



Millennium Development Goals

Ukraine

2000+5



Ministry of Economy
of Ukraine

UKRAINE

Millennium Development Goals

2000+5



Ukraine - Millennium Development Goals 2000+5

Materials for the 60th session of the UN General Assembly

In September 2005, world leaders assembled for a top-level meeting to assess the progress made since the adoption of the Millennium Declaration in 2000.

This report presents Ukraine's progress towards the Millennium Development Goals (MDGs) for the period 2000 – 2005. Using a wide range of analytical materials and documents, the progress towards the MDGs achievement was tracked, the main issues currently preventing the accomplishment of current tasks were analyzed, and the optimal ways of solving these issues in the context of the modern trends of social and economic development in Ukraine were proposed. Key experts from the Ministry of Economy of Ukraine, other ministries and institutions, the Secretariat of the President of Ukraine, advisers from the United Nations Development Programme (UNDP), and other experts from think-tanks participated in the analytical and organizational preparation of this report.

Comments and proposals received during expert and public debates on the national and regional levels are included in this report. It will be useful to the government officials, experts of the ministries and other state institutions, local governments, representatives of academia, non-governmental organizations, and anybody interested in analyses of Ukraine's social and economic development.

The authors express their sincere gratitude to all specialists who took part in this work. We would like to thank United Nations Resident Coordinator and UNDP Resident Representative in Ukraine Francis M. O'Donnell, UNDP Deputy Resident Representative in Ukraine Joanna Kazana-Wisniowiecka, and the Head of Economic Policy Service of the Secretariat of President of Ukraine Lyudmyla Musina for support in preparing this report.

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“... We have recommitted ourselves to the Millennium Development Goals and we will work to ensure their full achievement“

*President of Ukraine
Victor Yushchenko,
speech at the 60th session of
the UN General Assembly*

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Foreword:

National Context of Achieving the MDGs in Ukraine



At the UN Millennium Summit world leaders determined the key goals and targets of development till 2015 known today as the Millennium Development Goals (MDGs). The MDGs are the global development goals, which had been elaborated and agreed on as a result of a number of global conferences and summits held during the 1990s. These are the new generalized and quantifiable guidelines for prospective development of the states - 8 goals, 18 targets and over 40 indicators in total.

'All of us would like to preserve the most important things: children and family, peace and order, labour and welfare, hope and faith. We know this can be achieved only by respect to human dignity, liberty, democracy and justice. These are our values. They are our unity, they are our strength.'- Viktor Yushchenko, speech on Independence Square, 24 August 2005

These values formed the basis of the governmental programme documents concerning social and economic development in Ukraine. Ukrainian and international experts conducted analytical, organizational and other work on the adaptation of the global Millennium Declaration's goals to the national level. This work resulted in the analytical report MDGs–Ukraine (2003), prepared by the Ministry of Economy with the support of UNDP in Ukraine. In order to specifically identify more ambitious and at the same time realistic human development tendencies in Ukraine, a number of meetings were held with experts from the ministries and other state institutions, UN agencies in Ukraine, international donor organizations, the third sector, and think-tanks.

Box 1 MDGs for Ukraine

The Ukrainian Millennium Development Goals (UMDGs) are quantified and monitored guidelines for the country's long-term development (until 2015), which have been adapted to the specifics of Ukraine's development – 6 goals, 13 targets and 23 indicators.

The MDGs for Ukraine:

- Poverty reduction (Goal 1),
- Quality life-long education (Goal 2),
- Sustainable environmental development (Goal 3),
- Improved maternal health and reduced child mortality (Goal 4),
- Reducing and slowing down the spread of HIV/AIDS and TB (Goal 5),
- Gender equality (Goal 6).

In order to achieve the guiding marks identified by the Millennium Declaration, the Government of Ukraine has set a goal to build an economy which would improve the welfare of Ukraine's people. The Ministry of Economy is the chief institution in the system of central executive agencies which ensures a single state economic and social development policy in Ukraine, and is responsible for the implementation of measures to achieve the MDGs formulated for Ukraine. An important integral part of successful realization of the Millennium Development Goals in Ukraine is resource accumulation, in order to ensure achievement of the goals according to the set criteria, and increasing the level of effort for their fulfilment. Acceleration of human development is possible only if society's main stakeholders (governmental institutions, business circles, civil society) are motivated.

Further work on the attainment of Ukraine's MDGs requires new approaches to adjusting the MDGs in accordance with the main programme forecast documents at the national and local levels, localization of the MDGs, integration of the MDGs into the system of programme forecast documents, and the creation of a system to monitor MDGs indicators, in order to ensure public control over the fulfilment of the MDGs and to react to and correct state social and economic policy in a timely manner.

Improvement of strategic forecasting and planning methods, concretization of MDG tasks at the regional level, the involvement of many experts and NGOs' representatives in the decision-making process to raise social standards will facilitate the development of human potential in Ukraine based on a governmental economic policy developed in accordance with the MDGs. Ukrainian president, Victor Yushchenko, has stated: "The 2005 social policy is successful. The Ukrainian population's real income in the first quarter grew by 25%. For the first time, the level of pensions corresponds to the living wage. We are increasing the wages for teachers, doctors, researchers and the culture-related professions by 57%. Thus, we would like to say that revolution brings welfare to each person if the authorities in the country are honest and open. We see that the key to success is the creation of an open and efficient economy, which rewards initiative and ensures high social standards. We see Ukraine as integrated into the global economy, capable of participating in the formulation of its rules, of utilizing its opportunities, and of responding to current challenges."

Box 2 MDGs, governance and partnership

UNDP Administrator, Mark Malloch Brown, 25 June 2003

'The principle of accountability of governments to their people, and of rich and poor countries to each other, is at the heart of the Millennium Declaration. In an era when democracy is taking root around the world, data that clearly shows whether or not governments are making progress towards these Goals will allow citizens to judge their leaders success and failure for themselves.'

Speaker of the Verkhovna Rada [Parliament] Volodymyr Lytvyn, 23 September 2003

'One of the most important issues before the government of Ukraine today is to convert the achievement of stable economic growth into a growth in income and a higher standard of living for the average citizen. The Millennium Development Goals, signed by Ukraine along with 189 other countries in 2000, are today key directions in the country's national policy. The Verkhovna Rada is in the process of reviewing legislation to support the realization of these goals as one of its highest priorities.'

ACSF statement on the MDGs, 25 November 2004

'Civil society organizations should insist that governments generate and monitor desegregated data on all goals, targets and indicators of MDGs in order to reflect the reality of excluded and discriminated groups. Such processes will ensure more specific sector-targeted policy frameworks towards the eradication of poverty, illiteracy, and ill health.'

Assistant Secretary General of the United Nations, Assistant Administrator of the United Nations Development Programme Kalman Mizsei, 10 December 2004

'UNDP supports the call for a "new wave of reform" in Ukraine aimed at helping the country sustain rapid economic growth, improve social welfare and fight poverty, enhance economic integration and achieve the Millennium Development Goals.'

Luhansk Regional Development Agency Director Vyacheslav Kozak, 12 March 2005

'Achieving the goals requires the concerted effort of many partners. In these partnerships, clearly, governments must take the lead: they bear the primary responsibility for fostering the attainment of goals. As to NGOs, their first responsibility is social mobilization, creating awareness of what people can expect from the MDG campaign and ensuring that all groups, including vulnerable ones, have an opportunity to participate in the decision-making process. Governments and NGOs partner in implementing the national MDG-based action plans and monitor their activities in achieving the goals.'

UN Secretary General Kofi Annan, 21 March 2005

'The new obligations require a renewed consensus on the key challenges and priorities, as well as transformation of this consensus into joint action.'

MDG Campaign Executive Coordinator Eveline Herfkens, 18 April 2005

'The cross-cutting issue is the need to improve governance, to create the capability needed to achieve the Millennium Development Goals by improving the quality and efficiency of the public sector, by modernizing and reforming the bureaucracy, by decentralization through empowerment of local authorities, and by ensuring that political processes are inclusive.'

President of Ukraine Victor Yushchenko, 24 August, 2005

'We have every reason to look into the future with confidence. Only a strong nation could have changed the country so radically over the last months. Freedom of speech – the alpha and omega of democracy – has become a reality in Ukraine. For the first time, social justice was not only declared, but made the new government's top priority. Pensioners got a minimum pension equal to a living wage for the first time. A mother, who gave birth to a child, got a decent financial aid from the state for the first time. I know that there is a long way to defeat poverty, yet people saw a gleam of hope. For the first time social programmes include points concerning the disabled, orphans, servicemen, teachers and doctors. And they can rely on the government more surely with every year.'



Overview of Socio-Economic Development of Ukraine (2001-2004)

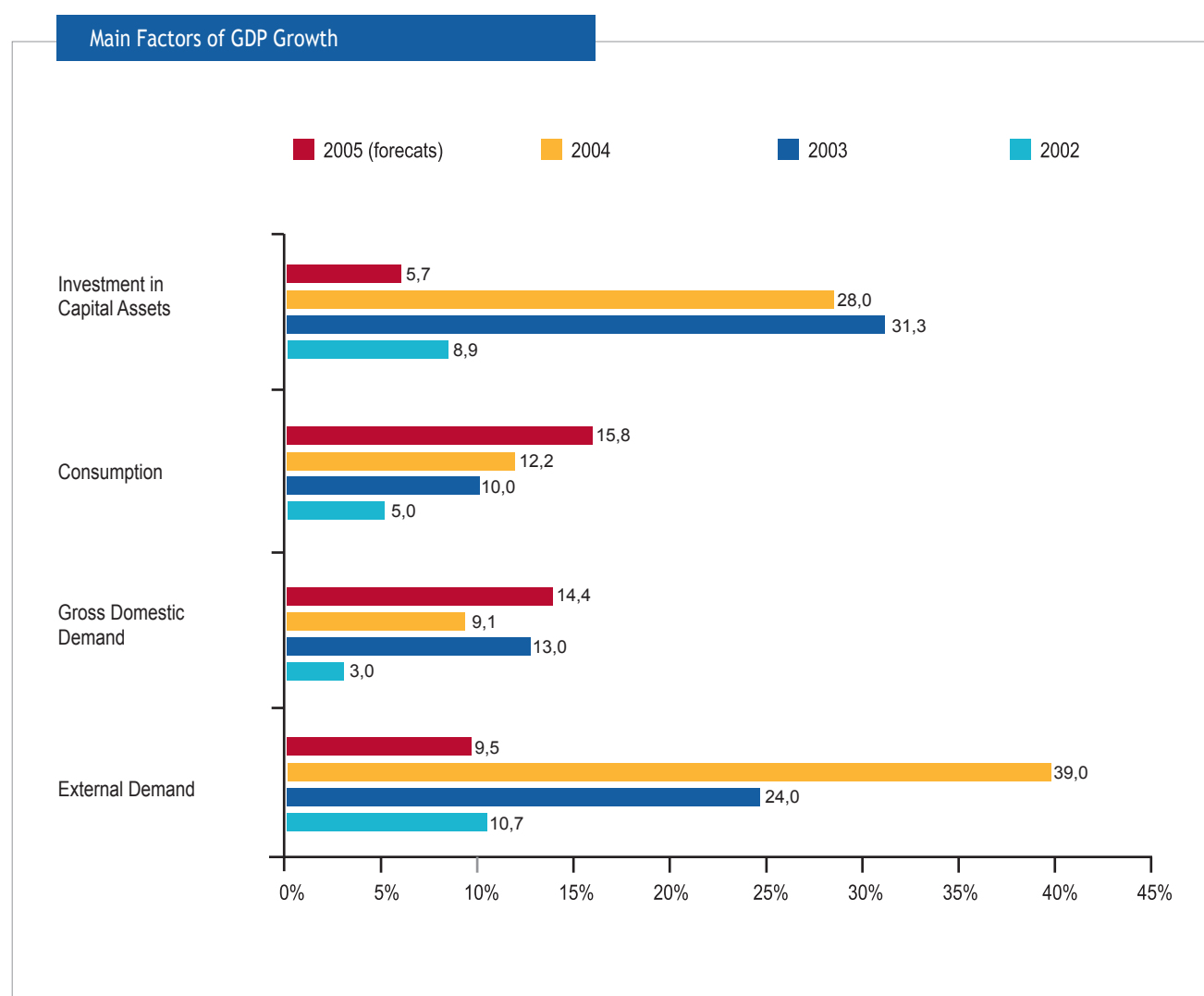
Beginning in 2000, when the European Choice strategic programme was developed, Ukraine's direction has been towards overcoming existing gaps in economic and social development between it and the European Union countries, sustaining adequate standards of living, ensuring economic freedoms, and providing social support to the poorest and most vulnerable groups of the population.

Thus, in order to satisfy the population's need for well-being and social fairness, the European choice for Ukraine meant formulation of the Ukrainian model of socially-oriented market economy with an effective system of self-governing mechanisms based on equal opportunity and the supremacy of individual rights.

The actual model of market transformation in Ukraine, set up during the economic reform process, lacked the required social orientation. As a result, the bulk of the problems accumulated during this period resulted from a misbalance of economic, social and political agents of change in society.

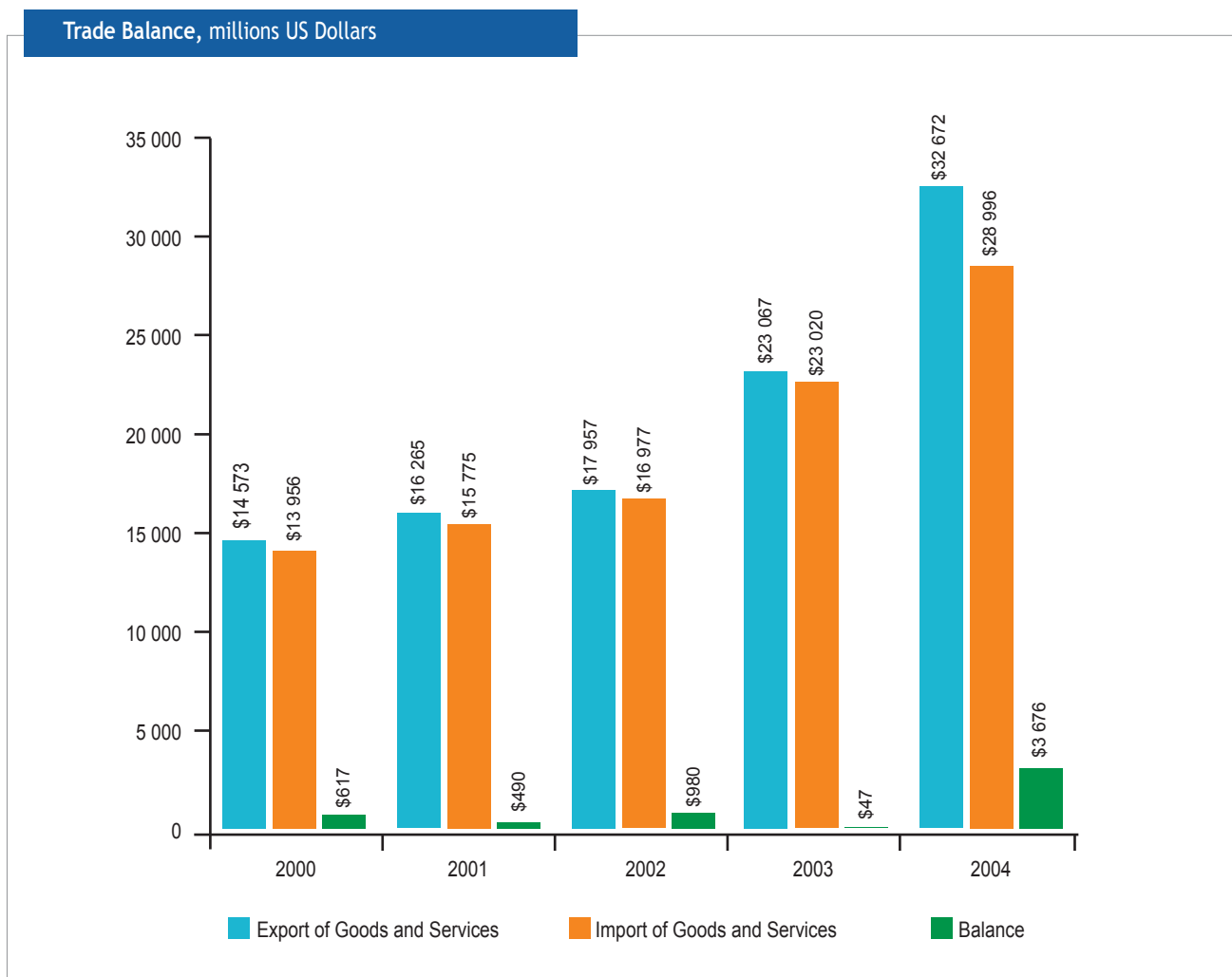
Since 2000, Ukraine has demonstrated robust economic development, with growth rates surpassing neighbouring EU countries. In 2004, the Ukrainian Gross Domestic Product grew by 12%, while the average indicator for EU member-countries was about half that.

From 2000 to 2004, real GDP grew by almost 50%. Such economic growth resulted from a combination of external factors, internal changes in economic policy, reforms, and institutional development.



Ukraine successfully used its competitive advantages on international markets by combining a cheap labour force with growing external demand, in particular growing world prices for core Ukrainian export goods. These factors continue to support the export-oriented model, with persistent preference for accelerated development in core industries such as mining, chemical production, metal processing and oil refining.

The fact that Ukrainian economy was able to take advantage of the favourable conditions on external markets reveals deep changes in the country's domestic economic policy.



Companies operating in the core industries benefit substantially from increased world market demand for traditional Ukrainian exports. These companies significantly strengthen economic stability by driving economic growth and bringing into Ukrainian economy profits from expanding export activity. However, Ukrainian external trade demonstrates that the Ukrainian economy is highly dependent on energy imports from the Commonwealth of Independent States, as well as imports of high-tech consumer goods and manufacturing equipment from the developed EU countries.

