



# Building more inclusive, sustainable and prosperous societies in Europe and Central Asia

## A common United Nations vision for the post-2015 development agenda



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The highly diverse region of Europe and Central Asia faces the same range of challenges in balancing economic growth, environmental sustainability and social inclusion as other parts of the world. The United Nations system is working together with partner Governments in the region to address these challenges.

The United Nations Conference on Sustainable Development (Rio+20 Conference) in June 2012 generated new momentum for achieving sustainable development, with Governments renewing their political commitment to drive progress in the social, economic and environmental spheres. At the global level, a number of efforts are now under way to define the post-2015 development agenda. We hope that this new development agenda can recognize the common challenges all countries face, regardless of their level of economic prosperity. We are convinced that the region of Europe and Central Asia has lessons to share with the world about how progress is not always permanent, how policies can reach the most vulnerable if correctly calibrated, how public accountability matters in all contexts and how sustainable development remains a challenge for all countries. It is now time to identify regional priorities for the post-2015 development agenda, and to feed this region's rich experience into the global debate.

We have pooled our efforts across the various areas of expertise of the United Nations system because we see the creation of a new development agenda as a rare opportunity to keep the promises of, learn lessons from and expand the agenda of the Millennium Development Goals. This publication was written as a collaborative effort of the United Nations system in Europe and Central Asia, and we have been proud to lead this group during this process.

We have created this report as a series of short pieces, which can be read either in its entirety or selectively by area of interest. We have deliberately kept the pieces brief so that policymakers and negotiators of the future development agenda can get a concise overview of the key points for each of the issues.

We reaffirm our commitment to partner with our Member States to accelerate achievement of the Millennium Development Goals for the people of this region. We look forward to the adoption of a transformational agenda which reflects the call of a growing number of people for inclusive and sustainable development.

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# Building more inclusive, sustainable and prosperous societies in Europe and Central Asia

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## Advocacy Paper

Lifting people out of poverty in ways that respect the planet's ecological boundaries and advance social inclusion is one of the most urgent global challenges of the twenty-first century. Seeking ways to meet this challenge, the world has high expectations for the United Nations post-2015 development agenda. Against this global backdrop of the post-2015 world, every country in Europe and Central Asia is struggling to reconcile economic and social progress with environmental sustainability. This advocacy document<sup>1</sup> develops a vision to address those challenges and inform the global community about the development lessons emanating from this region.

The highly diverse region of Europe and Central Asia<sup>2</sup> includes the high-income economies of Western Europe, new members of the European Union from Central Europe that are high- and middle-income countries, middle-income countries in South-Eastern Europe, the Russian Federation and the countries in Eastern Europe, the Caucasus and Central Asia. The latter range from increasingly prosperous energy exporting economies to landlocked low-income developing countries. The eastern part of the region also has a very particular history, having experienced decades of development under socialist federations (especially the Soviet Union and Yugoslavia), followed by 20 years of independence and deep socioeconomic and political reforms. Because of its heterogeneity, the region is a microcosm for the various challenges and opportunities facing the global community in building inclusive societies, ensuring environmental sustainability, achieving equitable growth and creating development partnerships and models of international cooperation. As such, the region has a significant contribution to make to the global debate in all of these areas.<sup>3</sup>

<sup>1</sup> This document provides the overall vision of the UN entities active in the region on the UN development agenda beyond 2015. More detailed analysis and recommendations are contained in the related series of 14 issue briefs that are referenced throughout this document.

<sup>2</sup> The term "region" in this document generally refers to the countries of Europe and Central Asia and Kosovo (under UN Security Council resolution 1244). The 54 countries of Europe and Central Asia are: Albania, Andorra, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Kazakhstan, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Republic of Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tajikistan, The former Yugoslav Republic of Macedonia, Turkey, Turkmenistan, Ukraine, United Kingdom and Uzbekistan. Canada and the United States are members of the United Nations Economic Commission for Europe but North America is not covered in this document.

<sup>3</sup> Issue brief 1: The Europe and Central Asia region – Characteristics, MDG achievement and lessons for the global debate.

In much of this region, growth, equality and environmental sustainability are an uneasy mix. On the one hand, thanks to generally high per-capita income levels, extreme poverty has largely been eradicated (with the exception of some areas within the low- and lower- middle-income countries in the eastern part of the region). Likewise, virtually all children attend primary school and there has been progress in reducing pollution and enhancing environmental protection and resource and energy efficiency.

On the other hand, inequalities in income and wealth are on the rise across the region—in high-, middle- and low-income countries. Persistent exclusion and material deprivation are a reality for marginalized groups. Many countries in the region have yet to close income gaps with the advanced economies and to reach the health and gender equality targets of the Millennium Development Goals. To make matters worse, prospects for economic growth in many of the region's wealthiest countries have deteriorated since the onset of the global financial and economic crisis in 2008. Stagnant or declining GDPs and fiscal austerity in all the economies affected by the crisis threaten income and employment. For an increasing number of households, this dynamic exacerbates social exclusion, pockets of poverty and access to social protection, health, education, culture and other basic services. While they may appear in different places in different guises, challenges of social inclusion, security, and equality are common—and growing—features of the region.

The region has the world's largest ecological footprint and is struggling to reduce greenhouse gas emissions and halt the loss of biodiversity. The challenges of moving towards sustainable production and consumption patterns while still enjoying the benefits of economic growth and without exacerbating social tensions are relevant throughout the region. After the Great Recession, we need nothing less than a Great Transformation to ensure the future of the planet and its people. Europe and Central Asia are well placed to spearhead this transformation.

As United Nations entities working across this region, we are advocating in this paper the key elements of a post-2015 development framework, building on the accomplishments of the Millennium Development Goals. At the heart of our vision is an agenda of transformation and structural change that:

- Can integrate social and economic development with environmental sustainability and security and that goes beyond 'business as usual';
- Puts inclusion and equality at the centre; and
- Invites all partners and actors to work together to achieve the profound change we desire.

**Across our region, we face urgent and interrelated challenges to our societies, our economies, our environment and our security. 'Business as usual' approaches that do not put people and the planet first will not meet these challenges.**

## **What is the situation?**

It has become increasingly apparent that the conventional development model with growth at its centre is not suited to resolving today's challenges. The traditional approach results in many undesirable social, economic and environmental outcomes. We need a new development approach which looks at society, the economy and the environment as a whole.

In essence, the concept of sustainable development needs to be reinvigorated and widely implemented. Sustainable development is certainly not a new idea—it was endorsed by the world's Governments at the 1992 Earth Summit in Rio de Janeiro and reaffirmed 20 years later at the United Nations Conference on Sustainable Development (Rio+20). It addresses the complex challenges we are facing today and remains intensely relevant. Despite some progress, policies and programmes are needed to integrate the social, economic and environmental pillars of sustainable development, so that the present generation can meet its needs without compromising the ability of future generations to meet theirs. These three pillars cannot work if they are seen as competing agendas. Social, economic and environmental considerations, linked with and complemented by human security, have yet to be integrated both conceptually and in peoples' minds. We need a new push to move beyond the rhetoric of sustainability across all its dimensions.

Although Europe and Central Asia is a diverse region, its countries face many common challenges. The northern and western parts of the region have enjoyed unparalleled socioeconomic progress in the post-World War II period. However, the models that have underpinned this progress are not fully sustainable and have led, for instance, to recurrent economic and financial crises, unemployment and decreasing social cohesion. Moreover, their continued application, combined with their extension to the world's rapidly growing developing economies (a number of which are located in this region) is placing unprecedented burdens on our ecosystems and the services they provide. The global overstepping of ecological boundaries is most apparent in terms of biodiversity loss and in the earth's limited capacity to absorb pollutants and greenhouse gases.<sup>4</sup>

Slow or negative economic growth in many of the region's middle- and upper-income countries since 2008, combined with fiscal austerity and growing demographic pressures<sup>5</sup>, has affected social services and protection systems. Unemployment rates, in particular for youth, are reaching alarming proportions in parts of the region.

In the region's less developed economies and communities, particularly in Eastern Europe, the Caucasus and Central Asia, social and economic deprivation persists and weakens resilience to crises. For instance, high food and energy prices, combined with

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<sup>4</sup> Issue brief 12: Managing the Earth's ecosystems.

<sup>5</sup> Issue brief 2: Population dynamics.

ineffective social protection systems and deteriorating Soviet-era infrastructure, have left millions of households vulnerable to food insecurity and restricted access to reliable, affordable heat, electricity and basic services, particularly in the winter. These problems are exacerbated by the consequences of mismanagement of land and water resources and pollution, which have placed new strains on local economies, livelihood opportunities and ecosystems.

The social, economic and environmental crises are clearly interrelated. Just as the depletion of natural capital introduces new and exacerbates old socioeconomic challenges, slow economic growth and weakened social cohesion reduce the political and fiscal space needed for robust, creative responses to regional and global ecological challenges. Governments everywhere face difficult tasks of doing more with less.

Some necessary changes can be made through targeted instruments, such as price-based or regulatory measures. But the scale of the global challenges now facing us strongly suggests that changes at the margin will not be enough. Deeper changes—in production technologies, consumption patterns<sup>6</sup> and the 'business as usual' policies and behaviours that underpin them—are urgently needed. Transforming conventional approaches to social and economic progress, and connecting the dots between them and to environmental sustainability, is the key issue of our time.

In the medium and longer term, the genuine pursuit of an integrated sustainability agenda implies radical changes in how societies are built, how economies produce goods and services, how they generate growth and jobs and ultimately how we lead our lives. Looking forward, the behaviour of both producers and consumers will evolve, both by necessity (natural resource depletion, more frequent extreme weather events, higher levels of pollution) and under the impulse of policies stimulating more sustainable patterns of production and consumption. While change is imminent, we also need to move beyond the perception that sustainable development will decrease our quality of life. It is possible to imagine high quality of life and healthier societies in a sustainable future.

## What needs to happen?

- **Design a new development paradigm** based on sustainable development. This approach ought to reconcile economic growth with social inclusion, equality and quality of life for present and future generations. This includes **formulating a transformative agenda that identifies key sectors and policy areas** where change will lead to progress towards inclusion and sustainability. The challenge is to find the right policy mix for each country and subregion. In some cases, this will mean discontinuing policies or correcting market outcomes that generate socially unacceptable or environmentally harmful outcomes. Science and evidence can guide this process. Where appropriate, it can be complemented by the replication of policy innovations that have proven successful in other countries and regions (e.g., social protection programmes that also build community resilience to natural disasters and reduce climate risk).

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<sup>6</sup> Issue brief 10: Changing consumption patterns.

- **Make the transformation to a green economy** that improves people's well-being and social inclusion while significantly reducing environmental risks and ecological scarcities. The country-specific policy mix may include the following measures:
  - Investing in science, technology and innovation geared towards sustainable development, providing incentives for businesses to invest in green technologies and to adopt sustainable practices, and creating favourable conditions for "greening" the economy.
  - Investing in education, including technical and vocational training, research and workforce skills development, so that women and men can adapt to new technologies. Accompany education and training by measures to mitigate the socioeconomic impact of transitions from 'brown' to 'green' technologies and sectors (including support for vulnerable groups);
  - Effective social dialogue to identify the best policies to make the leap to a job-rich and greener economy that ensures equitable access to energy, food, clean air and safe water.
- **Design and implement industrial strategies** that foster manufacturing competitiveness by boosting green economy activities and eco-innovation.<sup>7</sup> These can be financed by reducing or eliminating **environmentally harmful subsidies and reforming price and tax systems** to correct misleading market signals that waste natural resources. Budget subsidies for fossil fuel can be reallocated to support the accelerated introduction of green technologies. Public procurement policies can increase the share of 'green' goods and services and those which are supplied by social enterprises and other institutions with mandates to reduce social exclusion. Environmental taxes and emissions charges and regulations can reduce pollution and strengthen incentives to adopt clean technologies.
- **Reconsider energy policies** towards decentralization, investments in energy efficiency and an increased share of renewables.
- **Work towards major behavioural changes that** are essential for effectively transforming production and consumption patterns. Awareness-raising, in particular through education for sustainable development at school and university, combined with different forms of information programmes, cultural policies and incentives, plays a decisive role and must address all actors in society: producers, consumers, political parties, governments at all levels, social partners, scientific and cultural communities, the media and the public at large.

Some countries in the region have adopted elements of this agenda. Accelerating the adoption of the entire agenda could allow the region to take a leading role in creating green economies and furthering national transformations towards sustainable development.

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<sup>7</sup> Issue brief 10: Changing production patterns.



**Inclusion and equality must be at the centre of sustainable development. Our region presents lessons on how to make progress on human development, but also on how inequalities can undermine progress.**

## **What is the situation?**

Ensuring equal opportunities for everyone and reducing all forms of inequalities are key challenges, even for the advanced economies. The countries of Europe and Central Asia have made solid progress regarding socioeconomic development and, where relevant, towards meeting the Millennium Development Goals. In global terms, this region is relatively prosperous: most people in its high- and upper middle-income economies enjoy decent living standards and have access to basic social services (including for health and education) and social protection. But even here, national averages mask serious inequalities. While average incomes have increased across the region since 1990, gaps between the wealthiest and the poorest have widened drastically in many countries. Inequality is a persistent problem faced by marginalized groups, such as migrants<sup>8</sup>, refugees and other forcibly displaced persons, ethnic minorities, persons with disabilities and residents of rural or distressed urban areas, who have lagged behind for decades. These groups—as well as children, young people, women and older persons—have also been hit particularly hard by post-2008 income losses and reduced access to basic social services.

Throughout the region, challenges of social inclusion, equality and security are increasing. These challenges are placing more and more strains on current development and policy models—models which, by and large, had made great strides in terms of poverty reduction and improvements in socioeconomic welfare. Despite policy efforts, large inequalities persist, affecting the entire society and not just the marginalized.

Growing inequalities result in part from such longer-term exogenous factors as globalization and technological change. However, they are also a consequence of deliberate policy choices. In a number of countries in the western part of the region, economic and social disparities were already widening back in the 1980s, reflecting the combined impact of institutional shifts, tax policies and liberalization of financial markets. Governments in many of these countries have also chosen to rely primarily on economic growth to address social ills rather than on employment and policies to reduce poverty and social exclusion. In such countries, periods of slow economic growth or recession can mean significant regression in social development. Moreover, post-2008 reductions in sovereign creditworthiness (or fears thereof) have made fiscal consolidation the order of the day for much of the region, with attendant cuts in public investment, public wage bills and spending on health care, employment promotion and social protection<sup>9</sup>. The vicious circle of weak economies, perpetual fiscal austerity, growing poverty and inequalities and underfunded social protection systems is now haunting much of the region. In Southern Europe in particular, the eurozone crisis threatens to derail entire economies, dragging social welfare systems down with them.

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<sup>8</sup> Issue brief 3: Migration in Europe and Central Asia.

<sup>9</sup> Issue brief 6: Social protection for all.

In the eastern part of the region, inequalities in income and wealth and income poverty increased markedly in the 1990s during the first decade of the bumpy transition from centrally-planned to market economies. Fortunately, poverty rates fell sharply with the 'recovery growth' that subsequently took hold, while income inequalities in many countries decreased as well. Still, the onset of the global financial and economic crisis found many of these transition economies with only partially reformed social welfare systems. Increasingly porous universal social protection systems and targeted social benefit schemes have struggled to make a dent in widely unequal societies, and questions are now being raised about the adequacy of benefit levels and effectiveness of their targeting.

Moreover, ageing and shrinking populations pose difficult challenges for social policymakers across the region<sup>10</sup> in their efforts to reform health, education and social insurance systems. Generally speaking, the challenges of modernizing these systems while also ensuring their long-term financial sustainability have been made more difficult by the fiscal austerity trends that have taken hold since 2008.

