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**ANALYSIS AND COMPARISON OF DEVELOPMENT INDICATORS OF UKRAINE
AND BELARUS**

Bachelor thesis

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ABSTRACT

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This thesis characterizes and compares the development of Ukraine and Belarus. That includes an analysis of the selected development indicators between years 2000 and 2015, as well as evaluation of the actual level of development. The first, theoretical part, is dedicated to basic definitions and theories of region, regional and sustainable development. Special attention is paid to UN agenda. In the second, analytical, part, firstly general information about both observed countries is given. Then an analysis of the development of thirty socio-economic and environment-related indicators is conducted. The analysis identifies the main issues of development in observed countries while it put a focus on developmental aspects such as economy, poverty and inequality, public health and environment. The conclusive part contains a summary of the research and recapitulates the main outcomes.

ABSTRAKT

Tato práce charakterizuje a porovnává rozvoj Ukrajiny a Běloruska. To zahrnuje analýzu vývoje vybraných rozvojových indikátorů mezi lety 2000 a 2015 a ohodnocení současného stavu rozvoje. První, teoretická část, je věnována základním definicím a teoriím regionu, regionálního a udržitelného rozvoje. Zvláštní pozornost je věnována agendě Spojených Národů. V druhé, analytické části, jsou jako první představeny obecné informace týkající se obou zkoumaných států. Následně je provedena analýza vývoje třiceti socioekonomických i environmentálních indikátorů. Analýza identifikuje hlavní problémy rozvoje zkoumaných států, přičemž se zaměřuje na ekonomii, chudobu a nerovnost, veřejné zdraví a životní prostředí. Závěr práce obsahuje shrnutí výzkumu a rekapituluje hlavní výstupy.

ABBREVIATIONS

Belstat - National Statistical Committee of the Republic of Belarus

CIS – Commonwealth of Independent States

ECA – Europe and Central Asia (Excluding High-Income countries)

ECS – Europe and Central Asia

EU – European Union

IMF – International Monetary Fund

MDGs – Millennium Development Goals

SDGs – Sustainable Development Goals

OECD – Organization for Economic co-operation and Development

ODIHR – Office for Democratic Institutions and Human Rights

OSCE – Organization for Security and co-operation in Europe

Ukrstat – State Statistics Service of Ukraine

UN – United Nations

WB – World Bank

WHO – World Health Organization

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INTRODUCTION

The aim of this thesis is to characterize and compare the level of development of Belarus and Ukraine and its evolution between years 2000 and 2015. The evaluation is based on the comparative analysis of a set of indicators selected to sufficiently cover the most important issues of the development of selected countries with respect to MDGs, respective to the pillars of sustainable development.

The analysis conducted in the practical part of this thesis is based on an evaluation of the performance of Ukraine and Belarus according to various indicators of sustainable development, selection of which was inspired by the sustainable development agenda of United Nations (UN). These indicators are further supplemented by analyses and reports provided by both national and international sources. Indicators are covering four major aspects of sustainable development, as were identified in MDGs: Economy, poverty and inequality, public health and environmental sustainability. It does not characterize the intergenerational impacts of different issues but rather points out what have been the reasons and contexts of the specific problems (or achievements) in the observed period, what are the weak and strong points. Due to the scope of this research, individual topics are analyzed rather superficially, the importance lies rather in showing off the development in its complexity, where a limited focus on individual factors (i.e. on economic growth) can not identify all the reasons and consequences of individual changes.

The need for such a research is considerable, especially when we consider the wide specter of different stakeholders related to their development. Surely not only the Belarusian or Ukrainian citizens would benefit from the successful development of their nations, but, generally speaking, the whole world would. The importance is greater for the stakeholders with closer and more intensive relationships. Taking this into account, it is appropriate to realize the proximity of Belarus and Ukraine to European Union (resp. to the Czech Republic) and the potential benefits we all can have from the sustainable development of our neighbors. The information provided in this thesis might further help the potential investors or politicians in getting oriented in the local conditions and might help them to understand specifics and issues related to their interests in wider context.

1. AIM OF THE WORK

The aim of this thesis is to characterize basic features of Ukraine and Belarus and to conduct a comparative analysis of their development. The main goal is further divided into two subgoals, first of which is to characterize the countries. That includes the basic information about the countries, geographic and demographic, as well as the outline of the legal system. This part draws mainly on the information provided by the national statistical offices and by other independent reports and analyzes relevant to the observed issue.

The second subgoal is to analyze the development of the countries in time in the selected period 2000 – 2015. The analysis covers the most important developmental issues identified with respect to MDGs: Economy, poverty and inequality, public health and environment. These sectors are firstly introduced in the context of observed countries and then the performance of Ukraine and Belarus is evaluated according to approximately 30 indicators collected from the WB Databank. Their performance is also compared to the performance of ECA and ECS countries in order to see and to compare trends in the wider context. Every indicator is depicted in a simple chart, described and discussed. More information about the methodology of the research is stated in the fourth chapter.

The research hypothesis is that the level of development of Ukraine and Belarus is below the level of ECS and even ECA countries. Reasons for such a hypothesis are that the economy of both countries have been seriously harmed in the past for several times as a reason of bad governance, economic crises and recently also due to the conflict in eastern Ukraine. Thanks to the relative stability, it is also likely that Belarus is going to be evaluated as better performing than Ukraine in most of the observed issues.

2. REGION AND REGIONAL DEVELOPMENT IN THEORY

In this part, the most important concepts and definitions related to the topic of the work are given and characterized. Definitions and perceptions regarding basic terms such as region or regional development are introduced. At last but not at least, the difference between growth development is explained.

2.1. Region

2.1.1. Definition of region

Diderot encyclopedia defines region simply as a part of the landscape with certain typical features. (Encyclopaedia Diderot 1997, 657).

Nevertheless, the term 'region' has many adequate definitions and explanations. In the Czech scientific environment, there is neither consensus nor established typology of regions which would be able to unify different starting points and to become 'a springboard' for the further regional policy research. The same is true even in the global scientific world. There are many types of regions and their usage shall be adequate to the purpose of research. (Dočkal 2004)

2.1.2. Types of region

The term region might be divided according to a wide range of aspects. Dočkal lists these aspects: the aspect of the economic potential, aspect of the European commission, aspect of the local government, aspect of the administrative division, geographical aspect or aspect of the supranationality. Author moreover considers the institutional aspects of regions and states that it is possible to consider the region as an institutional structure, either historically constituted or created artificially with a certain relation to an administrative of a higher order. (Dočkal 2004)

Since the purpose of this thesis is to compare two countries, the most adequate and appropriate way to define region is according to the aspect of administrative division. According to Lněnička, the state is the basic unit of a political region and is the strongest subject of political activities that are determining the mutual relationship of supranational political regions. (Lněnička 2011)

2.2.Regional development

Regional development is intensively and systematically researched since the end of World War II (though the economists touched the spatial aspect of economic growth even earlier) and during its relatively short history, dozens of different approaches, theories and patterns were created. However, the set of those theories is conceptually hybrid and their general principles are often contradictory. (Blažek and Uhlíř 2011, 13)

Individual theories differ not only in the different perception of development and in the definition of main actors and mechanisms of regional development but also in recommendations for regional policy-making. It is necessary to highlight the fact, that up to now there is not any generally accepted paradigm of regional development. (Kutscherauer 2006, 10)

2.2.1. Basic concepts of regional development

For the purposes of this thesis, the concept of sustainable development was chosen as the main paradigm. Therefore from the dozens of regional development theories, only the most important concepts are briefly presented here.

According to Blažek and Uhlíř, we traditionally distinguish between two major groups of regional development theories, namely convergence and divergence theories. Authors of convergence theories tend to the opinion that the basic natural tendency of regional development is straightening of disparities between regions. Divergence theories believe that the development is connected rather with the increasing of regional disparities. (Blažek and Uhlíř 2011, 13)

The other important aspect of the development theories is whether they prioritize the endogenous or exogenous development. Exogenous development relies especially on external development impulses, while the endogenous development prefers the mobilization of internal factors. (Kutscherauer 2006, 24)

Mc Call describes the evolution of regional development studies: In the beginning in the 1950s, economic growth was the strongest aspect of the discipline. The performance was evaluated only according to economic indicators such GDP, profit, employment or growth. During the time, however, also other –not just economic- indicators started to shape the idea of what regional development is. In the 21st century, discipline is also affected by the economic geography which brings focus to human and social capital, innovation and spatial dynamics. (McCall 2012, 1)

The brief overview of different regional development theories is given in Table 1 on the following page.

General approach	Prevailing theories of regional development	Suggested policies
Neoclassical (1920-1940)	Convergence theories (especially so-called neoclassical models)	Tools increasing labor mobility (workers towards work)
Liberal (1950-1975)	Divergence theories (i.e. theory of cumulative causation, growth poles theory)	Tools supporting public and private investments in problematic regions (work towards workers)
Neo-Marxist (1970-1985)	Divergence theories (i.e. theory of unequal exchange)	Suggestions for specific measurements were not formed, though in some countries the neo Marxist regional policy was very efficient (Czechoslovakia), although it compromised the economic productivity and competitiveness of the whole country.
Neoliberal (1975 -)	Both convergence and divergence theories (i.e. new growth theory, path dependency theory).	“support of local initiative,” support of SMEs, decentralization of competencies, deregulation measures
Institucional (1980 -)	Divergence theories (i.e. theory of industrial districts theory of learning regions)	“cooperation and innovation,” support of SMEs, innovation spreading, networking, gradualist development of local institutions based on learning

15) *Table 1 The most important stages of regional development and regional policies theories. (Blazek, Uhlir 2011,*

2.2.2. Growths vs. development

The problem of the early development theories was that they only took economic growth into account, which is actually not sufficient for the long-term success. Such growth patterns are not just unsustainable, they are also deeply inefficient. As a result, they actually stand in the way of development. (World Bank 2012, 1)

According to Kutscherauer (2006), regional growth is understood as the increase of overall production in given time period. Regional development, on the other hand, is perceived as a whole complex of processes that are happening within the region. Such processes bear different economic, social, environmental, cultural, psychological and other characteristics. A very similar perception of development is observable also in the concepts of sustainable development. (Kutscherauer 2006, 11)

3. SUSTAINABLE DEVELOPMENT

3.1. Definition of the sustainable development

The most general definition of sustainable development was firstly published in the Brundtland report that was released in 1987: "Sustainable Development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (Brundtland 1987, 41)

Though this definition is maybe way too general, it was breaking. It is capturing the basic intergenerational concept which is since then tightly connected with sustainable development both in theory and practice. This intergenerational concept was widely adopted and highlighted by the declaration of Rio Earth Summit in 1992. (Sachs 2015, 26)

All interpretations of sustainable development agree that it involves some form of redistribution from current to future generations. This is because our current rates of consumption are depriving future generations of consumption opportunities, or generating impact which they will bear. (Agyeman 2003, 19).

3.2. Three pillars of sustainability

On the other hand, the intergenerational perception was always causing theoretical problems in the practical implementation of sustainable development. The strong argument is that the development is so dynamic that it is hard to predict and plan efficiently in decades and therefore it is practically impossible to plan at intergenerational level. Over time, therefore, the sustainable development evolved from a normative concept focusing on intergenerational needs into a more practical holistic approach that is linking economic development, social inclusion, and environmental sustainability (three sustainability pillars). (Sachs 2015, 5).

This perception might be imagined as three fragile pillars holding a heavy roof. In the case that one of the pillars is shorter or damaged, the whole roof might easily lose balance and fall (Figure 1).

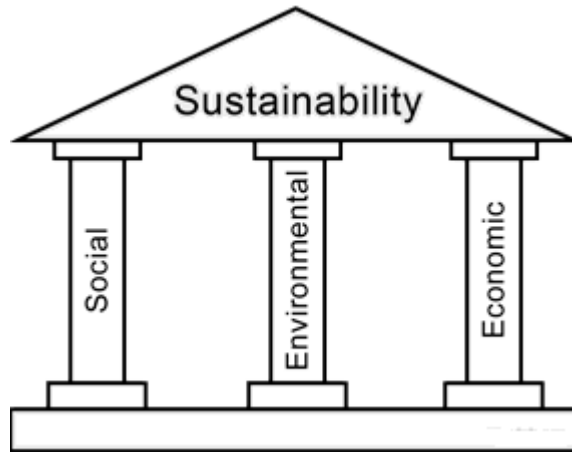


Figure 1 Three pillars of sustainability. (Source: Own elaboration)

Another possible and actually deeper visualization of the sustainable pillars is depicted in Figure 2. The dotted line between economic and environmental pillars represents the fact that growth used to compromise the environment. One of the conditions of sustainable development in the future is to ensure that the environmental and economic sustainability are compatible, such as are and always were social and environmental sustainability and social and economic sustainability. (World Bank 2012, 2)

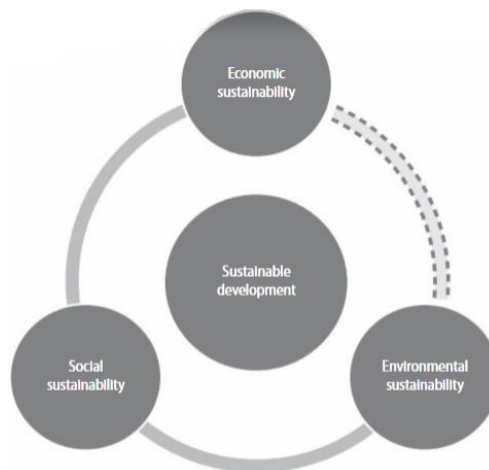


Figure 2 Three pillars of sustainability (Source: World Bank 2012, 2)

3.3. History and milestones of the sustainable development in the UN field

The concept of sustainable development is tightly connected with activities of UN. In 1972, the first UN Conference on the Human Environment was held in Stockholm and well-known publication *Limits to Growth* was released. *Limits to Growth* correctly identified the challenge of combining economic and environmental sustainability which might be a problem in the 21st century. (Sachs 2015, 481)

In 1983 the General Assembly of UN decided to create so-called World Commission on Environment and Development (WCED) that was led by Norwegian politician Gro Harlem Brundtland (because of whom the commission is also commonly known as Brundtland commission). The commission had three objectives: To re-examine the critical environment and development issues and to formulate realistic proposals for dealing with them; to propose new forms of international cooperation on these issues that will influence policies and events in the direction of needed changes; and to raise the levels of understanding and commitment to action of individuals, voluntary organizations, businesses, institutes, and governments. The outcome of this UN activity, the most used definition of sustainable development, was stated in the beginning of this chapter. (Brundtland 1987, 12)

In 1992, twenty years after Stockholm summit, UN Conference on Environment and Development was held in Rio de Janeiro (the conference is often referred as the Rio Earth Summit). The Rio Earth Summit provided the fundamental principles and the program of action for achieving sustainable development. (UN 2002, 2).

The best-known output of this conference is a document called Agenda 21 and it brought several valuable environmental principles into life. Besides to Agenda 21, leaders also accepted two major multilateral environmental agreements, the UN Framework Convention on Climate Change and the Convention on Biological Diversity, and also laid the groundwork for a third that was adopted two years later, the UN Convention to Combat Desertification. (Sachs 2015, 481)

3.4. Millennium development goals

Further progress in the international political field was done in the year 2000 when another report was released by UN Secretary General Kofi Annan. The report holds name *We the Peoples – The Role of the United Nations in the 21st century*, commonly known as the Millennium Report.

This report served as a base for Millennium Declaration that was adopted at the Millennium Summit later in the year 2000. World leaders stated that they wanted to honor the new millennium by the commitment to common global goals such as universal human rights, peace and security, economic development, environmental sustainability and the drastic reduction of extreme poverty. The declaration also included 8 particular goals which should have been reached within following 15 years. These goals quickly became known as Millennium Development Goals (MDGs). You can see the goals depicted in figure 3 below. (Sachs 2015, 144)



Figure 3 Millennium Development Goals (Source: UN)

Countries that accepted the Millennium Declaration committed to improving the way of their development. Each of the goals was presented with a simple drawing to be understood and appreciated by the public as wide as possible. Beneath the drawings, there are 21 specific quantified targets and approx. 60 indicators observed in order to measure the progress. (Sachs 2015, 144 - 145)

3.5.MDGs as a framework for the evaluation of the development

The concept of MDGs could serve as a very useful framework when we decide to evaluate development. Doubtlessly, the development is a hardly measurable phenomenon, if considered in its complexity. That is caused by the fact that we can not sufficiently calculate (or even predict) neither all the possible interactions nor the importance of single factors.