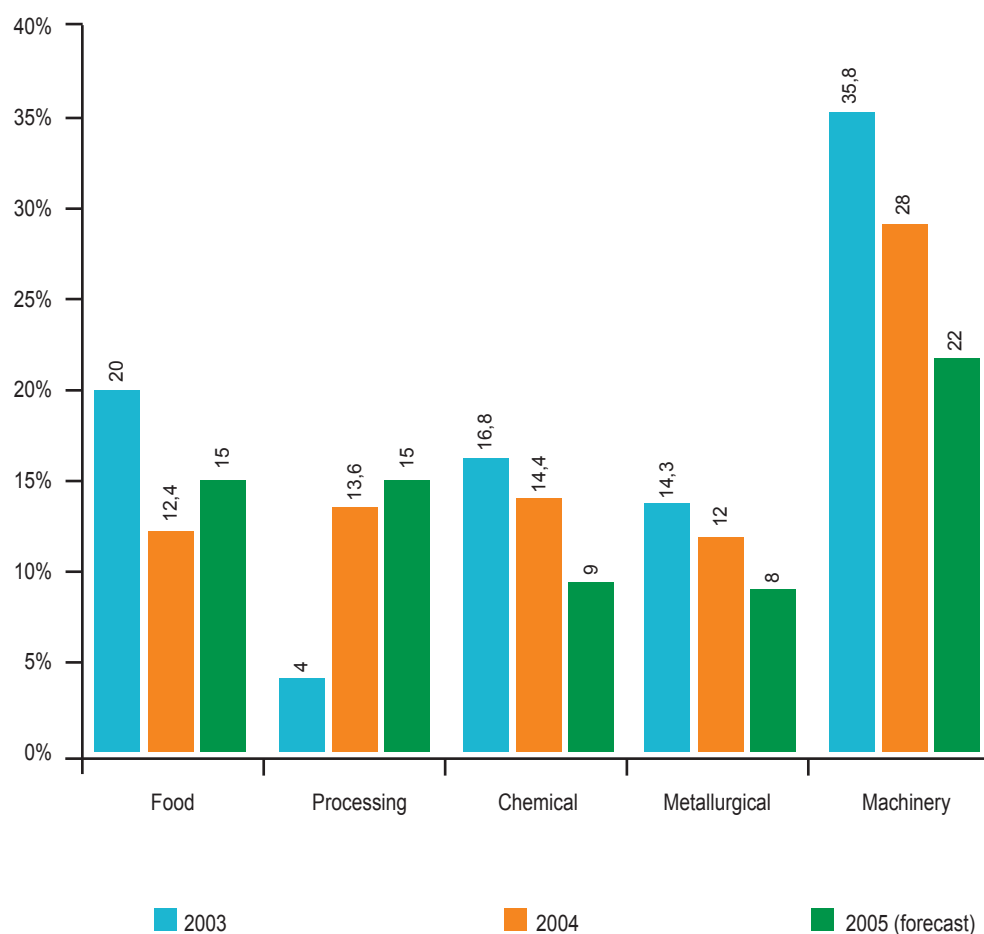
Currently, Ukraine's competitive advantage on the EU market remains in goods with low added value (metals, energy, chemicals).

Just as important as export growth for Ukrainian economy was the increase in domestic consumption which, beginning in 2001, became a major factor in manufacturing output growth. Among the domestic-market oriented industries the most notable are food processing and machinery, which are responsible for more than 30% of Ukraine's manufacturing output. In 2004, output volumes of machinery and food-processing industries surpassed 2001 output levels by 93% and 46% respectively. If in the past imports accounted for 94% of total food supply in Ukraine, by 2004 Ukrainian producers practically dominated the local market.

In recent years, there has been a positive trend of investment in fixed assets in Ukraine. Just in the last three years, investment in fixed assets has grown 1.8 times. One of the main reasons for this was lower internal interest rates, which came down from a 43.8% average annual rate in 1998 to 15.5% in 2004. Currently, total business equity in the Ukrainian economy is 62%. However, according to estimates by the Ministry of Industry, manufacturing companies will need to attract an additional 12-15 billion UAH (2.26-2.83 billion USD) in order to ensure sustainable development. For comparison purposes, the volume of direct foreign investment in Ukraine at the beginning of 2005 was 8.4 billion USD, while Poland had surpassed this level back in 1995. The largest volume of foreign investment in Ukrainian economy originated from the USA (22%), Cyprus (20%), and the UK (17%). A significant share of investments from Cyprus indicates, among other things, that the capital taken out of Ukraine by Ukrainian citizens during the period of economic and social instability in the beginning of 1990s is returning. Foreign investments in Ukrainian economy remain at the level of 2.4% of GDP and comprise 177 USD per capita.

Note: per capita direct foreign investments in Central and Eastern Europe amounted to (end of 2002, in USD): Czech Republic – 3,000, Estonia – 2,600, Hungary – 2,400, Slovenia – 2,000, Poland – 1,200.

Growth Rates of Selected Manufacturing Industries (in per cent)



Ukraine has great prospects for the development of its agricultural sector: Ukraine's share of total fertile soil and ploughed lands in Europe is 27%, and nearly a third of Ukrainian population resides in rural areas. The agricultural sector has become a leader in instituting reforms: land and ownership relations have been radically restructured and reoriented towards establishing private ownership of land and property; market mechanisms were instituted in the system providing rural areas with financial and technical resources; a new system was established to attract commercial banks' credit resources needed to finance agricultural activities; a proper infrastructure and the means to regulate the agricultural market are currently being created. From 2000 to 2004, gross agricultural output grew by 30%. Currently, Ukraine is one of the leading world exporters of grain.

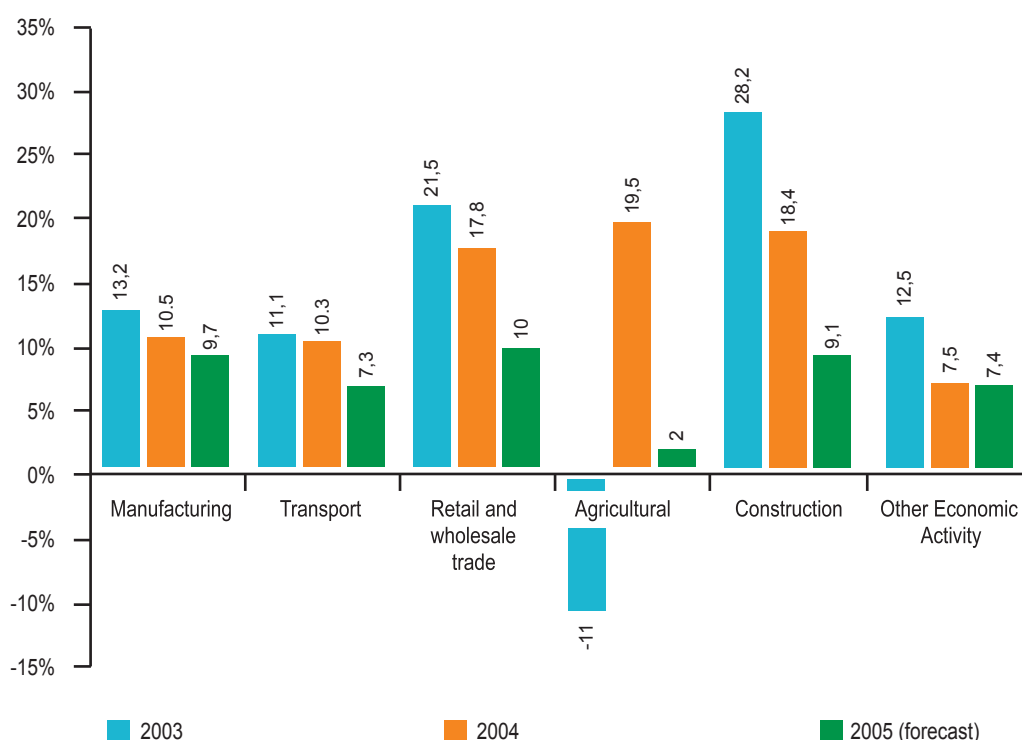
At the same time, a number of complex problems remain in the development of the agricultural sector, some of which were inherited from the old command economy, while others resulted from certain mistakes in newly conducted reforms or a lack of consistency in the reforms.

Specifically, a deformation of the production infrastructure is proving very detrimental: almost two thirds of agricultural output is produced by businesses, which at this stage are very conservative in terms of scientific or technological progress and modern agricultural business structure. Based on calculations from 2004, one third of agricultural businesses were unprofitable, with a credit liability at the beginning of 2005 of 12 billion UAH.

The depreciation factor of the total machinery used in the agricultural sector was 90%. A lack of resources and investment caused agricultural businesses to cut down on purchases of basic material, the shortage of which negatively affected compliance with production norms and resulted in excessive utilization of labour and exploitation of natural soil resources.

For these reasons, the productivity of Ukrainian agricultural sector is lower than in neighbouring countries (and now competitors) such as Poland, Slovakia, Hungary, and other countries of Central Europe by 1.5-2 times, and 3-4 times lower when compared to the developed countries of Western Europe, USA, and Canada.

Grow of Value Added by the Types of Economic Activity (in per cent)



A comparison of Ukraine's major macroeconomic indicators to those of EU member-countries indicates that Ukrainian economy satisfies some of the Maastricht criteria of accountability¹. Progress has been achieved in lowering the budget deficit to the required level; since 1998, the deficit has stayed within 3% of GDP.

Due to appropriate external debt management policy and stricter financing limitations, Ukrainian national and state-secured debt amounts to close to 25% of GDP, which is twice lower than the maximum allowed in the EU monetary zone. Increased control over state expenditures, combined with national currency stability, lowered inflation.

Dynamics of Macroeconomic Indicators in 2000-2005 (in per-cent)

Indicators	2000	2001	2002	2003	2004	January-May 2005
Real GDP growth rate	5.9	9.2	5.2	9.6	12.1	4.7
Industrial output growth rate	13.2	14.2	7.0	15.8	12.5	6.2
Agricultural output growth rate	9.8	10.2	1.2	-11.0	19.1	4.8
Investment in fixed assets growth rate	14.4	20.8	8.8	31.3	28.0	4.5*
Real population income growth rate	4.1	10.0	18.0	9.1	16.5	24.8**
Export of goods and services (trade balance)	18.8	9.7	11.1	24.1	39.0	16.8*
Budget balance (% of GDP)	0.6	-0.3	0.7	-0.2	-3.4	2.8
National debt (% of GDP)	45.2	36.6	33.6	29.7	24.8	18.5***
Inflation (December to December in %)	25.8	6.1	-0.6	8.2	12.3	5.7****
Unemployment, %	11.7	11.1	10.1	9.1	8.6	---

* - January-March | ** - January-April | *** - January-April to projected GDP | **** - to December 2004

Source: State Statistics Committee

1 - Maastricht EU criteria stipulate that the budget deficit should be no larger than 3% of GDP; the national debt, no more than 60% of GDP.

A comparative analysis of the main production factors in the Ukrainian economy against the six most developed economies in the world (USA, Japan, Germany, France, UK, and Canada) reveals that Ukraine's rating is relatively high. Ukraine comes in third in agricultural land resources, fourth in labour resources, and third in scientific potential. At the same time, as with many of the CIS countries, Ukraine lags far behind the developed countries in efficiency of resource utilization. Even if annual GDP growth remains at an average 10%, Ukraine will need more than 10 years to reach the current average level of European nations. According to the World Bank data, Ukrainian gross national income per capita in 2004, adjusted for purchasing power parity, was only 22% of the average corresponding indicator in the expanded EU zone.

Serious systematic errors committed during the implementation of national privatization policies left a significant share of the national wealth concentrated in the hands of a few owners, creating a specific collusion of oligarch and state capital. Such a relationship is manifested in business groups employing informal connections with government agencies for protection and to lobby their own interests, influence government decision-making processes, and define the 'rules of the game' to their advantage at the expense of society. From the social development point of view, this situation allowed a limited circle of vested interests to reap the benefits of economic growth.

As a result of full-scale privatization, the share of privately owned businesses in total production output reached an estimated 80%. Medium- and small-business increased its share in employment from 13% of the total labour market in 1997 to 21% in 2004. Current laws concerning business processes are seriously hindering private sector development. Specifically, some of the detrimental factors are complex procedures for establishing and liquidating businesses (the minimum starting capital requirement on average is four times as high as the analogous indicator in Central and Western European countries), frequent changes in legislation, selective application of legislative norms to certain businesses, excessive government intervention in the private sector, and corruption.

Dominant financial and industrial groups and large businesses are interested in preserving existing state of affairs, in which they occupy privileged positions on the domestic market. This underlines the necessity and vital importance of a radical reevaluation of the government's role in building a free market economy to one which features the government and the private sector in a partner relationship.

Note:

In 2004, in the global index of competitive growth, Ukraine took 86th place among 104 countries. According to the business competitiveness index, Ukraine came in 69th out of 104 countries and 65th out of 93 countries. Ukraine's competitiveness level in the world is continuing to fall because of the high corruption level among Ukrainian officials. When measuring activities directed to fighting money-laundering schemes, Ukraine occupies next to last place.

The major potential for improving the efficiency (and hence increasing the competitiveness) of the Ukrainian economy lies in boosting labour productivity, which is currently exceptionally low. In 2004, the gross national income level in Ukraine, adjusted for purchasing power parity was 5,430 USD, compared to 8,950 in Russia, 11,210 in Poland, 12,680 in Estonia, and 13,840 in Hungary. However, productivity growth in Ukraine surpasses the rates of the above countries: Ukraine – 113%, Russia – 111%, Poland – 107%, Estonia – 109%, and Hungary – 106% (2002 to 2004).

Robust economic growth in recent years has contributed to a rising standard of living and declining poverty in Ukraine. The survival minimum (poverty line) is the main state social standard in Ukraine, based on which government determines level of social payments and evaluates the overall standard of living.

Standard of Living and Income Dynamics

	2000	2001	2002	2003	2004	2005
Poverty line for a person of working age (in UAH)	287.63	331.05	365	365	386.73	453
% to previous year	x	115.3	109.9	100.0	105.9	116.8
Nominal average monthly income	230.13	311.08	376.38	462.27	589.62	764.29*
% to previous year	129.6	135.2	121.0	122.8	127.5	119.3**
Real Income, as percentage of previous year	99.1	119.3	118.2	115.2	123.8	114.4**

In Ukraine, the overall ratio of average income to poverty line for people of working age in 2004 was 152.46%, up 80% from 2000 levels. Real income growth rate continues to exceed both GDP growth and inflation. Real population income in 2004 was up 72% from the 1999 level. Population savings experienced almost a three-fold increase over the 2001- 2004 period.

Using World Trade Organization methodology, unemployment estimates for Ukraine continue to decrease, from 12% of the economically active population in 1999 to 8.6% in 2004. However, these numbers fail to completely account for hidden unemployment, such as involuntary part-time employment and so-called forced 'administrative vacations.' The majority of the rural population that works on their own farms do not consider themselves employed. Approximately three million people, or more than a third of rural residents of working age, are unemployed; i.e., not hired by an employer. Almost 85% of rural residents' average spending falls below the survival minimum. Many small towns

did not manage to compensate for decreased social support, which in the past had been provided by large collective farms. In 2004, the average wage level of population employed in agricultural sector did not exceed 50% of the national average wage. Large numbers of rural residents of most active age seeking employment are forced to move away from their rural communities, including moving abroad (by some estimates, 1.0 to 1.5 million persons have moved abroad for work).

However, even though socially-oriented budget allocations are tending to increase, the quality of social services remains low due to growing social infrastructure maintenance expenses. Although the social component of the national development strategy is focused on reducing extreme poverty through increases in social payments to the most vulnerable populations, in reality social groups that do not need this support continue to receive it.

For instance, in the fourth quarter of 2004, 33% of the poorest households received 35% of total social payments, averaging 31.4 UAH per household, while 35% of the richest households received 39% of total social payments, averaging 33.6 UAH per household. Due to insufficient financing, government agencies are not able to maintain social services on the required level; this calls for an increase of private business share in social sector. Then, government efforts, complementing private sector social services, will primarily focus on providing required minimum services to the poorest households and individuals.

Despite the relative increase in standard of living indicators for Ukraine, population income levels remain significantly lower than those of the neighbouring European nations. According to the European Federation of Employers, the minimum monthly wage adjusted for the purchasing power parity (PPP) in Poland as of 7 January 2005 was 463 USD, against 265 in Ukraine, 490 in the Czech Republic, 576 in Turkey and 1,001 in Slovenia.

2005 - the Way Towards the People

The Orange Revolution has provided new opportunities to institute reforms. The new government inherited a deeply corrupt economic system. Starting with the revaluation of national development strategy, it adopted a policy of socially-oriented intense economic growth through the realization of economic potential, and directing this growth towards the attainment of European standards of living in Ukraine.

The new government's work during its first few months included: revision of the 2005 state budget to incorporate social expenditures 60% higher than in 2004; elimination of the privileges, preferences and guarantees to select businesses, territories and industries; the implementation of a new 'Stop Smuggling' programme, passing a new law lowering import duties; initiating legislative reforms which simplify rules and regulations for conducting business; the optimization of licensing and tax administration systems; measures aimed at protection and strengthening of the state sector of the economy (a newly-introduced norm requires all state-owned companies to pay out 50% of their profit as dividends to the state budget); fighting corruption; and revaluation of ownership rights within the legal framework or based on court decisions in cases where violations of the privatization process were found. These decisive steps brought results in a matter of months.

The social sector

A positive trend in raising income levels has been maintained throughout 2005; from January until June, nominal consumer income increased by 44%. Real income available for purchases of goods and services increased by 44.6%, and real disposable income, adjusted for price index, increased by 26.8 %.

The average reported monthly wage in June 2005 was 823.10 UAH, 36.9% more when compared to the same period in 2004. In the first half of 2005, real wages increased by 17% over the year before.

In July 2005, the ratio of wages to the survival minimum for the able-bodied was 184.9% (in July 2004 it was 157.2%). At the same time, adults from January to July, the ratio of wage share (55.7%) and social payments share (35%) in population income decreased to 1.59, as compared to 2.40 in the same period of 2004.

The increase in individual savings in commercial banks, which by the end of July grew in total by 39.2%, is a characteristic sign of stable population income growth. The fact that savings in national currency grew at an accelerated pace (52.8%, compared to 23.7% growth in foreign currency deposits) shows that the population's confidence in the national currency is increasing.

One of the most important government decisions was the adoption by the Cabinet of Ministers of Resolution #409 in May.

Having reached a critical mass of contradictions, the lack of overall vision for a country development strategy and the uncoordinated actions of individuals and the state led to the destabilization of the political environment, causing the population to resent, whether actively or passively, the government policy represented by the 'old' regime.

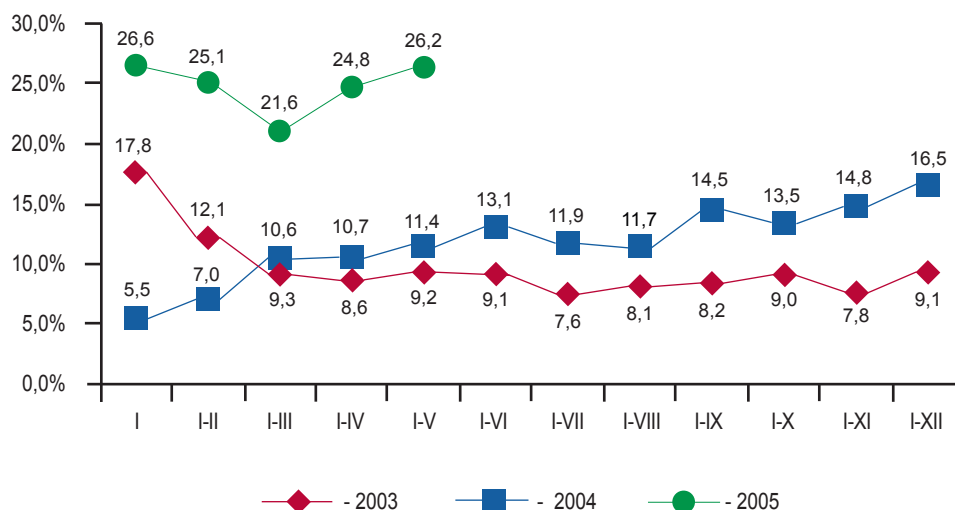
This process culminated in Orange Revolution events at the end of 2004. The Ukrainian people felt the need for radical change in economic and social policy, realizing that economic achievements should have a distinct social effect. The resolution of accumulated problems should become the main focus for new president and his team.