Against this background, inequalities and exclusion persist or have been rising in a number of interlinked areas, affecting in particular the social dimension of development:

- **Unemployment:**<sup>11</sup> The post-2008 increases in unemployment rates and deterioration in decent employment prospects present major burdens for entire societies. Young people are particularly affected, with almost a quarter of them unemployed across Europe. There are differences across the region, with extremely high levels of youth joblessness in the eurozone countries hit hardest by the financial crisis and in some South-Eastern European countries, whereas youth unemployment remains relatively low in a few countries in Western Europe. In most countries, youth unemployment is twice as high as total unemployment. An increasing number of jobless youth are neither studying nor working. Their unsuccessful transition from school to work exposes them to heightened risks of lifelong poverty and social exclusion. The rural-urban divide is also evident; rural populations are particularly affected by unemployment, having fewer employment opportunities than in urban areas.<sup>12</sup> High unemployment also contributes to the exclusion of ethnic minorities and other vulnerable groups. Labour market exclusion is particularly prevalent among Roma and persons with disabilities. In addition, precarious and atypical employment, such as temporary and part-time employment and informal employment in the shadow economy, are rising sharply.
- **Health:**<sup>13</sup> Health, a critical part of human well-being, has greatly improved across the region in recent decades – but not everywhere and not for everyone. Health inequalities are growing within and between countries, and many groups of people and even whole geographic areas lag behind. There are marked gender differences, and ethnic minorities suffer disproportionately from preventable and treatable diseases. The rapid growth of non-communicable diseases, disabilities and mental disorders, environmental health risks and financial uncertainty have placed new pressures on health and welfare systems. The differences in access to quality health services result in significant economic and social costs in many countries of the

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<sup>10</sup> Issue brief 2: Population dynamics.

<sup>11</sup> Issue brief 5: Decent jobs for all.

<sup>12</sup> Issue brief 11: Sustainable agriculture and rural development.

<sup>13</sup> Issue brief 7: Quality health and well-being for all.

region. The difficulties facing many countries in the eastern part of the region in attaining the health-related Millennium Development Goals attest to that. Much needs to be done to sustain the health gains that have been made so far and to ensure the highest attainable standard of health as one of the fundamental rights of every human being across countries and populations.

- **Education:** <sup>14</sup> The quality of education, a major catalyst for socioeconomic development, has improved markedly in the region. However, significant inequalities persist across and within countries in terms of access to education, learning outcomes, quality of education and mismatches between skills demanded by the labour market and those of jobseekers, especially young labour market entrants. For children, especially those from low-income groups, education represents a gateway to a higher quality of life. Yet, school drop-out rates of children belonging to the most marginalized groups are a cause of concern in many countries in the region.
- **Gender equality:** <sup>15</sup> Despite generally high education levels, many countries of the region face severe problems with respect to women's labour market participation. Women still earn, on average, 20 per cent less than men in the European Union, and up to 50 per cent less in the Caucasus and Central Asia. Rural women are particularly vulnerable due to failing infrastructure, lack of basic services and unequal access to land, property and assets. Violence against women and girls remains pervasive, despite progress on legislation against such violence. Women also continue to be very underrepresented in both political and economic decision-making positions. For instance, the share of women in national parliaments remains below 20 per cent in many countries of the region.
- **Environment:** Inequality also persists in access to natural resources. There is uneven access to natural resources, for example safe drinking water, for households and communities across the region. Vulnerable households and communities are also more exposed to the consequences of climate change and natural disasters.

These inequalities threaten prospects for building more inclusive, sustainable and prosperous societies. At worst, they may jeopardize future peace, security and social stability. Some European countries had been able to enjoy economic growth and high levels of social inclusion while also maintaining fiscal balance and recording low or falling ratios of greenhouse gas emissions to GDP. However, their economic and social models are now coming under increasing pressure. A push towards the creation of truly inclusive and sustainable societies is therefore needed in all countries.

## What needs to happen?

- **Prioritize policies and strategies** aimed at reducing inequalities and exclusion. This includes more equality-focused fiscal and macroeconomic policies, inter alia to ensure that the wealthy pay their fair share of taxes, and promoting prudent fiscal and financial management and pro-poor growth.

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<sup>14</sup> Issue brief 8: Ensuring quality education for all.

<sup>15</sup> Issue brief 4: Gender equality, women's rights and women's empowerment in Europe and Central Asia.

- **A renewed emphasis on job creation and decent jobs is a must.** Employment is at the heart of poverty reduction and social inclusion. Approaches to promote sustainable, job-rich growth should underpin national sustainable development strategies that align economic, employment, environmental and social policies. Governments should create conditions for supporting the sustainability and job creation capacity of enterprises, especially small and medium-sized enterprises. They should also stimulate the diversification of production structures towards higher value-added, competitive production. In this regard, the structural shift to a green economy provides a good opportunity to generate decent jobs and new markets for technological products and services. Given the rural-urban divide, it is essential to target job creation in agriculture through the diversification of activities. These policies need to be complemented by the expansion of effective active labour market policies to promote employment of especially vulnerable population groups.
- **Greater investment in social protection, quality health and education services,** to combat social exclusion and to reduce inequalities and social insecurity. This involves:
  - **Stronger social protection.** This applies in particular to the low- and middle-income countries in the region. In the high-income countries, social protection policies need to be more finely tuned to the needs of the disadvantaged to provide a foundation for inclusion and empowerment. Innovative instruments such as conditional cash transfers should be reviewed and expanded. In this region, strengthening social protection schemes is possible through enhancing institutional capacity and fiscal space. **Social protection floors** are a powerful tool. They include not just social assistance (e.g., income transfers for those living below the poverty line) and social insurance (e.g., pensions, unemployment, medical insurance), but also access to basic public and social services (e.g., education, health, water/sanitation, energy), as well as protection against food insecurity, natural disasters and other forms of adversity. A 'floor' also emphasizes the need to guarantee services and transfers across the life cycle, including for children, the economically active with insufficient income and older persons, while paying particular attention to vulnerable groups.
  - **Quality health for all.** Achieving the highest quality health and maximizing healthy life expectancy requires accelerating progress on the health-related Millennium Development Goals; addressing the challenges posed by non-communicable diseases, mental health and sexual and reproductive health; and ensuring universal health coverage. Universal health coverage requires access to health services (promotion, prevention, treatment and rehabilitation) through all stages of life and financial protection to prevent ill health leading to poverty. The World Health Organization's widely consulted *Health 2020* is an excellent policy framework<sup>16</sup> to improve health, reduce health inequalities and strengthen leadership and participatory governance for health in the region.
  - **Measures to improve education systems.** This includes targeting marginalized groups, addressing the shortage of quality teachers, reducing

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<sup>16</sup> WHO, Regional Office for Europe, *Health 2020: A European policy framework supporting action across government and society for health and well-being*, 2012.

mismatches between skills required in existing and future jobs and skills provided by the education and training systems, and putting more emphasis on life-skills education.

- **Fostering social mobility** with early intervention packages to tackle the transmission of poverty from parents to children.
- **Capacity development for social policy institutions**, inter alia to better monitor the conditions faced by vulnerable households, and for more effective policy responses.
- **Commit to end gender inequalities and exclusion and strengthen women's safety, choice and voice** by addressing the structural causes of gender-based discrimination through policies, legislation and financial and institutional arrangements. **Build women's human capital and capabilities** and position women as agents of change towards sustainable development.
- **Invest in sustainable agriculture and rural development** to reduce rural-urban inequalities, rural poverty and food insecurity, and reverse or halt the ongoing depopulation of rural areas.
- **Ensure sustainable access to natural resources** for all and **mitigate vulnerabilities** to climate risks and natural disasters for households and communities.

**In responding to today's challenges, we need to break out of traditional sectoral silos. We require truly holistic and integrated policy responses, locally, nationally and across borders. We need more 'joined up thinking' in engaging with all partners and stakeholders that are important in this transformation. And good governance is needed across all levels.**

## **What is the situation?**

The interconnected challenges we are facing require new approaches in the way we make policies, work with partners and engage stakeholders. No single institution, government ministry or sectoral policy can resolve today's increasingly complex issues. Cross-sectoral cooperation is essential, particularly at the national and local levels. Internationally, we need to further cooperation with partners on regional and global issues. Concerted action needs to be expanded to include new and crucial players and to strengthen bottom-up participation. And across all those levels, good governance is essential to actually deliver the changes and policy results that we want.

Important governance innovations—such as the establishment of national sustainable development bodies—have been introduced at the national (as well as subnational and local) levels. Nonetheless, the horizontal and vertical integration of sustainable development policies remains problematic throughout the region. In many cases, policies and programmes continue to be designed and implemented within thematic and



institutional boundaries, and are targeted to the needs of specific constituencies (e.g., the 'environmental' community or the 'pro-poor' constituencies). However, the intersectoral nature of sustainable development and the challenges it poses cannot be effectively addressed from within sectoral silos. To be effective, the design and implementation of policies and programmes for sustainable and inclusive development must be integrative, cross-sectoral and coherent.

Why has this kind of integration needed for sustainable development not yet taken hold? The absence of such integration often results from weak institutional mechanisms for coordination across sectors and various levels of government. It can also reflect policymakers' lack of full appreciation of the benefits that can accrue from addressing social, economic and environmental development challenges in a holistic manner. On a more fundamental level, the opportunity to build longer-term structures and institutions for sustainable development during the global economic downturn has not been seized because of the need for short-term economic stabilization and crisis management. Nonetheless, the expansion of cross-sectoral partnerships to break down traditional social, economic and environmental 'silos' is essential. In many cases, this can be done most effectively at the local level, where States come face-to-face with citizens and where public services are delivered.

Partnerships are increasingly important. It is clear that managing the transformation towards inclusive and sustainable societies is not the task of Governments alone. The wide engagement, even demand from the whole of society – the public, citizens, enterprises, civil society organizations and other groups – to take and follow through on collective decisions is crucial, from the global down to the local level. Civil society and the private sector are key stakeholders in national development policies and cross-border cooperation in their own right. Greater participation by relevant stakeholders can enhance or restore trust between Governments and their citizens and people residing on their territory, thereby increasing ownership and the quality of governance and making sustainable policy outcomes more likely.

At the international level, this region has the opportunity to build on existing examples of effective regional cooperation. Europe is a global leader in terms of multi-country political and economic integration structures. Despite the current difficulties in the eurozone, the European Union is setting standards for the economy, employment, social inclusion, health, greenhouse gas emissions and human rights. Further east, the customs union sponsored by the Eurasian Economic Community is promoting integration between likeminded countries. The United Nations also facilitates regional and subregional cooperation. For instance, multilateral regional agreements have helped to promote environmental protection and sustainable transport.

In terms of the global partnership for development<sup>17</sup>, this region plays a vital role in financing for development, and can be expected to do so for the foreseeable future. Nineteen of the 25 'traditional' donor members of the OECD Development Assistance Committee (DAC) are in this region, which at the same time is home to some of the world's most important emerging donors, including Kazakhstan, Poland, the Russian Federation and Turkey. In 2012, DAC members provided \$125.6 billion in net official development assistance (ODA). Although this figure represented a decline (in real terms)

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<sup>17</sup> Issue brief 14: The partnership dimension of the post-2015 agenda.

from previous years' levels and 'only' 0.29 per cent of their combined gross national income, it constituted the bulk of global ODA. By contrast, the region's low- and lower middle-income countries are net ODA recipients. This assistance may well have contributed to peace and security in countries that suffered from conflict in the 1990s.

The shortfall and decline of ODA from traditional donors and the emergence of new donors and new forms of aid (via foundations, innovative financing or special-purpose funds) raise new questions about aid coordination and effectiveness. Moreover, ODA for some countries is dwarfed by remittance inflows, which constitute a major source of intraregional development finance.

While it is critical to strike a balance between domestic and external sources of financing, ODA remains important, especially for low-income countries. Yet it is also clear that the key to resolve today's challenges is not merely the amount of ODA transferred, but rather the quality and inclusiveness of solutions offered, the relevance of knowledge that is transferred and the breadth and depth of the partnerships forged. This region can help to develop some of these new alliances and modalities in a dynamic development cooperation landscape.

Across all levels of policymaking and cooperation, efforts in pursuit of sustainable development require good governance<sup>18</sup>, including measures to increase accountability and transparency. However, weak public institutions, authoritarian attitudes and policy processes that sideline civic debate too often weaken the quality of governance in the region. Corruption, insufficient access to and quality of basic services, together with the less-than-full implementation of human rights obligations are among the concrete manifestations of the region's unfinished business in terms of achieving effective and responsive governance.

## **What needs to happen?**

- **Design and implement whole-of-government strategies:**
  - In which sustainable development is not just a sectoral objective for one ministry, but rather is central to the agenda of all government ministries (as well as the presidential administration and/or council of ministers);
  - That are aligned with sectoral development plans, fiscal frameworks and donor support programmes;
  - That support increased public and private-sector investments in science and technology, in order to boost competitiveness and spark 'green innovation'.

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<sup>18</sup> Issue brief 13: Governance for sustainable development.

- **Articulate a new social pact** and enhance the voice and participation of the society as a whole in moving towards more inclusive and sustainable societies. This includes forging stronger partnerships with civil society and the private sector, fostering social dialogue as well as strengthening the voice and participation of women, young people and the most disadvantaged and vulnerable groups in decision-making and norm-setting. At the community level, it means building strong and democratic civil societies, including through supporting NGOs that help local communities to find environmentally and socially sustainable solutions to their development challenges.
- **Further develop intra- and interregional cooperation** in addressing transboundary sustainable development issues, including through the exchange of policy experiences, implementation of legal instruments and capacity-building within the United Nations.
- **Design a new global partnership for development** with advanced, emerging and developing economies collaborating on an equal footing, with common but differentiated responsibilities and obligations. Many issues traditionally associated with developing countries—inequalities, social exclusion, poverty, governance challenges—increasingly constitute challenges for the entire region, including its upper-income countries. While these challenges certainly differ in nature and extent within the region, they reflect increasingly common challenges of combining economic growth and social inclusion with environmental sustainability. Within renewed partnerships, the region's upper-income countries could focus on reducing their ecological footprint, ensuring that national policies take into consideration their regional and global implications and creating the trade and financial environments needed for sustainable development, including through the transfer of expertise and technologies to developing countries. In addition to benefitting from these measures, the emerging economies of the region could perform an important bridge function and share experiences with developing countries that better match their circumstances.
- **Explore new effective partnerships in development cooperation** between state actors, the private sector and civil society, as well as between traditional and new donors that can add to traditional forms of cooperation. **Focus development partnerships increasingly on the transfer of expertise and capacity-building to advance inclusion and sustainability**, such as the implementation of international and regional agreements and the transfer of clean technologies and best practices in social policies and protection and public accountability.
- **Fulfil international commitments** to fight corruption and protect everyone's human rights, including those of women and children. The challenges of moving towards a more equal, inclusive and sustainable future cannot be resolved without measures to increase transparency and accountability. All residents of the region, citizens and non-citizens, should benefit from the effective application of the best governance standards—many of which are already found in some countries of the region—on human rights, access to information and public finance management, in cooperation with civil society and the private sector and implemented by effective state institutions.

## Implications for the post-2015 development agenda

The messages laid out above reflect the United Nations vision for the region of Europe and Central Asia. They will likely also resonate in the global debate. The challenge now is to translate this vision into a concrete framework with measurable goals. The set of 14 issue briefs accompanying this advocacy document attempts to highlight some implications for the post-2015 agenda in different thematic areas. Beyond sectoral considerations, however, the lessons of this region point to a set of overarching principles for the new development framework:

- **Universality:** The new framework should provide guidance for all countries, regardless of their level of development, on their specific path towards more inclusive, sustainable and prosperous societies. The existing challenges can be integrated in a truly global framework with goals, targets and responsibilities for all countries, with sufficient flexibility to take into account regional, national and local circumstances.
- **Based on sustainable development:** It must be ensured that the post-2015 global development framework is guided by core sustainable development principles and objectives of inclusion and equality, human rights, peace and security.
- **Reducing inequalities and exclusion:** An ambitious and specific agenda should be laid out to reduce inequalities and social exclusion throughout the post-2015 framework. This should involve specific goals on equality (e.g., reducing inequalities in income distribution) and mainstreaming equality across different thematic areas, such as reducing inequalities in employment, health and education. The new framework should also attempt to include qualitative goals and indicators, such as on the quality of health care and education services.
- **Effectively implement the new goals:** The new framework should stress the need to work together and to create strong and inclusive partnerships at all levels to implement the new goals and monitor their achievement. Moving towards more inclusive, sustainable and prosperous societies is everybody's business: Governments, civil society, the private sector and others. The new framework should be specific about which partnerships are needed to achieve progress, who is accountable for which action, and what means (e.g., financial resources, technology, skills) are needed for certain measures. Consideration should also be given to including criteria for good governance to deliver effective policies to reach the new goals.

Much of the debate on the post-2015 framework is focused on pressing global challenges. However, a well-designed development agenda also presents considerable opportunities to strengthen inclusion, equality and sustainability on the international agenda and trigger real change in this direction.