However, when we consider the development of separate indicators, we can state whether the observed entity is processing towards or apart from the desirable performance. This approach was used also in this thesis, where the development of Ukraine and Belarus is described and compared according to indicators derived from MDGs.

3.6.Indicators of MDGs

In this part, the indicators according to which the fulfillment of MDGs was measured are described. Indicators considered by MDGs served as the inspiration for the selection of indicators used in the practical part of this thesis, therefore a short application comment is after each description.

Since the MDGs were created to fight the most emerging challenges at the global level, they are not fully usable in the context of eastern Europe. For the purpose of the thesis, it was, therefore, necessary to select those indicators of sustainable development that were relevant to the observed territory.

The first three MDGs are focused on the problem of poverty and inequality. Goal 1 is to eradicate extreme hunger and poverty, Goal 2 to achieve universal primary education and Goal 3 to promote gender equality and empower women. They are measured by 15 indicators such as \$1,25 poverty ratio or proportion of seats held by women in national parliament. In this thesis, poverty and inequality development is described on 5 indicators. The thesis also analyses the economy in general, by 10 indicators.

Public health is another priority highlighted by MDGs and the need for its improvement is considered by three goals (4-6). Concretely speaking: Goal 4 (Reduce child mortality), Goal 5 (improve maternal health) and Goal 6 (Combat HIV/AIDS, Malaria and other diseases). Altogether 19 indicators are used to measure the progress in the public health sphere, among which we may find i.e. under-five mortality rate, the proportion of births attended by skilled health personnel or incidence of death rates associated with malaria. In this thesis, public health is reflected by 7 indicators.

The seventh goal is dedicated to ensuring the environmental sustainability. The proportion of land area covered by forest, production of emissions or proportion of urban population living in slums. In this thesis, the environmental sustainability and energy systems are analyzed with regard to 8 indicators.

The last goal is dedicated to Promotion of global partnership for sustainable development. UN used 16 indicators to measure the progress in this field. This goal was not further considered in this thesis.

Although MDGs might not have implicitly solved all the intergenerational challenges, they certainly served as a great tool that made sustainability (which is at its core rather qualitative phenomena) up to some extent quantitative and measurable. The similar approach is further used in this thesis, the aim of which is also to evaluate the development.

3.7.Evaluation of MDGs

Before the introduction of SDGs which followed the MDGs, it is suitable to evaluate how MDGs worked in practice. Was the UN's effort real? Did the world manage to reach the very ambitious goals? We already have all the data necessary for the answering of such questions and generally speaking, MDGs were very successful. In some fields more, in others less. When we analyze different measured indicators, we might state that especially public health, which was focused by three of eight MDGs, experienced a huge progress thanks to this UN initiative. (Sachs 2015, 492)

Although the progress was also notable in all other areas, MDGs did not manage to match their ambitions in certain aspects: In particular, goals considering education, agriculture, and hunger. Off course, many positive changes have been done, though not as rapid as in the case of public health. (Sachs 2015, 492-493)

At last but not at least, the MDGs have been important in encouraging governments, experts, and civil society to pay the attention to the problems of sustainability and helped to motivate problem-solving around the world. Breakthroughs have occurred in some of the poorest countries and regions of the world, especially in Africa. On the other hand, MDGs did not play a substantial role in the biggest success of all: China. (Sachs 2015, 146 – 147)

3.8.Sustainable development in the 21ST century

In the period since 2000 till 2015, the world was working on accomplishing of the SDGs and loads of other activities was done. Another UN Summit on Sustainable development was held in the year 2002 in Johannesburg and is also informally known as Rio+10.

The summit introduced concrete steps for implementation of Agenda 21. The implementation plan highlighted the need for integration of three sustainable development components: social and economic development and environmental protection. (UN 2002, 2).

Three pillars of sustainable development were already introduced in the beginning of this chapter, therefore it is not necessary to repeat the information given above, however, it is appropriate to stress the fact that though the intergenerational perception still plays its role in sustainable development study, it is now secondary to the emphasis on holistic approaches. (Sachs 2015, 5)

Three sustainability pillars were seriously considered also in the next summit report called *The Future we want*, which was adopted in the year 2012 on another Earth summit which was again held in Rio de Janeiro (the summit is also informally known as Rio+20) The statements here do not greatly differ from those in previous reports, economic, social and environmental aspects of sustainability are again mentioned. Innovatively this report underlines the need for recognizing of different interlinkages between sustainability pillars. (UN General Assembly 2012, para.3).

Besides to often repeated courageous statements, Rio+20 prepared the field for so-called Sustainable Development Goals (SDGs) that have been adopted right after MDGs expired in 2015. (Sachs 2015, 484)

3.9.Sustainable development goals – 2030 Agenda

The Future we want introduces SDGs as a tool that should address and incorporate in a balanced way all three dimensions of sustainable development and their inter-linkages. It highlights the need for SDGs to be action-oriented, concise and easy to communicate, limited in number, aspirational, global in nature and universally applicable to all countries while taking into account different national realities, capacities and levels of development and respecting national policies and priorities. Governments should drive implementation [of the SDGs] with the active involvement of all relevant stakeholders. (UN 2012, paras. 246–7)

Three years later, in September 2015, UN General Assembly adopted a resolution called *Transforming our world: the 2030 Agenda for Sustainable Development*. This document is the most actual and one of the most significant international resolution considering the sustainable development, therefore it is appropriate to introduce it properly. In order to do so, the preamble of the resolution is stated below:

“This Agenda is a plan of action for people, planet, and prosperity. It also seeks to strengthen universal peace in larger freedom, recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development.” (UN 2015)

“All countries and all stakeholders, acting in collaborative partnership, will implement this plan. We are resolved to free the human race from the tyranny of poverty and want and to heal and secure our planet. We are determined to take the bold and transformative steps which are urgently needed to shift the world to a sustainable and resilient path. As we embark on this collective journey, we pledge that no one will be left behind.” (UN 2015)

The 17 Sustainable Development Goals (Figure 4) and 169 targets which we are announcing today demonstrate the scale and ambition of this new universal agenda. They seek to build on the Millennium Development Goals and complete what they did not achieve. They seek to realize the human rights of all and to achieve gender equality and the empowerment of all women and girls. They are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental. The Goals and targets will stimulate action over the next 15 years in areas of critical importance for humanity and the planet. (UN General Assembly 2015, 1)

The idea is, simply said, that the rich countries just like the poor have to promote more social inclusion, gender equality, and of course energy systems that are low carbon and resilient. Doing that, they would discover, new power, new social mobilization, new resources, and new political will to a challenge of sustainability which has been more than forty years in public awareness and twenty years in international law but has not successfully been addressed to date. International treaties considering the most emerging problems were of course not replaced by SDG, rather complemented. SDGs can, however, create a new global energy and atmosphere of problem-solving that will help to implement the treaties. (Sachs 2015, 485)



Figure 4 Sustainable Development Goals (Source: UN)

4. METHODOLOGY

This chapter deals with methodology and processing of the work. It provides all methods of analysis used to obtain the results. Special attention is paid to the selection and elaboration of indicators used as a base for the research.

4.1. Methods and tools of the research

The scientific approach of this thesis is predominantly theoretical, considering the fact that no empirical research was needed to reach the aims of the thesis which were stated in the second chapter.

Three main methodological tools were used in the thesis:

1. Description - this method of analysis was used both in the theoretical and practical part. In the theoretical part concretely it was the description of the history of regional and sustainable development sciences, while in the practical part, both the level and the development of the regions are described.
2. Comparison – A comparison is the main tool used in the practical part. Both the level and development of countries were compared.
3. Road-mapping – Sachs (2015) describes roadmapping as one of the tools used by the UN for the elaboration of MDGs and SDGs. Road-mapping asks (and answers) the questions about the pathway from today to the future goal. Questions such as: What does the policy terrain really look like? What are the big challenges? Answers to such questions are given in the practical part of this thesis. (Sachs 2015, 493-494)

4.2. Characterization of the level countries

For the characterization of the level of countries, different data sources were used. Firstly I would regard national statistical offices – State Statistics Services of Ukraine (UKRSTAT) and National Statistical Committee of the Republic of Belarus (BELSTAT) which were very useful. However, to ensure the truthfulness of the research, it was necessary to supplement the official information also with other, independent sources, for example, reports created by OSCE, WHO, or IMF.

4.3. Sources and evaluation of the development in the period 2000 - 2015

The evaluation of development is based on indicators derived from MDGs. Indicators for this thesis were also selected according to their suitability in chosen regions, with an emphasis on capturing all three fundamental aspects of sustainable development.

The development analysis is based mainly on the WB databank. This databank contains hundreds of development indicators for basically every country in the world. Sources of the data published here are trustworthy, draws for example on national statistics, OECD database, International Labor Organization researches or Food and Agriculture Organization statistics. The quality of the data, therefore, might be considered as very high.

Thereafter, comparative analysis is conducted. The analysis considers approximately forty indicators and is divided into 4 main parts. These are: An analysis of economic structure, poverty and inequality analysis, healthcare analysis and analysis of the environment. Each indicator is depicted in a separate chart and described, major fluctuations are explained. The data related to Ukraine and Belarus is supplemented by comparison with other countries, mainly with ECS and ECA countries. In the case that ECA and ECS data are not available (poverty and inequality indicators are mainly the case), they are replaced by data of Czech Republic as a representant of high-income countries and data of Russian Federation as a representant of non-high income countries. The analysis is focused on different socioeconomic and environmental topics. The length of observed time horizon is 15 years (2000- 2015), though this is also limited by the data availability in most of the cases.

The last step sums all the information, whereupon conclusions are formed. Based on conclusions, proposals and recommendations are proposed to both countries.

4.4. Selection of indicators

Indicators, according to which the development of observed countries was analyzed, were selected in order to capture the most emerging developmental problems and the most important factors of development in Belarus and Ukraine with respect to topics considered by MDGs.

Indicators were not explicitly divided into a social, economic or environmental pillar, because of the overlaps in this perception (most of the indicators could be characterized as socioeconomic or socioenvironmental), although they are trying to capture the most important factors with respect to all three pillars of sustainability.

The adjusted set of MDGs indicators was created for the purpose of the thesis. Some indicators originally used by MDGs were omitted because of the lack of the relevance in the research and in the context of eastern Europe, where i.e. observation of incidence and death rates associated with malaria would make no sense. On the other hand, other relevant indicators are added. The relevance towards UN agenda is also described in chapter 3.6.

In the following lines, the adjusted set of indicators is listed.

- Economy
 - GDP (Current US\$)
 - GDP Growth (annual %)
 - GDP Per capita (current US\$)
 - GDP Per capita, PPP (Current international US\$)
 - Inflation, consumer prices (annual %)
 - Export and Imports of goods and services (constant 2010 US\$)
 - Share of sectors on the total GDP
 - Industry, value added (% of GDP)
 - Services, value added (% of GDP)
 - Agriculture, value added (% of GDP)
- Poverty and inequality
 - GINI index (World Bank estimate)
 - Poverty headcount ratio at \$3.10 a day (2011 PPP) (% of population)
 - Unemployment, total (% of total labor force) (modeled ILO estimate)
 - Firms with female top managers (%)

- Proportion of seats held by women in national parliaments (%)
- Public health
 - Health expenditure, total (% of GDP)
 - Health expenditure per capita (Current US\$)
 - Mortality rate, neonatal (per 1,000 live births)
 - Mortality rate, under-5 (per 1,000 live births)
 - Life expectancy at birth, total (years)
 - Out-of-pocket health expenditure (% of total expenditure on health)
 - Prevalence of HIV, total (% of population ages 15-49)
- Environment and energy usage
 - CO2 emissions (kg per 2011 PPP \$ of GDP)
 - CO2 emissions (metric tons per capita)
 - Electric power consumption (kWh per capita)
 - Energy imports, net (% of energy use)
 - Renewable electricity output (% of total electricity output)
 - Electricity production from natural gas sources (% of total)
 - Electricity production from nuclear sources (% of total)
 - Electricity production from coal sources (% of total)

4.5. Processing of indicators

Data for each indicator was downloaded directly from the WB Databank. All the metadata could be found in there. Data for Ukraine, Belarus, ECA and ECS between years 2000 – 2015 were used as a source for a graph that shows the state and the development of individual indicators, which are also briefly described. The main purpose of the graphs is to show the major trends and differences in individual observed sectors. Specific values of each depicted indicator might be found in appendixes on a CD-ROM.

5. REVIEW OF COUNTRIES

Ukraine and Belarus share many common features and their historical-political situation was very similar in early 90's when the Soviet Union was disintegrated. Former superpower has left many traditions, social and economic clusters and connections in both regions and the influence of its successor, Russian Federation, is still observable in many spheres of life in both countries.

This part presents the most important information about both countries, the general information about them, their population, and administrative division. Special attention is paid to selected issues that are emerging in each state – Euromaidan and it's consequences in Ukraine and the freedom problems in Belarus.

5.1.Ukraine

5.1.1. Main characteristics

Ukraine is a middle-income country with a strong industrial base and a significant producer of agriculture and food products. It is an independent country since 1991. Ukraine is near twice the size of Germany, and the largest country contained entirely within Europe. (UNDP)

Ukraine is neighboring with 7 states: Poland, Slovakia, Hungary, Romania, Moldova, Russia and Belarus (Figure 5).

Almost three-quarters (71%) of Ukrainian land might be described as agricultural and only approximately 16% is covered by forests. That corresponds with the fact that Ukraine is traditionally perceived as an important agricultural country, with a high degree of deforestation (the proportion of forest covered area in EU is approximately 38%). (WB data)

5.1.2. Population

As of April 1st, 2016, the Ukraine has a total resident population of 42,76 million (where approx. 2mil. the residents of Crimea are not included). Considering the population distribution, 69% of inhabitants live in Urban areas. The population is continuously decreasing since the end of the 1980s. In 1991 it was over 52 million. The decrease is caused by low fertility rates on the one hand and by the emigration on the other. (WB data)

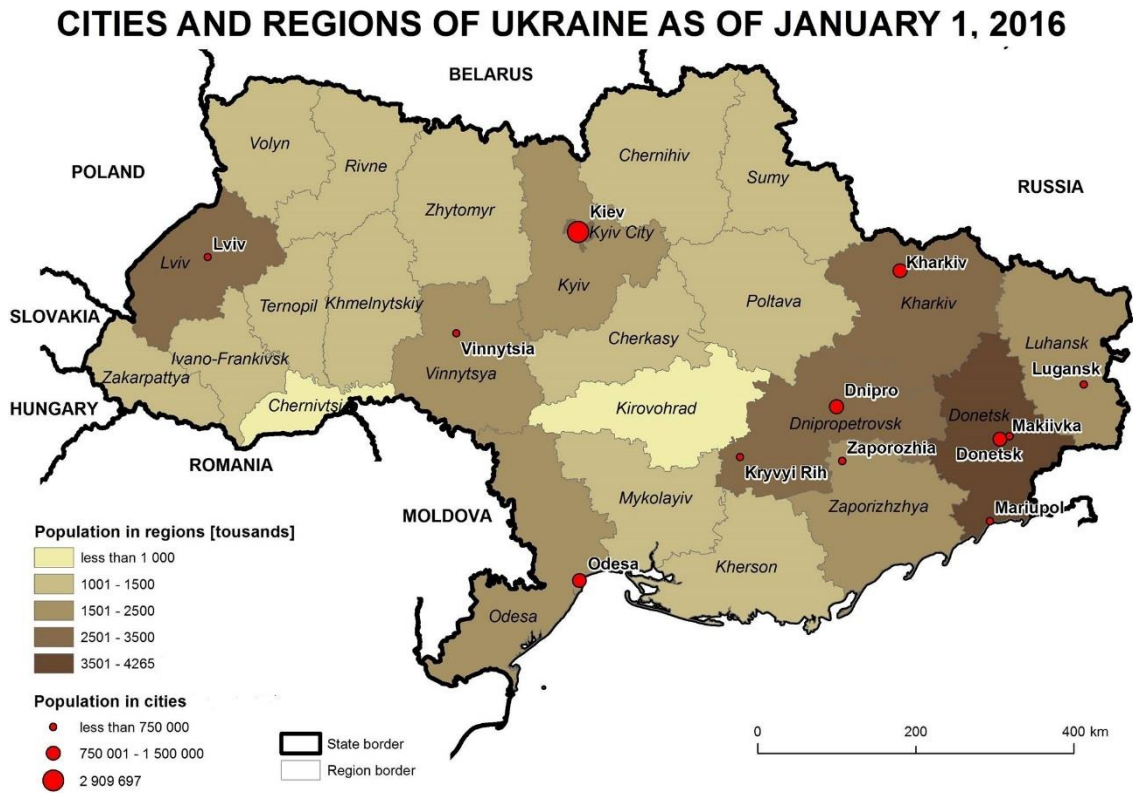


Figure 5 Cities and Regions of Ukraine as of January 1, 2016, Elaboration: Bc. Tibor Mikula. (Sources: Zhuk (ed.) 2016 + Geofabrik)

