401630 | Implementation of the Energy Sector Reform and Development Programme | 13.24 |
| 1101570 | Government support to coal mining companies to partially cover prime costs of finished commercial coal products | 1,072.25 | 2401490 | Support to the implementation of the Energy Strategy of Ukraine | 21.78 | 2403000 | State Inspectorate of Ukraine for Energy Supervision | 193.51 |
| 1101590 | Implementation of measures to ensure domestic production of coal products and further reform of the public sector of the coal industry | 1,671.15 | 2401500 | Measures on implementation of priorities in the development of the environment protection sector | 35.31 | 2403010 | Guidance and management in the field of energy supervision | 193.51 |



| 2018 | | | 2019 | | | 2020 | | |
|----------------|--|-----------------|----------------|---|---------------|----------------|---|-----------------|
| 1101630 | Implementation of the Energy Sector Reform and Development Programme | 9.59 | 2401520 | Ensuring the activities of the National Centre for Greenhouse Gas Emission Inventory | 2.67 | 2406000 | State Agency on Energy Efficiency and Energy Saving of Ukraine | 444.52 |
| 1101700 | Preventing mine flooding emergencies in the Pervomaisk-Stakhanov coal mining area of the Luhansk region | 82.39 | 2401530 | Government support for measures aimed at reducing greenhouse gas emissions (increasing absorption). including insulation of premises of social service institutions. development of international cooperation on climate change | 198.97 | 2406010 | Guidance and management in the field of efficient use of energy resources | 60.86 |
| 2400000 | MinEcology and Natural Resources of Ukraine | 8,267.96 | 2401560 | Ensuring the activities of the National Commission for Radiation Protection of the Population of Ukraine | 1.04 | 2406060 | Implementation of the National Target Economic Programme of Energy Efficiency | 383.66 |
| 2401000 | Office of the MinEcology and Natural Resources of Ukraine | 1,162.97 | 2401590 | Restructuring of the coal industry | 3,268.62 | 2410000 | Ministry of Energy of Ukraine (national expenditures, lending and credit) | 108.25 |
| 2401010 | General guidance and management in the field of ecology and natural resources | 94.70 | 2401630 | Implementation of the Energy Sector Reform and Development Programme | 3.77 | 2411000 | Ministry of Energy of Ukraine (national expenditures, lending and credit) | 108.25 |
| 2401040 | Applied scientific and technical developments. implementation of works under national target programmes and government orders in the field of environmental protection. financial support for the training of academic staff | 50.06 | 2401700 | Ensuring payment for electricity consumed by state-owned coal mining companies in 2019 | 445.27 | 2411030 | Subvention from the national budget to local budgets to finance measures for socio-economic risk compensation for the population living in the observation zone | 108.25 |
| 2401090 | In-serve training and reskilling in the field of ecology and natural resources. training of academic, research and teaching staff | 28.93 | 2402000 | State Agency for Fisheries of Ukraine | 416.12 | 2700000 | Ministry of Environmental Protection and Natural Resources of Ukraine | 9,029.91 |
| 2401160 | Conservation of the nature reserve fund | 326.44 | 2402010 | Guidance and management in the field of fisheries | 324.82 | 2701000 | Office of the Ministry of Environmental Protection and Natural Resources of Ukraine | 655.04 |
| 2401270 | Implementation of environmental protection measures | 522.29 | 2402020 | Organization of activities of fish breeding facilities and other government funding institutions of the fishing industry | 78.79 | 2701010 | General guidance and management in the field of environmental and natural resources protection | 62.91 |
| 2401500 | Measures on implementation of priorities for the development of the environmental protection sector | 16.99 | 2402030 | Applied scientific and technical developments. implementation of works on government orders in the field of fishing industry | 2.10 | 2701040 | Scientific and technical activities in the field of environmental and natural resources protection | 59.00 |