# The Europe and Central Asia region – Characteristics, MDG achievement and lessons for the global debate

## *I. Characteristics of the region*

Highly diverse, the region of Europe and Central Asia<sup>19</sup> includes high-income economies of Western Europe; high- and middle-income countries from Central Europe which have joined the European Union (EU); middle-income countries of

**Map: Europe and Central Asia**<sup>20</sup>



<sup>19</sup> The term "region" in this document generally refers to the countries of Europe and Central Asia and Kosovo (under UN Security Council resolution 1244). The 54 countries of the different subregions and subgroups of the region are:

Advanced European Economies (25): Andorra, Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Israel, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, United Kingdom.

New European Union post-transition member countries (11): Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

South-Eastern Europe (6): Albania, Bosnia and Herzegovina, Montenegro, Serbia, The former Yugoslav Republic of Macedonia, Turkey.

Eastern Europe, Caucasus and Central Asia (12): Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

In addition, Canada and the United States are Members of the United Nations Economic Commission for Europe (UNECE), but North America is not covered in this document.

<sup>20</sup> The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.



South-Eastern Europe (SEE), many of which are in the process of integration with the EU; and the countries of Eastern Europe, the Caucasus and Central Asia (EECCA), which themselves range from increasingly prosperous energy-exporting economies to landlocked developing countries (see map).

Furthermore, the eastern part of the region has a very particular history, having undergone more than 20 years of fundamental political and socioeconomic reforms in the wake of the disintegration of the Soviet Union and Yugoslavia and the transition from centrally-planned to market economies. The region also encompasses the 28 member-EU, which has a direct impact on other European countries and has served, despite its current challenges, as an inspiration for regional integration in other parts of the world.

## ***II. Status of MDG achievement***

The region is characterized by a high level of human development and, as a whole, has made impressive progress towards the Millennium Development Goals (MDGs), in particular in reducing extreme poverty (MDG 1).<sup>21</sup> However, this performance has been highly uneven. In the Western European countries, extreme poverty was eradicated by 1990. The new EU Member States from Central Europe and candidate SEE countries, i.e., countries that have been relatively successful in the transition to a society characterized by competitive markets and free elections, have eliminated extreme poverty to a large extent and are likely to achieve most MDG objectives. The middle- and low-income EECCA countries and the relatively less advanced transition SEE economies, characterized by a more or less delayed economic and political transition, have been less successful in the pursuit of the MDGs and in reducing extreme poverty.

The global financial and economic crisis in the late 2000s hit Europe and Central Asia harder than any other region and resulted in setbacks in progress towards the MDGs in many countries, mainly through higher unemployment, lower incomes and cuts in government spending.

MDG data show that marginalized groups, including ethnic minorities, persons with disabilities, indigenous peoples and migrants, continue to face particular economic and social disadvantages throughout the region. During the crisis and its aftermath, they have been hit harder by unemployment, income losses and reduced accessibility of health services than the majority population.

Against this backdrop, a number of challenges remain with respect to MDGs 2-8:

- The best outcomes are in the areas of school enrolment and gender equality in schools because of the region's tradition of mandatory school attendance and equal access (MDG 2). However, the quality of education and high dropout rates of students from disadvantaged minority backgrounds remain unsatisfactory.
- On gender equality and women's empowerment (MDG 3), severe problems remain throughout the region with respect to their labour market participation, especially in some EECCA and SEE countries, and women's representation in political and economic decision-making positions.
- Serious challenges, particularly in the EECCA countries, also persist with regard to child mortality (MDG 4), maternal health (MDG 5) and combatting HIV/AIDS, malaria and tuberculosis (MDG 6). These are the MDGs where progress has been slowest.
- Environmental sustainability (MDG 7) remains a concern for the entire region, in spite of the significant decline in greenhouse gas emissions since 1990 and other improvements in environmental performance. The increased emissions per capita and the limited progress in improving energy efficiency over the last decade suggest that a number of countries are not on a sustainable path. Moreover, energy efficiency continues to be relatively poor in a number of EECCA and SEE economies. Lack of access to safe drinking water and proper sanitation remain serious problems in many of the transition economies.

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<sup>21</sup> UNECE, The UNECE Report on Achieving the Millennium Development Goals in Europe and Central Asia (2012)

- With regard to the global partnership for development (MDG 8), the advanced economies able to provide ODA are primarily in this region. However, major donors continue to fall short of the global ODA target. The persistent economic problems and fiscal pressures in the advanced economies mean that significant increases in ODA over the next few years are unlikely. Concerning international trade, while a number of new EU members and SEE countries have become reasonably integrated into the world economy, some EECCA economies and landlocked developing countries in the region have performed less well in this area.

As we approach the 'last mile' of the MDG journey, progress in some countries in the region is at a standstill or even being reversed, even in the wealthier countries. In Europe and Central Asia, a final push towards the goals outlined in the Millennium Declaration is needed. MDG progress could be accelerated at minimal cost if government social and economic policies would focus on improving the living standards of disadvantaged groups.

### ***III. Lessons from the MDGs for the new development agenda***

The MDG framework mobilizes political will and resources in the emerging and transition economies of Europe and Central Asia. However, two main shortcomings have limited their impact and relevance particularly in this region, which primarily consists of high- and middle-income countries: the lack of universality; and a number of missing issues and dimensions.

The MDGs are often seen as intended mainly for low-income developing countries with widespread extreme poverty, low primary-school enrolment and high levels of child and maternal mortality. In contrast, most countries of Eastern Europe and Central Asia entered the 1990s with relatively high levels of industrialization and human development. Since then, large inequalities have persisted even though much of the region is on the way to achieving the MDGs by 2015. While the issues addressed by the MDGs are fundamental pillars of human development in any country, only a few of the MDG targets are relevant for this region's high-income economies.

As the dialogue continues about the next development framework, many stress the need to integrate good governance and human rights, critical issues for any country but all the more essential in the context of newer democracies and public institutions. Many also think that the MDGs did not adequately take into account the sustainability of human development gains. The MDG framework largely omitted environment, energy and natural capital. Climate change and other environmental issues have become increasingly prominent since 2000 when the MDG agenda was adopted. In the post-MDG development agenda, all countries in the region need to address issues such as sustainable consumption and production.<sup>22</sup>

The MDG experience has also revealed a much deeper data gap than expected. Many countries in the region need stronger statistical offices with a better connection to policymaking. Discrepancies between local, national and internationally comparable data are common. Given the region's widespread use of mobile phones and social media, decentralized monitoring of public services by citizens can complement and enhance traditional data collection and dissemination. In the new development agenda, this region has the opportunity to update and deepen accountability and monitoring mechanisms to ensure and track progress towards international development goals.

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<sup>22</sup> See UN, *From Transition to Transformation, Sustainable and Inclusive Development in Europe and Central Asia* (2012).



## Building more inclusive, sustainable and prosperous societies in Europe and Central Asia

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# Issue Brief 2

## Population dynamics

### *I. What is at stake?*

Changes in the growth, structure and geographical distribution of human populations have important environmental, social and economic implications. Globally, population dynamics raise a number of challenges for sustainable development:

- The unprecedented population growth of the last six decades—from 2.5 billion in 1950 to over 7 billion today—has adversely affected the environment by increasing pressure on land, ecosystems and water and overexploitation of non-renewable resources. It has also had a significant economic impact, as according to some estimates an annual population growth of 1 per cent requires that up to 10 per cent of GDP be allocated to the infrastructure, equipment and training needed by the larger population.
- While population growth is expected to slow globally, the world's population is still likely to reach 8 billion by 2030 and exceed 9 billion by 2050. The global labour force is expected to grow by about 470 million people. This growth will be concentrated in developing countries, where it will create opportunities if people—especially young people—are given the right services and skills.
- The acceleration of urbanization—the world's urban population increased from 0.7 to 3.5 billion between 1950 and 2010—brings significant economic and social changes, and creates new opportunities (including better access to services and lower costs for providing utilities) as well as vulnerabilities (e.g., the emergence of slums where residents are overexposed to environmental hazards and associated health risks).
- The rapidly increasing youth populations in less developed countries create opportunities for development, particularly when young people's creative energies are meaningfully channelled through education and employment. This increase also brings the risk of political and social instability, particularly if youth are disenfranchised and/or unable to find meaningful work.
- Demographic transition in the region's middle-income countries has led to a high proportion of people of productive age and declining fertility. With fewer young dependants, more income is available for the working population and economic development in general (a "demographic dividend"). These countries are also facing rapid population ageing, which in affluent societies is seen as a challenge to the sustainability of health and pension systems.
- Globally, emigration and refugee flows are increasing due to important "push" factors: conflicts and lack of security; the environmental consequences of climate change, including natural disasters and land degradation; and a persistent lack of economic opportunities for impoverished populations.

- Differential growth rates for different groups in ethnically mixed areas continue to underlie ethnic conflicts and tensions.

## ***II. The story of the region***

Population dynamics in Western Europe are characterized by low fertility, postponement of childbearing and increasing life expectancy. This has led to rapid increases in the number and proportion of older people. Significant immigration brings with it increasing levels of cultural and ethnic diversity with many positive economic implications but which also are a source of social and political tensions (see Issue brief 3 on migration). A particular feature in this part of the region is the retirement of the so-called 'baby boom' generation and resulting significant increase in the dependency ratio, i.e. the number of older persons relative to the working-age population. In some Eastern European countries, the rapidly decreasing fertility rate has been accompanied by adverse mortality trends, including significant declines in life expectancy among men. This is probably the first example in history of a sustained and substantial increase in mortality that is not associated with a major epidemic or war. Again for the first time in history, some Eastern European countries have experienced natural decreases in population that were accentuated by net emigration. This has raised concerns about 'demographic security' and led to calls for pronatalist measures, which often disregard the rights of women. An increasing number of countries in this part of the region are now becoming countries of origin for migrants, as well as of transit and destination.

Population dynamics in Central Asia contrast with those in other parts of the region. Fertility levels are higher: in Kazakhstan and Kyrgyzstan fertility has even increased since 2000, and while Uzbekistan has witnessed a consistent decline, its fertility rate is still higher compared to Western Europe. Because this is coupled with relatively high mortality, the populations are significantly younger than in the other parts of the region—more than half of Central Asia's population is under age 25 years, with the exception of Kazakhstan, where around half of the population is under age 30. Kazakhstan is also a country of destination for international migration within Central Asia, while the other countries are generally countries of origin. Kyrgyzstan and Tajikistan experience particularly significant emigration and are among the biggest remittance-receiving countries in the world.

## ***III. Population dynamics and the new agenda***

The population dynamics in the region as a whole point to a number of issues which have broader relevance as they are the result of or are concomitant with the demographic transition. This global process is associated with changes in intergenerational relationships, which need to be managed, and with increasing transboundary population flows, which need to be addressed.

Many societal shifts that will be central to the new agenda are influenced by demographic trends. As a result, the post-2015 development framework needs to recognize population dynamics as an important cross-cutting issue and pay special attention to the related policy challenges, in particular:

- Population ageing is linked to the issue of intergenerational equity. Low and delayed fertility, as well as increasing life expectancy, result in changes in cohort succession, which undermine the existing intergenerational contract; young generations in most countries of the region are relatively small and need to shoulder higher per-capita support for older generations.
- The sustainability of social security systems, particularly pension schemes, has therefore become a major challenge for the region and is increasingly relevant for other countries in the world.
- Ageing societies must pay special attention to provision of care for the elderly. This has important gender dimensions as the care burden falls largely on women. At the same time,

older persons, when in good health, are important providers of services to younger generations and society at large.

- Poverty, exclusion and deprivation continue to be transmitted across generations, particularly in the countries hardest hit by the economic crisis. This cycle, which also exists outside the region, can be broken only if children and young people from poor families and communities have access to good education and health services, so that they can realize their full potential in later stages of life.
- In some Eastern European countries, policies to increase fertility risk infringing on the rights of women to make their own choices, thus undermining gender equality. Given the increasing evidence that in the European context, gender equality contributes to higher fertility, such policies are likely to fail.
- Migration flows need to be managed within a human rights framework, for the benefit of countries of origin and of destination. The stigmatization of migrants by certain political forces, the barriers that migrants often face in accessing health and social services and the status of female migrants (especially as domestic workers) are important concerns that need to be addressed through appropriate policies and legislation.

Eradicating extreme poverty, promoting gender equality, ensuring healthy lives and quality education and other goals are not just ends of development, but also important means to address population dynamics and promote more sustainable pathways to development.





## Building more inclusive, sustainable and prosperous societies in Europe and Central Asia

A common United Nations vision for the post-2015 development agenda

### Issue Brief 3

## Migration in Europe and Central Asia

### *I. What is at stake?*

- **Migration matters today more than ever before.** It is relevant to virtually all countries in all regions and has steadily increased: roughly one person in seven today is a migrant, including some 214 million international and 740 million internal migrants.
- **Migration is relevant to all three pillars of sustainable development—**economic, social and environmental. Considering both its positive and negative impacts is essential to fully realizing a range of development objectives, including food security, decent work and access to health care and basic services. Links between underdevelopment and forced and unsafe forms of migration should also be taken in account.
- Governments increasingly recognize that **migration is both inevitable and necessary, and that it can contribute to inclusive and sustainable social and economic development**, benefitting countries of origin and destination as well as migrants and their families.

### *II. The story of the region*

- Europe and Central Asia hosts a significant migrant population whose share in the total population is significantly higher than the world average:
  - In 2011, there were 33.3 million foreign nationals residing in the EU – 6.6 per cent of the total population. Of these, 20.5 million were nationals of countries outside the EU. Some 48.9 million EU residents were born in another country, bringing to 9.7 per cent the share of the foreign-born in the total population. The combined number of foreign-born people in Iceland, Norway and Switzerland exceeded 2.8 million in 2011.
  - In 2010, the average share of migrants in the total population stock of the region's transition economies was 8.4 per cent. These countries' average shares of emigrants was 16.7 per cent, also well above the global average.
  - According to the World Bank, three of the five countries receiving the largest amount of remittance inflows (relative to GDP) in the world in 2011 were former Soviet republics (Tajikistan, Kyrgyzstan and the Republic of Moldova).

- For these countries, as well as for Armenia, Georgia, and Kosovo<sup>23</sup>, ODA receipts are dwarfed by remittance inflows.
- While in the past only a handful of industrialized countries were identified as “countries of destination”, today most countries in the region are simultaneously countries of origin, transit and destination.
- At the global level and in the upper-income countries of Europe and Central Asia, the share of female migrants is around 49 per cent of the total stock of international migrants. In the region’s middle- and low-income countries, however, women were a majority (56.6 per cent) of total international migrants in 2010.
- In the last few decades, the key drivers of migration have evolved from predominantly political and security reasons to socio-economic forces. The skill criterion is thus becoming an important qualifying factor in various migratory flows. At the same time, the share of youth involved in migration is increasing. This trend is particularly relevant for shorter-term and temporary migration, as more and more young people leave their countries of origin in search of employment abroad.
- Irregular migration is significant throughout the region, with crimes of human trafficking, migrant exploitation and smuggling a particular concern. Underdevelopment and lack of regular migration channels continue fuelling these phenomena. While the region’s transition economies have traditionally served as countries of origin and transit for trafficking (much of which has been directed towards Western Europe), many of these countries now also serve as destination for trafficked migrants.
- The two-way connection between the environment and migration has been long acknowledged, but the realities of climate change give a new edge to this relationship, which has not been sufficiently addressed in policies and programmes, especially in terms of its impact on development.

### **III. What needs to happen?**

#### **Main policy steps**

**The positive impact of migration is neither predetermined nor guaranteed.** While billions stand to gain from migration—including migrants and their families, local communities, businesses and national economies—migration can also create new vulnerabilities and inequalities if poorly managed. Releasing the development potential of migration and minimizing its negative impacts require comprehensive, well-managed migration policies. Cooperation between countries of origin and destination is needed to ensure orderly mobility with full respect of the human rights of all migrants. Comprehensive approaches also require cooperation to be multidisciplinary: migration and development communities need to work together and include other related policy areas, including those affecting human rights, humanitarian issues, education, health, employment and the environment. Furthermore, the involvement of non-State actors is essential—first and foremost migrants themselves, including diaspora groups and transnational networks, but also local and international NGOs, the business and finance sectors, academia and local communities. Such **broad-based multidisciplinary partnerships should be established at the local, national, bilateral, regional and global levels** with the aim of addressing the following policy priorities:

- **Mainstreaming migration into development**, by factoring migration into local, national, regional and global development strategies, poverty reduction strategies and sectoral policies

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<sup>23</sup> As per United Nations Security Council resolution 1244 (1999).

and plans; and by more systematically establishing synergies with related policy instruments, such as those for disaster risk reduction and climate change adaptation.

- **Creating regulatory environments to enhance the impact of migrants' privately-funded contributions to development**, including remittances and migrants' savings, as well as the transfer of skills, values and innovation. This involves good governance, economic stability, openness to entrepreneurial activities, lowering barriers to freedom of movement and establishment, as well as more targeted incentive mechanisms, including dual citizenship, simplified administrative procedures, portable pensions and social security, and voting rights.
- **Ensuring respect for and protection of the human rights of all migrants**, taking into account differentiated vulnerabilities based on gender, age, health, legal status and other factors. This requires:
  - designing and effectively implementing national laws to protect the rights of all migrants;
  - providing opportunities for legal migration and strengthening integrity of international labour recruitment practices;
  - reinforcing integration policies;
  - providing options for returning in dignity where staying is not possible or permitted;
  - the development and implementation of bilateral and regional agreements to facilitate the portability of social security and benefits, and the recognition of qualifications and competences;
  - promoting migrant-sensitive health policies;
  - providing greater protection and support for families separated by migration;
  - disseminating information to migrants on their rights and duties and on the availability of legal avenues for migration and employment abroad.
- **Addressing often negative public perceptions of migrants and migration.** Xenophobia and discrimination undermine the human development outcomes of migration, threatening social cohesion and the overall rights and well-being of migrants. To address this, migrants themselves, as well as States, the media, the private sector and civil society, need to engage in generating accurate and constructive discourse and reporting on migration. This should be coupled with efforts to facilitate migrants' integration that target both migrants and host communities and are tailored to the local context and profile of migrants, in addition to measures to upgrade their skills and to combat discrimination and intolerance.
- **Promote evidence-based policymaking on migration and its linkages with development.** This includes greater investment in data, research, needs assessments, evaluations and capacity development with respect to migration and its outcomes for individuals and societies.

### Considerations for the new agenda

Linkages between migration and development should be fully acknowledged in the United Nations post-2015 development agenda, bringing forward a holistic approach with the following emphasis:

- Migration is both inevitable and necessary.
- Migration enables development, with potential benefits for migrants and for countries of origin and destination. Accordingly, synergies between migration and development policies should be pursued at all levels.
- Concerted efforts are needed to ensure respect for and protection of the human rights of all migrants.
- A fundamental shift in public perceptions of migrants and migration is needed, to counter discrimination and xenophobia and to support social cohesion.

In addition to this overall approach, the post-2015 development agenda should incorporate migration as:

- a key element in a possible new Global Partnership for Development goal, including through the addition of the following target: *“Create cooperative agreements related to human mobility to enable safe, lawful, less costly migration across or within borders, which ensure the protection of the human rights of migrants and produce positive development outcomes for all stakeholders.”*
- targets for relevant specific development goals, particularly poverty alleviation, disaster risk reduction and access to quality education, health and decent work.

# Gender equality, women's rights and women's empowerment in Europe and Central Asia

## *I. What is at stake?*

Central to the United Nations universal human rights framework is the recognition that gender equality, women's rights and women's empowerment are relevant in every part of the world; are everyone's responsibility; pertain to every policy area; and cannot be subsumed into other priority areas. Gender equality is an existing and unrealized commitment that is enshrined in global human rights conventions, reasserted in the declarations and platforms for action of the United Nations conferences of the 1990s, in recent global commitments such as those made the United Nations Conference on Sustainable Development (Rio+ 20), and specifically reinforced in relation to peace and security in resolutions of the United Nations Security Council.

## *II. The story of the region*

### **Labour and employment**

- The gender gap in labour force participation increased by 1.6 percentage points in Eastern Europe and Central Asia and South-Eastern Europe, but decreased by 3 per cent in the developed economies of the region.
- The gender pay gap remains high: out of 25 countries in the region, it is above 30 per cent in eight countries, between 10 and 29 per cent in 13 countries and below 10 per cent in four countries.
- There are positive trends in the proportion of women holding higher positions in business. Recent data on men and women in managerial positions show that in a majority of countries, between 30 and 40 per cent managers are women and between 20 and 30 per cent of employers are women.
- Horizontal occupational segregation remains a prominent challenge in the region, with women overrepresented in lower-paying occupations. Similarly, significant differences remain between men and women in certain fields of study, and women's higher levels of education do not translate into better jobs or better pay.

### **Women's migration**

- Migration has an increasingly female face in the region, with women representing respectively 57 and 54.4 per cent of the total migrant population (ages 20-64 years) from Eastern Europe and Central Asia.
- Women employed as domestic workers account for an important proportion of



intraregional labour migrants and many of them work without contracts. Most recipient countries do not recognize private households as a work place and therefore do not stipulate that domestic workers require a contract. In addition to being a blatant violation of workers' rights that increases the vulnerability of women, this excludes them from any social protection and service benefits.

### **Women's representation in policy- and decision-making**

- Worldwide experience shows that temporary special measures such as quotas are needed for reaching or exceeding the critical mass point of 30 per cent female members of national parliaments.
- In Eastern Europe and Central Asia and South-Eastern Europe, an average of 18 per cent of members of parliament are women, second to last in the world above the Arab States. The 28 members of the EU are at the top with an average of 26 per cent, although this is still a weak percentage.
- The number of women ministers presents a mixed picture in the region. Four countries lead globally with more than 50 per cent women ministers (Finland, Iceland, Norway and Sweden), 10 countries have fewer than 10 per cent and Ukraine has no women ministers. The balance of countries in Europe and Central Asia fall between these percentages.
- Women continue to be vastly underrepresented in policy- and decision-making in most countries, including in national and international bodies dealing with conflict resolution and peacebuilding

### **Governance, leadership and gender justice**

- While anti-discriminatory legislation and gender-responsive policies have been developed or strengthened in many countries in the region, e.g., in the areas of labour, land, property, inheritance and violence against women, this de jure progress often is not translated into reality because of acute governance deficits, implementation gaps and persistent discriminatory attitudes and behaviours.
- In many countries, civil society still lacks capacity and influence, and informed participation of gender equality advocates remains limited in international and global forums.
- Violence against women remains a pervasive problem in all countries. In spite of weak statistics resulting from insufficient recording of data, it is estimated that more than 50 per cent of women have experienced physical violence in their lifetimes. The Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention), which is legally binding, is a critical opportunity for Member States to take action against this pandemic.
- Lack of redress for survivors of sexual violence in conflict remains a shameful legacy of the 1990s wars in the former Yugoslavia. Justice has proved elusive for the estimated 20,000 persons in Bosnia and Herzegovina who were subjected to rape and other forms of sexual violence, and the estimated 23,200-45,600 Kosovar Albanians who were raped. Only 161 persons have been indicted, 126 proceedings completed and 69 persons sentenced.

## ***III. What needs to happen?***

### **Main policy steps**

To achieve the goal of gender equality, women's rights and empowerment, three interrelated dimensions of gender inequality need to be addressed: preventing violence against women and girls; expanding women's capabilities and building their access to and control of resources; and building women's influence in public and private decision-making. In this respect, it is essential to strengthen well known enabling conditions and policies which include:

- Legal and policy frameworks that are aligned with international standards on human rights and provide for women's access to justice and their legal empowerment;
- Human development policies and comprehensive social protection measures that ensure protection for women against risks and vulnerabilities. These include universally accessible and affordable education and health care, provision for women's specific sexual and reproductive health needs, and provision of infrastructure for sustainable water and energy supply;
- Economic regulation and employment policies that prevent discrimination against women, reduce the burden of unpaid domestic and care work, promote equal pay, prohibit sexual harassment and promote decent work opportunities for all;
- Reforms of the security and justice sectors that prevent, respond to and end impunity for violence against women, protect and support victims/survivors, prosecute and punish perpetrators and provide gender-sensitive remedies;
- Temporary special measures to enable women to compete more effectively for leadership positions in the private sector, public administration or representative politics;
- Gender mainstreaming in the design, implementation, monitoring and evaluation of all policies and programmes.

### **Considerations for the new agenda**

As it builds and expands on the gender equality goal of the Millennium Development Goals, the new framework must avoid its shortcomings, in particular the failure to address the structural causes of gender inequality. Without attention to major gender-specific injustices, the gender-based differences in power and resources are rendered invisible, and the structural causes of discrimination and harm based on gender are left unchanged.

This is why a transformative goal on gender equality, women's rights and women's empowerment is essential, with corresponding targets, and in parallel, the gender dimension should be mainstreamed in the other goals.

The targets for advancing gender equality, women's rights and women's empowerment would need to be tailored to national situations. While every country will have its own way of organizing policies and resources to meet these national targets, a comprehensive approach needs to be adopted with three priority areas which represent essential and universal elements: freedom from violence; gender equality in capabilities and resources; and gender equality in decision-making power and voice in public and private institutions.

An effective gender-responsive accountability system is required for enabling women to hold public authorities answerable for their commitments. Key to making such accountability systems work for women are more refined and systematic measurements of gender inequalities, and the strength of women's collective action. For this, an environment of civic and political freedom is necessary.

Any future development framework, including the Sustainable Development Goals, must be underpinned by clear implementation plans which are gender-sensitive, including financing for development, enhanced knowledge-sharing and capacity-building. This will help to ensure that women and men contribute to and benefit equally from development outcomes, and that inequalities are addressed.



## Building more inclusive, sustainable and prosperous societies in Europe and Central Asia

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### Issue Brief 5

## Decent jobs for all

### *I. What is at stake?*

#### **The crucial role of decent employment for sustainable development**

For countries at all levels of development, an adequate supply of jobs is the foundation of sustained prosperity and economic and social inclusion. Access to decent jobs for all is key to helping people pull themselves out of poverty, reducing income inequalities and achieving social cohesion. Work that is safe, productive and fairly remunerated provides individuals and families with sustainable income, increases self-esteem, enables integration into society, reduces a primary source of inter-ethnic conflict and enables productive contributions to national and local economies.

Technological innovations, as well as the need to convert to renewable energies, environmentally friendly production and more sustainable modes of consumption, are significantly affecting the number of jobs available and the requisite skills for many positions. These changes offer new and better job opportunities for many but also—in the absence of adequate policies—may deprive others of meaningful employment. Experience has shown that economic growth alone is not sufficient to create decent jobs that are also environmentally sustainable. Growth policies and the shift towards a more green economy need to be accompanied by policies that promote employment and increase the number of available jobs, as well as by education, labour and social policies to help people meet the requirements for these jobs.

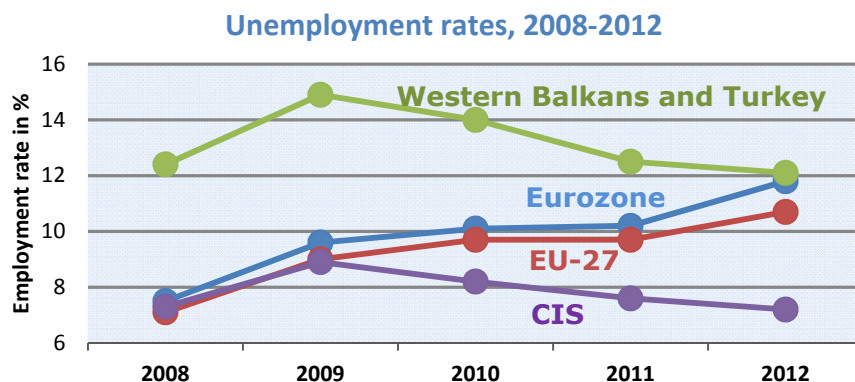
### *II. The story of the region*

#### **The crisis has deeply affected the employment situation and quality of employment in the region<sup>24</sup>**

The 2008 financial crisis sharply reversed a decade-long period of high economic growth and declining unemployment in Europe and Central Asia and caused a drastic fall in GDP for the majority of countries in the region. Although initially the economic crisis resulted in a sharp rise in unemployment across the whole region in 2009, the subsequent labour market response has varied across the different subregions as demonstrated in the figure below. In both the Eurozone and the then 27 members of the EU, unemployment has increased further while in the Western Balkans, Turkey and the Commonwealth of Independent States (CIS), this trend has been avoided and unemployment has decreased. In several countries including

<sup>24</sup> For a review of the gender dimension of employment in the region, see Issue brief 4 on gender equality, women's rights and women's empowerment in Europe and Central Asia.

Greece, Spain and Serbia, more than one in four people are currently jobless and the youth unemployment rate is double the total unemployment rate.



Many of the middle-income countries in the region report low rates of employment and labour force participation, particularly among women and youth who are not in education or training. They also report increasing levels of engagement in informal employment, typically associated with poor working conditions, low earnings and minimal social protection and labour rights.

In the advanced economies, atypical employment, which is often involuntary and includes temporary and part-time employment, is on a steep rise. Temporary employment is particularly high among youth and low-skilled workers and contributes to increasing labour market segmentation, with workers often remaining trapped in such jobs.

### **III. What needs to happen?**

#### **Main policy steps**

##### **Reshaping policies to stimulate economic and labour market recovery**

The failure of countries in the region to realize robust economic growth and generate good-quality jobs points to the need for a new approach. The ILO<sup>25</sup> has called for a new job-rich strategy to encompass coordinated and coherent macro- and microeconomic, employment and social policies.

Macroeconomic policy to promote recovery must strike a good balance between fiscal consolidation and growth promotion. While fiscal consolidation is important for stabilizing public finances, its pace could be slowed for the medium term so as to leave fiscal space for measures to stimulate growth. The latter would in turn generate additional revenues for public finances.

- In order to support the creation of decent jobs, an environment conducive to business needs to be created or improved in the region, with a specific focus on small and medium-sized enterprises, which create the majority of jobs.
- Employment promotion policies should ensure widespread access to quality education and training, including lifelong learning, in line with labour market needs.
- An optimal combination of active labour market policies, with time-bound income support during periods of unemployment, is needed to help jobseekers and protect them from falling into poverty.
- Job-friendly economic policies should be complemented by sound wage policies that encourage wages to increase in line with productivity, including the establishment of minimum wages. This will ensure fairer distribution of added value and contribute to boosting consumption, growth and job creation.
- Finally, social dialogue and collective bargaining are indispensable for shaping and implementing such policies.

<sup>25</sup> ILO Oslo Declaration on restoring confidence in jobs and growth, adopted on 11 April 2013 by representatives of Governments, employers and workers from 51 countries in Europe and Central Asia.

## **Considerations for the new agenda**

### **A new strategy is needed for triggering sustainable and job-rich growth**

An increasing number of countries around the world are now confronted with declining economic growth coupled with rising unemployment. The call for a job-rich growth strategy has global resonance and should be at the core of a possible new Sustainable Development Goal on decent jobs for all. While recognizing that any strategy must be tailored to the specific situation of each country, the following core components can be highlighted:

- Diversification of productive activities is a sine qua non for sustainable job creation in all countries. Financing the real economy, facilitating innovation and the creation of enterprises (particularly small and medium enterprises), and active training policies for increasing the employability of workers of all ages, especially youth, are three key policy areas necessary for successful diversification.
- In particular, incentives are needed for strengthening the expansion and creation of jobs in promising "green" sectors such as renewable energy, housing, public transport and recycling and waste management. Transitioning to a green economy would thus be a major component of the job-rich growth strategy. Similarly, the social and solidarity economic sector should be targeted as a source of environmentally sound jobs and a direct response to local and social needs.
- Budgetary and fiscal policies need to be revisited, with three main and interconnected concerns in mind: facilitating domestic demand; reducing inequality and poverty; and generating employment. Increasing the fiscal space for adequate social and employment policies is crucial for meeting these concerns, which would change the very nature of growth and reconnect it with human development.
- All relevant actors should be engaged for inducing job-rich growth: public authorities, which are responsible for the overall strategy and the related public institutions and policies; trade unions, which represent the interests of workers; employers, who are able to identify business needs and promote social corporate responsibilities; and cooperatives and associations, which contribute actively to the inclusion of people at risk of being excluded, including marginalized youth and the poor.
- Beyond the existing indicators, monitoring of the employment situation should include the evaluation of the initiatives taken by these actors. Results in terms of quantity and quality of job creation arising from these initiatives could thus be shared with political forces and civil society at large with a view to learn lessons and further accelerate the path towards the goal of decent jobs for all. The development framework could also invite the government and social partners involved in job creation to agree jointly on a plan for reaching specific employment targets or a reduction of the youth unemployment rate over the medium term, with the impact of the plan being assessed on a yearly basis.



## Building more inclusive, sustainable and prosperous societies in Europe and Central Asia

A common United Nations vision for the post-2015 development agenda

# Issue Brief 6

## Social protection for all

### *I. What is at stake?*

#### **The crucial role of social protection for sustainable development**

Investments in adequate social protection pay off in terms of both social and economic development. Social protection systems not only contribute to human security, dignity, equity and social justice, but also provide a foundation for political inclusion, empowerment and the development and strengthening of democracy. Well-designed social protection systems offer essential health care and social services and provide income security for children, adults and older persons by protecting them during sickness or injury, pregnancy, loss of earnings or employment. In times of crisis, the enlargement of national social protection systems not only cushions the impact of the economic downturn on workers and families but also helps to stabilize economies, supporting aggregate demand, facilitating recovery and providing high returns on public investment. Universal, comprehensive and efficient social protection systems are a key instrument in not only alleviating but also preventing poverty: they guarantee income security and access to social services to all in need.

### *II. The story of the region*

#### **Growing needs for social protection in the region**

Social protection systems in the region, at both national and subnational levels, vary strongly in terms of their comprehensiveness, structure and benefit levels. While members of the European Union (EU) and other high-income European countries allocate, on average, 30 per cent of their GDP to social protection, South-Eastern and Eastern Europe and Central Asia allocate only 15 per cent.

In particular in the Caucasus and Central Asia, large groups of the population are still left without any protection, including young people, unpaid care givers, people with disabilities, rural populations, migrants and ethnic minorities, many of whom are engaged in informal employment<sup>26</sup>. Similarly, the low level of public pension schemes, especially in the Caucasus and Central Asia, is often insufficient to protect older persons from falling into poverty. In the region's advanced economies as well, gaps in social protection coverage are emerging as existing systems are often ill-designed to cover so called "new risk groups" including atypical workers, youth, single parents or the long-term unemployed.

<sup>26</sup> Issue brief 5: Decent jobs for all.



## **While social protection system are weakening**

Social protection systems within the region have come under substantial pressure in recent years. First, as a result of the crisis, lower contributions due to lost jobs and reductions in social contribution rates pose serious challenges to the systems' financial sustainability. Fiscal consolidation measures impose further cuts in social expenditure programmes. Demographic changes and ageing populations present another, long-term, challenge to social protection systems<sup>27</sup>. This is a concern especially in EU countries, where the number of people older than 65 years compared to the number of people aged 15-64 years is projected to double by 2050. Finally, in a number of advanced economies, there has been a paradigm shift in social policy towards "workfare", namely a system directly linking the provision of social benefits to steps taken for employment or reemployment. This has led to a lower prioritization of universal social protection systems in the last decade.

## **The result is little progress in fighting poverty**

The result of these developments is that little progress has been made in fighting poverty and inequalities in the region. In the EU since the start of the crisis, poverty rates – calculated as the percentage of the population living on an income below 60 per cent of the median income – have increased, and almost 17 per cent of the entire EU population was at risk of poverty in 2011. Although increases in income contributed significantly to the reduction of extreme poverty (below \$2.50 a day) in Eastern Europe, Central Asia and the Western Balkans in the decade before the crisis (1998-2008), extreme poverty increased again during the crisis in many countries. In the region as a whole, groups with a high risk of falling into poverty typically remain households with low-paid or unemployed members, single-parent families, large families, children and people living in rural areas.

## **III. What needs to happen?**

### **Main policy steps**

#### **Social protection is needed more than ever**

In view of the existing coverage gaps and prevailing situations of poverty in the region, well-designed, effective and affordable social protection is needed more than ever. To prevent a resurgence of poverty, countries need to address existing and newly emerging gaps in the extent, scope, levels and quality of coverage of their social protection systems.

To preserve their high standards of social protection, members of the EU and other countries with well-developed social protection systems will need to take measures that balance what is adequate versus what is sustainable, especially in the area of pensions. Reforms to reduce the projected increase of expenditure in pension systems should be directed towards lowering the dependency ratio, thus decreasing the burden on active members of the labour force. This can be done through active ageing policies (including support to upgrading of skills, flexible working time arrangements and appropriate adaptation of workplaces to meet the needs of older persons with disabilities) to promote more employment of older workers and also to activate populations who so far are inactive (starting with young people). Some other countries, especially in the eastern part of the region, still need to rebuild existing social protection *programmes* into comprehensive *systems*.

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<sup>27</sup> Issue brief 2 : Population dynamics.

## Considerations for the new agenda

### Reforming social protection systems to close gaps in coverage and achieve adequacy and sustainability

Going forward, it is essential to continue reforms of national social protection systems to meet increasing demands, expand coverage to all population groups and provide adequate levels of benefits with a view towards ensuring long-term financial sustainability.

The United Nations Social Protection Floor Initiative (see annex) is driven by widespread agreement that provision of at least minimum income security over the life cycle and affordable access to essential social services (like health care, education, water and sanitation) should be a priority of social policies.

Social protection, as a decisive factor for reducing poverty and inequalities, should be one of the key pillars of the post-2015 development framework. All countries could be invited to establish, or expand where they exist, social protection floors which would be tailored to the situation and needs of each country and would have a multidimensional scope, covering both income security and access to basic social services for all segments of the population.

Although social protection is a national-level responsibility, a global framework can help to ensure accountability and share lessons across countries. Governments should set up the overall framework of their national social protection floor in close cooperation with employers' and workers' organizations and NGOs representing other national stakeholders. The global framework would fix targets and recommend types of partnerships needed to implement these targets. A global framework that prioritizes social protection would be the basis for an accountability mechanism whereby national actors can assess progress at the national level, while sharing results and lessons on the global level.

### Annex: The Social Protection Floor

Effective responses to the challenge of ensuring social protection for all require new political and social thinking, based on principles of equity and social justice, universality and respect for human rights. The United Nations Social Protection Floor Initiative can underpin such responses. The narrative around the Social Protection Floor:

- **promotes a broad concept of social protection**, including not just social assistance (e.g., income transfers for those living below the poverty line) and social insurance (e.g., pensions, unemployment, medical insurance) but also access to basic public/social services (e.g., education, health, water/sanitation, energy), as well as protection against food insecurity, natural disasters and other forms of adversity;
- **emphasizes the need to guarantee services and transfers across the life cycle**, including for women, children, the economically active with insufficient income and older persons;
- **pays particular attention to vulnerable groups** by considering key characteristics that cut across all age groups (e.g., gender, socio-economic status, ethnicity, disability, people living with HIV/AIDS, migrants and populations exposed and/or highly sensitive to adverse external effects such as natural hazards and extreme climate phenomena);
- **takes a rights-based approach to these services**, implying that Governments should extend or ratify existing international conventions dealing with these threats to human development and security, as well as align domestic policy frameworks with these conventions; and
- **argues that such measures—or at least movement in their direction—are eminently affordable**. Reference is often made to the examples of India's National Rural Employment Guarantee Scheme, Brazil's Bolsa Família and Mexico's Oportunidades—rights-based social protection programmes that have helped these middle-income countries make dramatic progress in reducing poverty and human insecurity.

In line with the Initiative, the ILO Social Protection Floor Recommendation No. 202, adopted by the International Labour Conference in June 2012, reaffirms that the right to social security is a human right and provides guidance to countries in establishing and maintaining national floors of social protection as a fundamental and priority element of their national social security systems. Such floors should include at least four nationally defined guarantees of transfers in cash and in kind that ensure: (i) effective access for all to at least essential health care, including maternity care; (ii) a nationally defined minimum level of basic income security for children, providing access to nutrition, education and care; (iii) minimum basic income security for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and (iv) minimum basic income security for older persons.

The Social Protection Floor Recommendation No. 202 also encourages the countries to progressively build and maintain comprehensive social security systems providing at least the range and levels of benefits set out in the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) while ratifying this Convention.

### **Social protection floors in the region**

In all, some 30 countries have taken measures to introduce elements of a social protection floor. In the countries covered by the UN Economic Commission for Europe, however, this narrative has encountered two sorts of problems. First, in many of the high-income countries that have gone the furthest down this road, the welfare states that embody this model are increasingly under attack from a combination of demographic and economic factors that threatens to make them fiscally unsustainable (particularly in terms of health and pensions benefits). These threats are increasingly relevant for those middle- and low-income countries in the region that are experiencing shrinking, ageing populations or significant external migration of young workers.

Second, whereas the region's developing and transition economies inherited comprehensive pre-1990 social protection systems, the large declines in GDP and employment registered during the 1990s, combined with the collapse of pre-1990 social policy institutions and the adoption of market-based platforms for the delivery of socially sensitive goods and services (e.g., food, health, transport), have made these systems unsustainable. Subsequently, yawning gaps have opened up between the *de jure* rights-based legal standards underpinning national social protection systems and their *de facto* realization. These gaps are particularly large for workers employed in the informal sector—where many labour rights are not observed, and where access to employment-based social insurance systems is problematic—as well as for those who are own-account workers and not working at all.

Overall, social policy reforms during the past two decades have produced patchwork national social protection systems in the region, reflecting varying degrees of institutional capacity for social policy. In most countries, the success of efforts to enlarge social protection to those most vulnerable to income poverty (e.g., female-headed rural households with many children) or social exclusion (e.g., residents of small towns, ethnic minorities, people living with disabilities, or with HIV/AIDS) has been modest.

### **The social protection floor and the post-2015 development framework**

Establishing national social protection floors can serve as a platform for modernizing social protection frameworks in Europe and Central Asia as well as in other regions of the world. It may therefore usefully feed social policy discussions in the context of the post-2015 sustainable development debates.

The logic of the social protection floor suggests that gaps between *de jure* legal standards for social protection and the *de facto* fiscal and institutional capacity needed to meet them should be closed by increasing the latter, rather than relaxing the former. The following considerations are useful in this context:

- The concept of a social protection floor calls for a move towards cross-sectoral approaches to social protection. Continued reliance on “siloed” approaches both reduces the impact of the resources that are available for social protection, and weakens the pro-poor character of policies in many areas, including sustainable resource management, disaster risk reduction or rural development.
- The financial sustainability and the efficiency of social protection floors can be maximized by policy changes combining readjustments in the fiscal space with institutional reforms.
- These reforms must preserve the principle of universal coverage which, in practice, may imply the introduction or improvement of targeted cash transfers and other provisions aimed at reaching effectively the most vulnerable population groups.
- Social dialogue, combined with comprehensive national consultations, is a key factor of success for achieving a broad consensus on the parameters of such reforms.

# Quality health and well-being for all

## *I. What is at stake?*

Health is human well-being in all its dimensions. It is central to sustainable social and economic development across all sectors, and is a key indicator of what people-centred, rights-based, inclusive and equitable development seeks to achieve. The Global Thematic Consultation on Health, one of a series of consultations convened by the United Nations to inform the new development agenda, called for new goals, which, building on the existing health-related Millennium Development Goals, set more ambitious targets and focus on sustainable health and well-being for all. These new targets would aim at maximizing healthy lives by reducing the burden of major non-communicable diseases (NCDs), ensuring universal health coverage and access and tackling the determinants of health through targets in other sectors and themes.

### **A strong social and economic case**

- Good health supports economic recovery and development. Health contributes to increased productivity, a more efficient workforce, healthier ageing and less expenditure on sickness and social benefits.
- Using resources efficiently within the health sector can contain overall public expenditure and health care costs.
- The costs of not acting to reduce inequities in health are high. Recent studies estimate that the monetary value of health-inequity-related welfare losses is approximately 980 billion euros per year or 9.4 per cent of GDP in the European Union countries, with similarly high figures in lower-income and transition economies.
- The health and well-being of the population are best achieved if the whole of government and all sectors work together to address the social, economic and environmental determinants of health.
- In a globalized world, countries are increasingly required to work together to solve many key health challenges.

## *II. The story of the region*

### **Inequities in experiencing the human right to health**

Across Europe and Central Asia, health has greatly improved in recent decades. However, inequities persist between and within countries in the region, with a 16-year gap between the lowest and highest life expectancy rates at birth and with marked gender differences. Ethnic minorities, some migrant communities and groups of travellers, such as the Roma, continue to suffer disproportionately. This

health divide is caused by differences in living standards and the distribution of resources and decision-making power, as well as inequitable access to healthcare services. There is clear evidence that health services are high on peoples' agendas. In Eastern Europe, for example, "better healthcare" ranks first in MY World, the United Nations Global Survey for a Better World.

### **Uneven progress in the achievement of the health-related Millennium Development Goals**

The countries in the region have made significant advances towards the Millennium Development Goals. Areas remain, however, in which action has stagnated and inequities in progress persist across the region.

- **Child and maternal health**—Most countries in the region have made important progress towards Goal 4 (reducing child and infant mortality). The reported infant mortality rate in 2010 was 7.3 per 1,000 live births, a 53-per-cent reduction over three decades. Two thirds of childhood deaths could have been prevented through universal coverage of a few key effective and affordable public health interventions.

The regional average maternal mortality rate decreased from 44 per 100,000 live births in 1990 to 13 in 2010. However, the average decline of 3.8 per cent is short of the 5.5 per cent needed to reach the Goal 5 target. In addition, there are large discrepancies between countries, with rates ranging from more than 75 per cent above to more than 60 per cent below the regional average.

- **HIV/AIDS**—The region is facing considerable challenges in meeting the Goal 6 target of halting the spread of HIV/AIDS. The eastern part of the region for years has reported the fastest growing HIV epidemic in the world. Although the numbers of both diagnosed AIDS cases and AIDS-related deaths have declined in Central and Western Europe, in Eastern Europe and Central Asia, AIDS diagnoses quintupled in the period 2004–2011 and the number of deaths continues to increase. The eastern part of the region also has very low rates of coverage (less than 20 per cent) of antiretroviral therapy for people who need treatment.
- **Tuberculosis**—Tuberculosis accounts for over 40 per cent of all mortality from communicable diseases and is the most common cause of death among people living with HIV/AIDS. While the region is on track to meet the target of reversing the incidence of tuberculosis, the mortality reduction target most probably will not be achieved. The burden of tuberculosis also varies significantly between and within countries.

### **A growing burden of non-communicable diseases and mental health**

NCDs such as cardiovascular diseases, diabetes, cancer and chronic obstructive pulmonary diseases pose a key challenge to sustainable development in the twenty-first century. Mental disorders are the second largest contributor to the burden of disease and the most important cause of disability. Violence and injury add to the overall disease burden. These conditions threaten to overwhelm health systems in many countries in the region.

### **III. What needs to happen?**

#### **Main policy steps**

The World Health Organization (WHO) Regional Office for Europe Health 2020 policy framework<sup>28</sup> calls for policy actions in:

- investing in health through a life-course approach and greater empowerment of citizens;
- tackling the region's major health challenges of non-communicable and communicable diseases;
- strengthening people-centred health systems, public health capacity and emergency preparedness, surveillance and response;
- creating resilient communities and supportive environments.

**Combating health inequities** and achieving the best possible health and well-being for all requires a range of policy and governance interventions mainly in the following areas:

- Addressing the social, economic and environmental determinants of health through intersectoral action and integrated policy measures;
- Tackling environmental threats to human health, including those related to air quality, climate change, transport and water and sanitation. In this regard, the European Environment and Health Process is critical to shaping appropriate policies and actions in the region;
- Taking a lifelong approach to increased equity in health, beginning early in life (with pregnancy and early childhood development) and continuing with school, the transition to reproductive age, working life, employment and working conditions, and circumstances affecting older people;
- Intervening to prevent the transmission of disadvantage and health inequity across generations;
- Putting in place policies that remove gender differences in health and social and economic opportunities;
- Strengthening national health information systems, civil registration and vital statistics, down to the district level and below, as prerequisites for measuring and improving equity.

#### **Considerations for the new agenda**

##### **A development agenda focused on health and well-being**

The Global Thematic Consultation on Health concluded that sustainable well-being for all could be an overarching goal for the wider post-2015 agenda. This goal should recognize health as a critical contributor to, and outcome of, sustainable development and human well-being. This would answer increasing calls to look beyond a country's gross domestic product when assessing healthy growth and sustainable development, and to address issues of equity. Cross-sectoral approaches are needed to accelerate progress towards the current health-related Millennium Development Goals, maximize healthy life expectancy, reduce the burden of NCDs and mental health and ensure universal health coverage and access.

Universal health coverage and access is suggested as the key contribution by the health sector to achieving health goals and targets and to improving population health more broadly. It combines access to health services (promotion, prevention, treatment and rehabilitation), the living conditions needed to achieve good health and financial protection to prevent ill health from leading to poverty. Few countries reach the ideal, but all—rich and poor—can make progress. Moving

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<sup>28</sup> WHO, Regional Office for Europe, Health 2020: A European policy framework supporting action across government and society for health and well-being, 2012. The framework has been endorsed by all 53 WHO Member States in the Europe and Central Asia region.



towards universal coverage requires strong, efficient health systems that can respond to the full range of health determinants, with renewed efforts to implement people-centered solutions while remaining resilient to economic downturns. It also requires the adoption of multisectoral approaches to health that would be embraced by the broader government (not just the public health system), the private sector, civil society, households and individuals.

### **Good governance as a key for ensuring better health**

Building the governance required to orchestrate a coherent response across government and society which results in better health outcomes remains one of the greatest challenges in global health. Addressing the priorities put forward by *Health 2020* calls for a combination of governance approaches that promote health, equity and well-being. Smart governance will anticipate change, foster innovation and be oriented towards investing in promoting health and preventing disease. Such approaches will have to include public policies and regulation as well as new forms of collaboration with civil society organizations, independent agencies, expert bodies and the private sector. Innovative, multisectoral partnerships that align and coordinate efforts will be the cornerstone of action in future global health.

Emerging governance models provide opportunities for far greater citizen participation, ownership and influence, as well as intersectoral action. The participation of communities, young people and civil society is vital both for strong policy development and implementation and for holding all stakeholders accountable for progress.

# Ensuring quality education for all

## *I. What is at stake?*

Education is a fundamental human right. Educated people can use their knowledge and skills to enhance all aspects of their lives. Quality education is a major catalyst for human and economic development: it maximizes access to employment opportunities and increases resilience to economic shocks. Education and training are thus central to meeting the challenges facing all countries in the world, to varying degrees, in terms of demographic change, global competition, technological development and the current economic crisis.

## *II. The story of the region*

The low- and middle-income countries of Europe and Central Asia have achieved, on average, high rates of participation in education and made important progress towards the Education for All goals. However, significant inequalities remain across and within countries in terms of access to education and learning outcomes, as well as the quality of education at all levels.

Pre-primary education can be a springboard for success in primary school, offsetting social, economic and language-based disadvantages, especially for vulnerable and disadvantaged children. Only 30 per cent of pre-primary-school-age children in Central Asia were enrolled in pre-primary education in 2011, compared to 72 per cent in Central and Eastern Europe and 85 per cent in Western Europe. The main barriers to early childhood education are the very small numbers of public preschools in many countries, household poverty and low levels of parental education.

The countries of Central and Eastern Europe and Central Asia are relatively close to achieving universal primary education: in most of these countries, the proportion of primary-school-age children enrolled in school in 2010 was above 95 per cent. However, despite ongoing reforms and policies and programmes for minority groups, certain groups remain excluded from education, in particular the Roma and children with disabilities.

Cost, distance to school and economic barriers limit smooth transitions from primary to lower secondary education. In most countries with large Roma populations, the participation rates of Roma children beyond primary school are dramatically lower than those of majority populations. Being born into poverty is one of the strongest factors leading to marginalization in education. Children with disabilities are often left behind, suffering from social attitudes that stigmatize, restrict opportunity and lower self-esteem.

In most OECD countries, more than 90 per cent of pupils complete compulsory education. Increasing numbers of young people are completing secondary education, with girls overtaking boys, and enrolment in tertiary education is also on the rise. In contrast, 1.1 million adolescents of lower-secondary school age in Central and Eastern Europe were not enrolled in 2011, and another 400,000 in Central Asia were not enrolled. Early school dropout leaves many young people without the skills needed to find decent jobs and compete in the labour market. The most marginalized communities are often excluded from data collection and thus invisible in national indicators.

Achieving Education for All hinges not just on delivering more years in school, but also on ensuring that children really learn and acquire the skills necessary to shape their future lives. Gaps in quality and equity exist everywhere in the region, but are most pronounced in its low- and middle-income countries, where results in reading literacy (as shown in PISA<sup>29</sup> testing) indicate that about half of the 15-year-olds in these countries are failing to master basic reading and mathematics skills. Even when they finish secondary and, increasingly, post-secondary schooling, young people often enter the labour market without the professional skills demanded by the market, and remain jobless or take up jobs below their level of education. Many adolescents are then pushed into the informal sector, join the long-term unemployed or cease to seek employment at all.

Another major challenge is to give learning opportunities to millions of low-skilled adults, including those who have low levels of literacy and/or obsolete skills. Work-based learning schemes can equip adults with new skills in the face of changing labour markets, but more youth and adult education opportunities are needed, particularly for the unemployed.

### ***III. What needs to happen?***

#### **Main policy steps**

- A greater focus on equity, quality and governance is urgently required to overcome the underlying causes of unequal learning outcomes and exclusion from education and training. Policies and financing mechanisms should be revised to better support marginalized populations. Special attention is required to overcome access barriers faced by children, youth and adults from poorer and more isolated regions, possibly by building greater flexibility into local budgets, to better respond to local realities.
- Greater investment in preschool can narrow equity gaps from the very beginning. Research shows that such investments are most effective for increasing access to and improving learning outcomes in primary school for low-income and other disadvantaged children.
- Addressing shortages of quality teachers. Updating teacher education programmes would help to increase teachers' skills, which could in turn enhance their status and working conditions. Furthermore, higher salaries would attract better individuals to the teaching profession and encourage good teachers to remain in the education system. Competency-based content for school curricula should foster the skills needed for global citizenship and the knowledge society.
- Improving the possibilities for all youth and adults, including those from disadvantaged groups, to re-enter learning institutions so they can increase and update their knowledge and skills through lifelong learning, using flexible training options including distance learning or open education resources.

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<sup>29</sup> OECD Programme for International Student Assessment.

## Considerations for the new agenda

The High-Level Panel of Eminent Persons on the Post-2015 Development Agenda proposed the universal goal of 'Provide Quality Education and Lifelong Learning' as a core pillar for building more inclusive, sustainable and prosperous societies. In its report, the Panel also proposed priority education targets, reflecting the outcome of global consultations on the post-2015 agenda. These emphasize the need for access to and completion of pre-primary education; access to both primary and lower secondary education, with measurable learning outcomes at both levels; and provision of skills for life and work.

Thus, the overall objective should be to ensure that every child, youth and adult, regardless of circumstances, has the support necessary to achieve his/her full potential through provision of adequate resources and access to quality learning at all levels of education, using a lifelong learning approach.

In line with this objective and taking into account the review of regional priorities having a global significance, the following key result areas are proposed for discussion, which would need to be tailored to the specific situation of each country:

- Increased access to pre-primary education, with a focus on children from poor economic backgrounds or remote areas;
- Increased access to primary and secondary education, with particular emphasis on marginalized children and out-of-school youth;
- Improved quality of education, with a focus on content and relevance, pedagogical approaches and formative assessments and evaluations;
- Reduced equity gaps in learning outcomes;
- Inclusion of all learners in regular schools to replace tracking and segregation of children with special needs, including those from ethnic minorities and children with disabilities;
- An increased focus on skills training for life and work, including non-cognitive skills for young people and adults.

Accountability for the design and implementation of equity-focused education policies and system reforms rests primarily with—but is not limited exclusively to—ministries of education, school administrators and, often, local governments. Ministries of labour, health, social protection and finance also need to contribute as duty bearers to achieve some of these goals. Likewise, national statistical agencies and other stakeholders must monitor and analyze the impact on the rights holders. Active support from the entire society is also necessary to overcome barriers such as stigma and discrimination and make inclusive education for all a reality.

# Changing production patterns

## *I. What is at stake?*

**Structural transformation and diversified production patterns are a sine qua non for moving towards sustainable growth that is both inclusive and green**

Sustained creation of "green jobs" is closely linked to structural change, the diversification of productive activities and progress towards sustainable consumption. In particular, production processes that are less carbon-intensive can save energy, reduce the consumption of non-renewable resources and minimize greenhouse gas (GHG) emissions, while also stimulating innovation, technological change, diversification and "green job" creation. However, prospects for the rapid uptake of green technologies and production processes that are less GHG-intensive face market and other barriers that need to be addressed by government strategies, policies and programmes.

GHG emissions can be reduced through accelerated efforts both to increase the share of renewable energy in total energy consumption and to make production less energy- and resource-intensive. Although the aims of "green growth" are new jobs and sustainable development, in some cases it may reduce employment opportunities, e.g., in mining. Likewise, lower subsidies for energy production and consumption will raise energy prices, requiring the introduction of more effective, targeted mitigation mechanisms to better protect the poor.

## *II. The story of the region*

**Achieving growth driven by structural change and diversification remains a challenge in the region**

The Europe and Central Asia region encompasses a variety of production patterns: (i) undiversified economies, as in Central Asia, that are dominated by extractive industries which are extremely energy-intensive (oil, gas, metals); (ii) economies that are making progress towards more sophisticated, technology-intensive manufacturing sectors (the new EU Member States and some South-East European countries) and which must maintain this progress in the face of intensified competition on domestic and international markets; and (iii) high-income countries (Western Europe) with shrinking industrial bases and strong service sectors.

The share of manufacturing value added in much of the region is significantly lower than in the rest of the world and, with some exceptions, there has not been sufficient progress towards high value-added activities, where a dynamic comparative advantage could be developed. This lack of structural transformation and competitiveness explains why job creation is weak in most countries in the region.

## **Despite impressive improvements, production patterns in many countries are still highly energy- and resource-intensive**

There has been progress in decoupling growth from energy and other material resource consumption, largely as a result of technical advances and investments in energy efficiency, particularly in manufacturing. The rate of industrial energy intensity decreased by 1.4 per year per year in the EU and by 3.3 per cent in the Commonwealth of Independent States (CIS) between 2000 and 2011, compared to a global reduction of only 0.7 per cent per year over the same period. However, energy intensity is three times higher in the CIS than in EU countries.

Outdated production technologies and high output shares of heavy industry in some parts of the region (Central Asia) are still challenges. Although there is huge potential for the "greening" of industry and expansion of new green sectors, weak institutions and subsidized prices for fossil fuels hamper the prospects for realizing this potential. Eco-entrepreneurs face particular problems in convincing potential investors about the possibilities of the growing eco-technologies market.

## **Despite the recent downward trend, GHG emissions are returning to their long-term historic upward trend as consumption and production levels rise**

GHG emissions have declined throughout the region, notably due to growing use of less carbon-intensive energy technologies, as well as a structural shift from goods-producing industries to less energy-intensive service sectors, technological changes and the recent economic downturn. As a whole, the production-based carbon footprint has decreased since 1990, while the consumption-based footprint has increased. This reflects the outsourcing of carbon-intensive production to emerging economies outside the region.

However, the region as a whole is still a large emitter of greenhouse gases, the source of around 40 per cent of global GHG emissions. It is also estimated that GHG emissions in Eastern Europe and Central Asia will exceed 1990 levels by 2015, as structural changes in production, urbanization and population growth in the region's more carbon-intensive economies boost demand for energy and raw materials.

## ***III. What needs to happen?***

The countries of Europe and Central Asia have major responsibilities, both in the run-up to 2015 and beyond. These include decarbonizing their economies; accelerating their energy and raw material efficiency programmes; increasing the share of renewable energy in their overall energy usage; and transferring their expertise in pursuing low carbon growth to other countries. High-income countries in Europe have great experience in uptake of green technologies and in financial engineering for investment in this field. The region can thus make a decisive contribution towards the global transition to low-carbon economies.

### **Main policy steps**

#### **Create an institutional framework to foster more efficient use of energy and resources.**

- Setting long-term goals with quantifiable and achievable targets will both require and mobilize political commitment. This can help to engage public- and private-sector stakeholders and national and international financial institutions in boosting energy and resource efficiency. The obligatory GHG reductions agreed to by States Parties to the United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol are a good start in this respect.
- Frameworks like the Secretary-General's "Sustainable Energy for All" initiative, UNFCCC low-emissions development strategies, nationally appropriate mitigation actions and the



EU "Europe 2020" strategy can help to increase certainty for investment and innovation and to ensure policy coherence.

- A combination of regulatory tools, economic policy instruments and information-sharing initiatives is needed to implement these goals and programmes, with each country adopting the mix that corresponds to its particular resource endowment and energy demand.
- Ensure that the "reduce, reuse, recycle" principle guides both production and consumption patterns. Stepped-up training and retraining, awareness-raising efforts and research are needed to fill knowledge and skills gaps.
- Powerful results are expected from the removal of fossil fuel subsidies with compensation for poor households, and from the expansion of subsidies for green technologies and products. If applied globally and tailored to national contexts, such policy measures could help to mitigate climate change while leading to profound changes in the behaviour of both consumers and producers.

### **Build partnerships with the private sector to boost investment in environmentally-friendly technologies**

- Embedding imperatives for climate change and energy and resource efficiency in national and global policymaking will accelerate "eco-innovation" and change the way industry and government work together to manage resources effectively. Government commitment is thus vital to stimulate energy and raw material efficiencies at the level of individual firms, and to create an enabling framework for green industry to flourish.
- Agreements between government and industry on specific targets can mobilize commitment and raise awareness about the commercial benefits of conserving energy and raw materials, and can lead to better-designed products with lower energy requirements, while producing zero waste.
- Corporate taxes can be differentiated according to firms' compliance with energy and production standards that reflect current and future scarcity. Targeted subsidies can be provided for investments that increase energy efficiency and use of renewable resources.
- Public funds have a critical role to play in leveraging private investments in material and energy efficiency, and in attracting support from donors and international financing institutions.
- The localization and decentralization of energy networks through distributed ("smart") grids have the potential to involve millions of local micro-producers in providing renewable energy from such sources as wind and solar, if governments and local authorities have the political will to implement the requisite changes in regulatory environments.

### **Considerations for the new agenda**

Unsustainable production patterns contribute to rising GHG emissions and threaten the security of supply of non-renewable resources, energy and food. These in turn are threats to peace and security and to intergenerational well-being. These issues are both regional and global concerns; addressing them in the post-2015 agenda requires global collective action with the involvement of Governments, civil society and leading players in global value chains.

Thus, the transition towards decarbonized economies calls for concerted efforts by the international community through international cooperation, starting with observance of internationally agreed treaty requirements; ministerial dialogue; South-South and triangular cooperation; and public-private partnerships to deploy the best available technologies, implement benchmarking and monitoring schemes and foster innovation through long-term, strategic plans for resource and energy efficiency. Given its level of resource consumption, the Europe and Central Asia region has a strong interest, both for itself and for the rest of the world, in deepening such cooperation on resource efficiency and effectiveness with international partners.

Indicators for tracking the availability of non-renewable resources and the efficiency of resource use should be developed and used to assess progress and the long-term effectiveness of policies. These indicators should be an integral part of the sustainable development goals, and of all monitoring and enforcement regimes.

# Changing consumption patterns

## I. What is at stake?

*Overconsumption in affluent societies is a major factor of inequality and unsustainability, both at the national and global levels.* Overconsumption creates important inequalities: between wealthy households and social groups deprived of access to essential goods; between rich and poor countries; and between present and future generations. In Europe, the affluence of the majority of the population has moved them beyond consumption patterns dictated by need alone, and beyond what is consistent with intra- and intergenerational environmental sustainability. Gains in resource efficiency on the production side are often more than offset by increases in the quantity of goods and services consumed. Overconsumption is thus a major cause of resource depletion; more efforts are needed to develop and implement policies changing consumption behaviours and promoting sustainable lifestyles in affluent societies.

## II. The story of the region

In high-income and upper middle-income countries, consumption patterns are increasingly affecting the environment as spending shifts to more energy-intensive categories of goods and services. In three key sectors—housing, mobility, and food—reductions in consumption are called for, in view of their impact on the environment.

### • Housing

In the EU, heating living spaces accounts for some 70 per cent of household energy consumption and heating water for some 14 per cent, and similar proportions estimated for other parts of the region. In high-income countries, improvements in energy efficiency in housing have been more than offset by the increase in housing space for upper middle- and high-income households.

### • Mobility

Private car ownership is increasing in all parts of the region. Capacity utilization is decreasing as incomes rise—average car occupancy in many developed countries is around 1.5. This trend more than offsets technological efforts to improve average fuel efficiency. Traffic congestion, pollution and accidents results in significant direct and indirect costs, estimated at €502 billion per year in the EU. The growth in private car use has been accompanied by the discontinuation of public transport services in some rural areas, thus reducing the mobility of people who cannot drive or who do not have access to a car (i.e., poor, aged and young people, etc.).

### • Food

Inequalities in the quantity and quality of food persist in the region, with the western part over-consuming resource-intensive items (e.g., meat) and items detrimental to

health (e.g., foods containing excessive fat and sugar-based products). Meanwhile, a number of population groups in the eastern part of the region suffer from chronic malnutrition, affecting from one fifth to one third of children in some countries of the Caucasus and Central Asia. The most significant environmental impacts of food consumption relate to agricultural production, industrial processing, transport and marketing, in particular through the globalization of the food supply chain. Roughly one third of food produced for human consumption is lost or wasted globally; it is estimated that consumers in Europe and North America per capita waste between 95 and 115 kilograms of food per year, compared to only 6-11 kilograms in sub-Saharan Africa and South/Southeast Asia.