This resolution concerns compensation to citizens of Ukraine for losses sustained from the devaluation of savings and insurance premiums, for deposits in the branches of the Savings Bank of the USSR that operated on Ukrainian territory and for payments to Ukrainian State Insurance this year. It affects all transactions performed prior to January 2, 1992, and an additional provision is included to buy back interest-free state treasury bonds from 1990.

The number of the unemployed who found jobs rose from 26.4% in 2004 to 29.4% in 2005. With the support of the state employment service, 28,400 individuals were able to start their own businesses after receiving a one-time unemployment grant for starting entrepreneurial activity. Beginning on 1 April 2005, the amount of state aid to insured individuals when a child is born increased 11.7 times compared to the same period the year before (from 725 UAH to 8,497.6 UAH). Social payments to disabled children and orphans also grew considerably — by 4.5 and 5.2 times respectively. The amount of aid for the care of children under three years of age is determined by the social security unemployment fund, based on financial need, but cannot be less than 23% of the survival minimum. Compared to the corresponding period last year, the amount of this aid increased 1.24 times. Pension payments also increased. According to the State Pension Fund, as of 1 July 2005, the average age-based pension is 396.38 UAH (against 316 UAH in January 2005).

Real Disposable Population Income.
(cumulative, change to corresponding period of previous year, %)



Meanwhile, despite the positive developments in improving standards of living, the current demographic situation in Ukraine raises concerns: significant depopulation and population aging trends put a lot of pressure on pension system stability. The level of population aging in Ukraine (individuals aged 60 or older) is one of the highest in Europe. This indicator has remained at 21% for a long period of time, which means Ukraine has an extremely old population by international standards. That is why, by the end of this year, the government needs to ensure the development and adoption of legal procedures and the creation of appropriate institutional components to provide for the functional accumulation of capital in the State Pension Fund.

In 2005, wages of employees in agencies, institutions and organizations within certain categories of the budget sector (education, health, culture, science, etc.) were also increased: beginning 1 April 2005 – by 10.7%, and by an additional 6.9% starting with 1 July 2005. Overall, from January to June 2005 wage levels of employees within certain categories of the budget sector rose 22.3%.

At the same time, the situation in certain sectors of economy and several regions within Ukraine remains complicated. Most of these problems arise because employers, break labour laws and breach their union agreements and employment contracts — primarily failing to deliver on-time wages and repay debt to their employees, failing to comply with minimum wage requirements, etc. Sustained low wage levels are observed in a number of types of economic activities.

Current problem issues are:

- A 118.3 million UAH increase (as of 1 April 2005) in the total amount of payments owed to the Pension Fund (including late fees and financial sanctions) by businesses, institutions and organizations, compared to beginning of the year;
- A 15.9% increase in total wage debt during the first six months of 2005;
- Insufficient funding for boarding schools in district centres, negatively impacting their financial and technical condition and leading to diminishing numbers of social workers;

- The need to provide adequate living conditions to the homeless, especially children and individuals released from correction institutions, and limited budget allocations for residential construction;
- A lack of financial and credit mechanisms to attract investment and long-term bank loans for residential housing, and a lack of stimuli for such investments; low levels of solvency among the population, which prevents many people from resolving their own housing problems by building or purchasing homes on the secondary market.

Macroeconomic trends

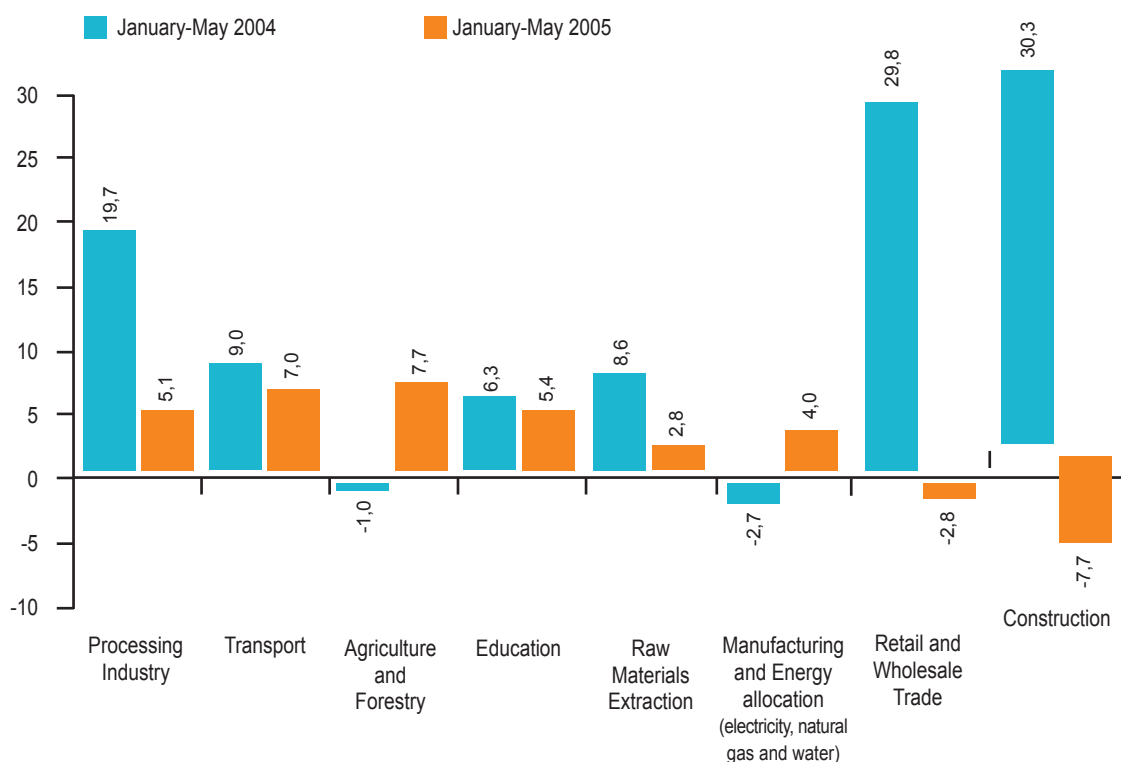
The macroeconomic situation in the first half of 2005 was characterized by improved financial conditions. Real balanced budget revenues during the January-July 2005 period improved over last year by 29.2%, state budget revenues, by 34.1%. The balanced budget surplus totalled 2959 million UAH, against 819.9 million UAH last year, while the state budget surplus was 2237.3 million UAH (with a deficit of 70.7 million UAH last year).

During the first half of 2005, a consistent monthly increase in real GDP over the year before was observed. Over the January-April period, GDP growth was 4%. Factors contributing to the positive GDP trend were:

- An added value increase in the agricultural sector (by 7.7%), transport (7%), and the processing industry (5.1%);
- Expansion in consumer demand resulting from consumer income growth, which stimulated consistently high growth rates in sectors oriented towards domestic markets such as the food and agricultural produce processing industries (14% against January-June 2004), education (5.4%), health and social services (4.9%), and other types of economic activity (7.5%);
- Dynamic increases in retail volume (a 19.8% increase in January-June 2005);
- A 16.9% increase in external sales volume during January-July 2005 against a corresponding period of last year: exports rose by 9.2%, imports – by 26.0%, positive trade balance totalled 381.3 million USD;

- Intensified utilization of credit in the real sector of the economy: bank receivables from credit issued over the January-June period rose by 22.7%, and there is a continuing trend of accelerating growth in long-term credit, whose share in total credit volume rose to 56%. In particular, lowering the average annual interest rate for bank credits to 15.4%, supported this trend.

Gross Value Added in certain types of economic activity Change in Index to the corresponding period of prior year, %



An increase in internal and external demand had a positive effect on the financial condition of businesses; financial revenues from regular business activity and taxation in January-May 2005 exceeded January-May 2004 volumes by 40%; 64% of all businesses were profitable.

However, a slowdown in exports and investment in capital assets, as compared to last year, affected export-oriented and capital-intensive industries. An increase in the machinery industry's output during the first half of 2005 was 9.1%, less than a third of last year's, while in the metallurgical and metal-processing industries, output shrank by 1.8%. In addition, from January to June of this year, total added value in the construction sector shrank by 7.7%, against a 30.3% increase in the corresponding 2004 period.

The sharp revaluation of the Hryvnia with respect to the US Dollar was a definite short-term deterrent to economic growth this year. In addition, the reduction of certain import tariffs caused an increase in imports, resulting in a reduction of the positive trade balance. Furthermore, a decrease in world prices on the main Ukrainian exports added to these factors.

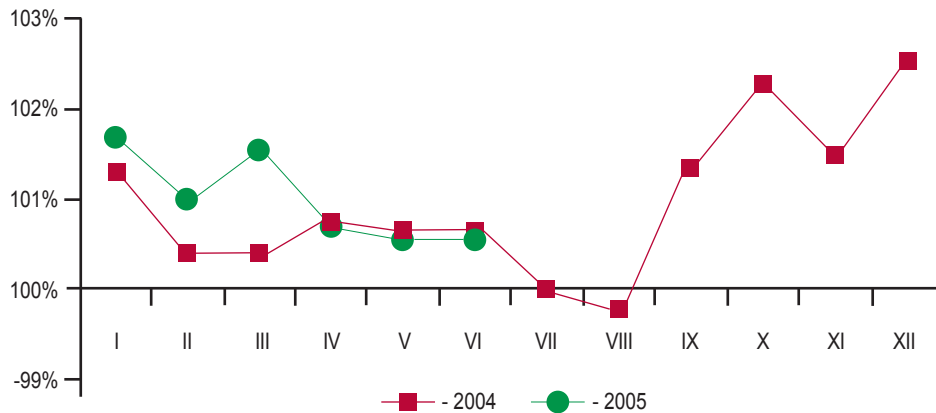
Domestic demand is forecasted to expand by the year's end, and this will be driven primarily by rising income levels resulting from social policy (in particular, minimum wage increases). In order to achieve the economic growth target (forecasted real GDP growth is 5%), the government will encourage renewed privatization, more credit activity in the bank system, and a boost in foreign investment.

The surge in manufacturer's prices, which grew by 6.6% during January-July 2005 (against 14.5% during January-July 2004), has slowed down. In addition, from April, monthly increases in consumer prices have decelerated.

Over January-July 2005, the Consumer Price Index was 106.7%, which is somewhat higher than last year's level (104.4%).

Overall, the inflationary pressures of the early 2005 were most pronounced in food prices (an 8.4% increase) primarily because of growing prices for meat (16.1%) and sugar (64.1%). Prices for non-food items and services grew by 2.2% and 5.2% accordingly.

Consumer Price Index (% to previous month)



The main stabilization factors in consumer prices during the last few months were:

- Revaluation of the UAH with respect to the US Dollar by 4.8% over the January-July period;
- Annulment of the law requiring exporters to liquidate 50% of their foreign currency revenues;
- A considerable increase in personal savings (private individuals' deposits grew by 39.2% in January-July, including a 52.8% increase in national currency deposits and a 23.7% increase in foreign currency deposits);
- Measures to prevent price increases, including agreements with producers, and administering price limits;
- A large expected grain crop in 2005 (close to 40 million tons), which will help reinvigorate livestock farming, and a slowdown in the growth of most food prices.

During the second half of 2005, the government and the National Bank of Ukraine developed a plan to counter inflation by carrying out financial and commodity interventions with the goal of levelling out sector-level price shocks; adopting changes to Ukrainian Customs to lower customs duty on foodstuffs; diversifying oil and natural gas deliveries in order to withstand Russia's monopoly on energy; avoiding big swings in average monthly budget expenditures; and by enhancing coordination between the activities of the Cabinet of Ministers and the National Bank of Ukraine. Employing these anti-inflationary measures will allow keeping the inflation index in 2005 at 109.8% (December to December).

Step by step, Ukraine is making steady progress towards joining the World Trade Organization (WTO). So far, 30 bilateral protocols dealing with access to the goods and services market have been signed, and over 95% of Ukraine's tariff proposals have been approved. The main accomplishment of the multilateral talks on Ukraine's membership in the WTO was the approval by the WTO member countries of the Work Group Report draft.

This draft will be the base document for subsequent work on its final formulation and adoption. Despite the fact that a few open questions remain in discussions with some countries, all countries without exception expressed their complete readiness to resolve these issues parallel to work on the Working Group Report and the Protocol of Ukraine's entry into the WTO.

The review of the joint Ukraine-EU analysis of economic prerequisites for establishing a free trade zone between Ukraine and the EU has already begun. Its results will become the base for the corresponding talks with the EU Commission.

Another significant accomplishment in the Ukraine-EU relations was the approval by the European Parliament of the Resolution on Ukraine. This resolution calls the EU government and the EU Commission to strengthen relations with Ukraine through resolving a number of problem issues in the bilateral relations.

It also requests the EU to determine other integration alternatives outside of the European Neighbour Policy that would envisage a European perspective for Ukraine, including possible EU membership.

Ukraine is working towards building a social market economy, which would be capable of serving as an economic base for overall harmony and a mutual motivation for all Ukrainian citizens to work for prosperity of independent Ukraine.

Goal 1. Poverty reduction

By assuming a course of sustainable economic development, Ukraine is creating the necessary conditions for significant improvements in population's standard of living, above all reducing economic inequality and poverty and providing for the population's equal access to quality social services.

Since the Ukrainian economy began experiencing economic growth, positive trends in population income levels have been observed: wages and pensions have gone up, while the wage component in the population's income also increased.

However, the overall income level remains low, even when compared to countries with transitional economies.

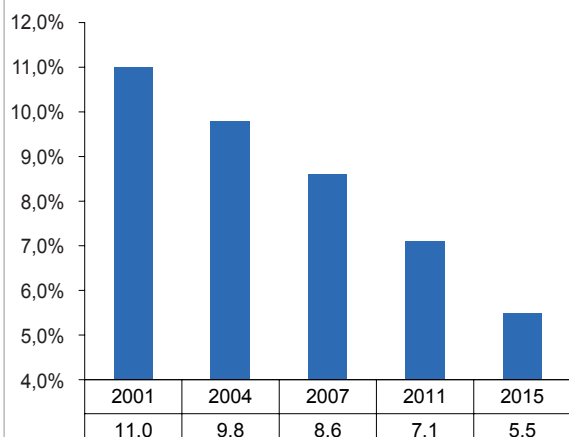
Moreover, the average standard of living indicators conceal the rising income gap between the most affluent and the poorest population groups².

According to a number of reputable international experts, the low standard of living in Ukraine is an unjustifiably high social cost that the population pays for economic transformation.

I. Key Targets and Indicators

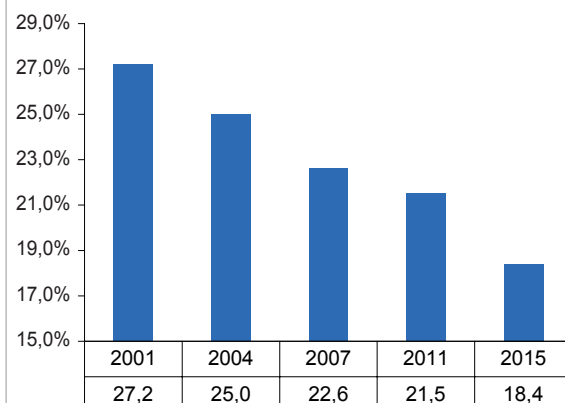
Target 1: Halve the number of people by 2015 whose daily consumption is below US \$4.30, measured in average PPP [as compared to 2001].³

Indicator 1.1:
The share of the population whose daily consumption is below 4.30 USD measured as average PPP, %



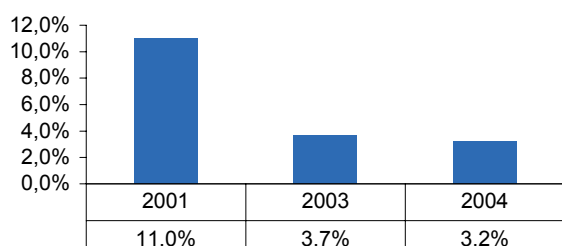
Target 2: Reduce the share of the poor by one third (based on the nationally defined poverty level).⁴

Indicator 2.1:
The share of population below the nationally defined poverty level, %

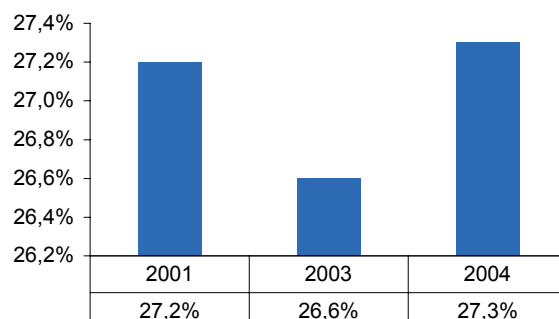


II. Progress in Achieving Goal 1

Proportion of population with daily consumption below US\$4.30 (PPP), %



Proportion of population below the nationally-defined poverty level, %



The portion of the Ukrainian population defined as poor according to the international cost of living criteria for Eastern and Central European countries and the CIS (below 4.30 USD, based on PPP) has decreased significantly, to only 3.2 % in 2004. Thus, the goal set for Ukraine for 2015 (5.5%) had already been reached in 2003, which calls for a revision of the future targets for Goal 1.

² - 20% of the wealthiest population received the largest share of the economic growth benefits—their average incomes rose by 24%, while the incomes of the remaining population went up by only 16-17%.

³ - Poverty line as defined by the UN for Central and Eastern European countries (UAH equivalent of 4.30 USD, based on Purchasing Power Parity). According to World Bank estimates, PPP of 1 US Dollar in 2001 equaled 0.99 UAH, in 2004 – 0.81 UAH.

⁴ - Attribution of various population groups to the poor category is defined in the strategy for poverty reduction—based on a median 75% of gross household expenditures per each adult.

Actual progress towards Target 1.

Indicator 1.1.	1999	2000	2001	2002	2003	2004
The share of the population whose daily consumption is below 4.30 USD, measured as average PPP (in per-cent)	14.0	11.9	11.0	6.9	3.7	3.2

The poverty criteria defined for countries with developed economies are based on a daily consumption amount per each adult below the amount of 14.76 USD, in accordance with PPP. This indicator is a reflection of the existing gap between the living standards of the countries with transitional versus developed market economies. In Ukraine, based on 1999 data, practically the entire population fit into the poverty category, while in Norway, only 4%; in Sweden, 6%; in the Netherlands, 7%; in France, 10%; and in Germany, 7%. However, Ukraine is without a doubt making steady progress in this direction, since according to 2003 data, the poverty level in Ukraine (calculated using the above methodology) fell to 81%.