Instability, hand in hand warfare and bad economic performance make Ukrainians want to leave the country. A report published by International Organization for Migration (IOM) states that approx. 700 000 Ukrainians were working abroad at the beginning of the year 2015. Another 4 million people (mostly 25 – 34 years old) were seriously thinking about such possibility. The number of people that really left Ukraine in 2015 increased by 30% in comparison with previous year – up to then, the annual increase never exceeded 5%. According to the report, the average income of Ukrainians abroad is approx. 4 times higher than that of Ukrainians working in Ukraine. It is estimated that those migrants sent almost 3 billion USD back home in 2014. (IOM 2016, 11-12)

Besides to people who left the country, there is also a considerable problem with high numbers of internal migrants, mostly people who were forced to leave their homes because of the war. According to Tomek, there was approx. 1,7 million internal refugees in the October 2016. (Tomek 2017)

According to the last (2011) census, 77.8% of the population is composed by ethnic Ukrainians, with minorities of Russians (17%), Romanians and Moldovans, Belarusians, Crimean Tatars, and Hungarians. Ukrainian is the official language however Russian and different combinations (Surzhyk) remains widely spoken, especially in the eastern parts of the country. (Bussinesinfo 2016)

Among the country, orthodox Christianity is the prevailing religion, three major churches are active: Ukrainian Orthodox Church of Moscow Patriarchate, Ukrainian Orthodox Church of Kyivan Patriarchate and Ukrainian Autocephalous Orthodox Church. In the western areas also Roman and Greek catholicism occurs. Of the protestant religions, baptism is the most significant. Apart from Christianity also Islam is worshiped by a considerable number of communities, especially by Crimean Tatars. (Bussinesinfo 2016)

5.1.3. Administrative division

Ukraine is de jure divided into 608 districts (*район*, rayon) which further forms higher administrative units - 24 regions (*область*, oblast), 1 autonomic republic (Crimea) and two cities that hold special status – these are the capital Kiev and the Crimean capital, Sevastopol. (Ukrexport)

Here it is also appropriate to note that the Ukrainian government in Kiev is not able to execute its power on the whole Ukrainian territory. That is given by the fact that the Crimean autonomic republic was annexed by Russia anymore and, hand in hand with that, also eastern regions of Donetsk and Lugansk are partially breakaway.

5.1.4. Euromaidan

In 2013-2014, large-scale demonstrations in Ukraine's capital Kyiv and other cities (the so-called "Euromaidan" or "Revolution of Dignity") demanded less corruption and called for the adherence to European standards of governance. These protests ultimately precipitated a change in government. In May 2014, Petro Poroshenko won the presidential election on a pro-reform and peace platform. One month later, Ukraine signed the European Union Association Agreement. (UNDP)

In the wake of the protests, in March 2014, an independence referendum was organized in the Autonomous Republic of Crimea, which by that joined the Russian Federation. The legality of this move was rejected on 27 March 2014 by UN General Assembly Resolution 68/262, which reaffirmed Ukrainian territorial integrity. (UNDP)

In April 2014, anti-government armed groups seized some parts of Donetsk and Luhansk regions, prompting the government to launch an Anti-Terrorist Operation, which escalated into large-scale military operations and remains ongoing, with both Luhansk and Donetsk Oblasts in effect divided into a government-controlled and non-government controlled areas. (UNDP)

The conflict in eastern Ukraine has had a severe impact on the national economy and social capital – some 10,000 people have been killed, and almost two million displaced inside and outside Ukraine. (UNDP)

To halt the armed conflict, the Minsk Protocol was signed on 5 September 2014 launching the Minsk process of negotiations, however fighting continued despite various ceasefire agreements. A large OSCE Monitoring Mission has been put in place to monitor and report on its implementation. (UNDP)

The October 2014 Parliamentary elections further confirmed Ukraine's pro-reform orientation. As fighting in eastern Ukraine continued, in February 2015 a new agreement (Minsk-2) was reached, which included detailed security and political arrangements, the latter being linked to Ukraine's domestic political processes (e.g. constitutional reforms).

Since 2015, a constitutional reform process is underway, focusing on decentralization, justice sector reforms, and human rights. (UNDP)

Hand in hand with the dynamic changes, the country faced a considerable economic decline. Businessinfo mentions several reasons for this: Decline of the industrial production (as a consequence of Crimean annexation and because of destroyed capacities in partially occupied Donetsk and Lugansk), then it is a growing inflation (which is caused both by growing consumer prices and by the increasing of energy price for households), and, at last but not at least, outflow of investments. (Businessinfo 2016)

5.1.5. Corruption

Another serious problem that Ukraine has is the corruption which affects all spheres of public life. Transparency International (TI) creates so-called Corruption Perception Index (CPI) every year, which measures the corruption in the public sector on the scale 0-100, where 0 means “highly corrupt” and 100 means “very clean.” On that scale, Ukraine performed only 27 in 2015 (rank 130 of 168) and 29 in 2016 (rank 131 of 176). With such performance, the country is comparable to Nicaragua, Cameron or Iran. (TI 2015, 2016)

5.2. Belarus

5.2.1. Main characteristics

The official name of the country is The Republic of Belarus (Рэспубліка Беларусь) and the capital city is called Minsk. The country covers an area of 207,6 thousand km². It is mostly covered by flatlands with significant water courses such as Dnieper, Daugava or Neman. (Businessinfo 2015, 2)

The highest point above sea level is Dzherdzinskaya mountain (345m) and among more than a thousand of lakes, the Narochny lake with an area of approximately 79,6km² is the largest. 41,3% of the area is covered by agricultural land, 42,1% by forests (that is slightly higher number than the average forest cover in EU countries), 6,2% by surface water (including marshes), and 10,4% of the area is used for other purposes. (Medvedeva (ed.) 2017, 6)

Belarus is sharing a border with five countries: Poland, Lithuania, Latvia, Russia and Ukraine (Figure 6). The country has an advantageous economic and geographical position, lying on the intersection of the shortest transportation routes from Central Russia to Western Europe and from the Baltic Sea to the Black Sea.

CITIES AND REGIONS OF BELARUS AS OF JANUARY 1, 2017

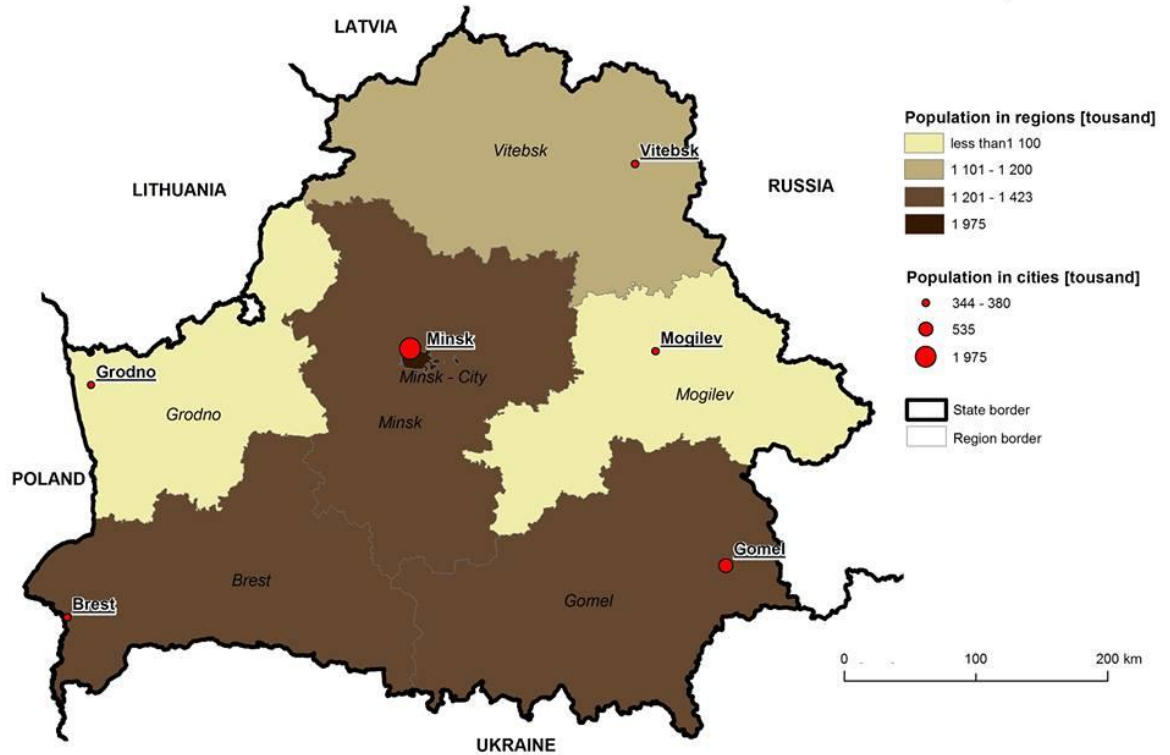


Figure 6 Cities and Regions of Belarus as of January 1, 2017. Elaboration: bc Tibor Mikula (Source: Medvedeva 2017, Geofabrik.de)

5.2.2. Population

The population of the country was 9,48 mil. in 2015. Roughly 77% of the population lives in urban areas. (Businessinfo 2015, 2)

Belarusian population consists of more than 20 different traditional nations, the majority (84%) are Belarusians. Russians are then the most important minority, 8% of the population. Others are Poles (3%), Ukrainians (2%) and Jews (0,1%). The rest of national minorities consists of Armenians, Tatars, Roma people, Lithuanians, Germans, Moldovians or Gruzins. (Businessinfo 2015, 3)

Christianity is the prevailing religion in Belarus. Specifically speaking, 70% of the population is declared to be orthodox Christians and 8% Roman Catholics, also uniatism and Protestantism are occurs. Apart from Christianity, also Judaism, Islam and recently even Buddhism are officially worshiped in the country. (Businessinfo 2015, 3)

Most of the external migration happens within the sphere of CIS countries while the immigration prevails to emigration. Exactly speaking, the net migration in 2014 was 15,7 ths. people, in 2015 18,5 ths., and only 7,9 ths. people in 2016. The migration, therefore, could not be considered as intensive and in this state is not sufficient to compensate the aging of Belarusian population. (Medvedeva (ed.) 2017, 12)

5.2.3. Administrative division

Belarus is divided into 6 regions (область, oblast;) plus one city with special status (the capital Minsk) (depicted in Figure 6). These are further divided into 118 districts (раён, rayon). 24 of the districts are in cities. Altogether, the Belarusian statistical office records 113 settlements with a status of city, 89 urban-type settlements and 23174 rural localities. (Medvedeva (ed.) 2017, 7)

5.2.4. State structure and legal system

Officially, the Republic of Belarus is supposed to be a unitary democratic social state governed by the rule of law. The state power is, according to Belarusian constitution, exercised on the principle of separation of legislative, executive and judicial branches. (Medvedeva (ed.) 2017, 6)

The National Assembly of Belarus is the representative and legislative body of the country and consists of two houses: the House of representatives and the Council of the Republic. The executive power in the Belarus is exercised by the government – the Council of ministers of the Republic of Belarus. Judicial power is vested in courts. (Medvedeva (ed.) 2017, 6)

The presidential office is characterized in the article 79 of Belarusian constitution in this way: “The President of the Republic of Belarus shall be the Head of State, the guarantor of the Constitution of the Republic of Belarus, the rights, and liberties of man and citizen.” (Belarusian Constitution)

The 1994 Constitution was amended twice in a referendum: firstly in 1996, when the presidency power was extended for the first time (in Lukashenko's favor), and in 2004, when the two-term presidency limit was abolished. (OSCE-ODIHR 2015, 6)

Belarus is a presidential republic and the head of state has extensive powers, this is further supported by the weakness of party structures in the country. No new political party has been able to register since the year 2000. (OSCE-ODIHR 2016, 5, 7)

5.2.5. Freedom problems

It is appropriate to mention other freedom-related problems within the country. The president, Alexander Lukashenko, who is declared to be “the guarantor of the rights and freedoms of man and a citizen,” rules continuously since the year 1994. Any efforts of questioning of his authority usually end up by police action and arresting – even during the election time. OSCE election observation report, for example, mentions that the presidential election held in December 2010 resulted in street protests and arrests of seven presidential candidates and several hundred citizens, civil society activists, and journalists. (OSCE-ODIHR 2016, 5)

Similar scenarios are not unique in Belarus. The OSCE has observed the past six national elections since 2001 (including the last presidential elections in 2015) and remarks them as falling short of OSCE commitments and international obligations and standards for democratic elections. The OSCE report includes 30 specific recommendations based on the observation of 2015 presidential elections. (OSCE-ODIHR 2016, 5)

Among others, they are addressing the lack of transparency and integrity of the electoral process, need for the clear separation of the state and partisan interests, need for a genuinely pluralistic composition of election and the overall need for significant legal changes in the election process. These recommendations will further be regarded in the conclusion. (OSCE-ODIHR 2016, 25)

The Freedom House is a respected organization which regularly ranks freedom of countries according to political rights and civil liberties on the scale from 1 to 7, where 1 is representing the freest and 7 the last free. On such scale, Belarus scores 6,5 (not free) in the year 2015, and as you can see in Figure 6, the ranking was not changed since the year 2005. (The Freedom House 2015)

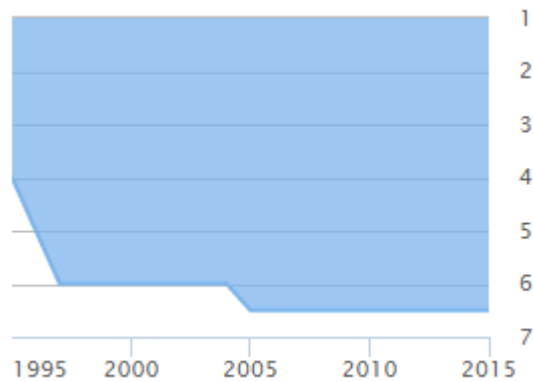


Figure 7 Freedom in Belarus. (Source: The Freedom House 2015)

5.3. Summary

Belarus and Ukraine do not only share their borders but also their culture, religion, and history. Their starting points in the early 1990s, when the Soviet Union was disintegrated, were similar. Ukraine started a process of not very successful democratic transition which was accompanied with high corruption rates and several civic uprisings, last of which resulted in an ongoing war. Belarus, on the other hand, did not really start its way towards democracy yet. Authoritative president Alexander Lukashenko reigns the country for over 20 years and conserves some of the old fashioned manners, especially during the election time.

6. ANALYSIS OF THE DEVELOPMENT

In this part, all the data important for the evaluation are collected and comparatively analyzed. The analysis is focused on 4 four specific developmental issues

- Economy
- Poverty and Inequality
- Public Health
- Analysis of environment and energy usage

6.1.Economy

In this part, the overall economic performance of countries is evaluated and compared. Main reasons for major fluctuations and disproportions are explained.