| 2018 | | | 2019 | | | 2020 | | |
|----------------|--|---------------|----------------|--|-----------------|----------------|---|---------------|
| 2401520 | Ensuring the activities of the National Centre for Greenhouse Gas Emission Inventory | 2.51 | 2402070 | Breeding in fisheries and reproduction of aquatic bioresources in inland reservoirs and the Azov-Black Sea basin | 6.03 | 2701090 | In-service training and reskilling of personnel in the field of ecology. natural resources and water management. training of academic, research and teaching staff | 41.50 |
| 2401530 | Government support for measures aimed at reducing greenhouse gas emissions (increasing absorption). including insulation of premises of social security institutions. development of international cooperation on climate change | 119.07 | 2402090 | International activities in the fishing industry | 4.38 | 2701160 | Conservation of the nature reserve fund | 435.31 |
| 2401540 | Development of e-governance in the field of ecology and natural resources | 1.98 | 2403000 | State Inspectorate for Energy Supervision of Ukraine | 159.43 | 2701270 | Implementation of environmental protection measures. in particular on improvement of the state of environment | 52.47 |
| 2404000 | State Service of Geology and Mineral Resources of Ukraine | 146.50 | 2403010 | Guidance and management in the field of energy supervision | 159.43 | 2701500 | Measures on implementation of priorities for the development of the environment protection sector | |
| 2404010 | Guidance and management in the field of geological exploration and use of mineral resources | 44.51 | 2404000 | State Service of Geology and Mineral Resources of Ukraine | 137.61 | 2701520 | Ensuring the activities of the National Centre for Greenhouse Gas Emission Inventory | 2.75 |
| 2404020 | Development of the mineral resource base | 100.00 | 2404010 | Guidance and management in the field of geological exploration and use of mineral resources | 38.21 | 2701530 | Government support for measures aimed at reducing greenhouse gas emissions (increasing absorption). including insulation of premises of social service institutions. development of international cooperation on climate change | |
| 2404050 | Development of e-governance in the field of geological exploration and use of mineral resources | 2.00 | 2404020 | Development of the mineral resource base | 99.40 | 2701560 | Ensuring the activities of the National Commission for Radiation Protection of the Population of Ukraine | 1.10 |
| 2405000 | State Environmental Inspectorate of Ukraine | 392.48 | 2405000 | State Environmental Inspectorate of Ukraine | 364.79 | 2702000 | State Agency for Fisheries of Ukraine | 407.60 |
| 2405010 | Guidance and management in the field of environmental control | 392.48 | 2405010 | Guidance and management in the field of environmental control | 364.79 | 2702010 | Guidance and management in the fishing industry | 318.64 |
| 2406000 | National Commission for Radiation Protection of the Population of Ukraine | 0.95 | 2407000 | State Agency of Water Resources of Ukraine | 4,368.52 | 2702020 | Organization of activities of fish breeding facilities and other government funding institutions in the fishing industry | 84.96 |



| 2018 | | | 2019 | | | 2020 | | |
|---------|---|-----------------|---------|---|-----------------|---------|---|-----------------|
| 2406010 | Guidance and management in the field of radiation protection of the population | 0.95 | 2407010 | Guidance and management in the field of water management | 32.89 | 2702090 | International activities in the fishing industry | 4.01 |
| 2407000 | State Water Resources Agency of Ukraine | 4,332.64 | 2407020 | Applied research and development. implementation of works under the government order in the field of water management development | 0.20 | 2704000 | State Service of Geology and Mineral Resources of Ukraine | 99.42 |
| 2407010 | Guidance and management in the water sector | 27.32 | 2407040 | In-service training of the staff in the field of water management | 5.92 | 2704010 | Guidance and management in the field of geological exploration and use of mineral resources | 59.42 |
| 2407020 | Applied research and development. implementation of works under the government order in the field of water management development | 0.20 | 2407050 | Operation of the state-run water management system and water resources management | 4,181.27 | 2704020 | Development of the mineral resource base | 40.00 |
| 2407040 | In-service training of the staff in the field of water management | 5.86 | 2407070 | Protection of waters of rural settlements and agricultural land. including the land in the basin of the river Tisa in the Transcarpathian region from harmful effects | 52.03 | 2705000 | State Environmental Inspectorate of Ukraine | 384.27 |
| 2407050 | Operation of the state-run water management system and water resources management | 3,946.03 | 2407090 | Priority provision of centralised water supply to rural populated areas | 48.15 | 2705010 | Guidance and management in the field of environmental control | 384.27 |
| 2407070 | Protection of waters of rural settlements and agricultural land. including the land in the basin of the river Tisa in the Transcarpathian region from harmful effects | 80.61 | 2407120 | Development and improvement of the ecological state of irrigated and drained systems | 2.10 | 2707000 | State Water Resources Agency of Ukraine | 4,751.94 |
| 2407090 | Priority provision of centralised water supply to rural populated areas | 120.35 | 2407160 | Implementation of the government investment project 'Providing drinking water supply to rural settlements of Kazankovskyi and Novobuhsykyi districts and reconstruction of the spillway structure of the Sofiyevskyi reservoir of the Novobuhsykyi district of the Mykolaiv region' | 9.49 | 2707010 | Guidance and management in the field of water management | 39.49 |
| 2407120 | Development and improvement of the ecological state of irrigated and drained systems | 87.97 | 2407170 | Implementation of the government investment project 'Measures to ensure comprehensive anti-flood protection against harmful effects of water in rural settlements and agricultural land in the Lviv region' | | 2707050 | Operation of the state-run water management system and water resources management | 4,332.00 |