The main factor of improving living standards of employed, disabled and retired groups of population is the wage level, because without sufficiently high wages, high levels of social transfers can not be sustained. Over the last five years, the minimum wage in Ukraine grew by 4.2 times (from 74 UAH in 2000 to 310 UAH in August of 2005), which stimulated a continuous growth in average annual wages across all types of economic activity.

The lowest wage levels were observed in the agricultural sector – 50% of the national wage average, while the highest wages were in the financial sector – 213%. In 2004, significant gaps between wage levels in different geographical regions of Ukraine remained very pronounced. For instance, average wage level in Donetsk sub-region (711.50 UAH) differed from that of Ternopil sub-region (388.46 UAH) by 1.8 times. The highest paying location remained Kyiv, averaging 967.43 Hryvnias per month.

Positive changes have been observed in the population's income structure: the monetary component (primarily wage income) has been growing continuously, as opposed to the non-monetary component, the share of which has dropped by over 50% during the last four years. A sharp decline was seen in revenues from supplementary household smallholdings.

However, wages overall as the main component of personal income are still too low to provide for adequate living standards. For instance, in December 2004 0.9 million workers (8.5%) received wages not exceeding the set minimum monthly wage (MMW) of 237 UAH, while another 3.7 million workers (35.8 %) received wages that did not exceed monthly living minimum (MLM) of 387 UAH.

Despite the relative improvement in standard of living indicators in Ukraine, the personal income level remained much lower than in the neighbouring European countries. According to the European Federation of Employers, as of 1 July 2005, the minimum monthly wage (adjusted for PPP) in Poland was 463 USD, in the Czech Republic 490 USD, in Turkey 576 USD, and in Slovenia 1,001 USD; however, in Ukraine it was only 265 USD.

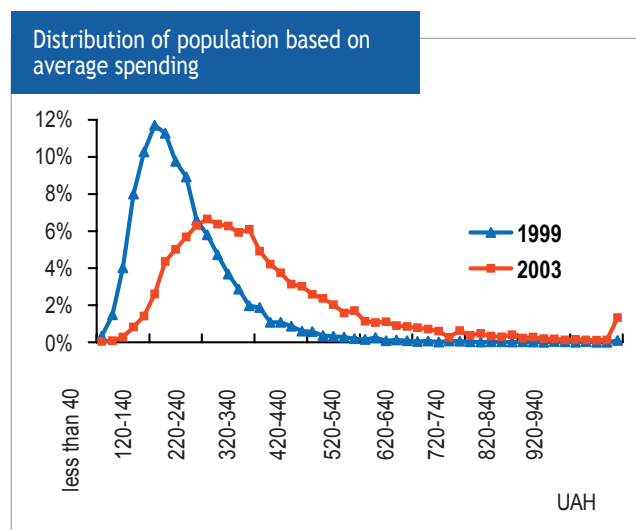
Unfortunately, today the so-called market income components, such as profits from entrepreneurial activities, real estate, or securities transactions, are still weak. Primarily, this is a result of poor corporate relations, an underdeveloped securities market, and the common practice of non-market security transactions.



Actual progress towards Target 2.

Indicator 2.1.	1999	2000	2001	2002	2003	2004
Per-cent of the population below the nationally-defined poverty level	27.8	26.4	27.2	27.2	26.6	27.3
Poverty line (UAH)	126	156	175	192	220	271
Poverty (per-cent on previous year)	x	23,8	12,2	9,7	14,6	23,2
Per-cent of poor population in rural areas	29.2	28.7	32.3	34.3	36.7	35.0

The analysis of poverty indicators over the last few years reveals a stable situation, yet the goal for indicator 2.1 (reach 25% by 2004) was not accomplished. According to the analysis of households' living standards, in 2004 the poverty level actually increased. However, it's worth noting that in 2004, the poverty line was calculated based on a relative criterion (median 75% of gross equivalent household spending), and was a monthly average of 271 UAH, which constituted a 23.2% increase from the prior year and an increase of 2.2 times from the 1999 level. Relative to the 2004 poverty line definition, the poverty level in Ukraine grew by 0.7% from 2003, reaching 27.3%.



From 2000 to 2003, the percentage of poor in rural areas continued to grow. This negative trend was a reflection of factors such as overall shortcomings of agrarian policy, significant gaps in prices of industrial and agricultural products, and a high proportion of senior citizens in rural areas. Almost 85% of rural average personal spending falls below the monthly living minimum. Many small towns did not manage to compensate decreased social support which in the past had been provided by large collective farms. Even though in 2004 poverty in rural areas exhibited a diminishing trend, the overall poverty level in rural areas remained significantly higher than in the cities (35% against 23.5%).

Unfortunately, the fact that a reduction in extreme poverty levels and the emergence of an affluent population layer are not accompanied by a

notable expansion of middle class is a characteristic sign of a growing population income gap between the wealthy and the poor. Today, there is a distinct uneven distribution of income across population groups, with the majority of the population in a low-income category. Poverty problems among families with children are the most critical. Poverty levels among families tend to increase with the number of children per household.

In 2004, the poverty level of childless families was 18%, families with one child 26.5%, and 85.5% in families with four or more children.

Unemployment is one of the major factors in poverty risk. In families with unemployed adults, living standards usually fall for the entire family; in the households where everyone was employed, the poverty level was 14.7%, while in the households with one or more unemployed it was 30.7%.

Government activities towards poverty reduction have been focused on ensuring minimum wage levels and social payments to vulnerable population groups to approach the MLM, while another focal point on improving unemployment services. These measures allowed stabilizing living standards and eradicating the most extreme poverty.

On April 1 2005 the MWM was raised to 290 UAH (64% of MLM for able-bodied adults) and plans have been made for consecutive increases to 310 UAH on 1 July and to 332 UAH on 1 September. In May 2005, the MWM was set at 38% of the average wage level in the Ukrainian economy (the average indicator for EU countries is 40-60%). In 2004, the age-based minimum pension level was raised to equal the MLM for disabled adults.

The growth rate in social payments and other social transfers from 2001 to 2004 (1.8 times) exceeded the growth rate in overall income levels, which rose only 1.7 times. In addition, in 2005 social payments for children and underprivileged population groups grew significantly; social aid for newborn children increased 11.7 times, payments to disabled children 4.5 times, and payments to orphaned children 5.2 times.

In 2001, as part of the Poverty Reduction Strategy and in accordance with international standards, a single criterion to define poverty among various population groups was established in Ukraine. A state programme for the implementation of this strategy has been approved, followed by annually approved short-term plans detailing specific actions to be taken to reduce poverty.

Poverty indicators in Ukraine are constantly being monitored for trends and changes.

III. Problems

Despite the progress in poverty reduction through improvements in real wages, pensions, social expenditures, and unemployment, a few problematic issues remain:

- Low wages, a primary cause of poverty for both the employed and unemployed, are significantly slowing down development of the domestic market, lowering consumption standards, inhibiting savings and quality labour force renewal, and causing the most innovative and economically active citizens to move to other countries;
- Polarization of income distribution: a concentration of the majority of the population in the low income category, while wealth is being accrued by a few privileged groups;
- An unfavourable investment climate and limited fair competition opportunities for private businesses, which seriously thwart improvement in general living standards and hinder job creation;
- Low levels of income from property (material, land, intellectual), which is a result of shortcomings in corporate relations, lack of ownership rights guarantees, and undeveloped securities markets;
- Unjustified gaps in income levels between different industries and geographical locations, which inevitably trigger work motivation crises, in turn resulting in low productivity, unrealized work potential, devaluation of the role of work in individual's life and its partial exclusion from one's basic life values;
- Intensified poverty and the decline of social sphere in rural areas;
- High social security taxes (close to 42 % of earnings) which result in under-the-table employment;
- A complex, financially unprofitable, and unjustified system of privileges and exemptions: the proportion of privileged persons among those not considered poor is 30%, while among the poor only 23%; more often it is the affluent, and not the poor individuals, who receive benefits, as they are better educated and informed about their rights; rural residents are practically deprived of any benefits since they simply don't have the access to the social services covered by benefits;
- Insufficient funding for boarding schools, which negatively impacts their financial and technical condition and leads to diminishing numbers of social workers;
- The lack of government's attention to the provision of adequate living conditions to the homeless, especially children and individuals released from correctional institutions;
- Limited budget allocations for residential construction.

IV. Ways to solve problems

Economic growth stage requires the re-evaluation of chosen development strategies and corrections to income policy. The emphasis must be shifted from the provision of social support to the most vulnerable population groups to stimulating effective economic activity of working individuals.

The government's policy on poverty reduction will ensure a transition from the current economy, which heavily relies on low-cost labour, to a more advanced economic model by creating the economic and regulatory conditions for income growth, increasing economic activity of the population and decreasing the income gap between population groups.

For this purpose, government plans to implement a number of measures.

Reforming labour compensation:

- Ensure consistent step-wise increases in minimum social guarantees to meet the MLM;
- Improve legislation on norms and criteria for minimum wage determination, ensure implementation of the minimum hourly wage as a state social standard;
- Increase the wages of state employees and eliminate disproportions in pay scale between different positions and industries through implementation of the second stage of the Single Tariff Net plan;
- Reduce the pressure on wage funds through redistribution of payments and tax collection between employers and employees, and expanding the tax base;
- Provide for the full protection of employee rights, specifically wage payments and the payment of wages owed.

Improving social security and pension reform:

- Create a single tax collection and accounting system for pension taxes, implement a single social tax rate by the end of 2006;
- Reduce the pressure on the wage fund through redistribution of payments and tax collection between the employers and employees, with simultaneous wage increases;
- Introduce savings mechanisms into the pension system in order to protect pension payments from the effects of demographic factors and consistent pension increases;
- Fully implement a system of individual record keeping and create an automated monitoring system for accruing pension accounts of all insured individuals and pension assets;
- Conduct a flexible tax policy aimed at stimulating employers and employees to voluntarily maintain complimentary savings accounts within the private pension system;
- Ensure that people are informed about private pension plans and the development of private pension funds.

Creating new social security system:

- In order to increase effectiveness of social programmes, implement progressive technologies for serving disadvantaged citizens; use a single form to apply for all types of government assistance; create a single database for all individuals receiving social aid and benefits;
- Increase the amount of the guaranteed living minimum used to determine social aid to disadvantaged families, retired and disabled individuals (to 25 % of the MLM for able-bodied individuals, and to 50% of the MLM for retired and disabled individuals in 2006);
Raise financing levels for programmes providing disabled individuals
 - with specialized transportation, prosthetic and orthopaedic appliances, and means of conveyance and rehabilitation;
- Provide new forms of social assistance to the homeless and individuals released from correctional institutions, in particular develop the legal foundation to maintain institutions providing help with social adaptation;
- Encourage volunteerism, especially to create favourable conditions
 - for a full life and the rehabilitation of homeless children and children from disadvantaged families.

Reducing the income gap among the country's regions:

- Expand the employment base through the creation of no less than 1 million additional jobs by 2009 (as detailed in the Population Employment Programme);
- Ensure realization of the nationwide programme on small town development in Ukraine, with the goal of resolving employment problems in depressed areas; specifically, in small, single-function towns and mining regions;
- Stimulate new job creation for rural residents through the development of alternative employment activities in rural areas (in particular, 'green tourism' and renewal of the cottage industry) by employing favourable financial and credit mechanisms;
- Introduce a system of state commissioning work in order to increase employment;
- Refine social support to unemployed with the goal of returning them into the labour force.

Resolving employment problems of the population:

- Clearly distribute income and payments within state and local budgets;
- Increase the share of local budgets in expense structure of a balanced government budget;
- Introduce a single methodology of distributing capital subsidies among the regions;
- Increase the share of direct social expenditures (wages, pensions, and other social payments) in overall state and local budget expenditures;
- Provide budget financing based on cost and quality standards of rendered services;
- Expand the practice of public discussions on local budgets with the goal of accommodating the needs of local communities and increasing accountability for spending local and state budget funds, pension funds, and other state social security funds; instate effectiveness indicators within the budget programmes for each expense category, and implement public accountability practices on the progress of activities and fulfilment of goals.

Increasing income from ownership and entrepreneurship:

- Employ the international accounting standards for securities ownership, taxes and corporate administration standards;
- Improve the state corporate administration system;
- Introduce a clear mechanism of determining profit sharing which should go to dividend payouts for stockholders;
- Create regulatory and socio-economic mechanisms for the effective realization of agricultural land ownership rights;
- Fine-tune rental relations in the agricultural sector by employing effective rental contract responsibility mechanisms; increase levels of rental payments for land;
- Radically simplify procedures for starting entrepreneurial activity;
- Limit the types of activities which require permits or licenses;
- Secure open, competitive access to market segments such as natural resource extraction, residential construction, road construction, etc;
- Abolish the investment tax and mandatory payments to various funds;
- Eliminate excess regulations of routine business activity;
- Ensure the creation and maintenance of a commercial registry;
- Organize public control and cooperation of public organizations with regulatory institutions.

Goal 2. Quality life-long education

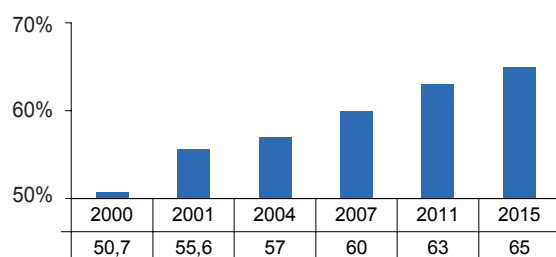
Ukraine traditionally is among those countries where the majority of the population obtains education. According to the UNDP National Human Development Report (2002), universal education of the Ukrainian population is approaching the level of developed countries at 79% (for comparison, the world average is 65%; in developing states it is 61%, in developed OECD states 94%, and in Eastern Europe and the CIS 77%). In 2004 this indicator reached 86%. At the same time, education has been affected by the country's severe economic downturn.

Over the past four years, noticeable changes have occurred in the level of the 'saturation' of population with students and pupils. In comparison to 2000, the number of pupils in general education institutions per 10,000 people decreased by 12% (from 1,372 to 1,212), and the number of students, on the contrary, increased 1.4 times (from 392 to 545 persons).

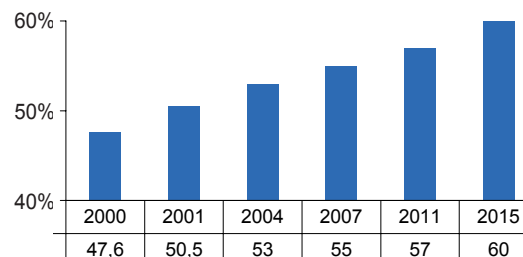
I. Main targets and indicators

Target 1: Raise enrollment rates by 2015, in comparison with 2001

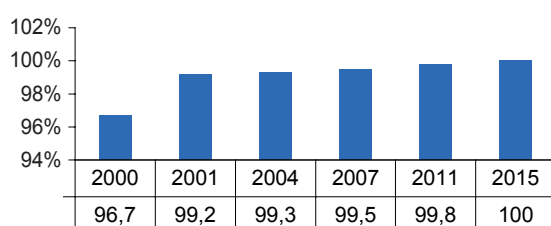
Indicator 1.1:
Net enrollment rate for children aged 3-4 in pre-school programmes, %



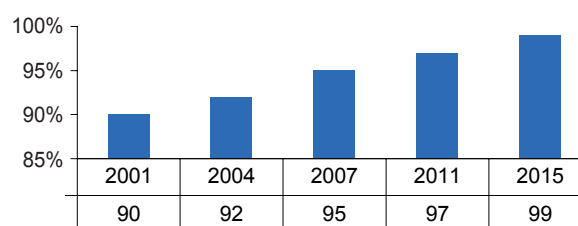
Indicator 1.2:
Net enrollment rate for children aged 5 in pre-school programmes, %



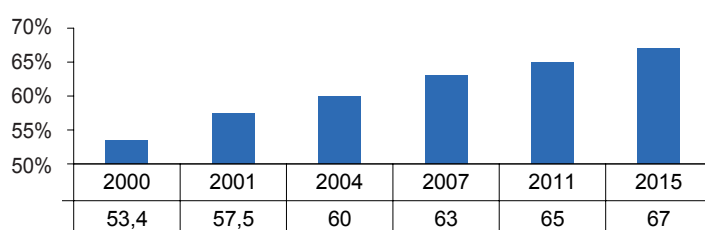
Indicator 1.3:
Net enrollment rate for children aged 6-9 in primary programmes, %



Indicator 1.4:
Net enrollment rate for children with a secondary education, %



Indicator 1.5:
Net enrollment rate in post-secondary institutions for those aged 18-22, %



Indicator 1.6:
Number of graduates from post-secondary institutions

Indicator 1.7:
Cumulative gross indicator of persons that undergo re-training or professional development

Target 2. Raise the quality of education

Indicator 2.1:
Proportion of current state education standards that comply with those of the EU, %

II. Progress in Achieving Goal 2

Comparison of the forecasted and actual indicators of the Goal 2 (quality life-long education) for 2004 shows that there have been some advances in several indicators.

Pre-school education

Indicator 1.1.
The net enrollment rate for children aged 3-4 in pre-school programmes in 2004 was 67.2%; that is 10.2% or almost 1.2 times more than the planned 57%. This indicator exceeds the 65% forecast for 2015. Thus, revision of Indicator 1.1 for the future may be recommended, in particular taking into consideration that the increase in this indicator to 69.3% and 70.0% in 2005 and 2006 correspondingly is envisaged.

Indicator 1.2.
Net enrollment rate for children aged 5 in pre-school programmes (in per-cent) in 2004 was 56.1%, exceeding the planned 53% by 3.1%, better than the forecast for 2007 and only 0.9% less than the indicator for 2011.

Indicator 1.3.
Net enrollment rate for children aged 6-9 in primary programmes (in per-cent) in 2004 was 99.3%, which corresponds to the planned value. By this indicator, Ukraine is fulfilling its obligations according to the plan.

In 2004, for the first time in two years, the number of children in pre-school education institutions increased (by 19,000) and the rate of pre-school enrollment was 49%.