6.1.1. Characteristics of Belarusian economy

Belarusian economy has a strong export base. The main export commodities are lorries, tractors and other machinery. Belarus is also an important exporter of fertilizers. (Businesinfo 2016)

Pinigin (2012) states that In twenty years of independence, the Belarusian economy has gone the distance from being the "assembly line" of the USSR to becoming a socially oriented and highly efficient economy aimed at export. The country was able to maintain its economic potential and brands, but also managed to develop them, create new lines of highly competitive products. (Pinigin (ed.) 2012, 18)

According to Pinigin (2012), Belarus has proved the consistency of its economic model. Favoring the evolutionary path of development, non-shock reforms and gradual transition to market economy principles and the country has escaped the major upheavals endured by many post-Soviet countries, including the global financial crisis. (Pinigin (ed.) 2012, 18)

The consistency of the Belarusian economic model regarded by Pinigin could be questioned, taking into account the serious economic problems that the country has faced in recent years. It is true that in the beginning of 2000s, main elements of Belarusian macroeconomic policy seemed to be settled. Monetary policy focused on the nominal exchange rate and its stability which was desirable after the 1990s when the huge inflation was causing serious harms to Belarusian economy (Miksjuk 2015, 5)

The government introduced a number of investment programs. These were aimed mainly to increase investment in several sectors considered as the most important by the government, such as agriculture, construction, and heavy industry. Moderating inflation and relatively stable economic growth between years 2000 and 2009 indicated the efficiency of accepted measures. (Miksjuk 2015, 5)

However, this period was followed by significant macroeconomic destabilization between years 2009 – 2014, when the country experienced three major currency crises in less than 6 years. Main reasons were the impacts of structural economic shocks caused by imperfect wage policies and State lending program. Chosen policies were in conflict with the stable exchange rate. Belarusian government already realized that and since the year 2015 started to change its macroeconomic policy, including the reduction of State program lending. (Miksjuk 2015, 5-6)

6.1.2. Characteristics of Ukrainian economy

Main factors of relatively fast growth in the early 2000s' were the increasing export rates of ores, metals, iron and chemical products. However, world economic depression hit the export sector of Ukraine deeper than other countries, as a consequence of decreasing demand for chemicals, ores, and metals in the global market. The production in these key sectors have decreased for a half and Ukraine faced a recession in the overall depth of 15% in 2009, which was considered to be the peak of the crisis. (Businessinfo 2015, 2)

Nowadays, Ukraine is facing another economic crisis which deepened after Euromaidan in the beginning of the year 2014. It was a consequence of a complex set of causes: In 2013, the economy of the country appeared to be in recession already, hand in hand with the previous economic development of the country. The situation, however, worsened very rapidly after the revolution. (Tomek 2017)

Businessinfo mentions several reasons for the economic decline: Firstly it is decline of the industrial production (as a consequence of annexation of Crimea and because of the destroyed capacities in partially occupied Donetsk and Lugansk), then a growing inflation (which is caused both by growing consumer prices and by the increasing of energy price for households), and, the last but not least factor, an outflow of foreign investments. However, it is expected that Ukraine shall start to grow again soon. (Businessinfo 2016, 4)

Minor improvement is expected in the year 2017. Finances have been stabilized substantially thanks to loans provided by various international institutions, but the high indebtedness rate (approx. 80% of GDP in the beginning of 2017) causes certain insecurity. (Tomek 2017)

6.1.3. Analysis of economic indicators

Given that Ukraine is much larger and more populous country, it is not a big wonder that its economy is larger when we consider the absolute overall GDP (figure 8).

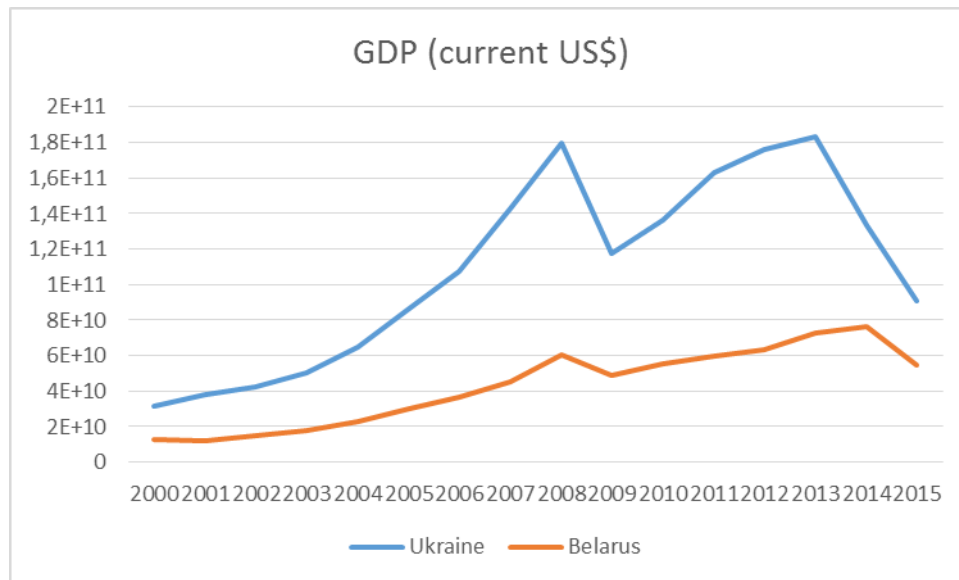


Figure 8 GDP (current US\$), Ukraine and Belarus, 2000 – 2015. Own elaboration. (Source: WB Data)

The final absolute difference between Ukrainian and Belarusian GDP in 2015 is relatively small. The Ukrainian GDP grew continuously until the year 2008 when the country hardly suffered from the economic crisis (Figures 8, 9). After the crisis, Ukrainian GDP started to grow again, however again started to fall rapidly in the year 2013 as a consequence of conflict which started after the Euromaidan revolution, as addressed above. In 2015, the GDP of Ukraine was approximately on the level of 2004.

On the other hand, Belarusian GDP growth was stable during the observed and the annual growth remained positive even in the year 2008. However, at the end of the observed period, the overall production experienced a decrease that was connected to a recession that hit the whole region as a consequence of the Ukrainian events.

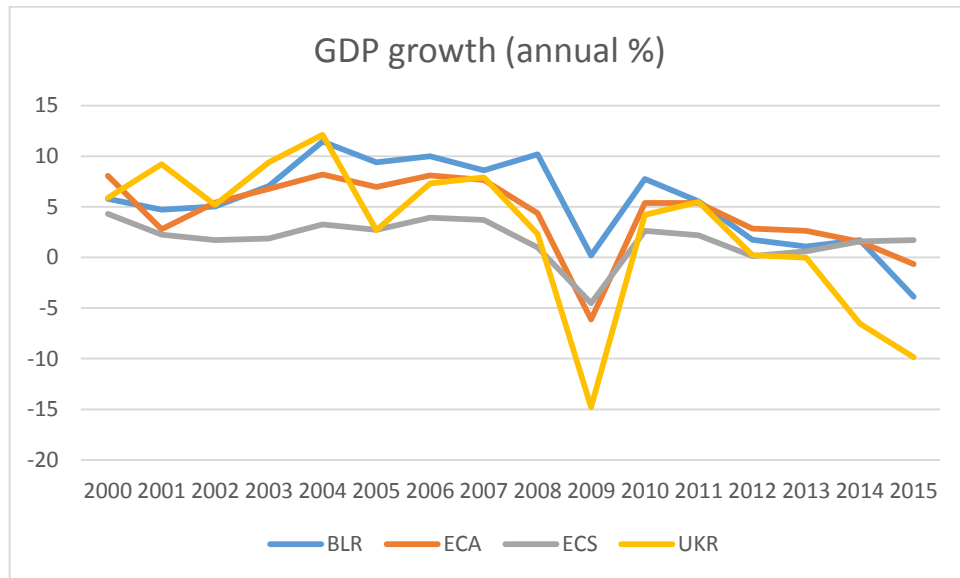


Figure 9 GDP growth (annual %), Ukraine, Belarus, ECA, ECS. 2000 – 2015. Own elaboration. (Source: WB Data)

Considering GDP per capita (Figure 10), Ukraine is performing worse than other samples and Belarus ended up just a little below the level of ECA (which was still 4 times smaller than the level of ECS). A long lasting economical growth is therefore desirable for both countries if their ambition is to reach the fortune of high income countries.

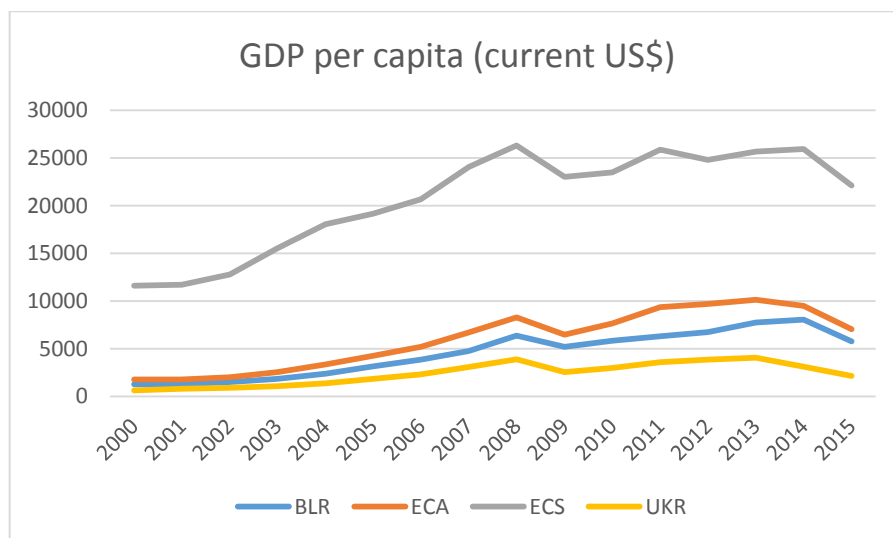


Figure 10 GDP per capita (current US\$), Ukraine, Belarus, ECA, ECS. 2000 – 2015. Own elaboration. (Source: WB Data)

Similar is the per capita GDP also when purchasing power parity is taken into account (Figure 11). In this case, Ukrainian GDP per capita is still the lowest and the Belarusian is almost exactly on the level of ECA. The Belarusian performance is, after Russian, the second best among CIS countries.

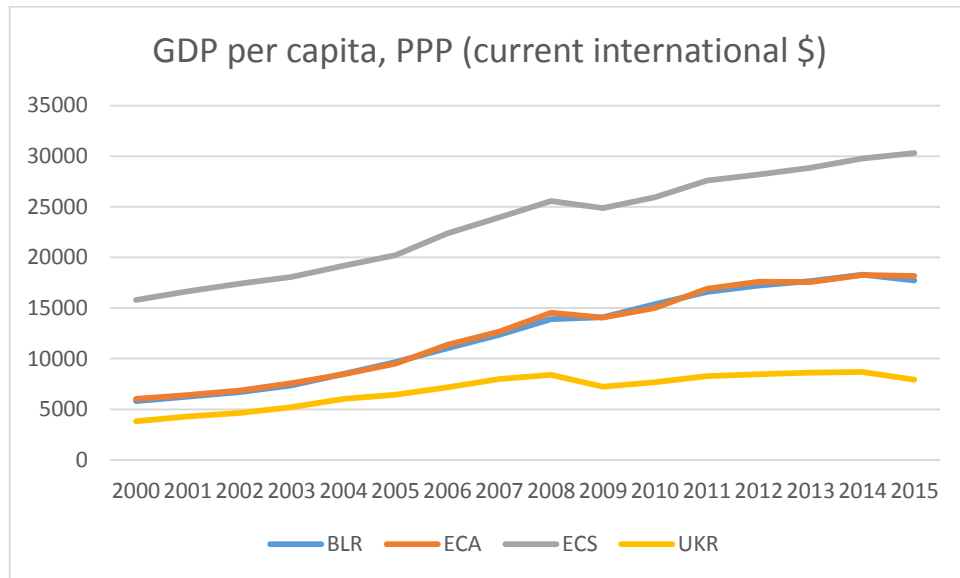


Figure 11 GDP per capita, PPP (current international US\$), Ukraine and Belarus, ECA, ECS. 2000 – 2015. Own elaboration. (Source: WB Data)

Indicators regarding inflation (Figure 12) confirms what was stated in the introduction of both observed national economies. Both countries suffered by tough monetary problems over the observed period. In Belarus, the inflation was enormous at the end of the 1990s and at the beginning of the 2000s. Afterward, the situation was stabilized for almost a decade, however, in the early 2010s another inflation wave came as a result of reckless state interventions in economy. Ukraine suffered from inflation twice in the observed period. Firstly in 2008, when the annual inflation exceeded 20%, and then at the end of the observed period, when the annual rate exceeded 50%.

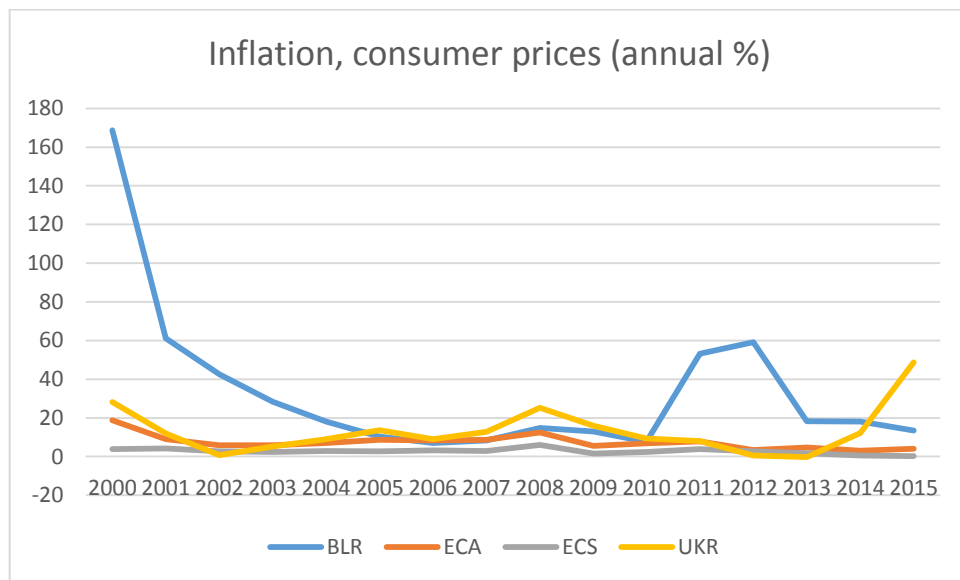


Figure 12 Inflation, consumer prices (annual %). Ukraine, Belarus, ECA, ECS. 2000 – 2015. Own Elaboration (Source: WB Data)

Comparison of exports and imports (Figure 13) shows that the Ukrainian trade is in very bad condition and that at the end of the observed period, the Ukrainian export expressed in absolute numbers were similar to the value of the Belarusian export. Ukrainian exports in 2015 are lower than in 2000. The Belarusian export, on the other hand, is increasing steadily. Both countries are exporting less than importing, which might cause some problems in the future.

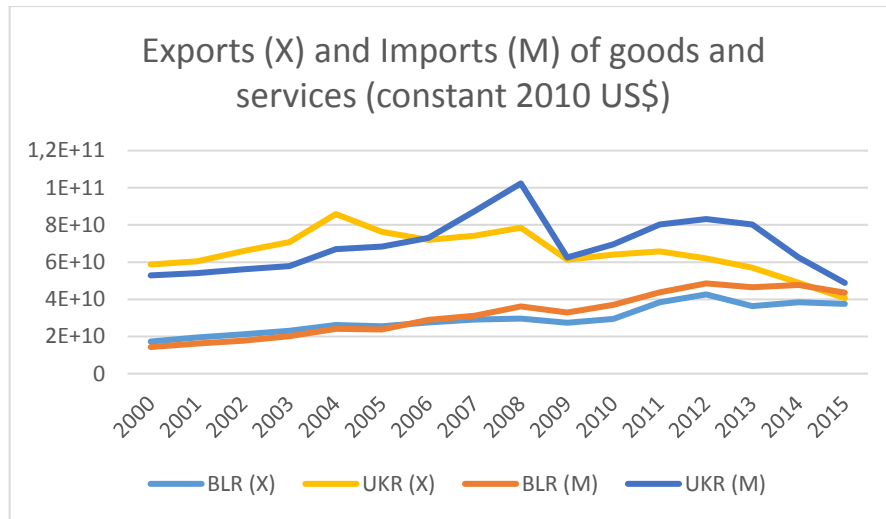


Figure 13 Exports and imports of goods and services (Constant 2010 US\$) Belarus, Ukraine, 2000 – 2015. Own Elaboration (Source: WB Data)

The production structure in all observed countries is modern, since the largest proportion of GDP value added is produced in services and the smallest in agriculture.