| 2018 | | | 2019 | | | 2020 | | |
|----------------|--|-----------------|----------------|--|-----------------|----------------|---|-----------------|
| 2407700 | Implementation of emergency recovery works to mitigate the consequences of an emergency situation that occurred on 15-17 December 2017 in the Transcarpathian region | 22.84 | 2407800 | Implementation of the government investment project 'Reconstruction of hydraulic facilities of protective structures of Dnieper reservoirs' | 36.48 | 2707070 | Protection of waters of rural settlements and agricultural land, including the land in the basin of the river Tisa in the Transcarpathian region from harmful effects | 66.84 |
| 2407800 | Reconstruction of hydraulic facilities of protective structures of Dnieper reservoirs | 41.46 | 2408000 | State Agency of Ukraine for the Management of the Exclusion Zone | 2,329.93 | 2707090 | Priority provision of centralised water supply to rural populated areas | 48.37 |
| 2408000 | State Agency of Ukraine for the Management of the Exclusion Zone | 2,232.41 | 2408010 | Guidance and management of activities in the exclusion zone | 15.91 | 2707160 | Implementation of the government investment project 'Providing drinking water supply to rural settlements of Kazankovskyi and Novobuhyskyi districts and reconstruction of the spillway structure of the Sofiyevskyi reservoir of the Novobuhyskyi district of the Mykolaiv region' | 5.13 |
| 2408010 | Guidance and management of activities in the exclusion zone | 16.04 | 2408070 | Radiological protection of the population and environmental improvement of the territory exposed to radioactive contamination | 3.52 | 2707170 | Implementation of the government investment project 'Measures to ensure comprehensive anti-flood protection against harmful effects of water in rural settlements and agricultural land in the Lviv region' | 3.85 |
| 2408070 | Radiological protection of the population and environmental improvement of the territory exposed to radioactive contamination | 3.28 | 2408080 | Preserving the ethno-cultural heritage of the regions affected by the consequences of the Chernobyl disaster | 6.75 | 2707700 | Implementation of urgent measures to mitigate the consequences of the emergency situation that occurred in June 2020 in western regions of Ukraine | 254.05 |
| 2408080 | Preserving the ethno-cultural heritage of the regions affected by the consequences of the Chernobyl disaster | 5.49 | 2408090 | Implementation of works in the field of non-nuclear radioactive waste management, construction of the Vector system and operation of its facilities | 423.64 | 2707800 | Implementation of the government investment project 'Reconstruction of hydraulic facilities of protective structures of Dnieper reservoirs' | 2.21 |
| 2408090 | Implementation of works in the field of non-nuclear radioactive waste management, construction of the Vector system and operation of its facilities | 519.32 | 2408110 | Maintaining an environmentally safe state in exclusion zones and unconditional (mandatory) resettlement | 493.50 | 2708000 | State Agency of Ukraine for the Management of the Exclusion Zone | 2,086.01 |
| 2408110 | Maintaining an environmentally safe state in exclusion zones and unconditional (mandatory) resettlement | 454.41 | 2408120 | Maintaining power units and the shelter facility in safe conditions and measures to prepare for decommissioning of the Chernobyl nuclear power plant | 1,386.62 | 2708010 | Guidance and management of activities in the exclusion zone | 19.12 |



| 2018 | | 2019 | | 2020 | | | | |
|---------|--|----------|----------------|--|---------------|---|--|---------------|
| 2408120 | Maintaining power units and the Shelter facility in safe conditions and measures to prepare for decommissioning of the Chernobyl nuclear power plant | 1,181.98 | 2408140 | Implementation of the government investment project 'Restoration of transport infrastructure facilities in the exclusion zone' | 2708070 | Radiological protection of the population and environmental improvement of the territory exposed to radioactive contamination | 3.90 | |
| 2408130 | Development of e-governance in the field of exclusion zone management | 1.99 | 2409000 | State Forestry Agency of Ukraine | 552.82 | 2708080 | Preserving the ethno-cultural heritage of the regions affected by the consequences of the Chernobyl disaster | 7.64 |
| 2408700 | Implementation of measures on prevention of emergency situations in the exclusion zone and the zone of unconditional (mandatory) resettlement | 49.91 | 2409010 | Guidance and management in the field of forestry | 125.90 | 2708090 | Implementation of works in the field of non-nuclear radioactive waste management. construction of the Vector system and operation of its facilities | 306.74 |
| | | | 2409020 | Research, applied development and training of academic staff in the field of forestry | 18.81 | 2708110 | Maintaining an environmentally safe state in exclusion zones and unconditional (mandatory) resettlement | 447.16 |
| | | | 2409060 | Forestry and hunting management, protection of forests in the forest area | 408.10 | 2708120 | Maintaining power units and the Shelter facility in safe conditions and measures to prepare for decommissioning of the Chernobyl nuclear power plant | 1,214.88 |
| | | | 2410000 | Ministry of Energy and Environmental Protection of Ukraine (national expenditures, lending and credit) | 480.01 | 2708700 | Implementation of measures to prevent and mitigate the consequences of fire-related emergency situations | 28.71 |
| | | | 2411000 | Ministry of Energy and Environmental Protection of Ukraine (national expenditures, lending and credit) | 480.01 | 2708710 | Implementation of measures on prevention of emergency situations in the exclusion zone and the zone of unconditional (mandatory) resettlement | 57.86 |
| | | | 2411020 | Subvention from the national budget to local budgets for implementation of environmental protection measures at municipal facilities | 480.01 | 2709000 | State Forestry Agency of Ukraine | 645.63 |
| | | | | | | 2709010 | Guidance and management in the field of forestry | 132.99 |
| | | | | | | 2709060 | Forestry and hunting management, protection of forests in the forest area | 431.42 |



| 2018 | | 2019 | | 2020 | | |
|------|--|------|--|---------|--|-------|
| | | | | 2709700 | Implementation of measures to mitigate the consequences of the emergency situation that occurred in July 2020 in the Luhansk region | 16.77 |
| | | | | 2709710 | Implementation of urgent measures to mitigate the consequences of the emergency situation that occurred in June 2020 in western regions of Ukraine | 30.00 |
| | | | | 2709720 | Implementation of measures to prevent and mitigate the consequences of fire-related emergency situations | 5.62 |
| | | | | 2709730 | Implementation of measures to mitigate the consequences of a fire-related emergency situation in the Zhytomyr region | 28.83 |

Source: SSSU



RAPID INTEGRATED ASSESSMENT: EXAMPLE OF GOVERNMENT FUNDING PROGRAMMES FOR REGIONAL DEVELOPMENT AND ENVIRONMENTAL PROTECTION OF UKRAINE

THE METHODOLOGY WAS PREPARED BY OLEKSANDRA BETLIJ, UNDP NATIONAL CONSULTANT, WITHIN THE FRAMEWORK OF THE JOINT PROGRAMME 'PROMOTING STRATEGIC PLANNING AND FINANCING FOR SUSTAINABLE DEVELOPMENT AT THE NATIONAL AND REGIONAL LEVELS IN UKRAINE'