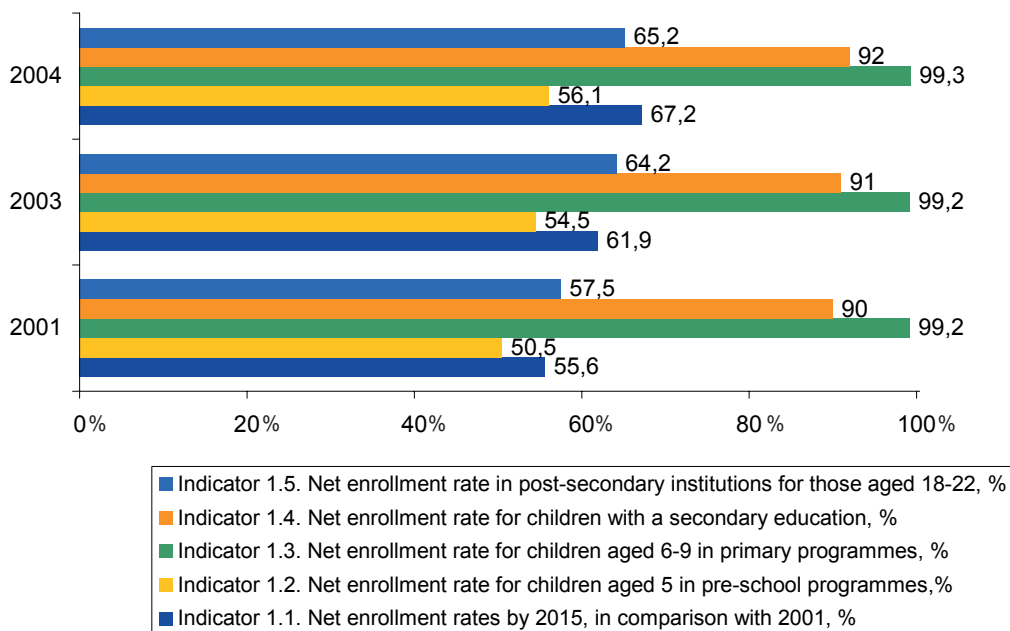
General secondary education

Indicator 1.4.
The net enrollment rate for children with a secondary education in 2004 was 92%, the planned value for the year. By this indicator, Ukraine is fulfilling its obligations according to the plan.

The number of pupils in schools reflects the current demographic situation in Ukraine. Although the number of secondary education institutions remains almost at the level of previous years (22,000), the number of pupils decreased by around 5%, to 5.5 million. The number of private secondary education institutions has been growing steadily (by 24%, or 55 institutions) since the 2000-2001 school year. In 2004, 675,000 adolescents obtained basic secondary education and 519,000 completed secondary education. Over 71% of graduates of the ninth grade continue education in schools, and about 16% in professional colleges. Forty new teaching curricula for primary school were prepared, and teaching literature was provided for all subjects.

Thanks to the successful start of the School Bus programme in 2004, the problem of transportation was solved for 212,000 pupils in rural areas who live more than three kilometres away from school.

Dynamics of Goal 2 in 2001-2004



Post-secondary education

Indicator 1.5.

The net enrollment rate in post-secondary institutions for those aged 18-22 in 2004 was 65.2%, 5.2% or 1.08 times higher than the planned 60%. This is also by 0.2% higher than the forecast level for 2011 (65%). Thus, the indicator 1.5 may be revised for the future periods.

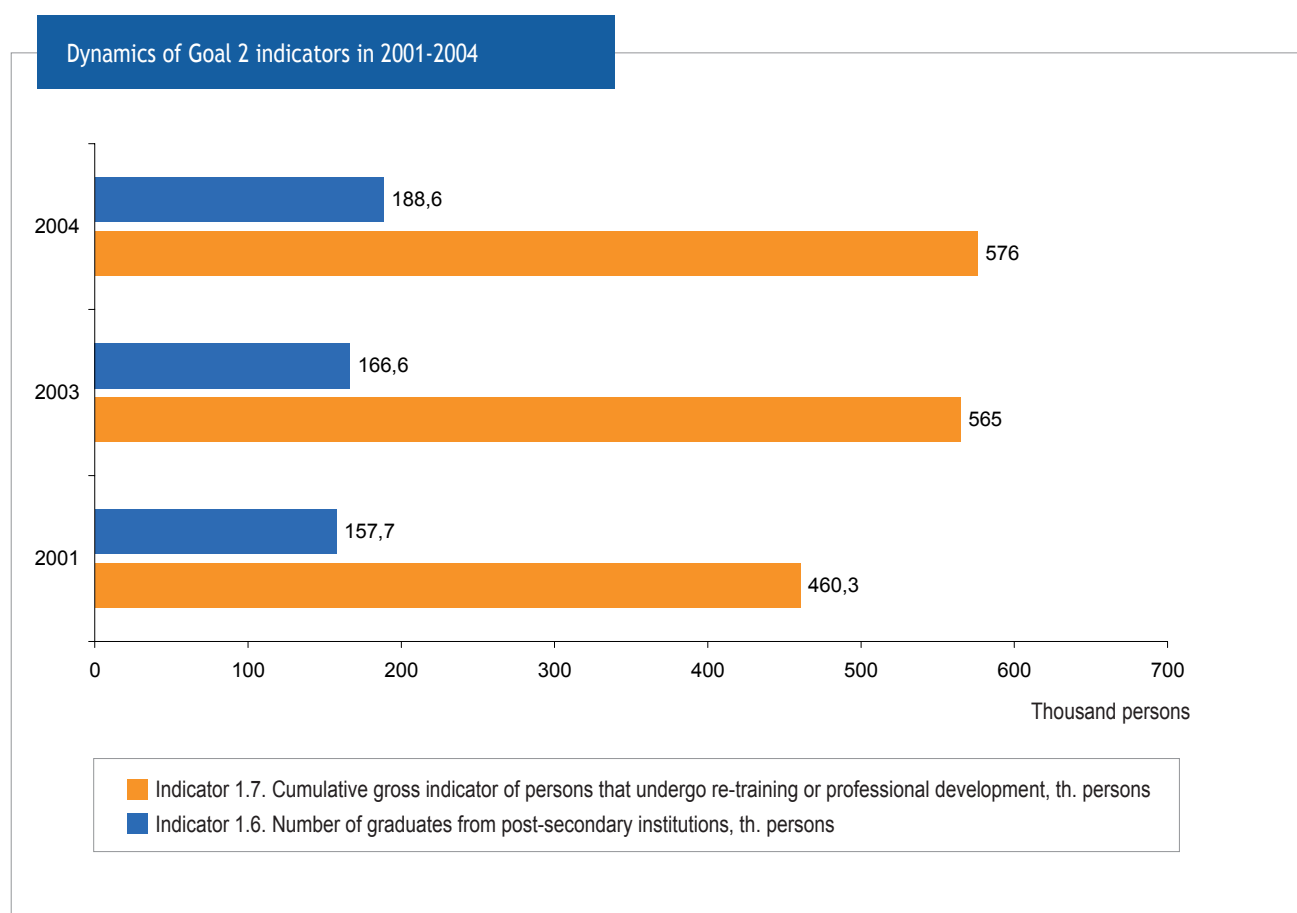
Indicator 1.6.

The number of graduates from post-secondary institutions (thousand of persons) in 2004 was 576,000, 11,000 higher than the previous year.

In Ukraine, the number of post-graduate institutions of all levels of accreditation decreased to some extent, to 966. Such a decrease is explained by the regulation of education institutions by expanding them and introducing multi-level education. The number of students continues to grow and is currently 2.6 million. In the 2004-2005 academic year, 657,000 students were enrolled in post-secondary institutions. 285,000 students of post-secondary institutions were enrolled for a final cycle of study, in order to obtain a higher level of qualification. The number of students who pay for their education has been increasing; in the 2004-2005 academic year, 61% of those enrolled to the post-secondary institutions paid for their education.

Note:

Every year the number of the most socially vulnerable groups of the population (disabled and orphans) is increasing. In comparison to the 2000-2001 school year, the number of students from this group grew almost twice: disabled from 4,700 to 9,100, and orphans from 4,000 to 7,500.



Post-graduate education

Indicator 1.7.

The cumulative number of persons that underwent re-training or professional development in 2004 was 9,923,000, 5,170,000 persons or 1.52 times less than the corresponding indicator for 2003 (15,093,000).

During recent years the number of professionals who improve their qualifications and receive re-training has been constantly growing. In 2004-2005 enrolment in these intuitions was 188,600. An increase in re-training for such areas as small business, pension system institutions, insurance, bankruptcy agencies, competitiveness, intellectual property rights, etc. is expected.

Raise the quality of education

As the adaptation of Ukrainian state education standards to the European standards has just started and the trends have yet to be seen, the target values of Indicator 2.1 (percentage of current state education standards that comply with those of the EU) will be set in the following years. In particular, bringing up to 80% of state education standards in line with EU requirements is envisaged.

In particular, in the first half of 2005 a plan to modernize educational curricula and ensure a European level of quality which included 10 state standards on specific new generation professions were developed. New methodology for the drafting of a new state list of professions for training of qualified workers was created. The work on creation and implementation of the national knowledge assessment system starting from 2007 is ongoing.

An experiment on external testing of secondary institutions graduates is taking place; the results of such tests as entrance examinations to institutions of higher education are considered. In August 2004 the Cabinet of Ministers adopted a decree on the external evaluation and monitoring of education quality. The creation of integrated monitoring system in education requires revision of the procedures of gathering, accumulation, analysis and distribution of statistical information, introduction of relevant indicators of the condition of the educational system. Thus, the issue of Ukraine's involvement in international comparative research of educational quality is very important.

Note:

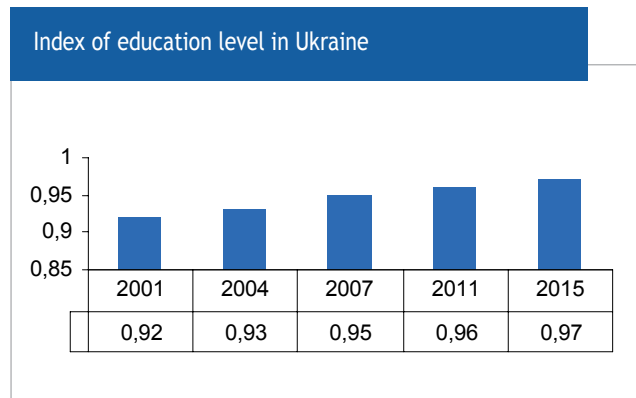
Ukraine completed organizational activities related to joining the Bologna Process; on 19 May 2005 in Bergen (Norway) the Bologna Declaration was signed.

A draft law on changes to education legislation was prepared and submitted to the Verhovna Rada. This law for the first time solves such important issues as access to education for children with special needs, provision of social guarantees to young teachers (preferential credits for living premises, addressed financial aid, inclusion of study period in post-secondary institutions to a general pedagogical seniority), and significant improvement of financial support to retired teachers.

Evidence of the improved situation in education is the gradual increase of Ukraine's rating in the indexes of education and human development calculated by the UNDP. According to the UNDP Global Human Development Reports for 2002, 2003 and 2004, level of education in Ukraine (one of three composite parts for calculation of human development index) in 2000 was 0.92; in 2001, 0.93; and in 2002, 0.94. Thus, in 2002 index of education level in Ukraine exceeded the average for CEE and CIS states (0.93), as well as the planned index of education level in Ukraine for 2004 (0.93). The data for 2003-2004 is not available yet. The human development index (HDI) of Ukraine in 2000 was 0.748 (or 75th place among 173 countries); in 2001 it was 0.766 (80/175); and in 2002, 0.777 (70/177). In 1990, the HDI was 0.797. The activities directed at quality life-long education will allow Ukraine to raise its education level to the level of the OECD high-income states; it is forecasted that the level of education in 2015 will reach 0.97.

Index of level of education of Ukraine

Ukraine and several other CIS states (the Russian Federation and Republic of Belarus) have favourable conditions for concentrating effort on general and secondary education, as well as the improvement of access to higher education. Ukraine has almost reached general coverage of primary education and is successfully increasing the indicators of enrollment in secondary and higher education.



III. Problems

In spite of noticeable progress in ensuring quality life-long education, some problems still remain, including:

- A lack of material and a technical base for education, as seen in the inadequate provision of modern text-books and study instruments, and a low level of computerization. As of the beginning of the 2004-2005 education year, one third of rural schools and 15% of urban schools didn't have computers;
- An insufficient level of financing for educational institutions; in particular, the salary of teaching staff is significantly lower than the average wage for people employed in other industries;
- An insufficient number of educators at pre-schools and schools.

IV. Ways to solve the problems

Education is defined as the most important complex part of public and economic life of the country, a key to fighting poverty and critical for national development. In order to improve the situation in education, the following activities are planned:

Raise enrollment rates

- To set state budget allocations for education at 7% (compared to 6% in the state budget of 2005) with a simultaneous increase in efficiency of use of funds by forming an optimal network of educational institutions in line with the requirements of individual and economic potentials of the state and regions;
- To provide credits for post-secondary and professional education using mechanisms of credit price reduction to the professions lacking sufficient numbers of people;
- To provide targeted state aid to pupils and students who are orphans, have special needs, poor families and gifted youth.

Raise the quality of education

- To bring state education standards up to the EU requirement of 80% in 2006;
- To continue the work on implementing the Bologna Declaration, in particular draft normative and legal acts on establishment of conditions for the academic and professional mobility of graduates, harmonization of normative base in the aspect of two-level education, provisions on employment of graduates;
- To harmonize the normative and legal base of Ukraine in education with the EU legislation;
- To intensify integration processes, partnership development and cooperation in education between Ukraine and the EU;
- To finalize state standards in education;
- To implement modern information technologies, e.g. the Internet, especially in rural areas, use computer technologies in knowledge assessment of students and pupils, distance learning development;
- To introduce a State Information Technology Programme and computerization in professional education institutions, improve preparation of the relevant pedagogical staff;
- To ensure higher quality in preparation of candidates and doctors of sciences in the leading post-secondary education and research institutions;
- To encourage employers to participate in the development of professional education and employment of graduates of post-secondary educational institutions;
- To establish a single national research and education computer network in a form of an education portal to which all Ukrainian educational institutions will be connected in order to enhance information exchange.

President of Ukraine's decree of July 4, 2005 foresees the following activities:

- To elaborate the concept of educational reform, taking into consideration the prospects of Ukraine's integration to the EU (before 1 October 2005);
- To approve the programme for gifted youth for 2006-2010, directed at creation of favourable conditions for identification, support and stimulation of children and youth, and insure self-fulfilment of a creative personality in modern society;
- To approve the State Information Technologies Programme for secondary, out-of-school and post-graduate education institutions for 2006-2007, in particular the computerization of secondary schools and provision of access to the Internet, and allocation of the necessary funds from state and local budgets for these activities;
- To approve the government's Student Hostel Programme aimed at improvement of study and living conditions for students;
- To substantially improve educational work with children, pupils and students to teach them Ukrainian national traditions, history and cultural heritage; engendering in the younger generations patriotic consciousness, readiness to fulfill civic and constitutional duties, and respect for the state symbols of Ukraine;
- To fortify democratic fundamentals through education, in particular through the development of pupils' and students' self-governance and participation of children and youth in solving important issues;

- To establish independent evaluations and external exams for entrance examinations for post-graduate institutions over the 2005-2006 academic year;
- To improve the system of forecasting and meeting needs in pedagogical staff through the introduction in 2005 of student - placement program for those who study at state expense;
- To introduce in 2005 study at state budget expense for no less than 50% of incoming students by ensuring relevant funding;
- To improve research in educational development, extend funding of research in this area, and expand the publication of studies, research and methodical literature by the Academy of Pedagogical Science of Ukraine;
- To create national system of education quality monitoring basing on the criteria of EU member states;
- To continue work on realization of Bologna Declaration, in particular elaboration of new academic specialties, state education standards, improvement of the network of post-graduate institutions and enlargement of regional universities, establishment of an inter-institutional commission to support the Bologna process in Ukraine;
- To improve the educational literature publication system and enhance its quality;
- To improve living conditions and introduce a mechanism for the provision of living premises for pedagogical and research staff, first of all in rural areas.

In order to solve the urgent problems in the area of education and achieve Goal 2, the following state programmes will be fulfilled:

- Programme of out-of-school educational development for 2002-2008;
- The Teacher Programme for 2002-2012;
- The School Bus Programme for 2003-2010;
- The state programme of information technology and computerization of professional education institutions for 2004-2007;
- The distance learning development programme for 2004-2006
- A complex programme to provide schools and post-secondary educational institutions with modern technical education facilities in natural sciences and mathematics for 2005-2011;
- State programme of information technology and computerization of post-secondary education institutions of I-II levels of accreditation for 2005-2008.

Goal 3. Sustainable environmental development

Human pressures on biological resources in Ukraine remain very high. The list of environmental issues requiring immediate attention includes preservation and improvement of land and water resources and the atmosphere, biodiversity, improving industrial energy efficiency, and the additional challenge of dealing with the Chernobyl tragedy consequences. Priority goals for Ukraine are solving problems that negatively affect the health and living conditions of the population, especially the poorest, and thus, the most vulnerable group.

Primarily these are issues of air pollution and access to clean water. Another important focus is improving management of natural resources and ensuring fulfillment of Ukraine's key international environmental commitments.

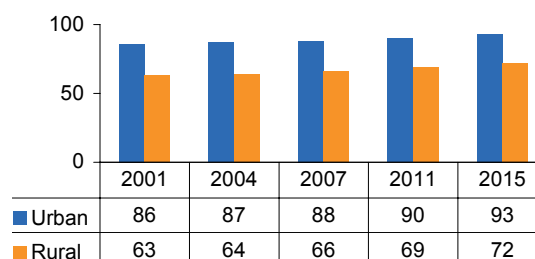
I. Key Targets and Indicators

Target 1: Increase the proportion of people with access to clean drinking water by 12% from 2001 to 2015

Indicator 1.1:
Percentage of drinking water that meets national standards for urban areas

Indicator 1.2:
Percentage of drinking well water that meets national standards for rural areas

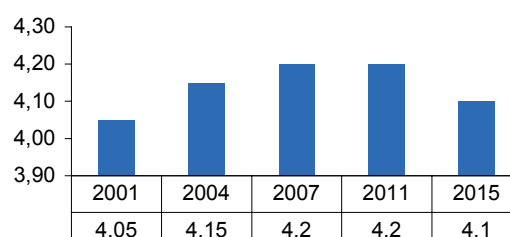
Proportion of population with access to clean drinking water, %



Target 2: Stabilize air pollution from stationary sources

Indicator 2:
Volume of harmful emissions into atmosphere from stationary sources of pollution (millions of metric tons per year)

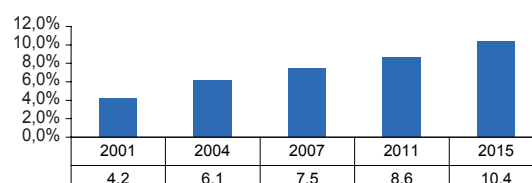
Volume of harmful emissions into atmosphere from stationary sources (m. tons p.a.)



Target 3: Expand the network of natural and biospheric reserves and national parks to 10.4% of the overall territory of Ukraine

Indicator 3:
Total area of natural and biospheric reserves and national parks, as a percentage of the overall territory of Ukraine

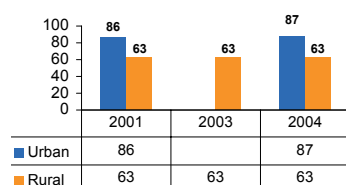
Total area of natural and biospheric reserves and national parks, % of territory of Ukraine



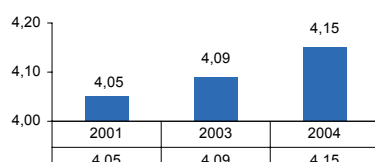
II. Progress in Achieving Goal 3

Dynamics of indicators for Goal 3 in 2001-2004

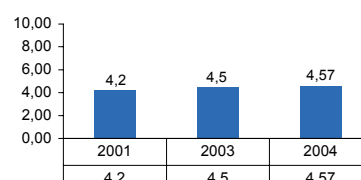
Proportion of population with access to clean drinking water, %



Volume of harmful emissions into atmosphere from stationary sources (m. tons p.a.)