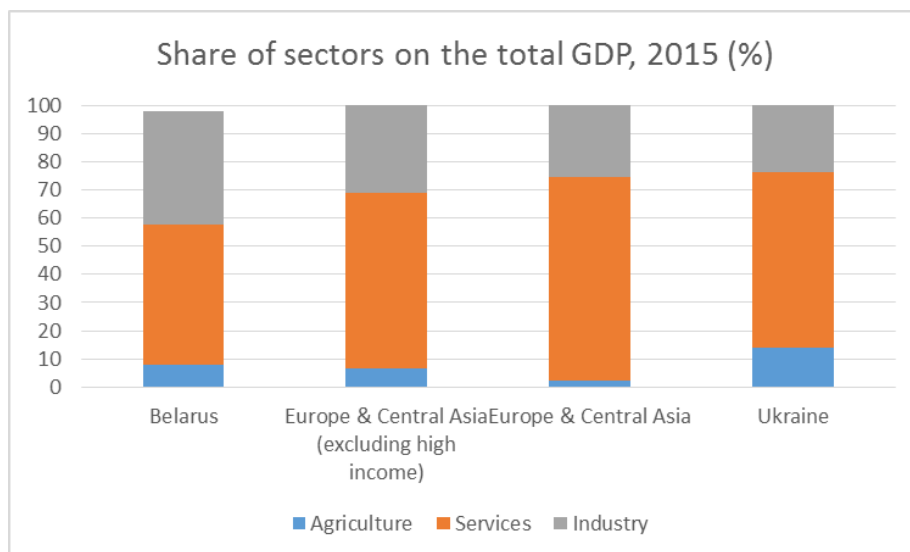


Figure 14 Share of the sectors on the total GDP, %. Ukraine, Belarus, ECA, ECS. 2015. Own Elaboration (Source: WB Data)

Belarus could be characterized as a highly industrialized country and the proportion of the GDP value added by industry is the largest among observed samples. No big fluctuations are observable on the curve. Ukraine, on the other hand, suffered a huge decrease in the industry importance in the observed period, hard decreases are observable around the year 2008 when the economic crisis hit the sector hard. At the end of the period, the proportion of value added by industry of Ukraine is comparable to that of ECS countries.

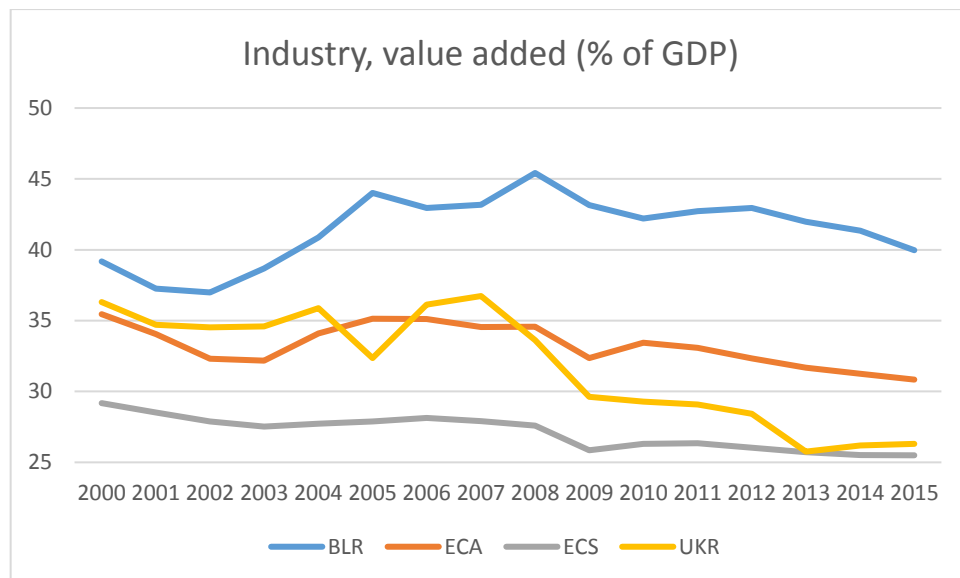


Figure 15 Industry, value added (% of GDP). Belarus, Ukraine, ECA, ECS, 2000 – 2015. Own Elaboration (Source: WB Data)

Proportion of GDP value added by services (Figure 16) is below the ECS and ECA levels in both Ukraine and Belarus. During the observed period, the importance of services was growing in the Ukraine, especially after the industry was hit hard by the economic crisis. However, after Maidan, the services were reduced. In the Belarus, on the other hand, the share of services is clearly the lowest among observed countries as a reason of the industrial focus of the state.

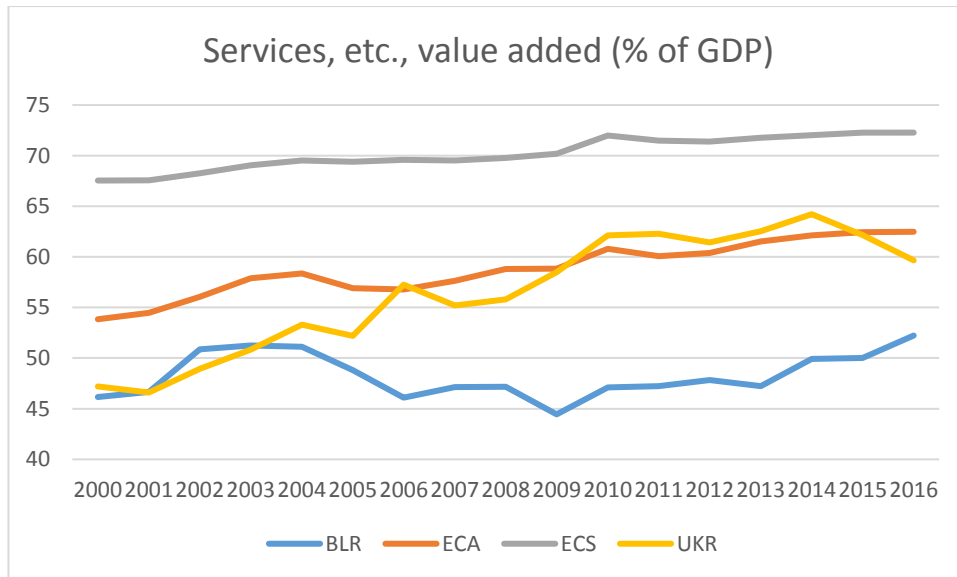


Figure 16 Services, value added (% of GDP). Belarus, Ukraine, ECA, ECS, 2000 – 2015. Own Elaboration (Source: WB Data)

The GDP value added by agriculture (Figure 17) is traditionally very high in Ukraine. The importance of agriculture was increased here especially in the recent years because other sectors stagnate. Not as high is the value added by agriculture in Belarus, though the proportion is still higher than in countries of ECA and ECS.

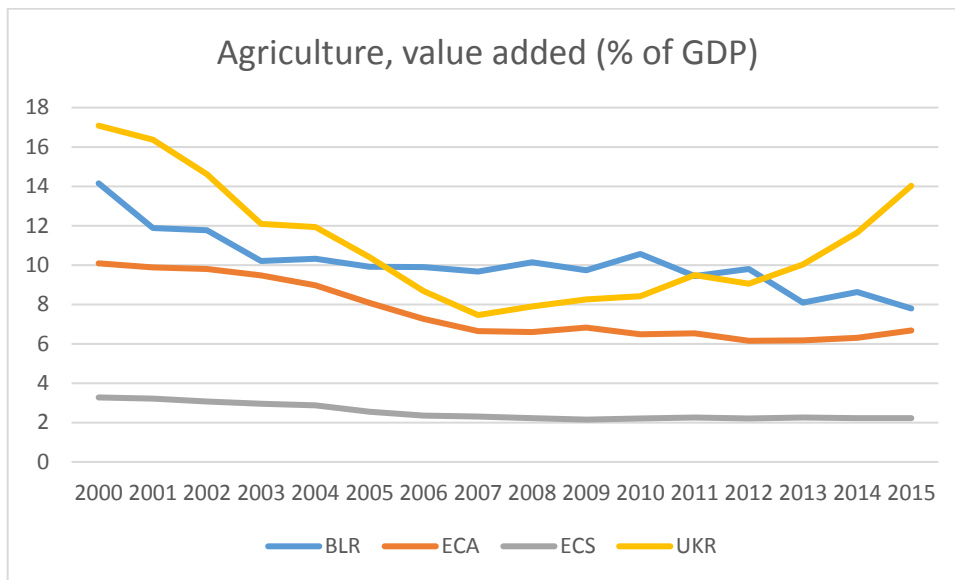


Figure 17 Agriculture, value added (% of GDP). Belarus, Ukraine, ECA, ECS, 2000 – 2015. Own Elaboration (Source: WB Data)

6.1.4. Summary

The economy of Ukraine is in a very bad condition, which was proved by indicators such as GDP, GDP per capita or inflation. It is mainly a consequence of development in recent years, when the ongoing conflict between the state and Russian backed separatists started and the industrial base of the eastern Ukraine was destroyed. If the economy of Ukraine won't revive soon, the country might face huge complications.

Belarus performed more stably in the observed period, however had big problems with repeating inflation waves and monetary crises caused by irresponsible economical decisions implement by the government. Now the situation seems to be settled, though is endangered by the economic depression in Russia, Belarusian main trade partner.

6.2. Poverty and inequality

According to OECD, the gap between rich and poor is at its highest level since 30 in most world countries. In OECD countries, in particular, the richest 10% of the population earn 9.6 times the income of the poorest 10%. In the 1980s it was 7 times more, in 1990s 8 times more and in the beginning of 2000s, 9 times more.

The income inequality is undoubtedly rising in the global scale. And it is not the only case. For example, the gender inequality actually has similar consequences and although a substantial progress was done in many countries in recent years, there is still a lot to be done. The growing inequality and poverty have many negative consequences, both social and economic. Promotion of shared prosperity is therefore highly desirable from the developmental point of view. (OECD 2015, 15)

Since the income distribution data were not available for ECA and ECS, it was necessary to supplement them. Ukrainian and Belarusian performance is therefore compared with the performance of Czechia (as a representant of the high-income country) and Russia (as a representant of non-high income country) in this case. Gender equality data were again compared with countries of ECA and ECS.

6.2.1. Analysis of poverty and inequality indicators

The GINI index (Figure 18) of Ukraine is the lowest of all observed samples and during the observed period, it has been even decreasing. GINI index of Belarus is a little bit higher than that of Ukraine and is comparable with that of Czechia. Since 2000 till 2014, it has slightly decreased. In Russia, on the other hand, the value of the index is extraordinary high.

An interesting point is the year 2008 when the economic crisis caused an increase in inequality in most of OECD countries due to the fall in employment. On the other hand, GINI index, and by that also inequality, in Belarus, Ukraine, and Russia, decreased.

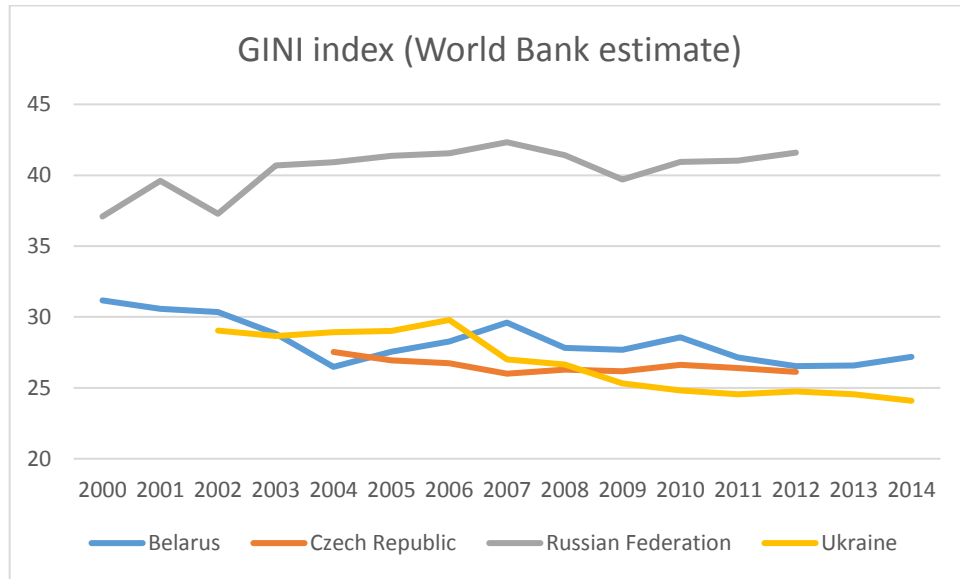


Figure 18 GINI index (WB estimate). Belarus, Czech republic, Russian Federation, Ukraine, 2000 – 2014. Own Elaboration (Source: WB Data)

Poverty, when expressed as a headcount ratio of people living for less than \$3,10 a day, is not really any more a case in any of the observed countries. That is a huge success of the transition of post-Soviet countries, where the poverty rates have grown rapidly in the 90s'.

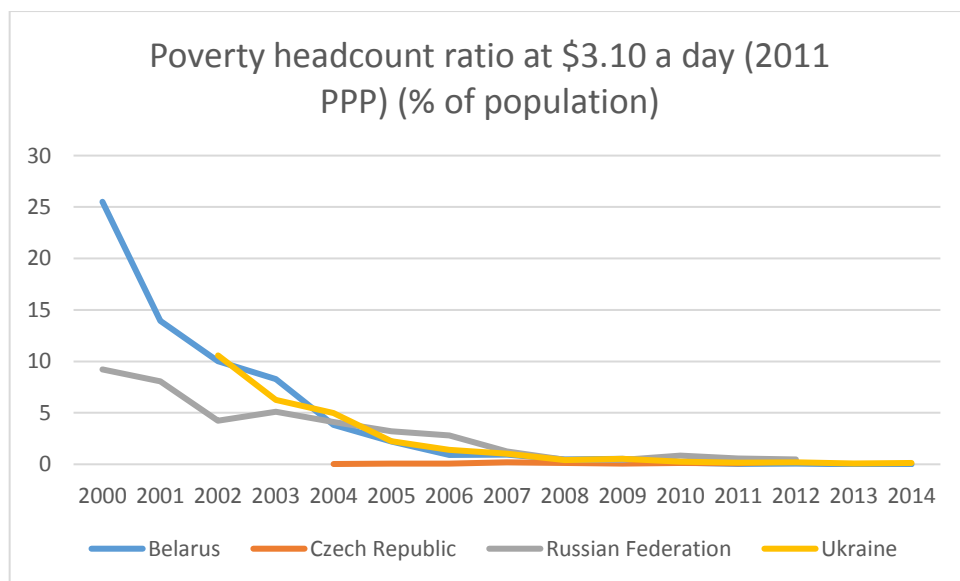


Figure 19 Poverty headcount ratio at \$3.10 a day (2011 PPP) (% of the population). Belarus, Czech Republic, Russian Federation, Ukraine, 2000 – 2014. Own Elaboration (Source: WB Data)

Belarus has traditionally very low unemployment rates. Official sources (Medvedeva 2017, 16) states that the unemployment of economically active population is less than 1% between years 2013-2016. ILO estimation (Figure 20) is that the real unemployment is approx 5%, which is still very low. That is given by the strict social policies similar to those that have been applied in communistic Czechoslovakia.

Ukrainian unemployment (Figure 20) was decreasing together with economic growth until the year 2008 when it increased rapidly. Even though the rate did not reach the rates of ECA and ECS. At the end of the observed period, the Ukrainian unemployment rates increased again as a consequence of the economic crisis that hit the country after Maidan.

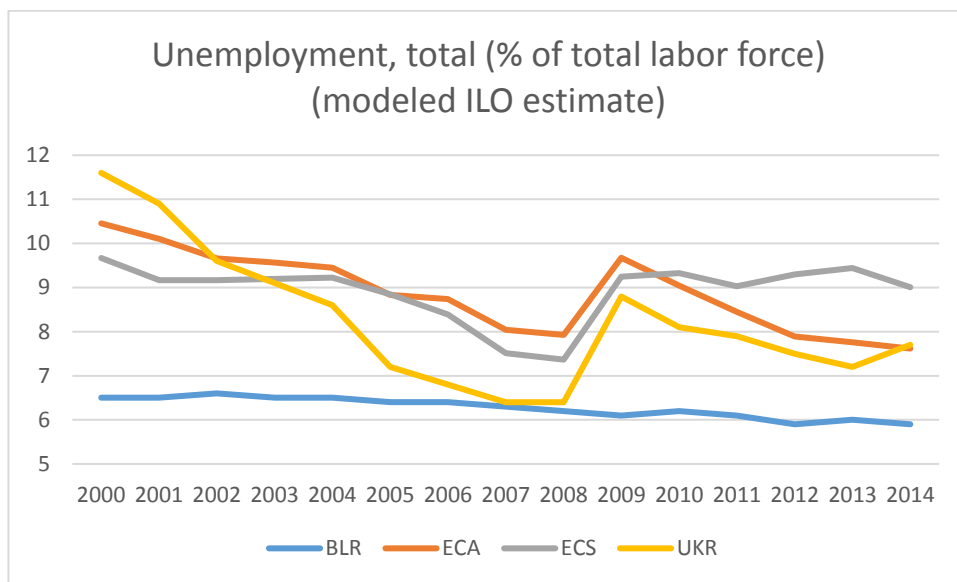


Figure 20 Unemployment, total (% of total labor force) (modeled ILO estimate). Belarus, Ukraine, ECA, ECS, 2000 – 2015. Own Elaboration (Source: WB Data)

The proportion of firms with female top managers in Ukraine has decreased from 28% in the year 2008 to 19% in 2013. The Belarusian trend was different, the proportion of firms with the female top manager has increased by 8 percentage points (Figure 21).