In many countries, Governments are the largest consumers of goods and services. The average share of public procurement in GDP in OECD countries is about 11 per cent, reaching 16 per cent in the EU countries and with similar shares for the countries of the Caucasus (15 per cent), South-Eastern Europe (17 per cent), Central Asia (17 per cent) and Eastern Europe (19.8 per cent). Progress towards sustainable, inclusive public procurement has great potential for promoting environmental sustainability and social inclusion. So does the development of new infrastructure for improved public services and for reducing CO2 emissions, as well as for the creation or expansion of markets for environmentally friendly goods and services. Most OECD countries have adopted "green" procurement practices to certain extent, but these vary in extent and coverage.

### *III. What needs to happen?*

#### **Main policy steps**

In order to change their consumption models, high- and middle-income countries need to develop policy packages along the following lines:

- **Provision of physical and social infrastructure for sustainable life styles.** Examples include the expansion of public transport schemes, energy and water distribution and, more broadly, sustainable urban planning. Such infrastructure development affects consumer behaviour by widening the consumption choice, making it easier for individuals and households to pursue sustainable lifestyles.
- **Regulatory instruments.** Regulatory instruments induce changes in consumer behaviour by redefining the choice set. Traditional examples include building codes, product standards, speed limits, norms for the separation and recycling of household waste, spatial planning rules to reduce urban sprawl and bans (such as the phase-out of leaded petrol, suppression of incandescent lighting and restrictions in the use of private cars in cities).
- **Economic instruments.** Economic instruments alter relative prices and thus change the incentives faced by consumers when making consumption decisions. Examples include user charges (e.g., water and electricity tariffs, parking fees), taxes (e.g., on tobacco, alcohol and fuel) and subsidies (e.g., for public transport or adding insulation to private dwellings). Lifeline and other progressive tariff policies need to be used by public utilities, where tariffs vary according to quantity of consumption and (implicitly) income levels. In particular, compensation schemes are needed to mitigate the impact of tariff increases on the poorest segments of the population.
- **Information-based instruments.** Information-based instruments empower consumers to act on their preferences—examples include eco-labels on organic food or energy-efficient appliances. Eco-labels need to be clear and comprehensible as well as trustworthy. They are most effective when the environmental benefits coexist with more direct personal benefits for the consumer, such as reduced energy bills or personal health benefits. Information on sustainability throughout the value chain, such as a fair trade mark, can be particularly important.

- **Awareness-building.** Public campaigns and action by media and civil society can deeply change consumer behaviour in such areas as diet, soft mobility and use of public transport, choice of goods according to their life cycle, water and energy saving, respect for nature and biodiversity.
- **"Nudge"-type instruments.** These fall short of regulation, but encourage certain behaviours by arranging the choice architecture in such a way that individuals can be "nudged " in a certain direction without taking away their freedom of choice (e.g., placing healthy foods in a school cafeteria at eye level, while putting less healthy junk food in harder-to-reach places).

A key requirement for inducing sustainable consumption patterns is the involvement of **all actors within society**: the public sector through coordinated interministerial action; the private sector through the improved supply of green products and services; youth through education for sustainable development in schools and universities; the world of work through the involvement of social partners; consumer associations through information on the social, health and environmental impact of certain products; and non-governmental organizations and the media through sensitization of citizens on the ecological footprint of consumption behaviours. Sustainable consumption policies also need to adopt a gender and cultural perspective. Women and men often have different consumption needs (for instance in terms of time-of-day availability of public transport.) It is also important to establish targets for the progress and indicators for its measurement.

### **Considerations for the new agenda**

In view of its link with social and environmental sustainability worldwide, the issue of changing consumption patterns and moving towards sustainable lifestyles in all countries with high- and upper middle-income classes (including but going beyond the European region) should be part of the post-2015 agenda and the sustainable development goals. Governments may wish to consider establishing specific targets addressing overconsumption, e.g., to reduce absolute level of materials consumption. The responsibility of these countries would be to tailor the above policy directions to their specific situation which is diverse in terms of cultural codes and behaviour, sensitization of the population to environment and sustainable development, configuration of green movements, corporate responsibility and other factors that influence social values and consumer choice.

## Sustainable agriculture and rural development

### *I. What is at stake?*

As the world looks to the post-2015 period, agriculture and rural development are facing major challenges. Global population growth and changing consumption patterns in populous developing countries are expected to lead to growing demand for food. On the supply side, environmental constraints (water scarcity, land degradation and desertification), compounded by the fact that most fertile land has already been brought into cultivation, will limit growth in agricultural yields and rural labour productivity.

These trends explain why globally, nearly 900 million people still suffer from hunger and malnutrition, despite the great technological advances made in agriculture. The challenge is to place food production and consumption on a sustainable basis, inter alia by reducing the prodigious amounts of food that are wasted, both in developing countries (mostly on the supply side) and developed countries (mostly on the demand side). Achieving sustainable agriculture and rural development is a difficult task, but failure to do so is likely to lead to an increasing number of malnourished people, depletion of natural resources and irreversible environmental degradation.

### *II. The story of the region*

Taking into account the impact of the economic crisis, poverty is expected to remain a persistent challenge for the middle- and low-income countries in the region in the post-2015 period. Rural populations are particularly affected, having fewer employment opportunities and weaker social protection than urban residents. Consequently, young, educated people migrate to urban areas, which contributes to the further deterioration of rural human capital. Problems of low rural incomes are particularly acute in the region's transition economies, many of which suffer from fragmented land ownership structures with the size of holdings insufficient for viable operations. On the other hand, an increased competition for fertile land has been boosted by the growing demand for agricultural products and by deteriorating environmental conditions.

In addition, in many parts of the region rural people lack adequate opportunities to exchange information and learn about environmentally and socially sustainable farming that would improve their livelihoods and promote rural development. Representation of farmers' and rural households' interests is also weak, leaving little possibility to influence policies and institutional processes that affect their lives.

**Persistent rural poverty in many of the region's transition economies** is affected by the following factors:



- While **globalization and economic liberalization** had positive impacts on growth in the period leading to the economic crisis, they have increased the **vulnerability of rural households that depend on agriculture and are not integrated into global supply chains**.
- **Unemployment** and insufficient **social protection** have been identified as key problems facing rural populations. Vulnerable groups in rural areas, including women, minorities and people with disabilities, face greater challenges in finding decent jobs. Heightened social tensions—partly due to deepening territorial differences—and the depopulation of rural areas are increasingly common.
- **Insufficient public and agricultural extension services and infrastructure** in transport, logistics and information (e.g., the internet) are often major barriers to investment in rural and remote areas. This limits prospects for inclusion into the value chains and encumbers access to markets.
- **Education levels** are generally lower in rural areas. In some countries, data show that children in rural areas, particularly from families with a lower economic status, have significantly lower enrolment rates in pre-school and subsequent educational levels. Rural women and youth are most affected by the lack of opportunities, contacts and training infrastructure.
- Agricultural production is also affected by **changing climatic conditions**, particularly unprecedented variations in temperature, rainfall patterns and more frequent extreme weather events. These threaten ecosystems and sustainable livelihoods in the region's most fragile areas. Water availability, soil degradation/desertification and the appearance of new pests and diseases are some of the consequences. In addition, agriculture, in particular because of livestock management and land-use changes, is a major source of greenhouse gases.

### *III. What needs to happen?*

#### **Main policy steps**

The above-mentioned unfavourable conditions and processes can lead to the pauperization and depopulation of rural areas. This can be resolved through **promoting agriculture and rural development that are economically equitable and viable, while conserving natural resources, agro-biodiversity and ecosystems**. Sustainability requires responsible governance that promotes secure tenure rights and equitable access to land, fisheries and forests, in order to eradicate poverty and enhance the environment. **Land reform, farm restructuring and modernized land administrations** are crucial rural development challenges for the region's transition economies.

Appropriate climate change adaptation measures—such as improved water management, "climate smart" approaches to agriculture and wider access to information on new technologies—must be cornerstones for achieving food security and building resilience in rural communities. **Green, "climate smart" agricultural sectors** are also crucial for reducing the consumption of energy and raw materials, limiting greenhouse gas emissions, minimizing waste and pollution and protecting and restoring ecosystems.

Key areas for **investment** include support to all segments of the value chain, in particular rural infrastructure, storage capacities and transport systems. This can strengthen urban-rural linkages and significantly reduce post-harvest and other food losses and waste.

**New technologies** are also contributing to the emergence of economically viable and competitive food production. However, innovations have to be carefully introduced and reflect the precautionary principle in taking into account their full social, economic and environmental impact. Vertical information flows and exchanges of views and experiences on sustainable agricultural

methods and practices are essential; therefore **extension services** must also play a significant role. Local governments have to identify their **comparative advantages**, building on knowledge rooted in the long traditions and experiences of communities and launching common initiatives.

An effective, integrated, holistic approach to rural poverty alleviation also requires an assessment and identification of opportunities for higher standards of living in rural areas. **Sustainable agricultural production and rural development policies and practices** can play an important role in reducing rural poverty. Opportunities for income-generating activities in rural areas also need to be sought in diversifying agricultural sectors, and in engaging in other economic branches.

### **Considerations for the new agenda**

Because disparities between rural and urban areas are a major form of inequality in the region's transition economies, the post-2015 agenda should emphasize **reducing these inequalities**. Greater attention should be paid to **integrated and holistic sustainable agricultural and rural development policies** that take into account the economic, social and environmental aspects. This includes, inter alia, more **effective institutional arrangements and partnerships** (between central and local governments, NGOs, civil society, etc.) and **improving access to public services**, with special emphasis on capacity development. This would create opportunities for self-sufficiency and contribute to the sustainable development of rural areas.

Furthermore, for informed rural development policymaking, as well as for adequate **diagnostics and monitoring, data and indicators on the multiple dimensions of rural livelihoods** need to be further developed. Such data should be **adequately disaggregated** (by area, gender, age and other socio-demographic characteristics) and **linked to agro-climatic conditions of the areas** where the rural poor live, in order to monitor the result of policies and programmes in terms of rural development, sustainable agricultural production, inequalities, enhanced income security and poverty reduction. Progress in all these areas would significantly contribute to solving many of the other problems associated with overall human development.



## Building more inclusive, sustainable and prosperous societies in Europe and Central Asia

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# Issue Brief 12

## Managing the Earth's ecosystems

### *I. What is at stake?*

**Deterioration of the Earth's ecosystems is a source of inequalities for present and future generations and affects economic and social development**

The current model of economic development, based on overexploitation and degradation of natural resources, poses a significant challenge to sustainable economic development and social equality. Globally and in every region, the degradation of ecosystems and the resulting loss of biodiversity and ecosystem services are seriously affecting agriculture, animal husbandry, fishing and informal forestry, the very sectors on which many of the world's poor depend for their livelihoods. The phrase "GDP of the poor" was coined to describe the share of GDP that is most affected by ecosystem degradation and biodiversity loss. This interrelationship demonstrates the fundamental link between natural capital and poverty alleviation.

The unsustainable management of the Earth's ecosystems leads to a series of consequences: land degradation, which undermines food security; degradation of the ecosystem services which underpin economic activity and contribute to human well-being; water scarcity and pollution, which affect the equitable use of water and human health; unequal distribution of energy, which hampers energy access for all; and climate change, which increases the risk of natural disasters and aggravates the vulnerability of populations, in particular the poor, and endangers a wide range of natural cycles and ecosystems.

### *II. The story of the region*

The Europe and Central Asia region is confronted, in diverse contexts and to varying degrees, with the same problems and challenges as the rest of the world in the areas of water, ecosystem services, habitats and landscapes, biodiversity and climate change. The main reason is that decision makers have not paid enough attention to the importance of nature to overall development, leading to a narrow focus on short-term gains at the expense of long-term prosperity and viability.

#### **Water**

Water quality has improved in many parts of Europe over the past 20 years as a result of better regulation and enforcement, together with investment in wastewater treatment plants. Nonetheless, an estimated 120 million people in the region do not have access to safe drinking water or adequate sanitation, making them more vulnerable to serious water-related diseases. People living in rural and

remote areas in Eastern Europe, the Caucasus and Central Asia, in particular, remain at risk. Rural women in some parts of the region bear the brunt of the lack of access to safe drinking water by traveling long distances to water sources, which are often contaminated, and the consequences of illnesses such as time off from work, medical expenses, and caretaking.

## **Biodiversity**

There has been progress in enacting and implementing policy related to the conservation and sustainable use of biodiversity, yet assessments have shown that a large proportion of habitats and species continue to be at risk. In the EU in 2008, only 17 per cent of habitats and species and 11 per cent of key ecosystems protected under EU legislation were in a favourable state. This is in spite of an ambitious target agreed by the EU in 2002 to halt the loss of biodiversity by 2010. The non-EU countries of the region agreed to the same target in 2003. And while there are gaps in quantitative data available on the status and trends of biodiversity in all Europe and Central Asia, there is ample evidence from national and international reporting that biodiversity loss, habitat fragmentation and climate change continue to affect terrestrial, coastal and freshwater ecosystems and the ecosystem services they provide, as well as endemic and threatened species. All over the region, there are continued and growing pressures on Europe's biodiversity: land-use change, infrastructure development, unsustainable use of biodiversity and its components, the spread of invasive alien species and pollution. Indirect drivers such as population growth, limited awareness about biodiversity and the fact that biodiversity's economic value is not reflected in decision-making are also taking a heavy toll on biodiversity.

- **Freshwater ecosystems** are under extreme pressure, and the quantity and quality of habitats and the abundance of many species are declining. Pollution, the degradation and fragmentation of habitats and the proliferation of invasive species remain significant threats to freshwater ecosystems.
- **Mountain ecosystems** are particularly diverse in habitats and species but are also especially vulnerable to impacts from changes in agricultural practices, tourism, infrastructure development and climate. The value of mountain ecosystems and their services to lowland economies, including water supply and regulation, is not sufficiently recognized in the region.
- **Forest ecosystems** are threatened by fragmentation and forest fires. Institutional changes, including privatization in many former centrally planned economies, have led to intensified commercial forestry in unprotected areas, increasing pressures on biodiversity.
- **Coastal and marine ecosystems** have lost considerable biodiversity in recent decades, mainly due to erosion of coastal and estuarial wetlands and dune systems, overexploitation of marine fisheries and pollution. Some 45 per cent of assessed European fish stocks are outside safe biological limits.
- **Agricultural and grassland ecosystems** dominate much of the region's landscape and biodiversity has fallen significantly in these areas, as a result of particularly threats from intensified farming or abandonment of agricultural land, climate change, air pollution and invasive alien species.
- **Urban ecosystems** are seldom well integrated into wider biodiversity considerations. Moreover, urbanization and urban sprawl are significant factors affecting biodiversity in the region through land-use changes.

## **Climate change**

The following consequences of climate change have been observed in the region:

- **Coasts and European seas:** overall rise in sea levels globally and across most of Europe's coasts; increased ocean acidification; increased sea surface temperature and ocean heat content; earlier seasonal appearance of various marine species; northward expansion of some fish and plankton species.
- **Freshwater systems:** decreased river flows in Southern and Eastern Europe, particularly in summer, and increased river flows in other regions, particularly in winter; increases in the reported number of flood events, mainly due to land-use changes and better reporting; increased frequency and intensity of droughts, particularly in Southern Europe; northward movement of cold-water species.
- **Agriculture:** northward expansion of areas suitable for several crops; reduced yield of some crops due to heat waves and droughts, mostly in Central and Southern Europe, but increased yields of other crops, mostly in Northern Europe; increased demand for water for irrigation, in Southern and South-Western Europe).
- **Forests and forestry:** reduction in forest growth due to storms, pests and diseases in some central and western areas of Europe; increased number of forest fires in the Mediterranean region between 1980 and 2000.
- **Energy:** reduced demand for heating, particularly in Northern and North-Western Europe, but increased demand for cooling, particularly in Southern Europe.
- **Human health:** tens of thousands of premature deaths due to the extreme heat wave of summer 2003; thousands of premature deaths each year due to tropospheric ozone; increased number of people affected by river and coastal flooding; northward and upward movement of tick species and related increased risk of transmission of vector-borne diseases.