Total area of natural preserves and national parks, % of total territory of Ukraine



Accessibility of Clean Water

A severe lack of financing for implementation of the comprehensive, top-priority programme to provide centralized water supply systems to rural areas which utilize imported water, during 2001-2005 period prevented Ukraine from achieving programme goals: in 2001-2004, only 10% of needed funds were allocated for programme needs, and only 13% of required amount is budgeted for 2005. None of the planned centralized water systems were built for rural communities without access to clean water during 2001-2004. As a result, interim MDG indicators for access to clean water in rural areas need to be revised. At the same time, the share of the urban population with access to clean drinking water reached 87% in 2004, which matches the forecast.

In order to provide government support to sustainable improvements in water distribution systems, since 2003 the national budget includes provisions for granting government subsidies to local budgets for financing accident prevention in water utility and distribution facilities.

As for natural bodies of water, currently 25-30% of the water in Ukraine and the Russian Federation, as compared to 50% in Belarus and Tajikistan and as much as 65% in the Republic of Moldova, fails to meet sanitary standards. Although from 1995 to 2002, the volume of sewage dumped into natural bodies of water dropped from 4.65 billion cubic meters to 2.92 billion cubic meters, in the following two years, the trend reversed, resulting in 3.0 billion cubic meters being dumped in 2004.

Air Pollution

In 2004, harmful atmospheric emissions were 4.15 million tons, an increase of 1.5% (4.09 million tons) over 2003 level. This indicator equals Ukraine's 2004 forecast of tolerable pollution volume from stationary sources (4.15 million tons). Negative trend in air pollution volume in 2004 is attributed to industrial output growth, as well as heavier reliance on coal.

In line with the Russian Federation and Belarus, long-term trends in air pollution reduction in Ukraine have been positive. According to the standards of the WHO recommendations on Air Quality in Europe, the air quality in Ukraine, when measured by traditional pollutants with the exception of nitric acids, is improving.

From 1995 to 2002, air emissions from stationary sources decreased 1.4 times. Although starting in 2003, pollution from stationary sources started to experience a small (1-3 % per year) increase, this figure

is significantly lower than industrial output growth rate, indicating that introduced environmental management techniques are effective. Introduced changes include: establishment of inflation-pegged standard fees for natural resource consumption and polluting, monitoring of emission levels in 54 cities and 13 industrial locations, and monitoring of carcinogens and ozone layer conditions in areas of concern.

Beginning in 2000, steps taken towards increasing payment collection discipline resulted in major improvements in cost sharing for natural resource consumption, from only 20-30% of industrial ecological fees collected in 1997 to 87% in 2004.

Additional activities in 2004 towards achieving the environment MDG included: development of air pollution norms in agreement with EU requirements, issuance of guidelines as to determination and approval of tolerable pollution levels for industrial sites, development of ecological requirements for gas stations, and continued localization of pollution monitoring.

Expanding Protected Lands

As of January 2005, 4.57% of Ukrainian territories were designated protected lands, short of the 6.1% goal for the year. Consequently, there is a threat that interim target indicators for 2005-2015 will not be achieved. The negative factor that hampered expansion of protected lands in 2004 was lack of funding.

During the last four years (2001-2004), the number of national parks and natural reserves in Ukraine increased by 312. Protected land expansion was primarily done through creation of multi-functional natural reserve sites, such as regional landscape parks. In order to unite the environmental protection efforts of government institutions, local governments, public organizations, businesses, and the public, a new annual nation-wide green area maintenance event was launched with the aim of conducting activities to improve green areas, parks in each settlement.

Unfortunately, financing for the expansion of natural and biospheric reserves, national parks and protection of endangered wildlife species in 2004 was over 50% short of the needed amount, preventing Ukraine from achieving its 2004 Programme goals.

III. Problems

Accessibility of Clean Water

The biggest issue hindering progress towards achieving MDG clean water targets is inadequate financing. Currently, many problems with supplying drinking water that meets sanitary standards remain unsolved. For instance, according to the Ministry of Health, in 2004 one-sixth of drinking water samples did not meet sanitary norms. In addition, in 2004 the portion of the rural population with access to clean water was 23% lower than that of the urban population.

The main reasons for drinking water pollution are related to such problems in water distribution systems, as:

- Utilization of obsolete equipment by water utility and distribution systems in rural areas;
- A lack of water deferrization facilities at some water plants;
- The unsatisfactory condition of many water pipelines;
- A shortage of skilled personnel at water utility and distribution facilities.

Air Pollution

High air pollution remains a big issue in Ukraine. Annual concentrations of dust, nitric oxides, sulfur dioxide, and carbon monoxide frequently exceed Ukrainian air quality standards by 10% or more (although CO and SO_x do meet less stringent WHO norms). Excessive levels of nitric dioxide were registered in almost all large cities. When it comes to toxic pollutants, even WHO standards for these pollutants are not met in most large Ukrainian cities. Acid rains and ozone depletion present additional problems in Ukraine.

Improving air quality indicators will require solving the following problems:

- An underdeveloped legal framework for regulating air emissions;
- A lack of programmes to restore air quality on the local level; lack of specific progress monitoring benchmarks;
- Outdated technologies used in fuel treatment and burning processes at energy plants;
- Imperfect information and analysis system used for monitoring human impact of stationary pollution sources.

Expanding Protected Lands

A significant slowdown in the expansion of protected lands in Ukraine and a continued decline in the number of endangered wildlife species in recent years are alarming. To reverse these trends, the following problems require immediate attention:

- A severe lack of financing for new and existing protected territory sites;
- Currently imperfect national parks and preserve management systems, as only 14 out of 36 environmental protection institutions are in the jurisdiction of Ministry of Environment;
- An outdated system of ecological monitoring: monitoring institutions equipped with obsolete instruments and methodologies make it impossible to receive real-time information and make timely administrative decisions.

IV. Ways to solve problems

In order to achieve Goal 3, activities will be directed towards addressing a broad spectrum of environmental issues, with priorities given to access to clean water and reducing environmental pollution.



Attention will also be focused on the improvement of natural resource management and supporting international co-operation in nature conservancy. Introducing consistent environmental policies should make it possible to considerably increase the public's access to clean drinking water by 2015.

In an effort to reduce air pollution, the government will apply higher fees for natural resource utilization, which should spur widespread modernization of industrial technologies. With these measures in place, levels of air polluting emissions by 2015 should fall to the 2001 level, after a slight interim increase through 2011.

The government has mandated the development of a legal framework directed at accelerating economic restructuring based on transition to an innovative development model in order to ensure unconditional compliance with Environment Millennium Development Goals.

In order to improve the situation with environment pollution the following activities are required:

- Reducing air pollution on the sub-national, industry and individual industrial site levels; accelerating the transition to new, cleaner technologies;
- Creating a nationwide electronic database of all industrial pollutants contributing to ozone layer depletion in 2005 as part of the programme for eliminating all ozone layer depleting emissions by 2030;
- Elaboration of a normative and legal base for introduction of a system for integrated permits for emissions, sewage disposal and waste disposal adapted to EC Directive 96/61 EC from 24.09.96;
- Introduction of air quality norms in line with the EU directives;
- Elaboration of technological norms of emissions for coke-firing and metal-rolling plants, equipment for cast iron and steel production and blast furnace production;
- Ensuring that the Kyoto Convention standards on climate change are effectively implemented;
- Improving the state environment protection system, creating a National Fund of Environmental Protection on national, sub-national, and local levels;
- Creating new and enlarging existing national parks and preserves (such as Mezyn and Velykyj Luh in 2005, Pryazovsk, Nyzhnjodnistrovsk and Tarhankut in 2006), with a total share of protected lands to reach 4.82% by 2006;
- Elaborating a draft state programme of natural preserves development in Ukraine to 2020.

With the aim to achieve Goal 3 in Ukraine the following state programmes are to be implemented:

- A national programme to clean up the Dnipro Basin and improve the quality of drinking water;
- The Drinking Water of Ukraine Programme;
- State programme to establish a national ecological network for 2000-2015;
- Complex programme for implementing at the national level decisions adopted at the World Sustainable Development Summit for 2003-2015;
- Comprehensive programme for top-priority provision of centralized water supplies to rural areas which utilize imported water for 2001-2005 and up until 2010;
- State Forests of Ukraine 2002-2015 Programme;
- State programme of water management for 2002-2011;
- Also formulation of the state programme of natural protection and development to 2020 has begun.



Goal 4. Improved maternal health and reduced child mortality

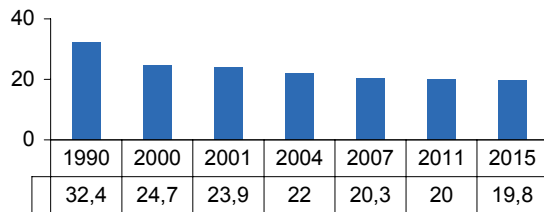
The task to improve maternal and child health is important not only for today, but also for perspective development of the country. Maternal health is one of the most decisive factors that determine the health of future generations. The level of child health defines formation of the future labour and intellectual potential of the country.

In Ukraine, there is some evidence of improvement in this area; in particular, during the past four years, child mortality decreased by 20% - from 11.9 deaths of children less than 1 year old per 1,000 live births in 2000 to 9.5 in 2004. Additionally, maternal mortality decreased almost two times - from 24.7 deaths per 100,000 live births in 2000 to 13.7 in 2004.

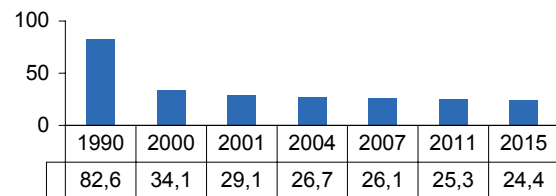
I. Main targets and indicators

Target 1: Reduce maternal mortality by 17 %

Indicator 1.1:
Number of deaths from complications during pregnancy and delivery, or post-delivery, per 100,000 live births

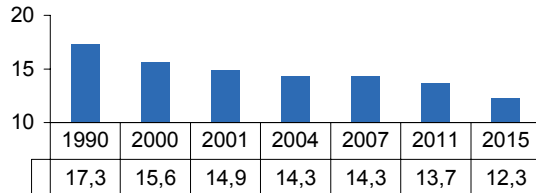


Indicator 1.2:
Number of abortions per 1,000 women of childbearing age

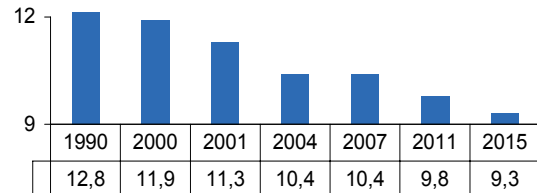


Target 2: Reduce mortality among under-5's by 17 %

Indicator 2.1:
Under-5 mortality rate
(number of deaths per 1,000 children under 5)



Indicator 2.2:
Infant mortality rate (number of deaths per 1,000 children less than one year old)



II. Progress in achieving Goal 4

Reduce maternal mortality

Judging by the results of 2004, Ukraine has shown advances in fulfilment of Goal 4.

Indicator 1.1. Number of deaths from complications during pregnancy and delivery, or post-delivery, per 100,000 live births in 2004 was 13.7, which is 8.3 live births or 1.6 times less than the planned level of 22. Besides, it is 6.1 less than the final indicator of 19.8 defined for 2015. Thus, it is necessary to revise this indicator for all periods up to 2015. By the Indicator 1.2: Number of abortions per 1,000 women of childbearing age in 2004 was 21.5, 5.2 better than the forecasted 26.1 and 2.9 better than the final result of 24.4 to be achieved by 2015. If this trend continues, the indicator also may be revised for the future periods.

During recent years, active measures were taken in order to solve problems in health protection which had been exacerbated as a result of economic difficulties. In 2004, with the aim to achieve the Goal, measures on further improvement of medical and genetic aid for 2004-2008 were elaborated. To stimulate childbirth for 2002-2007, a decree to treat infertility by the methods of supplementary reproductive technologies at budget expense was elaborated and approved. Under the Reproductive Health Programme 2001-2005, test systems for screening for TORCH infections were purchased.

New organizational forms of obstetric aid were introduced into obstetric gynaecologic institutions (modern para-natal technologies, creation of individual and family maternity rooms, allowing support to women in childbirth from their relatives, visiting the new-borns by their relatives). Also elaborated and introduced were clinic protocols and norms for obstetrician-gynaecologic, neonatal, medical and genetic, and paediatric aid to the public, in particular clinic paediatric protocols and a protocol of medical care for a healthy new-born child.

Maternity houses were evaluated in 2004, and 16 of them received 'baby friendly clinic' status; currently, 42 maternity houses in Ukraine enjoy this status. The Ukrainian Scientific Medical Centre of Obstetrics, Gynaecology, and Reproduction of the Ministry of Health of Ukraine was established. In the first half of 2005, a draft concept of the programme 'Reproductive Health of the Nation: 2006 - 2011' programme was written. Also, measures on development of 'youth friendly' medical and social services for 2005-2010 were approved. Implementation of international projects to improve of para-natal services (Ukraine-Switzerland, Ukraine-USA) is ongoing.

Reduce mortality among under-5's

Indicator 2.1. Under-5 mortality rate (number of deaths per 1,000 children under 5) in 2004 was 12.4 persons, 1.9 less than the planned 14.3, and only by 0.1 higher than the final indicator for 2015 (12.3). Thus, revision of the indicator is necessary for the total period up to 2015.

Indicator 2.2. Infant mortality rate (number of deaths per 1,000 children less than one year old) in 2004 was 9.5, 0.9 less than the planned 10.4 and exceeding the final indicator for 2015 (9.3) by 0.2. It is necessary to revise this indicator for the period up to 2015. At the same time, in connection with methods of registration of child mortality and changes in the Civil Code of Ukraine on the terms and order of medical termination of pregnancy to bring them in compliance with the WHO and EU requirements, starting from 2005 an increase in the level of new-born mortality is expected. For 2005 and 2006 this indicator is forecasted to be 10.5.

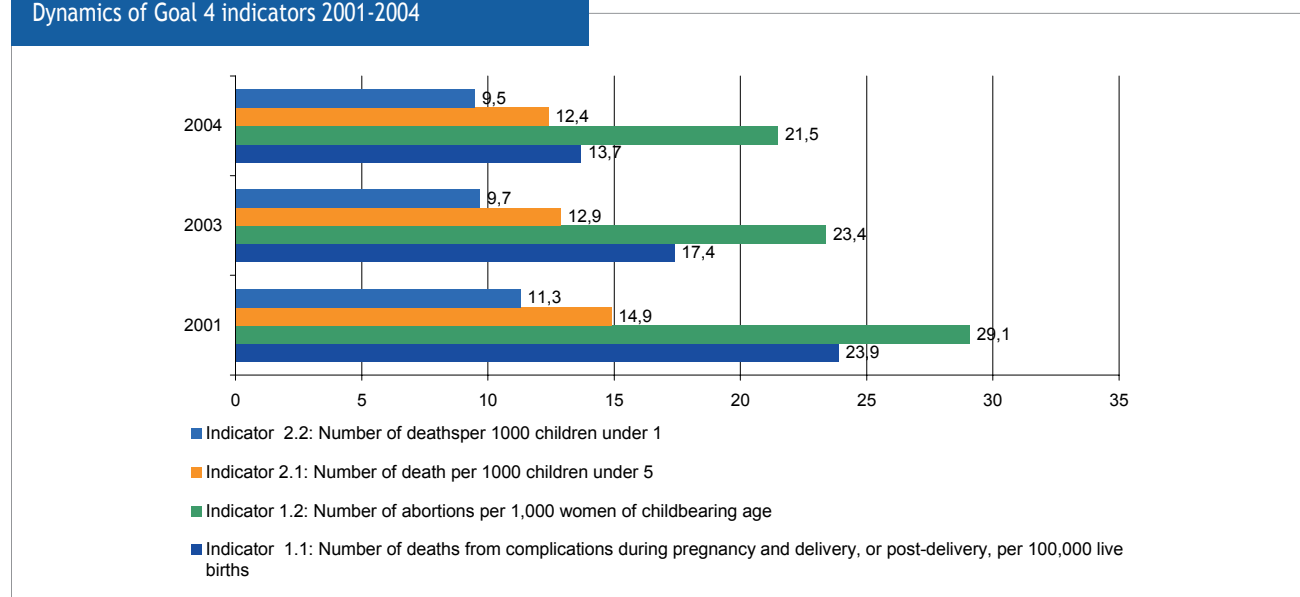
The actions required by such programmes as Primary Reanimation of New-borns for 2003-2006, Reproductive Health 2001-2005, and Children of Ukraine are being taken. New norms of medical aid to children in policlinics are being introduced. Clinical protocols in paediatrics and the protocol on medical aid to a healthy new-born baby have been approved, along with 14 others, and these are now being introduced. These protocols concern childhood toxicology, childhood urology, childhood surgery, childhood nephrology, childhood infections, childhood immunology, and emergency medicine for children". A breastfeeding support programme is also being implemented.

State budget financing for medication for children with hypophysis nanism has been allocated; the relevant medications have been purchased and distributed nationwide. Medication and nutrients for children the oncological diseases and fenilcetonuria, Sukrum medication for suffering from infants, and intensive care equipment for infants was distributed. Protocols and standards of obstetrician-gynaecologic and medical-gynaecologic aid to the public at obstetrician institutions were adopted, and approaches to obstetrician aid to the public were changed, to bring them in line with WHO standards. These deal with support to families, family maternity houses, joint stay of mother and baby, etc. Para-natal services (Ukraine-Switzerland, Ukraine-USA) are ongoing.

Note:

Ukraine is the only Central and Eastern European state that showed better-than-expected results in reduction of child and mother mortality, practically having reached the level planned for 2015.

Dynamics of Goal 4 indicators 2001-2004



III. Problems

In spite of the substantial progress achieved by Ukraine in the reduction of child and maternal mortality, the general condition of nation's health may be characterized as unsatisfactory. In Ukraine, as compared to economically developed nations, the mortality rate of population remains too high, including early death (child, maternal, able-bodied).

The following factors negatively influence public health:

- A decline in living standards;
- Environment pollution;
- The consequences of Chernobyl catastrophe;
- A high level of employment in the industries with unfavourable working conditions.

According to expert estimates, financing of the health sphere is only 30% of what is required; largest share of funds goes towards existing systems maintenance, primarily the in-patient facilities.



IV. Ways to solve the problems

State policy to improve maternal health and reduce child mortality is comprised of a number of activities, which ensure the best medical aid with existing legal, financial, material and technical, and human resources. In particular, the following activities are planned:

- Financing health care in the state budget at 3.5% with more efficient use of funds by increasing allocations for medical services;
- Continuation of primary medical aid reform on the principles of family medicine, first of all in rural areas, and improving of the emergency aid system;
- Implementation of measures to improve reproductive health and reduce maternal mortality;
- Ensuring the coverage for main prophylactic for children vaccinations according to the calendar of vaccinations is no less than 95%;
- Support the introduction of compulsory state social and medical insurance through appropriate legislation.