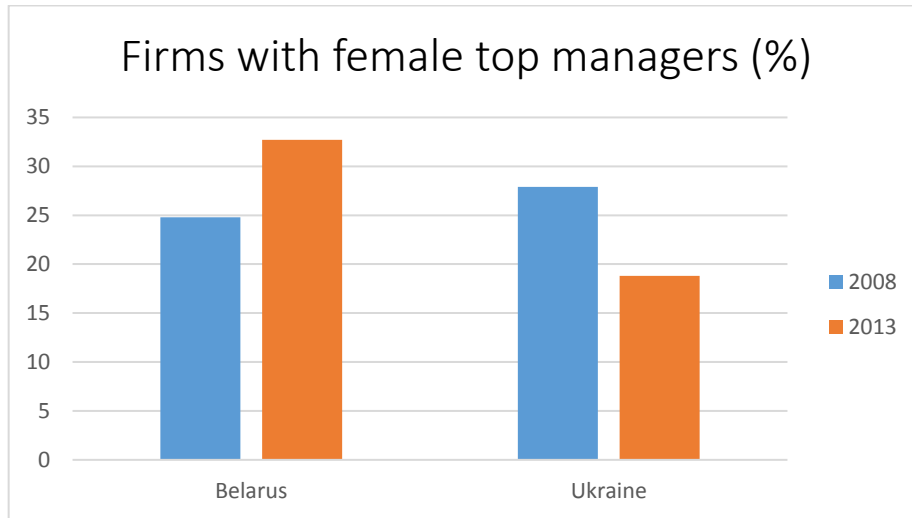


Figure 21 Firms with female top managers (%). 2008, 2013. Own Elaboration (Source: WB Data)

Figure 22 shows that among the observed countries, Belarus might be regarded as having the highest percentage of women in the national parliament, 27% in 2015 (after the elections in 2016 the number increased to 35%) – that is more than in countries of ECS and ECA. Just a very low women participation is visible in the Ukrainian parliament during the whole observed period. 12% in 2015 is less than in other observed countries.

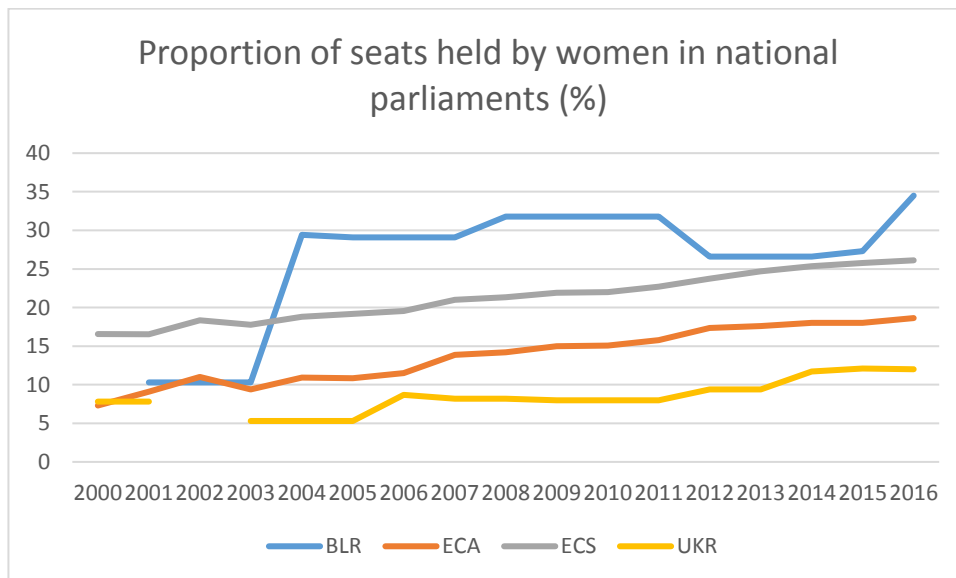


Figure 22 Proportion of seats held by women in national parliaments (%). Belarus, Ukraine, ECA, ECS, 2000 – 2016. Own Elaboration. (Source: WB Data)

6.2.2. Summary

Belarus is promoting equality in the old manners. Compared to other observed countries there is minimal unemployment, high participation of women in public and private sector and relatively low income inequality. Ukraine exhibits just a bare participation of women in public and private life. Income inequality is relatively low, such as are the incomes.

6.3. Public health

Public health was considered by 3 of 8 MDGs and is considered to be a crucial socioeconomic indicator, therefore. Every country in the world shall perceive well-working healthcare as a priority since healthier and longer living people are happier and more productive. The aim of this part is to analyze healthcare financing, efficiency, and performance.

Both Ukraine and Belarus inherited the Soviet healthcare system, so-called Semashko system (a hierarchical, state-controlled system the staff of which were state employees), which it was not easy to maintain through the economic downturn that followed the independence of both countries. (Lekhan 2015)

6.3.1. Characterization of Belarusian healthcare

Healthcare is a priority in Belarus and, according to the Ministry of Health of the Republic of Belarus, its organization was not drastically changed since the country became independent in 1991. Healthcare system is regulated by the state, the main policy of is to create conditions for every person to exercise his right to health on the basis of the state guarantees. (Minzdrav 2011)

The need for well-working healthcare is highlighted also in Belarusian legislation, which among others guarantees free medical aid in state-run healthcare institutions; affordability of medications; informed voluntary consent to medical intervention; the right to choose an attending doctor and a healthcare facility; participation in the choice of treatment methods; availability of information about their own health status, treatment methods, and qualifications of the attending doctor or the right to deny medical treatment., (The Press Service of the President of the Republic of Belarus 2017)

Special attention is paid to the maternity and childhood health protection – the ministry states that 100% of births in the country are attended by the skilled health personnel. The healthcare guarantees costless medical observation at the health care institutions for pregnant women, treatment during and after childbirth, as well as medical care and observation of the newborn. Infant mortality rate in Belarus is the lowest among the CIS countries. (Minzdrav 2011)

CVDs are now the major cause of mortality in Belarus, which is not exceptional in countries with good healthcare. However, to reach the ECS benchmark, an effort has to be put on the reduction of CVD mortality of younger people. Decreasing trend in CVD mortality rate between 30-70 indicates a successfulness of efforts which have been done up to now, however, the rate is still way higher than in ECS average. (WB Data)

The entire healthcare system has been recently modernized in Belarus, from first-aid and obstetric stations to regional hospitals and advanced healthcare facilities. The improvement of the Belarusian healthcare system helped to reduce the number of people having to get special medical treatments abroad. Moreover, high-quality and inexpensive medical services provided in Belarus have given rise to medical tourism. In 2015 the export of medical services made up \$33.2 million, while in 2010 it was just \$9.1 million. (The Press Service of the President of the Republic of Belarus 2017)

6.3.2. Characterization of Ukrainian healthcare

The Ukrainian law ensures similar healthcare related rights as the Belarusian one, however and by many respects remain unchanged since the independence. By law, all citizens have the right to access information about their health and services available to them, but the mechanisms for accessing such information are not transparent, so most rely on personal recommendations and informal networks when making decisions about health services. (Lekhan 2015)

Many people try to exercise choice in the system by paying out of pocket for services, but this does not necessarily help; nearly half of all patients who self-refer to specialist care at hospitals do not have a condition compatible with the hospital's level or profile and so are transferred to a different health facility. Patient rights in the Ukrainian health system are not protected systematically and there is no specific legal mechanism for patient complaints procedures within the health system. (Lekhan 2015)

Ukraine does not have a health insurance system and the healthcare is financed from the state budget. The main source of finances for health care is 18% tax on physical person income, which is however paid only by a half of economically active population and does serve also for other purposes. (Tomek 2017)

According to Fan (Fan 2015), Ukraine has an oversized number of hospitals and hospital beds (approx 40% more than the EU average). The allocation of resources, decades of neglected investments and, of course, rampant corruption, are therefore considered to be problematic in Ukrainian healthcare. (Fan 2015)

Suggestions for Ukrainian healthcare were formed for example in „Serving people, improving health“ project, which was partially financed by the World Bank, that provided a loan of 215 million USD for its implementation. The project should deal with four urgent problems to get Ukraine out of the current health system paralysis. (Fan 2015)

Following actions are urgently needed to avert system collapse and to provide people in Ukraine with quality health services that they demand and deserve:

Ensuring delivery of free care, including pharmaceuticals, to people in most acute need and against the most important diseases ensuring under the current exceptional circumstances;

Removing legal obstacles for more efficient allocation of resources and to move from input-based, focused on number of hospital beds, to patient-based financing model;

Starting practical steps to eliminate extreme duplication and reduce waste by restructuring and consolidating facilities, as necessary;

Increasing transparency and accountability in the piloting of new payment mechanisms, or “purchasing”, and management arrangements in some primary care locations and hospitals. (Fan 2015)

6.3.3. Analysis of public health indicators

Compared to Ukraine, ECA and ECS countries, Belarus spends the lowest proportion of GDP on healthcare (Figure 23). Ukraine spends more than ECA and Belarus but less than ECS countries.

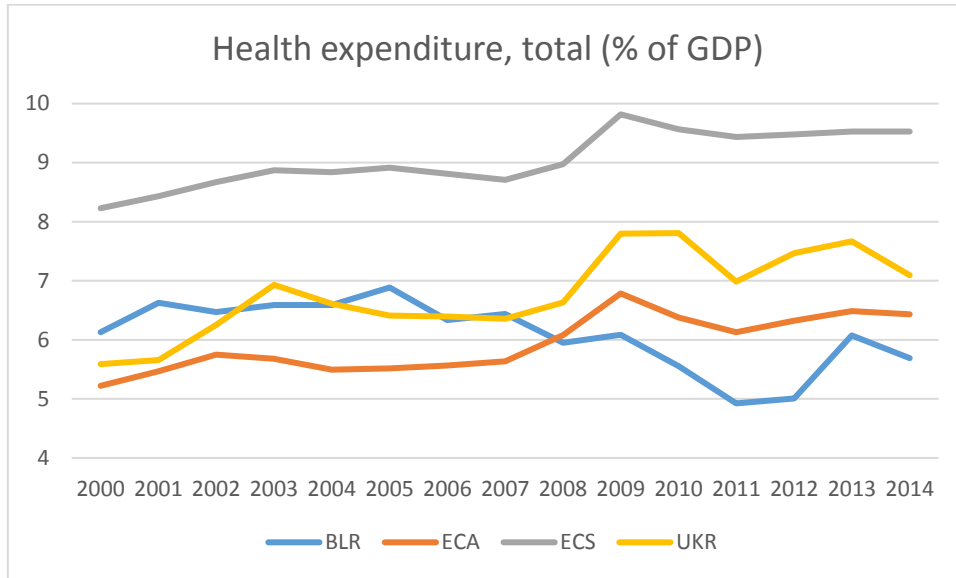


Figure 23 Health expenditure, total (% of GDP). Belarus, Ukraine, ECA, ECS, 2000 – 2014. Own Elaboration (Source: WB Data)

The per capita health expenditure (Figure 24) of ECA countries is approx. 5x smaller than per capita health expenditures in countries of ECS. Both Ukrainian and Belarusian healthcare spending is below the average of ECA countries. However, in 2014 the average Belarusian citizen spent 450 USD, while the Ukrainian one only 200 USD. The value for ECA was 570 USD and for ECS 2420 USD.

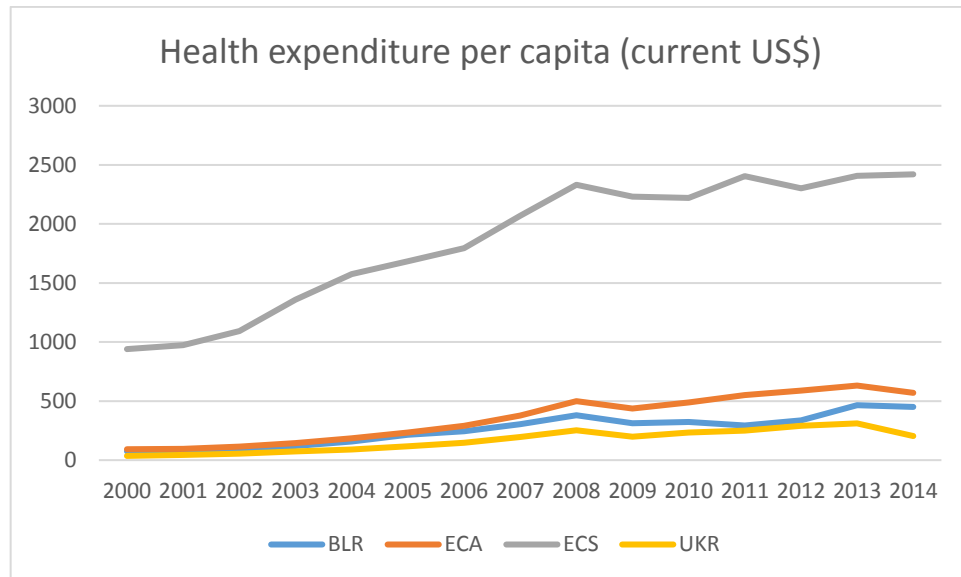


Figure 24 Health Expenditure per capita (Current US\$) Belarus, Ukraine, ECA, ECS, 2000 – 2014. Own Elaboration (Source: WB Data)

Surprisingly, even though the per financing of Belarus and Ukraine is much smaller than in ECS, their children mortality rates (Figures 25, 26) are on the same or better level as ECS. Especially good performance observed in Belarus – Belarusian neonatal and under-5 mortality rates are the lowest among the samples. Ukraine exhibits children mortality rates similar to those of ECS, which might also be regarded as a success, especially when we consider the disproportion of ECS and Ukrainian healthcare financing.

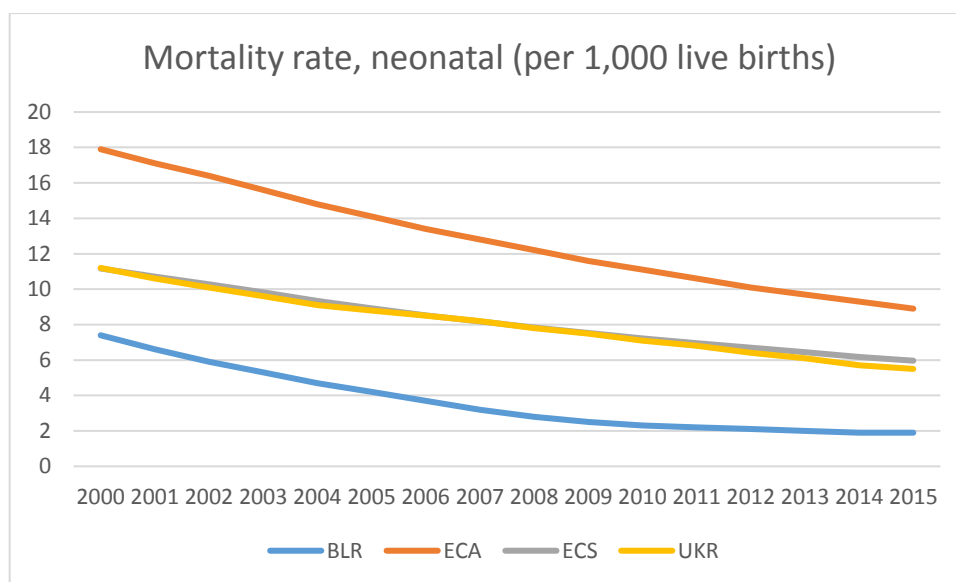


Figure 25 Mortality rate, neonatal (per 1000 live births). Belarus, Ukraine, ECA, ECS. 2000 – 2015. Own Elaboration (Source: WB Data)

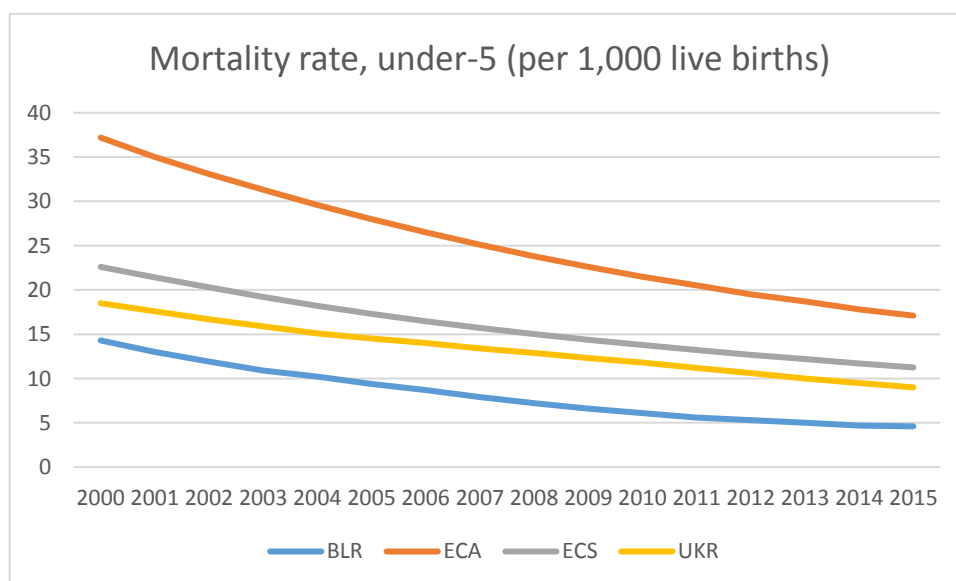


Figure 26 Mortality rate, under-5 (per 1000 live births). Belarus, Ukraine, ECA, ECS. 2000 – 2015. Own Elaboration (Source: WB Data)

Belarusian life expectancy (Figure 27) at birth was 73,6 years in 2014, which is more than in Ukraine and ECA countries. However, the number is still considerably below the level of ECS performance, which was 77,3 years in the same year. The life expectancy in Ukraine is lowest among the observed samples and is also one of the lowest among CIS countries.

In Ukraine, Belarus and ECA countries, we might observe an extraordinarily high mortality from CVD, cancer, diabetes or CRD between exact ages 30 and 70; and in all those countries, it is considered to be an emerging problem. There are several reasons for the rate being as high, let's mention the low health awareness in the population, high prevalence of tobacco and alcohol dependency, same as by the failure of health services to prevent, detect and treat diseases effectively. (Fan 2015)

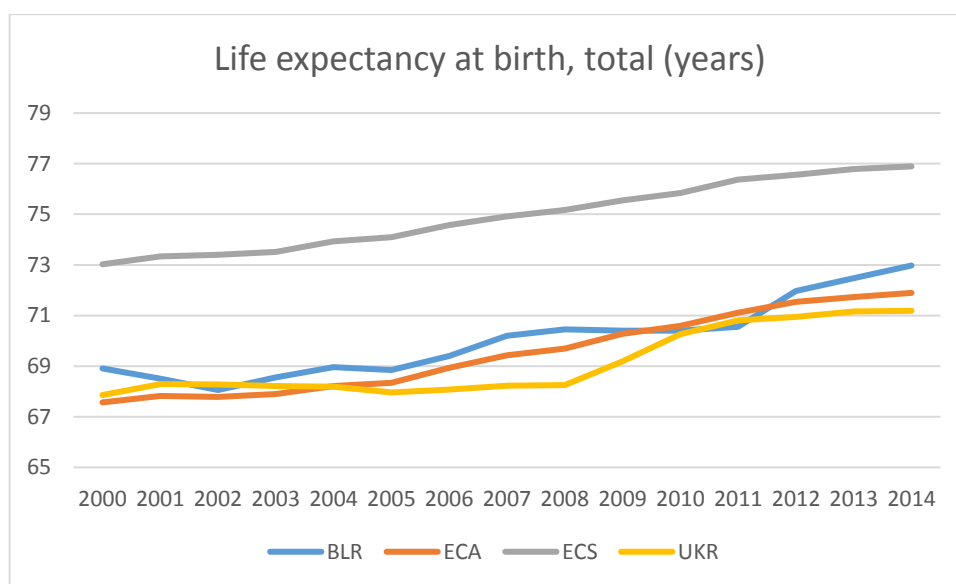


Figure 27 Life expectancy at birth, total (years). Belarus, Ukraine, ECA, ECS, 2000 – 2014. Own Elaboration (Source: WB Data)

As was stated in the characterization of the Ukrainian healthcare, the country has various problems with the efficiency of the healthcare financing. Since the state does not provide sufficient health insurance, other ways of financing takes place. That is illustrated by high out-of-pocket expenditure (Figure 28).

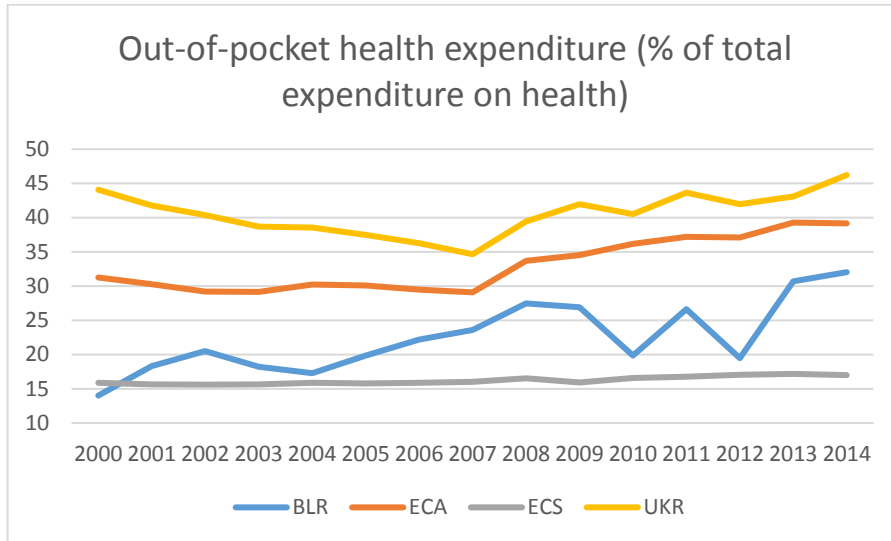


Figure 28 Out-of- pocket health expenditure (% of total expenditure on health). Belarus, Ukraine, ECA, ECS, 2000 – 2014. Own Elaboration (Source: WB Data)

Other threat to the public healthcare of Ukraine and Belarus lies in the relatively high prevalence of HIV (Figure 29). We can see that in years 2005 and 2006, the prevalence of HIV reached to 1% among the population at the age between 15 and 49. Belarusian rates are not as high, however, are continuously rising, which should be realized and prevented.

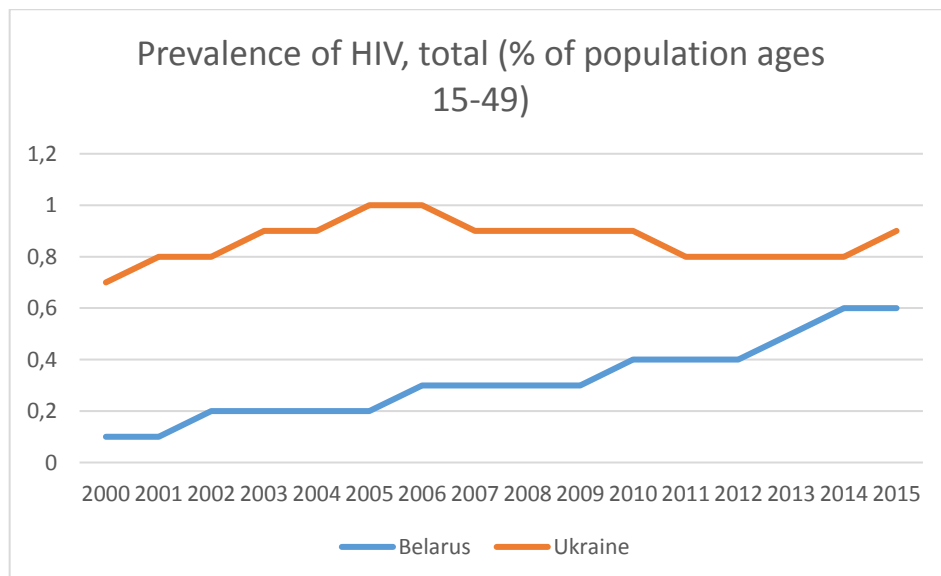


Figure 29 Prevalence of HIV, total (% of population ages 15-49). Belarus, Ukraine. 2000 – 2015. Own Elaboration (Source: WB Data)

6.3.4. Summary

The healthcare in Belarus and Ukraine shares few common features from the Soviet times, when Semashkos system of public healthcare was strictly implemented. Neither Ukrainian, nor Belarusian healthcare has changed dramatically since the independence in its basics, though the Belarusian system seems to work slightly better considering children mortality, life expectancy and HIV prevalence. The better performance corresponds with much higher per capita health expenditure which is possible thanks to better working economy.

Broad healthcare measures need to be introduced in Ukraine and Belarus in order to improve its performance in the long term. These include the higher participation of the private sector in the health system, new financing model (including public and private insurance schemes), and redefinition of a regulatory framework to determine the legal status of central and regional, governmental and professional bodies and institutions, including hospitals. It is essential that the changes are implemented with transparency and professionalism. Successful implementation of the changes will help to improve availability, quality, and efficiency of health service delivery.

The healthcare system of both countries should also implement more high-tech projects and innovation technologies. That would need intensive investments, promotion of public-private partnership and expansion of the range of paid medical services. while preserving the opportunity to get free medical treatment. Besides to social benefits, high-quality healthcare might be also highly profitable.

6.4.Environment and energy use

Effective use of energy and the overall state of the environment are essential for sustainable development. In this part, the most emerging environmental issues are described and related indicators mentioned. Besides to the environment alone, this part also considers the energy usage and it's efficiency.

6.4.1. Environmental issues in Belarus

While Belarus was a part of the USSR, government controls on industrial pollution were insufficient. In recent years the government has turned its attention to the problem, though the question is up to which extent these efforts are serious. Energy conservation and recycling have yet to be implemented in any sustained manner. (Naturvernforbundet)

The collapse of Soviet Union in 1989-91 had led to the shutting down a number of inefficient and heavily-polluting industry facilities. The outcome was that by 1997 industrial gasses emissions had dropped dramatically from 1990 levels, in some cases by nearly 50%. (Naturvernforbundet)

The most emerging environmental issue is the harmful impact of intensive industry on the environment, which is broad. The chemical industry, petrochemical industry including oil refineries and machinery industry are the biggest polluters with the extremely high emission of carbon and nitrogen oxides. Another issue in Belarus is the industrial waste. (Naturvernforbundet)

6.4.2. Environmental issues in Ukraine

According to UNDP, Soviet policies of raising industrial and agricultural productivity with little regard to environmental considerations have had devastating environmental impacts on the Ukrainian environment.. Ukraine is home to some of the richest natural environments and resources in Europe while at the same time being one of the most heavily polluted countries in the region. It is also one of the least energy efficient countries in the world. (UNDP)

Poor environmental management in the past has resulted in an increased number of environmental disasters, and also worsened the health of the population. According to UNDP, 40% of the total territory of Ukraine is considered eroded land, an area growing at approximately 80,000 hectares annually. (UNDP)

The country has many natural assets in biodiversity and international waters of global importance and its industrial activities and energy consumption practices have important implications for global climate change. (UNDP)

6.4.3. Analysis of environmental and energy-related indicators

Regarding the energy efficiency expressed as kg of CO₂ emissions per \$1 of GDP (PPP) (Figure 30), Ukraine performs doubtlessly as the most inefficient actor among the observed samples. Belarusian efficiency is slightly higher than that of ECA but worse than that of ECS countries. However, when the industrial character of the country is taken into account, the performance is not as bad. All the samples indicate an overall decline of the CO₂ inefficiency during the observed period.

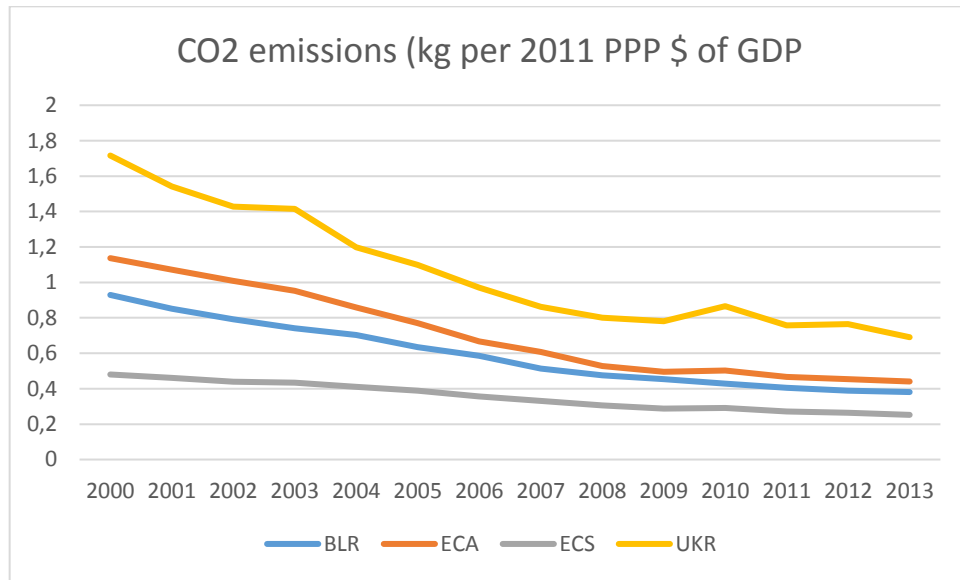


Figure 30 CO₂ emissions (kg per 2011 PPP \$ of GDP). Belarus, Ukraine, ECA, ECS, 2000-2013. Own Elaboration (Source: WB Data)

Figure 31 shows CO2 emissions per capita. Belarusian per capita emission have been growing during the whole observed period, while the Ukrainian fluctuated together with the economy. At the end of the observed period, the Ukrainian rate is the lowest among observed samples; same as it's GDP per capita.

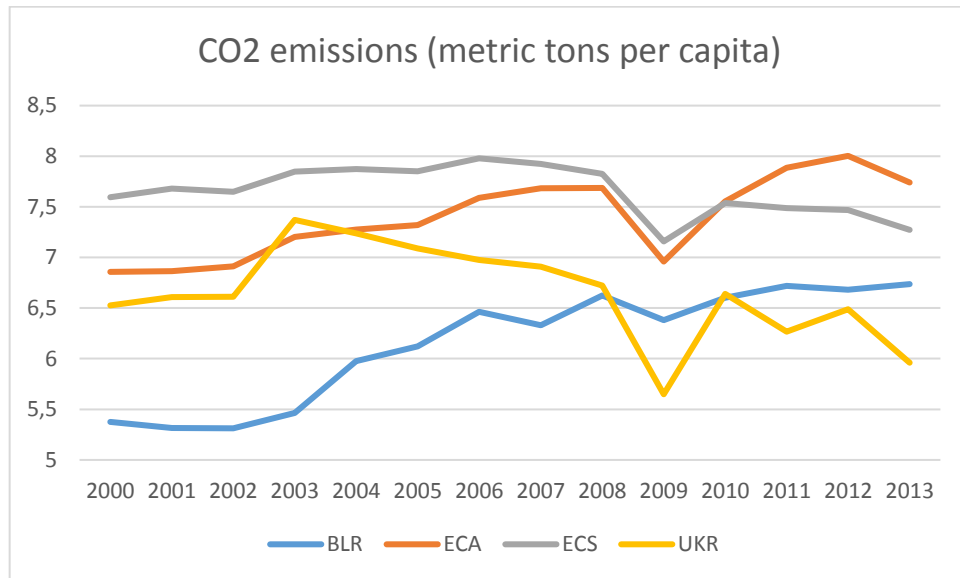


Figure 31 CO2 emissions (metric tons per capita) Belarus, Ukraine, ECA, ECS. 2000 – 2013. Own Elaboration (Source: WB Data)

Electric power consumption per capita (Figure 32) is very similar in Ukraine and Belarus, very low in comparison with ECS countries, lower than ECA average. In the beginning of the observed period, average Ukrainian citizen was consuming more electricity than the Belarusian one, however, at the end, an average Belarusian is consuming more. However, in comparison with ECS countries, the value is almost twice as small.

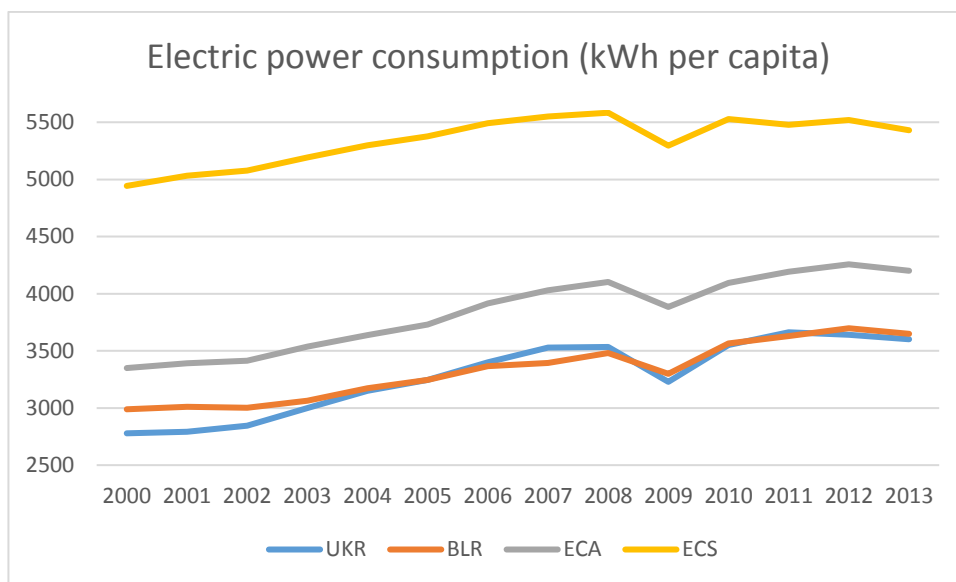


Figure 32 Electric power consumption (kWh per capita). Belarus, Ukraine, ECA, ECS. 2000 – 2013 Own Elaboration (Source: WB Data)

Data depicted in Figure 33 shows that Belarus is producing only 12 percent of the energy that it consumes, the rest is brought from Russia, which makes the country completely dependent on Russia in the energetical issue. The rate of energy imports in Ukraine is approx. 30% and the value will most likely continue to decrease in the following years, as the new governance of the country is trying to reduce Ukraines dependence on Russia.

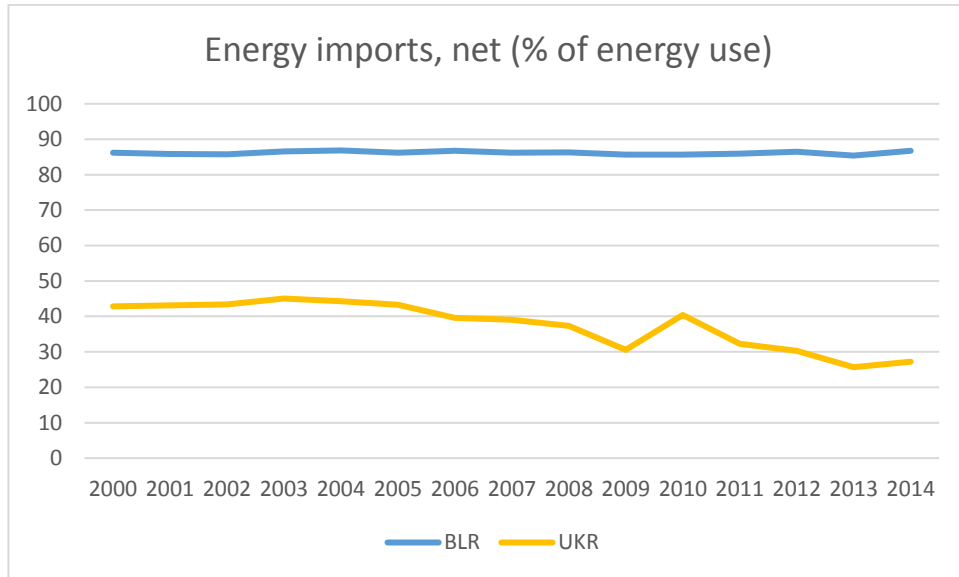


Figure 33 Energy imports, net (% of energy use). Belarus, Ukraine, ECA, ECS, 2000 – 2014. Own Elaboration (Source: WB Data)

There is not much electricity produced directly in Belarus. However, over 90% of that is produced from gas bought in Russia (Figure 34).

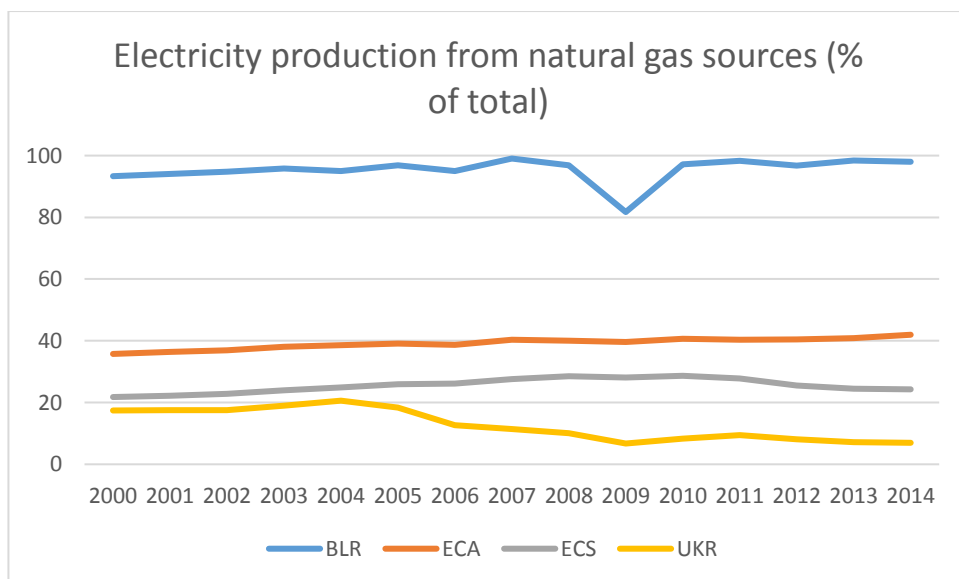


Figure 34 Electricity production from natural gas sources (% of total). Belarus, Ukraine, ECA, ECS. 2000 – 2014. Own Elaboration (Source: WB Data)

Both Ukraine and Belarus are below the levels of ECA and ECS in the matters of renewable electricity output (Figure 35)

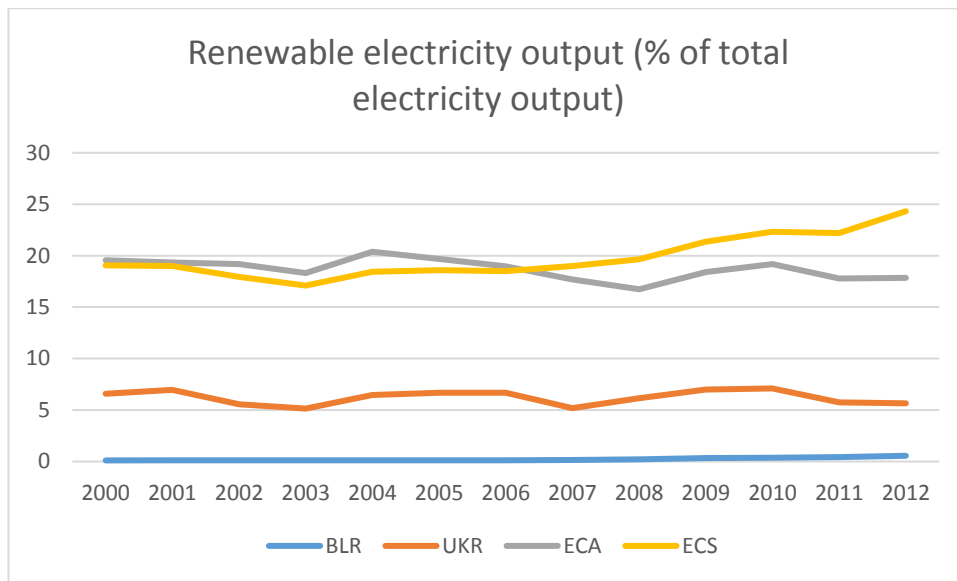


Figure 35 Renewable electricity output (% of total electricity output). Belarus, Ukraine, ECA, ECS, 2000 – 2012. Own Elaboration (Source: WB Data)

Ukraine is producing half its electricity from coal and half from nuclear sources (Figures 36, 37). Compared to countries of ECA and ECS, there is a very small proportion of electricity created from natural gas or renewable sources. Belarus has no active coal or nuclear plants and is highly dependent on Russian natural gas (Figures 34, 35).

Under its 2011-2020 energy strategy, Belarus is seeking to reduce its reliance on Russia as a major energy supplier. The plan calls for a 1000 MWe coal-fired plant and a 2400 MWe nuclear power plant as well as four hydropower stations with total capacity of 120 MW, and wind projects totaling 300 MW. If fully implemented, the strategy would bring the share of power generated using Russian gas down to 55% by 2020, from over 80% in 2009. Gas demand should decrease by one-third. (World Nuclear Association 2017)

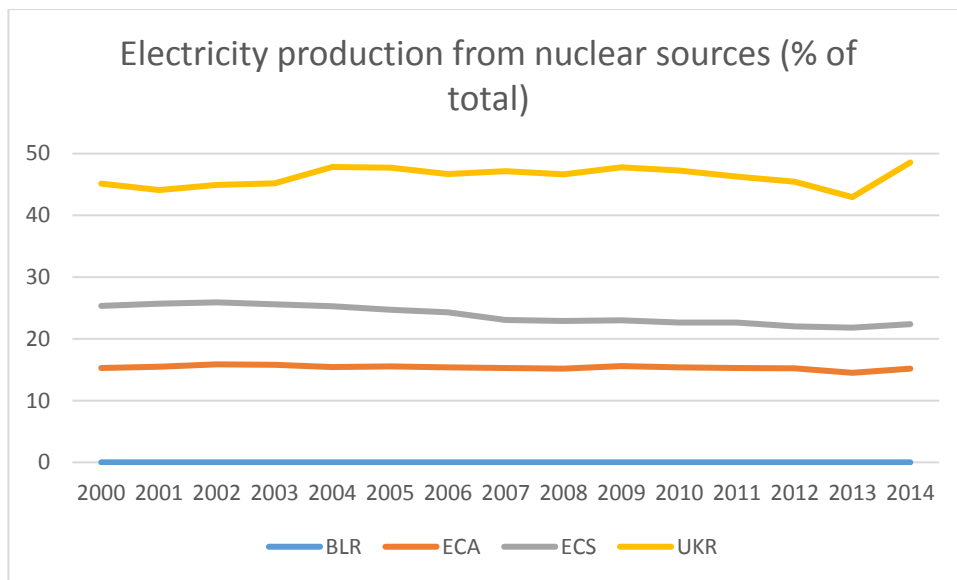


Figure 36 Electricity production from nuclear sources (% of total). Belarus, Ukraine, ECA, ECS, 2000 – 2014. Own Elaboration (Source: WB Data)

While Belarus has no active coal power station yet (Figure 37), in the Ukraine the coal is a source for almost 40% of electricity produced. Old thermal plants are energetically inefficient and are counted to be a significant polluter.

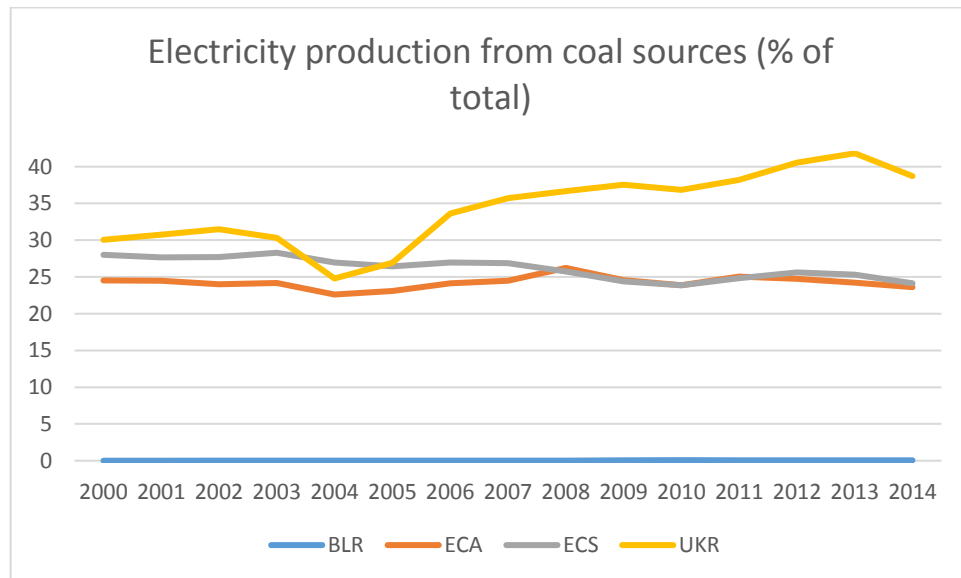


Figure 37 Electricity production from coal sources (% of total). Belarus, Ukraine, ECA, ECS, 2000 – 2014. Own Elaboration (Source: WB Data)

6.4.4. Summary

Both countries have inherited serious environmental problems from the Soviet Union, governance of which was not deeply concerned about the environmental protection. High levels of nature degradation should be addressed within a long-term strategic conceptions. The energetical transition can be an opportunity for both Ukraine and Belarus to create desirable green economy

7. CONCLUSION

Belarus and Ukraine do not only share their borders, but also their culture, religion and history. Their starting points in the early 1990s, when Soviet Union was disintegrated, were similar. Ukraine started a process of not very successful democratic transition which was accompanied with high corruption rates and several civic uprisings, last of which resulted into an ongoing war. Belarus, on the other hand, did not really start its way towards democracy yet. Authoritative president Alexander Lukashenko reigns the country for over 20 years and conserves some of the old fashioned manners, especially during the election time.

Aim of this thesis was to conduct an analysis of the development and development indicators of Belarus and Ukraine. The aim was reached and the analysis these brought these conclusions::

- Regarding to economy: The economy of Ukraine is in a very bad condition, which was proved by indicators such as GDP, GDP per capita, annual inflation. It is mainly a consequence of development in recent years, when the ongoing conflict between the state and Russian backed separatists started and the industrial base of the eastern Ukraine was destroyed. If the economy of Ukraine won't revive soon, the country might face huge complications. Belarus showed more economic stability in the observed period, however had big problems with repeating inflation waves and monetary crises caused by irresponsible economical decisions implement by the government. Now the situation seems to be settled, though is endangered by the economic depression in Russia, Belarusian main trade partner.
- Regarding to public health: The healthcare in Belarus and Ukraine shares few common features from the Soviet times, when Semashkos system of public healthcare was strictly implemented. Neither Ukrainian, nor Belarusian healthcare has changed dramatically since the independence in its basics, though the Belarusian system seems to work slightly better considering children mortality, life expectancy and HIV prevalence. The better performance corresponds with much higher per capita health expenditure which is possible thanks to better working economy.

- Regarding poverty and inequality: Belarus is promoting equality in the old manners. Compared to other observed countries there is minimal unemployment, high participation of women in public and private sector and relatively low income inequality. Ukraine exhibits just a bare participation of women in public and private life. Income inequality is relatively low, such as are the incomes. Neither Ukraine or Belarus are suffering by poverty, however in the future it might be a threat for the devastated Ukraine
- Regarding public health: Broad healthcare measures need to be introduced in Ukraine and Belarus in order to improve its performance in the long term. These include the higher participation of the private sector in the health system, new financing model (including public and private insurance schemes), and redefinition of a regulatory framework to determine the legal status of central and regional, governmental and professional bodies and institutions, including hospitals. It is essential that the changes are implemented with transparency and professionalism. Successful implementation of the changes will help to improve availability, quality, and efficiency of health service delivery. The healthcare system of both countries should also implement more high-tech projects and innovation technologies. That would need intensive investments, promotion of public-private partnership and expansion of the range of paid medical services. while preserving the opportunity to get free medical treatment. Besides to social benefits, high-quality healthcare might be also highly profitable.

The hypothesis of this thesis, such as was stated in Chapter No. 1, was confirmed and specified. Ukraine is suffering from substantial developmental problems and performed unsatisfactorily in basically all observed spheres. Belarus, on the other hand, developed better in the observed period, but still lags behind the high income countries. The further development in both countries, however, remains highly unpredictable.

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Appendix 1 Economic Indicators

Appendix 2 Poverty and Inequality Indicators

Appendix 3 Public Health Indicators

Appendix 4 Environment and Energy related Indicators