### *III. What needs to happen?*

#### **Main policy steps**

The valuation of natural capital and ecosystem services should be introduced into national accounting systems, along with the regular calculation of their loss and degradation. This would allow decision makers and the general public to recognize the economic costs of these losses and the cost of inaction to society at large. Investments in nature today—whether restoration or management of protected areas and water resources—must be fostered. Investments in green infrastructure generally will provide both a good financial return and job opportunities that support people and nature. These investments could also strengthen the sustainable management of urban and peri-urban natural areas, reducing urban stress and supporting adaptation to climate change. In the field of agriculture, there is a need to promote sustainable agricultural practices that decrease the use of fertilizers, pesticides and water, and to invest in organic farming and agri-environment schemes, avoid unsustainable use of land and pollution and conserve agricultural biodiversity.

#### **Considerations for the new agenda**

Human well-being and a healthy planet go hand in hand. The European experience shows that where implemented effectively, key policy instruments such as plans, directives and targets have positive impacts on biodiversity, water and energy. Setting up the enabling conditions and making the necessary investments to conserve and use natural capital sustainably offer opportunities for an integrated approach to policy-making and promoting cross-sectoral collaboration and cooperation. The new agenda should call upon Governments, the private sector and civil society to recognize and take into account in decision-making the value of nature and how it supports human well-being and contributes to poverty alleviation. The post-2015 development agenda could include goals related to sustainable management of ecosystems, including terrestrial and freshwater ecosystems, coastal and marine ecosystems and biodiversity, for example, so that natural resource management is better integrated in the global goals than in the past. Effective mechanisms for monitoring and accountability should be put in place, such as assessments of

progress in reducing the loss of biodiversity and the establishment of "natural accounting" systems in countries where the value of ecosystems and ecosystem services are clearly visible in national accounts.

Globally and regionally, there is increased awareness that a changing climate increases vulnerability to natural disasters and intensifies pressures on natural resources, food security and the demand for energy, with important implications for human well-being and security. The post-2015 agenda must promote a transformation in the developed world that will reduce its energy use and dependency on fossil fuels, complemented by binding targets to decrease greenhouse gas emissions and assistance to support the developing world in gaining access to the necessary technologies. Future goals could be related to the transition to a low-carbon economy, for example, by taking into account assessments of countries that have mainstreamed low-carbon strategies in relevant national planning and policies.





## Building more inclusive, sustainable and prosperous societies in Europe and Central Asia

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# Issue Brief 13

## Governance for Sustainable Development

### *I. What is at stake?*

The Millennium Development Goals have wielded unprecedented mobilizing power in important areas including the fight against poverty, health and education. However, as indicators of overall development progress, they have failed to capture important issues recognized in the Millennium Declaration, such as effective and responsive state institutions, inclusive societies and political systems and the advancement of human rights. As the global community reflects on progress towards achieving the Goals and considers the elements of the future development agenda, good governance and effective institutions are emerging as key dimensions for advancing sustainable development. The experience of Europe and Central Asia makes the case for continued investment in good governance as central components of the future development agenda. This is reflected in the ongoing MY World survey and associated national consultations on the post-2015 development agenda; over 25,000 survey respondents in Eastern Europe have highlighted “honest and responsive government” as among their two highest priorities for the future.

### *II. The story of the region*

In the late 1980s and early 1990s, the region’s post-communist polities (and Turkey, after 2001) sought to adopt or strengthen political institutions and practices associated with competitive electoral democracies. In the countries that joined the EU in 2004, 2007 and 2013, as well as in the South-East European countries that continue to seek EU membership, this trend has been heavily influenced by the Copenhagen “democracy” criteria for EU accession. Respect for human rights, effective economic, social and environmental regulation, and the delivery of high-quality public services such as health and education are key components of this democratic governance model. Reforms of the political systems were seen as complementing economic reforms to build competitive market economies.

For countries in the eastern part of the region that did not seek accession to the EU, however, the anchoring role of European norms and standards has necessarily been weaker. In these contexts, measures to promote the free movement of goods, services and migrant labour may have had greater significance.

With regard to economic governance, the recent global financial and economic crisis has raised questions as to whether liberalized, market-based economies offer the best development model for the region. Insufficient regulation and oversight

contributed to the build-up of financial vulnerabilities associated with the crisis. Some institutions have faced challenges in addressing the socio-economic impact of the crisis and formulating adequate policy responses. This has raised important governance questions, not least of which are the relationship between States and markets and the need for stronger social contracts in the region.

Sometimes lost in these “big picture” debates is the fact that governance is about more than the “correct” type and measure of democracy and economic reforms. It is also about the prosaic tasks of building institutional capacity—particularly within state institutions, but also in the private and third (non-profit or voluntary) sectors. It is about creating effective relationships between central and local governments; between executives, legislatures and judiciaries; between States and markets; and between States and citizens. It is about ensuring equal participation of citizens, both women and men, in political processes, and about equal access to services. As the post-2008 developments in the region have shown, these challenges remain substantial for a range of countries. They have loomed large for the Commonwealth of Independent States (CIS) and in the Balkans; most of these newly independent States had little recent historical experience with independent statehood prior to the 1990s. The creation of national governance institutions, public administrations and civil services, ensuring the provision of basic services, protecting human rights, fighting corruption, managing common energy and water infrastructure systems that are shared with neighbouring countries, and designing and implementing effective national (and subnational) development strategies have often proven to be daunting challenges. This has particularly been the case for the countries (and territories) of the Western Balkans and the former Soviet Union that underwent military conflicts during the 1990s—some of them remaining unresolved today.

On the other hand, there clearly has been important progress in reforming governance structures in the region in the last two decades. Electoral bodies, national human rights institutions and anti-corruption agencies have been created; public administrations have been modernized; administrative procedures have been streamlined; more effective social protection has been delivered; the rights and responsibilities of subnational governments have been clarified; and legal frameworks for civic engagement have been put in place.

### **III. What needs to happen?**

#### **Main policy steps**

*This region’s experience shows that there are no “one-size-fits-all” governance solutions.* National and subregional specifics matter. While good governance may be based on universal principles, national governance approaches—featuring differing relationships between the state, private and third sectors, between executives, parliaments and judiciaries, between central and subnational governments—must be found. Diversity and experimentation are to be expected in such circumstances. Pragmatism, rather than ideology, should condition assessments of “progress” in governance reform. Many effective governance reform solutions can be shared from country to country and—importantly—between local levels of administration across countries.

While specific governance solutions may differ, typically they attempt to make institutions and rules more effective and efficient. This includes enhancing the rule of law, public administration and resource management, delivery of and access to public services, accountability, transparency and participation of communities and citizens in decision-making. Building sufficient institutional and human capacities for governance is crucial for the effectiveness of public policies and strategies.

#### **Considerations for the post-2015 development agenda**

Overall, the experience of the Millennium Development Goals has demonstrated that beyond their intrinsic value, effective democratic governance is often the basis for achieving the Goals. Effective and highly competent state institutions on the one hand, and opportunities for people to engage on the issues that affect their lives on the other, have a direct bearing on how global goals are

translated into better development outcomes at the national level. Promoting a vibrant, diverse and independent media can also support Governments, monitor progress and translate commitments into action.

Governance is particularly relevant in the context of efforts to balance economic, social and environmental goals. This is a common challenge across countries of the region. All countries need integration, communication and cooperation across sectors and levels of government and with civil society and the business sector, regardless of the size of the national budget or the state of a country's economy. Almost all countries in the region have national sustainable development strategies and/or accompanying sustainable development councils. These are interministerial efforts which work best when they are linked to investment processes and chaired by senior decision makers.

Sustainable development requires that Governments take the initiative in levelling the playing field for green technologies and in advancing social inclusion. Yet, while many good practices are emerging, most countries still struggle with policies that subsidize fossil fuel industries, as their economies depend on them and there are political costs arising from their removal. These are, at their core, governance challenges which affect countries across the region.

Deficits in governance—such as corruption and control of key resources by political and business elites, compounded by the low capacity of government institutions—hinder sustainable development by squandering resources needed for development, eroding trust and reinforcing inequalities. Several recent reports, including those of the Sustainable Development Solutions Network and the United Nations Global Compact, have included governance issues in their proposals for the post-2015 development framework. The Secretary-General's High-Level Panel on the Post-2015 Development Agenda, for example, recognized that responsive institutions are necessary for the transformative shifts needed to enable sustainable development. The Panel proposed five illustrative targets related to good governance and effective institutions, including on freedom of speech, public participation in political processes and civic engagement, reducing bribery and corruption and ensuring that officials can be held accountable.

In whatever form the new agenda takes, a global framework which includes good governance would not only channel resources and the attention of policymakers to the inherent value of good governance, but would also support broader sustainable development objectives.



## Building more inclusive, sustainable and prosperous societies in Europe and Central Asia

A common United Nations vision for the post-2015 development agenda

# Issue Brief 14

## The partnership dimension of the post-2015 agenda

### *I. What is at stake?*

What form will development cooperation need to take in the various regions of the world to effectively underpin the post-2015 agenda? There are many unknowns, reflecting the still uncertain contours of the post-2015 agenda itself and the dynamic nature of the development cooperation environment, globally and regionally.

### *II. The story of the region*

Today, the region is a combination of traditional and emerging donors, as well as middle-income countries (MICs) that continue to regard themselves as “recipients” of development assistance. Western Europe accounts for a significant share of global ODA flows, while the new EU Member States, as well as Azerbaijan, Kazakhstan, the Russian Federation and Turkey, are all “emerging” or “re-emerging” donors. While many traditional donors are reducing their allocations to the region, these new donors represent a growing force in development cooperation and can play an important role in the global quest for policies and responses that promote sustainable human development.

Total development assistance from the region’s emerging donors stood at over \$3 billion in 2011. While assistance from new EU members dipped slightly, assistance from the Russian Federation and Turkey has risen steadily, reflecting the increasing size and clout of these economies. This has put the entire region firmly on the global map of development cooperation.

However, the growing significance of Europe and Central Asia in international development cooperation is about more than financial flows: recent, hard-won experience in economic and social transition is also a key asset. Often with modest funding, these emerging donors are helping to create a new generation of South-South—or East-East—partnerships with neighbouring countries and beyond.

### *III. What needs to happen?*

#### **Main policy steps**

The region faces a constellation of complex issues that require a new generation of solutions. Crafting effective responses to such challenges as inequality and environmentally unsustainable development patterns will require more than aid, and more than just knowledge exchanges. New and more dynamic cooperation mechanisms are needed, particularly to ensure that the former Soviet republics

adopt environmentally sustainable development paths, the Western Balkans become fully integrated into the wider European community and the EU itself avoids further major economic and financial instability. In most cases, the answers will lie not in the amount of ODA transferred, but in the quality and inclusiveness of solutions offered, the relevance of the knowledge transferred and the breadth and depth of the partnerships forged.

However, many regional trends point in the opposite direction: increased political tensions, nationalism and protectionism, along with the fragmentation of traditional structures and changing societal values. Just as the model that underpinned much of the region's development assistance during the past two decades is now widely questioned, the inclusiveness and cooperation that bolstered the former model also appear to be weakening. Reinventing development cooperation in Europe and Central Asia could therefore be a "make or break" issue for the region's post-2015 development agenda.

### **Considerations for the new agenda**

A critical feature in development partnerships in the post-2015 environment will be "co-creation" , i.e., moving away from a passive relationship between donor and recipient towards one of customized partnership and genuine exchange. Co-creation will be critical to opening up relationships at a subnational level, between poorer and richer regions within countries. The subnational dimension will be particularly important given the diversity and inequalities within countries. Development partnerships will also demand a new compact between the State and civil society and between the public and private sectors, as well as between new and traditional donors. The ability to forge such alliances across borders, sectors and development cooperation frameworks will be key to this and other regions' prospects for how countries address the sustainability challenges they face. Development cooperation will therefore be as much about what is happening within countries as between individual countries and groups of countries.

In particular, six key "co-creative partnerships" will be crucial for the success of post-2015 development cooperation in Europe and Central Asia and beyond:

1. Broadening "policy coherence" partnerships. Research suggests that prospects for overcoming the risk of economic stagnation in MICs (the "middle-income country trap") and advancing social inclusion will depend on policy coherence across such areas as migration and trade between the MICs and high-income countries. The policy coherence agenda should be broadened to cover, for example, the development of migration agreements between source and destination countries based on mutual benefits. In this region, this applies to interactions between EU and Eastern Partnership countries within the framework of deep and comprehensive free trade agreements, as well as to the future of countries in the Eurasian economic space. By contributing directly to income generation, social stability and reductions in smuggling and trafficking (e.g., when supported by aid for trade or border management programming), these kinds of partnerships may have a larger development impact than aid itself.
2. Partnerships around key global and regional public goods. Co-production and co-financing of global public goods will be another critical area of regional cooperation that has a global impact. In water and energy cooperation and in responding to changing climate, all regions will need to deepen cooperation as sustainable development is not possible by targeting only national policies. Creating forums for the design and implementation of transnational environmental agreements (e.g., on the Aral Sea, uranium tailings in Central Asia, the Black Sea basin) is an area where common effort is required, and where one-way aid packages will not work. Similarly, pooling the large resources of the Russian Federation and Kazakhstan could magnify the impact of the Global Environmental Facility's limited funding in the region. The more the post-2015 agenda is universally applied to developed and developing countries alike, the more important such cooperation becomes, both in

terms of coordinating national efforts and in supplying and financing transnational public goods.

3. Partnerships between traditional and new donors. Whether in terms of transnational public goods or in assisting specific countries and subregions, cooperation between traditional and new donors can produce results that are important in both quality and scale. For example, in Europe and Central Asia, the old EU members' financial power—which is still significant, even if limited by austerity—can be combined with the new EU members' transition-related knowledge and expertise. The same creative partnership is possible between traditional donors and the Russian Federation and Kazakhstan, for example, in addressing disaster risk reduction challenges in Central Asia. Aside from pooling resources and mutual learning, such alliances can form a basis for new and more stable cooperation arrangements, contribute to regional stability and improve the quality of the assistance provided. Such thematic and country-specific partnerships can help the evolving development cooperation architecture to better reflect the new donors' unique perspectives, while also helping them to formulate more definitive and robust positioning.
4. Partnerships supported by innovative forms of financing. Successful experiences already exist in this respect, e.g. through a tax levied on air tickets and provided to UNITAID for activities contributing to health-related Millennium Development Goals. Others are in the making, such as voluntary contributions based on profits made by companies on certain type of goods and services, voluntary contributions from consumers linked to the purchase of certain goods, and initiatives pooling private and public revenue streams for development activities. In addition, 11 EU countries have agreed to establish a tax on financial transactions, the modalities of which are under discussion. Such ways of raising new, sustainable funds should not replace ODA but supplement and complement it. They should be consolidated, made predictable and stable over time, and expanded by also involving MICs. They have a high potential to multiply the engagement of new development partnerships built around objectives and targets related to the Millennium Development Goals and the future Sustainable Development Goals.
5. Partnerships between non-State actors, across national and subnational borders. The growing role of non-State actors—especially civil society and the private sector—as well as so-called decentralized cooperation mechanisms, are among the most important shifts in global development cooperation. Directly tapping the potential for assistance, knowledge exchange and cross-country cooperation between civil society actors and between municipal and subnational entities can address weaknesses in traditional, state-driven ODA models. Civil society is already an important implementing partner and source of expertise for traditional and new donors alike. If empowered to be more than a subcontractor, civil society can bridge political divides or even reach out to people and go to places the State does not reach, as well as serve as a dynamic repository of knowledge and innovation. These functions and roles will be particularly important for addressing the post-2015 challenges that ODA cannot address. Similarly, since many unresolved development challenges in MICs are at the subnational level, direct cooperation between municipalities and other subnational actors, often using flexible networks such as local authority associations, may help in addressing complex environmental and inequality issues. This cooperation also promotes people's participation by empowering local actors and giving voice to civil society.
6. A new generation of regional philanthropic partnerships. Last but not least, the region is seeing a boom in financing for philanthropic and development purposes—both in long-standing donors (e.g., German foundations) and in other countries (e.g., Russian Federation and Turkey). Key challenges for the future include: better supporting philanthropic models that allow the private sector to align development goals with profit bottom lines; and creating or strengthening cross-country linkages, sharing successful models and facilitating cross-border private development financing flows—ideally via partnerships between private foundations from traditional and new donor countries with private- and third-sector actors in recipient countries.



These co-creative partnerships have a critical role to play to re-invigorate development cooperation at large, as well as influencing the global agenda. Accelerating their emergence can help the development community, government, civil society and private sector actors alike, to better address the post-2015 challenges facing countries and regions throughout the world.

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