To solve the problems of maternal health and child mortality, the following state programmes will be implemented:

- Inter-industry complex programme Health of the Nation 2002-2011;
- Complex measures to introduce family medicine into the health care system;
- Programme of public disease prevention 2002-2006;
- Children of Ukraine programme;
- Reproductive Health programme;
- At expense of international technical aid a number of projects are being implemented, including Policy Development for Reproductive Health, Preventive and Primary Activities in Health Protection, Improving Maternal and Child Health, and Establishment of an Integrated Network of Services in Reproductive and Sexual Health.

Goal 5. Reducing and slowing down the spread of HIV/AIDS and tuberculosis

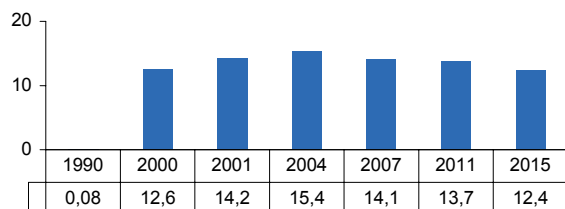
The situation with HIV/AIDS in Ukraine remains extremely complicated. In 2004, 12,200 persons were diagnosed with HIV (including those who also received an AIDS diagnosis) and 2,700 thousand patients were registered with AIDS. This is 5,900 and 2,100 people more than in 2000 correspondingly. Two out of three among the 54,800 persons registered with HIV and AIDS were injecting drug users, as of the end of 2004. Increases in the number of HIV-infected among the well-off groups of society, pregnant women and children is very concerning. Two thirds of those living with HIV (74%) live in Dnipropetrovsk, Donetsk, Odesa, Mykolaiv, Luhansk and Kyiv oblasts, and in Crimea and Kyiv.

Presently, one-third of the world's population is infected with tuberculosis myco-bacteria. Ukraine is not an exception; its TB prevalence in 2004 (38.4 thousand persons firstly diagnosed with TB for the first time or 81.2 for 100 000 of population) exceeded the level of 1970. Almost three of every four of the newly-diagnosed cases of active TB in 2004 were men, 84% were able-bodied citizens.

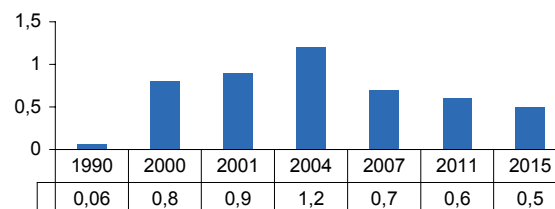
I. Main targets and indicators

Target 1. Reduce the rate of the spread of HIV/AIDS by 13%

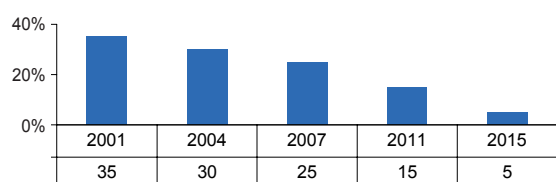
Indicator 1.1:
Number of new HIV-infection cases per 100,000



Indicator 1.2:
Number of AIDS-related deaths per 100,000

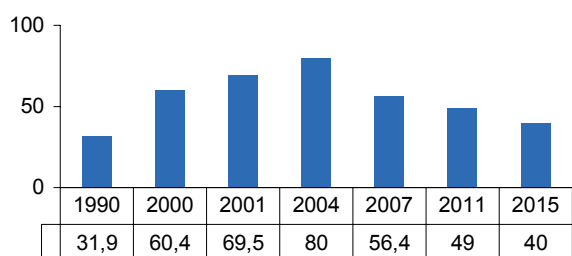


Indicator 1.3:
Proportion of HIV-infected children born to HIV-infected mothers (MTCT), %

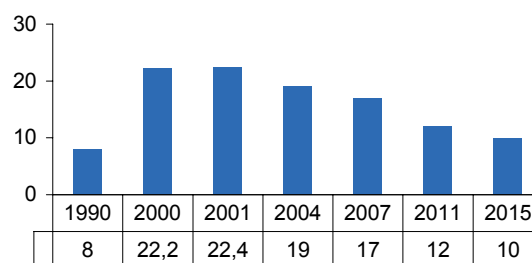


Target 2. Reduce the number of new TB cases by 42%

Indicator 2.1:
Number of new TB cases (including pulmonary TB) per 100,000



Indicator 2.2:
Number of TB-related deaths per 100,000



II. Progress in Achieving Goal 5

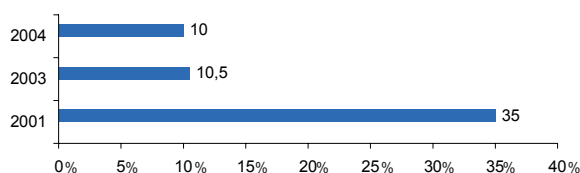
Reducing the rate of the spread of HIV/AIDS

Indicator 1.1. The number of new HIV-infection cases per 100,000 of population in 2004 was 26.2, 10.8 persons or 1.7 times higher than the forecasted indicator (15.4 persons). Thus, the dynamics of HIV spread have reached far beyond the frames forecasted at the time the indicators for this goal for Ukraine were established, and the possibility of reaching the indicator 1.1 before 2015 may be questioned.

Indicator 1.2. The number of AIDS-related deaths per 100,000 of population in 2004 reached 3.7, 2.5 persons or three times higher than the forecasted indicator of 1.7. This indicator also significantly overstepped the limits envisaged when the goals were established, and reaching the planned in 2015 target is not likely.

Substantial progress has been observed in reaching Indicator 1.3. The percentage of HIV-infected children born to HIV-infected mothers was 10% in 2004, three times less than the planned 30%. Besides, the value reached in 2004 is even better than the forecast for 2011, but is still two times higher than the 5% to be reached in 2015. The sharp decrease in this indicator proves the efficiency of prevention of mother-to-child HIV transmission (PMTCT). It is possible to revise the indicators for 2007 and 2011. At the same time, the final target of 5% is realistic, taking into consideration that, according to the world standards, PMTCT may reduce the share of children born with HIV to 3-7%.

Dynamics of percentage of HIV-infected children born to HIV-infected mothers in 2001-2004



Actions taken in order to reach the target

In order to achieve the indicators, the following measures were taken in 2003-2005. In 2003-2004, double time screening for HIV of all pregnant women was implemented; this was paid for by the state. In 2003 the percentage of pregnant women tested for HIV among those registered in antenatal clinics was 97.5 (in 2002 only 92%). 91% of HIV-infected pregnant women received antiretrovirals to prevent mother-to-child HIV transmission, which resulted in a decrease of the infection level among newborns from 30% to 10%. The Prevention of Mother-to-Child Transmission of HIV for 2001-2003 programme (Ministry of Health Order № 488) has been completed. The programme integrated a clear scheme of adjacent services collaboration into the system of medical aid to children and mothers obstetrician in the areas of obstetrics, gynaecology, neonatal and paediatric care, and prevention of HIV/AIDS. All medical institutions were provided with the drugs for PMTCT; these were humanitarian donations. To improve the HIV testing system, timely aid to HIV-infected women and newborn babies and follow-up treatment of the children, a computer monitoring system tracking HIV transmission from mother to child was designed and introduced (Decree of the Ministry of Health of Ukraine № 619).

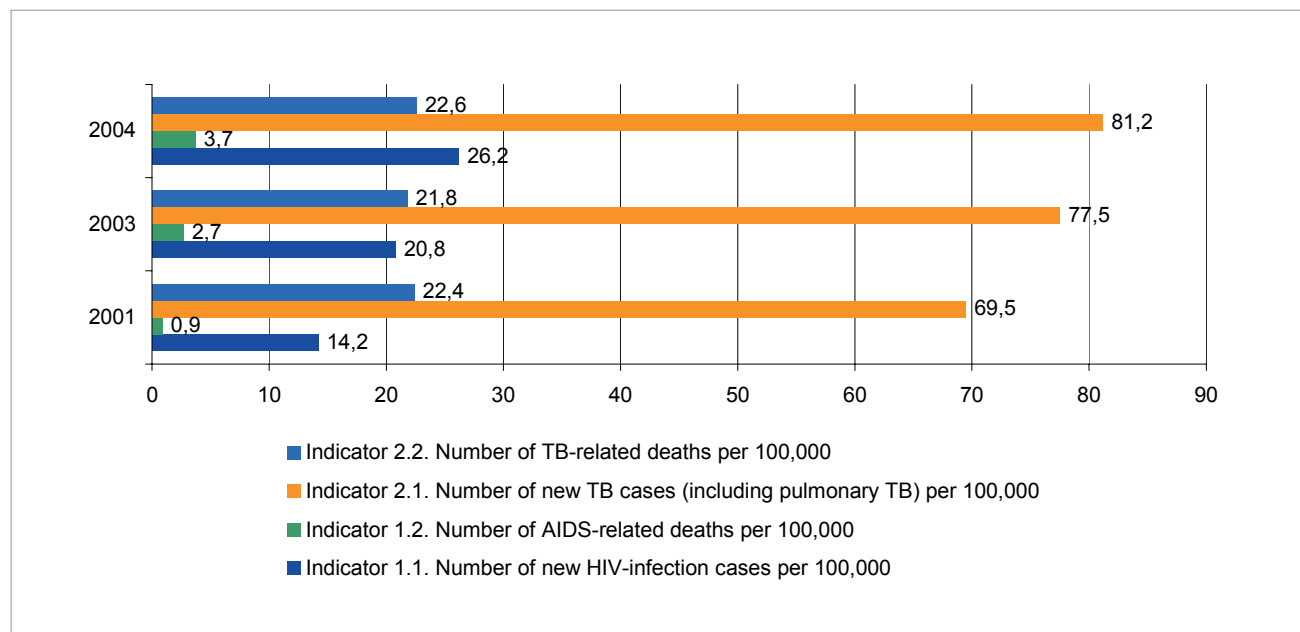
Note:

The World Health Organization has recognised Ukraine as a leader in introducing measures for preventing mother-to-child transmission of HIV.

The Control over TB and HIV/AIDS in Ukraine project was launched to strengthen HIV/AIDS prevention activities. Quality control for blood screening for HIV was enhanced. Substantial work has been conducted in improving awareness and qualification of the medical staff on HIV/AIDS prevention.

Nine new regions introduced wide-ranging antiretroviral therapy (2,600 patients with AIDS were treated with antiretrovirals). Significant help in the fight against HIV/AIDS in Ukraine was provided by international donors, in particular World Bank and Global Fund to Fight AIDS, TB and Malaria.

Dynamics of indicators for Goal 5 in 2001-2004



Reducing the number of new TB cases

In achieving Target 2 some lagging is observed with respect to the set indicators, in particular, Indicator 2.1. The number of new TB cases (including pulmonary TB) per 100,000 of population in 2004 was 81.2 persons, 1.2 higher than the forecasted indicator of 80 persons. An expected increase in TB prevalence is observed within the previously predicted limits. At the same time, conclusions regarding the efficiency of TB prevention will be possible after an analysis of further dynamics of the indicators, in particular after getting evidence on its expected sharp decrease to 56.4 persons in 2007.



Indicator 2.2. Number of TB-related deaths per 100,000 in 2004 was 22.6, 3.6% or about 1.2 times higher than the forecasted indicator of 19 persons. This is evidence of insufficient efficiency of the measures taken to treat TB.

Actions taken to fulfill the target

In order to reduce the level of TB prevalence a range of activities were conducted. All regions of Ukraine were provided with modern laboratory equipment, to improve TB diagnostics and quality of treatment. All TB patients were supplied with anti-TB medications. The system of diagnosis and treatment of TB patients correctional institutions, and the normative base for relevant medical aid was improved. Also, special clinics (wards) were created for members of vulnerable groups of TB patients.

The Central and Eastern European states substantially differ in HIV/AIDS prevalence rates. Ukraine is among three countries where the number of HIV-infected exceeds 1% of adult population (the other two are the Russian Federation and Estonia). In the other countries of the region, this indicator didn't exceed 0.3%. In Russia and Ukraine 40,000 persons die from TB every year, 20 cases per 100,000 of population; while in the new EU member states this indicator is a single-digit number.

III. Problems

In spite of Ukraine being recognized by WHO as a leader for implementation of measures to prevent mother-to-child HIV transmission, in all other aspects the situation remains threatening. The reasons for this are:

- More than 1% of adult population is infected with HIV/AIDS;
- The number of new cases of HIV per 100,000 population is growing constantly;
- The HIV epidemic exceeded the bounds of injecting drug users and has affected wide layers of society;
- The number of persons with new cases of TB continues to increase;
- A high level of HIV/AIDS and TB exists among socially excluded layers of society;
- An insufficient level of material and technical provisions is available in AIDS centres and laboratories for HIV screening.

IV. Ways to solve the problems

To reduce the spread of HIV/AIDS and TB and start the trend towards reducing their scale, the following activities are planned:

- Ensuring that no less than 95% of children receive main preventive vaccinations;
- Realization of state and international programmes on HIV/AIDS and TB, in particular in:
 - Broadening access of different categories of the population to voluntary counselling and testing for HIV/AIDS
 - Introduction of the substitution therapy
- Ensuring access of people living with HIV/AIDS to treatment such as antiretrovirals; prevention of casual infection incidents;
- Strengthening material and technical base of AIDS centres and laboratories for HIV diagnostics;
 - Establishment of a reference laboratory for HIV/AIDS diagnostics

With the aim of achieving the Goal in Ukraine, the following state programmes and international projects are being conducted:

- "The National Programme to Ensure Prevention of HIV/AIDS", "Aid and Treatment of People with HIV and AIDS" for 2004-2008;
- The National Programme to Fight Tuberculosis for 2002 – 2005;
- The international project "Control over TB and HIV/AIDS in Ukraine" (International Bank for Reconstruction and Development);
- "Joint strategic Management of Measures to Fight AIDS in Ukraine" and "Preventing and Fighting TB" projects (support of international technical aid).

Goal 6. Gender equality

In the process of Ukraine's development as a member of the world community and on its way towards integration with its European neighbours, gender equality is becoming an increasingly important issue in public dialogue at all levels. By now all national legislation regarding rights of men and women has been brought into accord with the international conventions ratified by Ukraine. The Constitution of Ukraine provides for equal rights for women and men.

Most international experts confirm that Ukraine has managed to adopt a gender-friendly national legislative environment, which guarantees that no one is discriminated against on the base of one's sex. Yet, constitutional norms can be implemented only under the condition that legally approved international standards of gender equality are implemented in the relevant institutions.

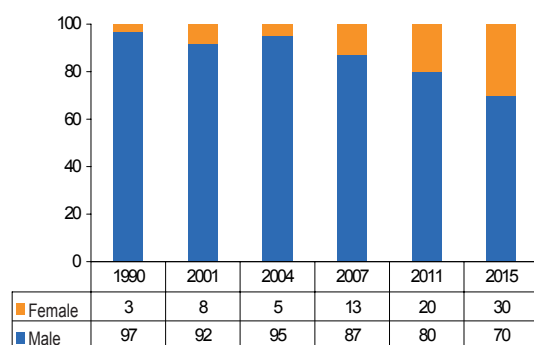
The government action programme has defined gender mainstreaming as one of the key policy objectives. The Verkhovna Rada of Ukraine is taking steps to ensure the authority of the law in the institutional provision of gender equality. The MDG targets and indicators are seen as milestones for providing gender equality and raising the profile of women in Ukrainian society.

I. Main targets and indicators

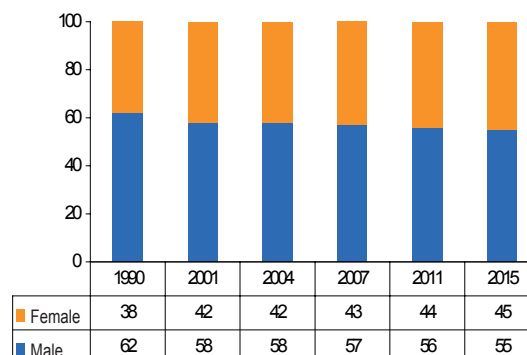
Target 1. Achieve a gender ratio of at least 30:70 for either gender in legislative and executive office (indicators 1.1-1.9).

Target 2. Halve the gap in incomes between men and women (indicator 2.1).

