



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

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

## Advocacy Paper

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

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

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

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

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

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

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

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

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

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

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

## **What is the situation?**

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

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

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

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

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

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

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

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

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

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

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

## What needs to happen?

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

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

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

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

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

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

## **What is the situation?**

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

## What needs to happen?

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

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

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



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

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

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

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

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

## **What is the situation?**

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

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

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

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

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

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

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

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

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

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

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

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

## **What needs to happen?**

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

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

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

## Implications for the post-2015 development agenda

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

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

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