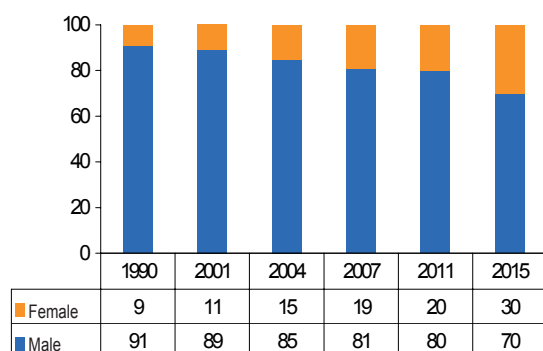
Indicator 1.1:
Gender ratio among deputies of the Verkhovna Rada, number of women/number of men



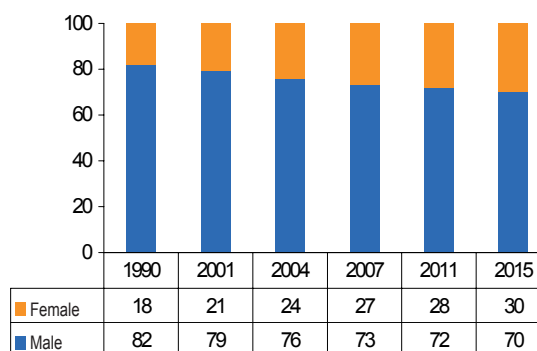
Indicator 1.2:
Gender ratio among deputies in local governments, number of women/number of men



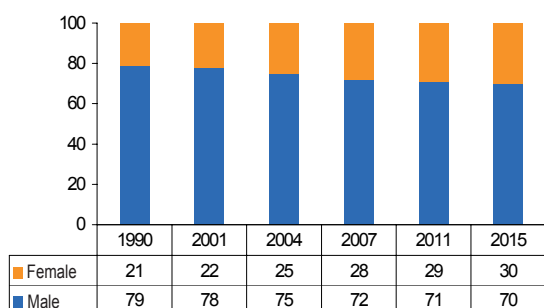
Indicator 1.3:
Gender ratio among deputies in oblast governments, number of women/number of men



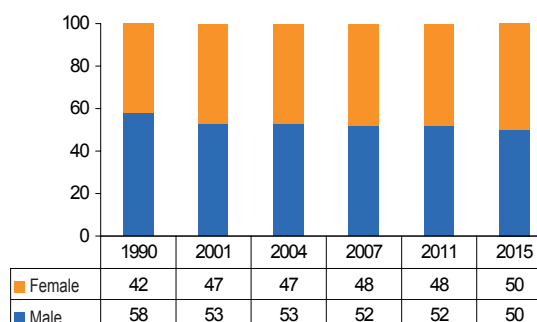
Indicator 1.4:
Gender ratio among deputies in county governments, number of women/number of men



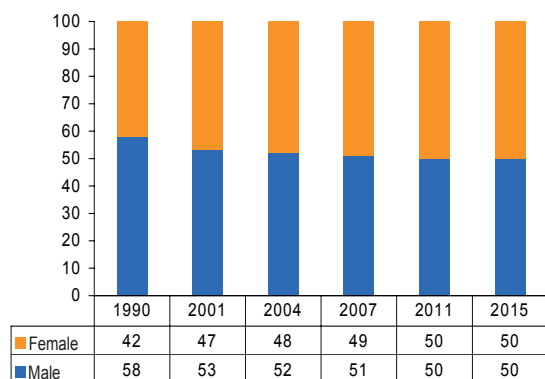
Indicator 1.5:
Gender ratio among deputies in municipal governments, number of women/number of men



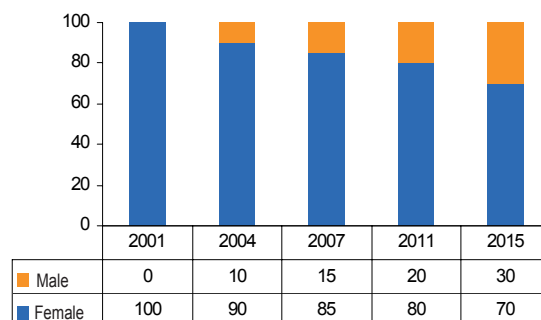
Indicator 1.6:
Gender ratio among deputies in village governments, number of women/number of men



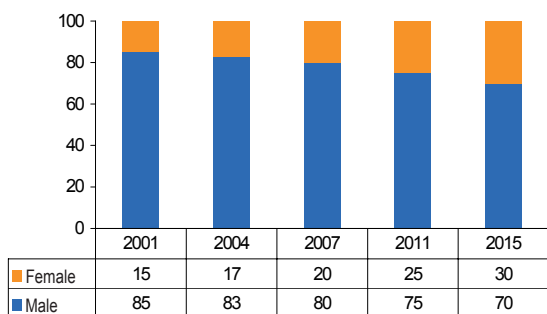
Indicator 1.7:
Gender ratio among deputies in rural offices,
number of women/number of men



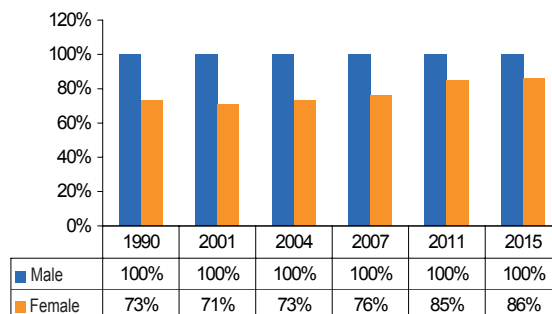
Indicator 1.8:
Gender ratio in the Cabinet of Ministers,
number of women/number of men



Indicator 1.9:
Gender ratio among high-ranking state officials
(categories 1 and 2), number of women/number of men



Indicator 2.1:
Ratio of average wages of women as a %
of average wages of men



II. Progress in achieving Goal 6

Achieving a balanced gender ratio in legislative and executive office.

Indicator 1.1. The gender ratio among deputies of the Verkhovna Rada of Ukraine in 2004 was 5 women to 95 men and stood in line with the targeted indicator. Though it is worth underlining that 2001 (during the previous convocation of the Verkhovna Rada) saw a higher ratio. This data points to the break in positive dynamics with regard to women's enrollment in Parliament. As a result achievement of 2007-2015 targets might prove difficult.

Indicator 1.2. The gender ratio among deputies in local governments in 2004 was, just as targeted, 42 women to 58 men. Yet, the same ratio has been observed since 2001. To reach the targeted balance in 2007-2015, the number of women deputies in the local authorities should be increased.

Indicator 1.3. The gender ratio among deputies in oblast governments in 2004 was significantly below the targeted line: 10 women to 90 men (the plan was 15/85). Considering that in 2001 the corresponding ratio was 11 to 89, one can assume that fulfilling the plan requires more efforts to facilitate balanced gender representation at the regional level of executive office.

Indicator 1.4.-1.7. The gender ratio among deputies in county, municipal, village and rural governments have remained unchanged during the last three years following the last elections. Specifically, in 2001, 2003 and 2004 the corresponding ratios were 21 women to 79 men among county deputies, 22 women to 78 men among municipal deputies, 47 women to 53 men among village and rural deputies. The 2004 data are in line with the target only for village governments (indicator 1.6: 47 women to 53 men). Three other indicators are below the line; the targets were 24 to 76 for county deputies, 25 to 75 for municipal deputies, and 48 to 52 for rural deputies (in the last case the 2004 figure lacked only one point to hit the target, while others are 3 points below the line). Notably, progress is likely to be observed at the lower levels of local government. This tendency has been maintained since the Soviet period, when the representation of women in government at the village and rural levels was traditionally well balanced.

Indicator 1.8. The gender ratio in the Cabinet of Ministers in 2004 made up 1 woman to 99 men. This stands well below the targeted line (10 to 90). Although during the first half of 2005, women played an increasingly active role in public administration in Ukraine (remarkably, for the first time in the history of independent Ukraine a woman was appointed Prime Minister), hitting the target (from 15/85 in 2007 to 30/70 in 2015) remains a distant prospect.

Indicator 1.9. Gender ratio among high-ranking state officials (categories 1 and 2) in 2004 stood at 9/91 which is significantly below the line of 17/83). Given the continued decrease in women's representation among state officials since 2001, it is to be expected that future ratios will be far below the targets of 2007-2015. Although a growing number of women were shortlisted for top positions in public administration in 2004 (a 35 women increase as compared to 2003), in only a handful of cases women have been appointed to head state committees. The higher the level of power, the less open it is to women.

Measures taken to achieve Target 1

From 2003 until the first half of 2005, activities included the creation of public mechanisms for gender equality, improvement of gender legislation, examination of gender mainstreaming in economic and social policy, and development of programmes for a more active participation of civil society in enhancing capacity to promote gender parity.

This included analysis of the gender component of the Ukrainian legislation undertaken by the Ministry of Justice of Ukraine, preparation of recommendations for improving gender policy and increasing public commitment to the principle of gender equality.

According to the Prime Minister's order of July 2003, to improve gender mainstreaming at the regional level, each sub-national administration has to assign one of the vice-heads of the local administrations to be responsible for gender component of the development policy. The Presidential Decree of February 2004 created the Department of Gender and Family Policy at the Ministry of Family, Children and Youth. Although this unit has been through reorganization several times and suffers from a seesaw effect, these initial steps indicate structural changes to maximize institutional capacities and improve gender mechanisms of monitoring gender policymaking. In order to build national ownership of the gender equality principles in economic and social life, in June 2004 Parliamentary hearings on the status of women in Ukraine were held. The event initiated an exchange of ideas between the representatives of the government and civil society, and provided fundamental recommendations for improvement of policymaking as regards gender equality. It was emphasized that the baseline for eradicating discrimination against women is an action plan for economic prosperity and provision of a truly nationally-owned gender mainstreaming. The parliamentary hearings pointed out that some crucial issues in the field require broader legitimacy. This includes, above all, women's discrimination (the legal definition of discrimination, institutional mechanisms of eradicating discrimination, etc.). Also, it was emphasized that the Cabinet of Ministers should consider creating an advisory body in charge of the gender mainstreaming process to serve as a useful mediator among public agencies and civil society. Another large-scale undertaking proposed by the participants of the hearings was the creation of the Institute of Gender Coordinators that will be a human resource centre meeting the needs of government and society.

In cooperation with the UNDP Equal Opportunities Programme, which facilitates broader public awareness in the field of equal rights and makes efforts to improve gender mainstreaming at all levels, the national report Ukraine's Fulfilment of the Convention to Eradicate All Forms of Discrimination against Women was published. It summarized how Ukraine is carrying out its obligations in accordance with the CEDAW and presented the comments of the UN Special Committee. UNDP initiatives also included the development of a network of regional resource centres in Luhansk, Kherson, Vinnytsia, and Uzhhorod. In addition, the comprehensive reader "Legal and Methodological Norms of Gender Policy Reforms" offered a valuable frame of reference in the field of international and local practices. Moreover, during 2004 several national-level and more than 200 regional-level seminars devoted to different aspects of gender mainstreaming were conducted, and more than 10,000 social workers and NGOs' activists were trained in developing gender neutral educational, professional and social programmes.

Reducing the gap in income between men and women

Indicator 2.1. Ratio of average wages of women as a percentage of average wages of men in 2004 was at the level of 68.56%. In 2002 the level of average monthly wage of women was 69.3% of that of men, and in 2003 – 68.6%. Thus the gender gap in incomes still remains.

Measures taken to achieve Target 2

Activities were aimed at the improvement of the gender component of public policy to regulate the labour market and encourage mechanisms to support vulnerable groups, particularly women. The Ministry of Labour and Social Policy took measures to reduce women's unemployment through a variety of training programmes, providing effective mechanisms of distributing social assistance. In accordance with the Ukraine's law on employment, job security is guaranteed for groups of citizens requiring social protection (specifically, for women with children under 6, single mothers with children under 14 and physically-challenged children). In 2004, 29,200 places of work were vouched for such women and 21,400 women have been employed. Also, in compliance with the Law on Mandatory State Unemployment Insurance, which provides a state subsidy for employers hiring unemployed women among unemployed, over a period of nine months in 2004, 22,500 women were able to find jobs.

Goal 6: Indicators' Performance in 2001-2004

Target 1. Achieve a gender ratio of at least 30:70 for either gender in legislative and executive office	2001	2003	2004
Indicator 1.1. Gender ratio among deputies of the Verkhovna Rada, number of women/number of men	8/92	5/95	5/95
Indicator 1.2. Gender ratio among deputies in local governments, number of women/number of men	42/58	42/58	42/58
Indicator 1.3. Gender ratio among deputies in oblast governments, number of women/number of men	11/89	10/90	10/90
Indicator 1.4. Gender ratio among deputies in county governments, number of women/number of men	21/79	21/79	21/79
Indicator 1.5. Gender ratio among deputies in municipal governments, number of women/number of men	22/78	22/78	22/78
Indicator 1.6. Gender ratio among deputies in village governments, number of women/number of men	47/53	47/53	47/53
Indicator 1.7. Gender ratio among deputies in rural offices, number of women/number of men	47/53	47/53	47/53
Indicator 1.8. Gender ratio in the Cabinet of Ministers, number of women/number of men	0/100	1/99	1/99
Indicator 1.9. Gender ratio among high-ranking state officials (categories 1 and 2), number of women/number of men	15/85	16/84	9/91

Yet, summarizing performance on the indicators on gender equality in Ukraine, it is worth noting that progress in achieving most targets remains insufficient. The targets have been met only in indicators 1.1, 1.2 and 1.6. A lag is observed in all the remaining indicators (1.3, 1.4, 1.5, 1.7, 1.8, 1.9 and 2.1). It should be emphasized that since the MDGs have been launched, Ukraine, which has traditionally high standards in women's education and significant achievements in developing legislation based on the principle of equal rights, has deliberately committed itself to a larger challenge than many other post-soviet countries. Consequently, solution to the problems is possible only if more efforts are made by the state and civil society to create transparent democratic mechanisms of regulating economic, social and political spheres of life. An imperative baseline for achieving gender parity in Ukraine at all levels is the sustainable development of democratic state.

and facilitate gender sensitive national policies, gender mainstreaming with multi sectoral and multi institutional impact should be achieved through partnership of the government, international agencies and CSOs.

III. Problems

Although most intentional experts confirm that Ukraine succeeds in creating a gender-friendly national legislative environment brought into accord with the international conventions ratified by Ukraine, a double-standard as to the gender roles still exists. Major constraints for achieving gender equality in Ukraine include the limited national capacity in gender mainstreaming in public administration and the development of a labour policy. The insufficient representation of women at the highest levels of decision-making remains a serious challenge, lowering the quality of public administration. On the labour market, women are being discriminated against because of family status and age, as most employers cannot afford additional expenditures to provide for public assistance to pregnant women or women with children as it is required by social legislation. Thus, the protectionism of Ukrainian legislation regarding certain groups of women leads to ambivalent outcomes: on one hand, it provides for minimum public assistance to vulnerable groups; on the other, it makes them less competitive on the labour market. As it was reported by the "Human Rights Watch", in 1994 only 18.9 per cent of the job announcements set a gender requirement in favour of a men candidate. Yet, in 2001 that was the case of 27 per cent already. Notably, top and middle managerial vacancies are usually open for men. Women are more likely to meet requirements for underpaid positions such as junior service staff, office-managers and book-keepers. The gender gap in income continues to grow, leading to the further 'feminization' of poverty. To support principles of gender equality

IV. Ways to solve the problem

To meet Goal 6, the government plans to adopt a new National Action Plan to ensure equality between men and women in 2005. This document should be designed in a way that enhances national capacity in mainstreaming gender concerns into the decision-making process and defining clear-cut tasks and straightforward strategies (with cost assessments and evaluation of available findings).

The recently adopted Law 'On ensuring equal rights of women and men and equal opportunities for their realization' provides legal solutions to the gender equality issue in Ukraine. The law provides the basics of a state policy that ensures the equal rights of men and women and mechanisms for implementation of those rights with regard to, education, work remuneration, employment in local self-government and public institutions, etc. Adoption of this law facilitates parity between men and women and contributes to civil society development.

The Presidential Decree of July 2005 'On Improvement of Central and Local Authorities' Work on the Equal Rights of Men and Women' is aimed at raising the effectiveness of policy-making at all levels and increasing the responsibility of top-officials for eradicating women's discrimination and raising social standards in line with the best international standards of gender equality.

As the principle of gender parity has been a major component of the Ukraine's European Integration Strategy, it is crucial that the government adopt EU standards of gender equality in all spheres of life. Also, the term for submission of Ukraine's report "On Carrying Out the Convention to Eliminate Discrimination Against Women" to the UN Committee is approaching in 2006, it is necessary to launch this document in due time.

Presently, an effective strategy for strengthening the national data system in the area needs to be put in place. This includes defining quality standards for data reporting and methods of disaggregating sectoral and regional statistics on gender mainstreaming for more effective collaboration between the government and its counterparts.

To strengthen gender mainstreaming capacity by equipping all stakeholders with skills and tools for effective gender responsive activities, in 2005 the UNDP Equal Opportunities Programme will hold a series of gender training sessions for the ministries, sub-national authorities and CSOs. To strengthen gender components of effective policy making, this practice should be developed to incorporate more regional focal points and include the representatives of business.

Among the recommendations of the Millennium Project as to the priority clusters for public investment, there is a proposal to pay more attention to preventing women from suffering systematic and deep social and legal discrimination and exclusion. A key policy step for all societies, therefore, is to ensure that both women and men benefit from public investments in health, education, infrastructure, and environmental management. As a first step, interventions to address gender inequality should be an essential part of the investment strategies. These include access to reproductive health rights and services, equal access of women and men to economic assets such as land, credit, labour market opportunities, and political participation, protection from violence against women, and collection of gender-disaggregated data. To improve women's economic opportunities, governments need to provide effective and independent land rights to women, both in law and in practice. Other strategies include developing women's access to employment by offering job training, improving pay and working conditions, providing child care and social protection for informal women workers. Meanwhile, women's representation in political bodies can be enhanced by statutory or voluntary gender quotas and reservation policies.

Box 3.

Gender equality and other MDGs: synergy of targets

There has been an evident linkage between the Gender Equality and Poverty Reduction, Quality Life-Long Education, and Maternal Health goals. Consequently, some priority tasks to be targeted during the next phase of the Goal's achievement overlap with key steps to be taken within other Goals' progress. These include 1) slowing down the 'feminization' of poverty by developing programmes protecting the most vulnerable groups of women; 2) supporting training and professional development of women at all levels of education to improve women's competitiveness in the labour market; 3) promoting small business development, particularly family and women's business, and establishing start-up sources for women-entrepreneurs; 4) developing household services and a childcare system to reduce women's dual burden; 5) introducing a gender component into a system of monitoring sector and regional development to facilitate effective gender policy analysis.

As result of this overlapping, estimated costs for achieving Goal 6 comprise a good deal of non-material/intellectual assets (up to 95 per cent, according to experts estimates) and can be largely covered within other priority areas of investment.



Afterword

'...the nation has awakened. Millions of people feel they are citizens for the first time, they are aware of their high responsibility for their state, their families and their own fates. We became stronger as we understood that everything was up to us.'

"We have recommitted ourselves to the Millennium Development Goals and we will work to ensure their full achievement"

- President Viktor Yushchenko



Taking into consideration the actions of Ukrainian government on poverty reduction; increasing wages, pensions and other social payments; improving the living conditions of Ukrainian citizens in accordance with the presidential programme Ten Steps Towards the People and the government's action plan Towards the People, it is necessary to revise target parameters of the Millennium Development Goals up to 2015, determine new, more ambitious indicators to be achieved, and to involve diverse sectors of society in the process of creating the action plans of central and local executive authorities for their achievement.

Achieving the MDGs is a task for each of us, which depends on everyone. The MDGs cover all areas of human activity now and in future generations. Thus, our joint efforts and an investment in people will advance our future prosperity.

The report to the UN Secretary General Investing in Development: A Practical Plan to Achieve the Millennium Development Goals (2005), prepared by the Millennium Project (which is chaired by Jeffrey Sachs), provides recommendations on the most important from the point of view of the MDGs investment clusters. There are seven such clusters:

- 1) rural development: increasing output and incomes;
- 2) urban development: promoting jobs, upgrading housing, and developing solutions to the problem of deteriorating housing base;
- 3) health systems: ensuring universal access to essential services;
- 4) education: ensuring universal primary, expanded post-primary, and expanded higher education;
- 5) gender equality: overcoming pervasive gender bias;
- 6) environment: investing in improved resource management;
- 7) science, technology, and innovation: building national capacities.

Having assumed the obligations of global partnership in fighting poverty, improving public health, promoting peace, respecting human rights and ensuring sustainable environment development, national leaders have declared that the main challenge of global development is 'contributing to globalization becoming a positive force for the humanity' on the path to achieving the MDGs.

What will the world look like in 2015 if the MDGs are achieved? More than 500 million people will be lifted out of extreme poverty. More than 300 million will no longer suffer from hunger. There will also be dramatic progress in child health. Rather than die before reaching their fifth birthdays, 30 million children will be saved. So will the lives of more than two million mothers. Achieving the MDGs means 350 million fewer people will be without safe drinking water and 650 million fewer people will without the benefits of basic sanitation, allowing them to lead healthier and more dignified lives. Hundreds of millions more women and girls will go to school, enjoy access to economic and political opportunities, and have greater security and safety. Behind these large numbers are the lives and hopes of people seeking new opportunities to end the burden of grinding poverty and contribute to economic growth and renewal.

Remarks:

Remarks:

