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Trade and Sustainable Development Governance in Ukraine – The need for an integrated implementation approach

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Abbreviations

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<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AG</td>
<td>Advisory Group</td>
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<tr>
<td>DCFTA</td>
<td>Deep and Comprehensive Free Trade Agreement</td>
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<td>EU</td>
<td>European Union</td>
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<td>FTA</td>
<td>Free Trade Agreement</td>
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<td>ILO</td>
<td>International labour Organisation</td>
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<td>ITC</td>
<td>International Trade Center</td>
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<td>MEDT</td>
<td>Ukrainian Ministry for Economic Development and Trade</td>
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<td>SD</td>
<td>Sustainable Development</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>TSD</td>
<td>Trade and Sustainable Development</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
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</tbody>
</table>
1. Introduction

The Deep and Comprehensive Free Trade Agreement (DCFTA) that has been established by the Association Agreement between the Ukraine and the European Union went into force on 1st September 2017. The provisions of the DCFTA are subject to Part IV ‘Trade and Trade-Related Matters’ of the Association Agreement. Chapter 13 ‘Trade and Sustainable Development’ encompasses 14 articles (articles 289 to 302) of the Association Agreement. These provisions refer to
a) Standards and principles (see TSD introduction paper)
b) Implementation: General Provisions and institutional structures for implementation.

With the Association Agreement, Ukraine has committed to converge its policies and legislation to those of the European Union. This requires a comprehensive process of adjusting Ukrainian policies and governance structures that have to be based on the fundamental European values of respect for human dignity and human rights, freedom, democracy, equality and the rule of law and the general goal to secure peace and the well-being of its people.¹

The Ministry for Economic Development and Trade (MEDT) is responsible for the implementation of the DCFTA including Chapter 13.

In parallel to this, UNDP has supported the Ukrainian government with developing a national Sustainable Development Strategy along the lines of the 2030 Agenda with the Sustainable Development Goals (SDGs) at its core. The implementation of this strategy is as well coordinated by MEDT. This paper outlines the governance issue with regard to Trade and Sustainable Development and how this could be linked with the Ukrainian SD strategy under the coordination of MEDT.

2. General implementation provisions

Chapter 13 includes three general rules related to the implementation of the provisions.

The standards shall be effectively applied without exception (Art. 296)

Trade and investment between the EU and Ukraine shall rely on the effective implementation of the environmental and social standards that are subject to Chapter 13. Therefore:
1. The environmental and labor laws shall be effectively implemented – always and without any exception. This requires effective enforcement mechanisms that include surveillance and sanction mechanisms.
2. There shall be no compromising on environmental and social standards or regulations to facilitate trade or attract investments.

All data and information shall be based on scientific standards (Art. 297)

All planning and implementation of measures shall be based on scientific and technical information. This requires data and statistics that are raised by scientific methodologies according to international standards, guidelines and recommendations.

The sustainability impacts shall be reviewed (Art. 298)

The impact of the environmental and social standards as outlined in Chapter 13 shall be monitored, reviewed and assessed on a regular basis. This shall be done through the participatory processes and trade-related sustainability impact assessment.

¹ According the the latest EU treaty, the Treaty of Lisbon that took effect on 1st December 2009.
3. Institutional provisions of Chapter 13

The institutional governance structures to comply with the provisions of Trade and Sustainable Development encompasses three key elements:

1. **The Government of Ukraine** is responsible for the implementation of the DCFTA incl. Chapter 13;

2. **The Civil Society** is organised as an Advisory Group to the government; it is involved in monitoring the progress and submitting opinions and recommendations thus giving them **influence** in the governmental decisions and providing the government with additional expertise; and

3. **An independent Expert Group clarifies controversial issues** between the Ukrainian government and the EU and submits suggestions for solutions.

**Civil Society / Advisory Group**

The Advisory Goup (AG) on sustainable development in Ukraine can be an existing one or be newly established. The AG shall consist of independent representative organisations of civil society in a **balanced representation** of employers and workers organisations, non-governmental organisations as well as other relevant stakeholders.

The members of the Ukrainain AG and the EU AG shall meet once a year at an open Civil Society Forum for an open dialogue. A further function of the Forum is to contribute to monitoring the implementation progress of the provisions of Chapter 13. The data and information are provided by the governments of Ukraine and EU.

The views, opinions and suggestions of the Forum can be directly forwarded to the government or via the Advisory Groups.

**Sub-Committees**

The Trade and Sustainable Development Sub-Committee of Ukraine shall oversee the implementation of the provisions of Chapter 13 in Ukraine. This is mirrored by a sub-committee on the EU side. Each side names a contact point and via these contact points, the parties can exchange information, data and reports.
As for a dispute settlement mechanism, the parties shall establish a joint group of experts. These experts shall provide independent advice in case of disagreement.

4. Experience from implementing Chapter 13 in EU-FTA countries

The EU and its trade partners have been implementing TSD chapters in FTAs for a relatively short period. Those FTAs were made with the following countries:

<table>
<thead>
<tr>
<th>EU Partner Country</th>
<th>Month of entering into force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>CETA 21 September 2017; still to be approved by national parliaments</td>
</tr>
<tr>
<td>Central America</td>
<td>Provisional applied end of 2013: Honduras, Nicaragua, Panama, Costa Rica, El Salvador, Guatemala</td>
</tr>
<tr>
<td>Colombia, Peru, Ecuador</td>
<td>March/August 2013</td>
</tr>
<tr>
<td>Georgia</td>
<td>July 2016</td>
</tr>
<tr>
<td>Moldova</td>
<td>July 2016</td>
</tr>
<tr>
<td>Singapore</td>
<td>to be agreed upon by the Council and the European Parliament</td>
</tr>
<tr>
<td>South Korea</td>
<td>December 2015</td>
</tr>
<tr>
<td>Ukraine</td>
<td>September 2017</td>
</tr>
<tr>
<td>Vietnam</td>
<td>legal review of the negotiated text currently on-going</td>
</tr>
</tbody>
</table>

For most of the EU’s FTA partners, these provisions are still unfamiliar and, as a consequence, sometimes challenging to implement. The emphasis has therefore been on putting into place institutional structures and monitoring practices. Still, progress is already visible, such as the establishment of unprecedented TSD institutional and civil society structures in countries where civil society was not always associated in trade matters. Such structures have allowed for the establishment of regular and focused dialogues on often sensitive TSD issues with FTA partner countries. Although overall broad support from trade partners for the EU's ambitious TSD scope and enforcement can be registered, some EU stakeholders find that current TSD implementation mechanisms do not provide sufficiently swift or visible responses to
Concerns put to the attention of governments (for instance, alleged lack of compliance with an ILO convention) or addressing long standing implementation issues or lack of cooperation.

The civil society structures (Domestic Advisory Groups) have not been able to work to its full potential due to, inter alia, capacity constraints and/or the novelties it brings to their practices. In addition, concerns have been expressed that not all complaints are effectively addressed. Examples given are the lack of clarity of how complaints are taken up and what procedure to follow. Finally, civil society structures have not realised yet their full potential, in part due to difficulties of an organisational and logistical nature (for instance, organisation of meeting venues, participation of civil society in activities related to TSD implementation). Altogether, the implementation of the TSD chapter remains cumbersome and unsatisfactory. Therefore, a debate on how to improve the effective implementation of TSD chapters in FTAs has taken place in EU institutions between January and July 2018. The Commission has identified 15 concrete and practicable actions in the non-paper of 26th February 2018 for which a consensus has emerged, and organised them around four main headings:

- Strengthening partnership with member states and the European Parliament;
- Ensuring that countries comply with their commitments through more assertive enforcement;
- Facilitating the monitoring role of civil society; and
- Making EU resources available to support the implementation of sustainable development chapters in trade agreements.

This suggests, that TSD will have a more prominent role in Free Trade Agreements of the EU and the compliance with Chapter 13 will become a more critical issue.

5. TSD and the Agenda 2030

The EU is committed to UN Sustainable Development Goals as well as the EU agenda on jobs and growth, for which trade with international partners is crucial. Sustainability is therefore one of the key objectives of EU trade policy, and the Commission is committed to including Trade and Sustainable Development (TSD) chapters in free trade agreement (FTA) negotiations as part of the EU value-based trade agenda.

5.1.1 Trade and Sustainable Development in the SDGs

The 2030 Agenda for Sustainable Development with the 17 Sustainable Development
Goals recognizes international trade as an engine for inclusive economic growth and poverty reduction, and an important means to achieve the Sustainable Development Goals (SDGs).

Trade is explicitly subject to SDG 17. The global trade-related indicators of the SDGs are provided and updated by UNCTAD, ITC and WTO. The relevant targets are:

- **Target 17.10:** Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda
  - **Indicator 17.10.1:** Worldwide weighted tariff-average
- **Target 17.11:** Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries’ share of global exports by 2020
  - **Indicator 17.11.1:** Developing countries’ and least developed countries’ share of global exports
- **Target 17.12:** Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access
  - **Indicator 17.12.1:** Average tariffs faced by developing countries, least developed countries and small island developing States

However, the SDG 17 targets are thematically not relevant for the issues handled under Chapter 13 (Trade and Sustainable Development). The provisions of Chapter 13 / DCFTA are strongly related to a number of SDGs that refer to the issues that TSD covers. These are in particular:

- **5.1** End all forms of discrimination against all women and girls everywhere
- **5.5** Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
- **6.3** By 2030, improve water quality by reducing pollution, eliminating and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
- **7.2** By 2030, increase substantially the share of renewable energy in the global energy mix
- **7.3** By 2030, double the global rate of improvement in energy efficiency
- **8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- **8.4** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- **8.7** Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
- **8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- **8.9** By 2030, devise and implement policies to promote sustainable tourism that creates jobs and

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2 United Nations Conference on Development and Trade
promotes local culture and products

9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries
9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

12.1 Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries
12.2 By 2030, achieve the sustainable management and efficient use of natural resources
12.4 By 2020, achieve the sustainable management and efficient use of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature
12.a Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production
12.b Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products
12.c Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities

13.2 Integrate climate change measures into national policies, strategies and planning
13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, particular from land-based activities, including marine debris and nutrient pollution
14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics
14.6 By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation
14.b Provide access for small-scale artisanal fishers to marine resources and markets
14.c Enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected in UNCLOS, which provides the legal framework for the conservation and sustainable use of oceans and their resources, as recalled in paragraph 158 of The Future We Want

15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts
15.b Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation

16.5 Substantially reduce corruption and bribery in all their forms
16.6 Develop effective, accountable and transparent institutions at all levels
16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels
16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
16.b Promote and enforce non-discriminatory laws and policies for sustainable development

5.1.2 The relation of Chapter 13 DCFTA and the SDGs

The provisions of Chapter 13 were applied before the SDGs were formulated. Currently the EU is aligning all the sustainability efforts to the system of the SDGs. Therefore we can say, that all provisions in Chapter 13 are somehow part of the SDGs and the EU distinctly encourages its trade partners to implement the Agenda 2030 in their countries. However, there are some parts in the DCFTA that are binding obligations with indicators, whereas other parts are softer and only require improvements.

The following table compares the TSD provisions with the SDGs.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Chapter 13 DCFTA</th>
<th>SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>General character</td>
<td>Binding trade standards that are valid for both parties without exception as part of Freetrade Agreement contract between EU and FTA country</td>
<td>International convention on sustainable development objectives</td>
</tr>
<tr>
<td>Overarching objective / Purpose</td>
<td>Safeguard environmental and social standards in the scope of value-based EU agreements</td>
<td>Universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity</td>
</tr>
<tr>
<td>Legal basis</td>
<td>Binding obligations of Association Agreement (bilateral contract EU-FTA country)</td>
<td>Voluntary (partly political pressure / economic incentives)</td>
</tr>
<tr>
<td>Parties</td>
<td>FTA country, European Union (EU), Euratom and the EU's 28 member states</td>
<td>All countries in the world; international benchmarking</td>
</tr>
<tr>
<td>Issues / topics</td>
<td>Environment and Labour based on international agreements and standards, Green Economy, green goods, trade in natural resources (timber, fish, energy products)</td>
<td>Poverty, health, education, gender, water, energy, decent work, industry&amp;infrastructure, inequality, sustainable cities, responsible consumption and production, climate, oceans, land life, peace and rule of law, international cooperation</td>
</tr>
<tr>
<td>Strategy formulation</td>
<td>European Commission, relevant General Directorates; national</td>
<td>National SDG strategy based on Agenda 2030</td>
</tr>
<tr>
<td><strong>National coordination</strong></td>
<td>National government assigns sub-committee to coordinate compliance with Chapter 13</td>
<td>National government assigns responsible institution for coordination</td>
</tr>
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<td>--------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Participation of civil society and private sector</strong></td>
<td>Self-organised Advisory Group of civil society supports with monitoring and submits suggestions and opinions to government</td>
<td>Participatory process: Involvement of civil society representatives, business representatives, scientists and other relevant stakeholders; balanced civil society representatives constitute the Advisory Group to advise government and submit their suggestions</td>
</tr>
<tr>
<td><strong>Monitoring and reporting</strong></td>
<td>Competent EU General Directorates; data from EUROSTAT, national data from member countries (all sectors); member countries: competent ministries</td>
<td>National SDG monitoring, benchmarking coordinated by UN; various benchmarking systems in place (e.g. World Bank, SD Index)</td>
</tr>
</tbody>
</table>

6. **Sustainable development governance on the national level: The case of Germany**

Sustainability policy in Germany is closely intertwined with European and international policy and is oriented towards the SDGs. Their usage and implementation in Germany is intended to make a life in "peace, dignity and prosperity" (former UN Secretary General Ban Ki-moon) possible for all people.

The German government dedicates high importance to sustainable development. This is why the topic of sustainable development is allocated to the responsibilities of the Chancellery. The State Secretaries' Committee for Sustainable Development meets at regular intervals under the aegis of the Head of the Federal Chancellery.

Germany has a long-term plan for how it can make itself future-proof: the German Sustainable Development Strategy (GSDS). It contains concrete goals, whose achievement is to be measured on the basis of defined indicators and thereby provide orientation for Germany's sustainability policy. Various institutions – among them the German Council for Sustainable Development (RNE) – are tasked with ensuring that sustainability becomes embedded as one of the fundamental principles of our society.

The Federal Government commissions the RNE to carry out assessments of German sustainability policy by international experts at regular intervals (Peer Reviews). The recent [Peer Review](#) on the German Sustainability Strategy (2018) gives Germany good marks, but also stresses that improvements need to be made in many areas. As a consequence of the Peer Review, the German Sustainable Development Strategy is under assessment since June 2018. The consultation process is governed by the Federal German Chancellery.

The German sustainability architecture encompasses institutions on all levels to foster sustainable development. The key institutions are outlined in the following.

**German Council for Sustainable Development (RNE)**

The Council has been established in 2001 and is an advisory body to the German Government. Its 15 members of public life are nominated by the Chancellor for a (renewable) term of three years.

The Council advises the government on its sustainable development policy and, by presenting proposals for targets and indicators, seeks to advance the Sustainability

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3 The [website](#) of the German Sustainability Council contains comprehensive information on experience and good practices from Germany in English and German language. The rules of procedures of the Sustainability Council can be found [here](#).
Strategy as well as propose projects for its realisation. A further task is to foster social
dialogue on the issue of sustainability. The objective here is to increase the level of
awareness among all concerned and the population as to what sustainable development
actually means by demonstrating the consequences of social action and discussing
possible solutions.

**Parliamentary Council on Sustainable Development**

Since the year 2004, sustainability is institutionalised in the German parliament
('Bundestag') in the shape of the ‘Parliamentary Council for Sustainable Development’. This
council has a ‘watch dog’ function in the parliament and assesses planned legislation for
compatibility with the goals of Germany’s National Sustainable Development Strategy. In
addition, hearings and position papers of the Council activate debates, and it has become
an important element of the parliament.

**State Secretaries’ Committee on Sustainable Development**

Sustainability policy is under the responsibility of the Chancellery. All federal ministries
formulate sustainability policy in the area of their responsibility. Each one state secretary
per ministry, together with the First Minister of the Chancellery constitute the State
Secretaries’ Committee on Sustainable Development. In this Committee, the ministries
cooperate for the joint implementation of the many policy areas that are affected by the
German sustainability policy. The sustainability policy until the year 2020 is reflected in the
German Sustainability Strategy.
The Committee has the following tasks, it:
- develops the sustainability strategy;
- assesses on a regular basis the indicators;
- is contact point for the Parliamentary Council for Sustainable Development, for the
  German Lander (States) and for the communal umbrella organisations; and
- gives advice to the German federal government on ongoing topics of sustainability

**Ministry Coordinators for Sustainability**

On the implementation level, each ministry nominates a Department Coordinator as focal
contact point for sustainability within the ministry. The Coordinators are leading civil
servants (head of ministry department). They cooperate with various stakeholders from
outside the ministry, e.g. the German Sustainability Council. This shall serve to
communicate target conflicts, in particular with regard to trade, finance and tax policy, in a
transparent way and to change to a sustainability path.

**Forums of Participation**

In shaping and implementing the German sustainability strategies, the German government
attaches great importance to a strong participation of the civil society and involvement of all
other expert capacities in the country.
The involvement of the civil society in shaping a sustainable future has become a top
priority at the Rio Conference on Sustainable Development in 1992. The Local Agenda 21
was an action programme to promote the establishment of institutions for sustainable
development on the local level in a multistakeholder setting. This active role of the civil
society is essential as sustainable development needs mainstreaming and innovation
throughout the society.
Stakeholder participation is fostered by the German government on the level of
municipalities, German States (provinces) and on the national level. Next to the many
stakeholder forums on the regional and local level, Germany as three key forums for
stakeholder participation on the national level:
**Sustainability forum:** The German Sustainability Forum has been established in 2016 for the public-private dialogue as part of the German sustainability strategy. It meets annually and serves as an exchange platform of the German government with core stakeholders about the status and the future implementation of the German Sustainability Strategy and the Agenda 2030 with its SDGs. The forum comprises of some 100 experts from all fields of the civil society incl. environmental and social activists, business, science, church as well as two town unions (multipliers of the many German municipalities), three provincial (‘State’) governments and of the Advisory Council for Sustainability of the German parliament.

**Dialogue Forum SDGs:** The two German ministries who have a traditional leading role in sustainable development in Germany, the Ministry for Environment, Nature Protection and Nuclear Safety (BMUB) and the Ministry for Economic Cooperation and Development (BMZ), lead an exchange forum where they discuss on the efforts for a sustainable development on international level with interested actors.

**Science Platform Sustainability 2030:** The Platform has been founded as a joint initiative of the Ministry for Education and Research (BMBF), the BMUB and the BMZ under participation of the Federal Chancellery. Its aim is to strengthen the voice of science in sustainability politics and to stimulate the implementation of the Agenda 2030. The Platform consists of 26 leading representatives form science and society and shall support the sustainability policy and sustainable development of Germany by formulating recommendations, strategies and options for action.

**The way ahead**

Meanwhile Germany has gained considerable experience and shares it worldwide; The NRE issues a ‘German Almanac of Sustainability’ (2017) with good practices. But there is still a lot to understand and a way to go to transform into a sustainable society. Although inter-ministerial working groups are cooperating and coordinating their policies, the sustainable development paradigm challenges the German bureaucratic structures as the departments have been shaped and re-shaped according to political spheres. The SDGs require enhanced policy coherence and new mechanisms to foster communication and cooperation among the administrative entities and innovation in all fields of society, consumption and production.

The German Institute for Advanced Sustainability Studies (ISS) suggests that “Greater cooperation is needed across science, civil society, and policymaking to advance sustainability”. Jörg Meyer Ries, ISS senior fellow and Head of Division at the BMUB, suggests to establish a ‘Government Innovation Lab’ as a work unit that is borne by several ministries with the mandate to initiate innovative communication and cooperation forms beyond the administrative limits of departments and ministries. ‘Lab’ implies an experimental and collaborative approach; ‘innovation’ refers to organisation and processes, ‘government’ addresses the innovation impulse towards the operating system of the government. This shall enhance inter-departmental coordination. Hence, switching to the sustainable development path requires thinking out of the box, openness for new ways and innovations to address the challenges and opportunities of governing the transformational process that has begun. This includes change in terms of cooperation, coordination and negotiation within and between administrative structures and joint efforts with all parts of the society.

**7. Recommendations for sustainability governance in Ukraine**

The Ministry for Economic Development and Trade (MEDT) is the competent ministry to safeguard that the provisions of the DCFTA, incl. Chapter 13 are implemented. The same ministry is competent for the national Sustainable Development Strategy in the scope of the 2030 Agenda. Both competences are thematically very firmly intwined and therefore it is an advantage, that the overall coordination function is centralised in one ministry.
7.1 Coordination function for TSD DCFTA

Sustainability is a fundamental approach to the way how people live, consume, produce, treat other people and other species, and share opportunities and resources. Hence, sustainability is an underlying principle of all policies and cannot be limited to only one policy department.

The coordinating function does not mean that the thematic expertise is bundled in the coordinating ministry. For example, MEDT is competent for sustainable economic development, the Ministry of Ecology and Natural Resources is competent for environment policies and possesses far more technical expertise on environmental topics, and the Ministry for Social Policy is competent for labour policies. Hence, all ministries are competent and possess expertise in several areas that are related to Chapter 13 / DCFTA and the SDGs.

Apart from the government level, sustainability needs the involvement of the civil society as transformation of the current economy needs to be managed by everyone in the country. The civil society representatives contribute expertise, ideas and opinions on how to manage the implementation of sustainability objectives. Their opinions are important for the government to shape the institutional framework (‘the rules of the game’) in a way that suits best the needs for effective change towards sustainability.

Therefore, the coordination function of MEDT should encompass (not exhaustive):

- Responsibly and pro-active coordination of the implementation of Chapter 13, in particular with regard to environmental and social standards and the green economy paradigm
- Development of a strategy (‘Roadmap’) and an action plan for the integrated implementation of sustainable development policies in alignment with the national Sustainable Development Strategy (SDGs, 2030 Agenda)
- Assignment of responsibilities to ministries and definition of minimum standards
- Development of a monitoring system to follow-up the results with regard to environmental and social standards, compatible with the monitoring structure of the EU; and based on monitoring synergies with the Ukrainian SDG Strategy
- Demand for statistical services from the Institute of Statistics on standard data and the supply of special reports on sustainability statistics broken down to the provisions of the DCFTA and the SDGs (the Institute of Statistics need comprehensive capacity building in this field, which should be requested from EU by the MEST)
- Coordination of the interministerial information flow on TSD / SDGs and pro-actively plan and implement measures to foster policy coherence (e.g. development of action plan and minimum standards in all ministries)
- Acquisition and channelling of funds to improve Ukraine’s capacities in sustainable development issues, e.g. by tendering projects / challenge funds to stakeholders on all levels; training of responsible administrative staff on all levels
- Coordination of the development /adaptation of TSD/SDG strategies and reports
- Coordination of the development, installation and management of an inter-active knowledge and data portal on TSD / SDGs in Ukrainian (and English) language; this should include links to existing knowledge and data sources in Ukraine and international best practices
- Conduct of measures to raise the awareness for TSD / SDGs on all levels
- Coordination of an annual conference on TSD / SDGs with focal topics
7.2 Proposed institutional architecture to coordinate the implementation of TSD provisions

In order to fulfil its coordinating function, MEDT should foster the setup of the institutions that are required by DCFTA. The coordination of TSD and SDGs should be aligned, however, the information of the DCFTA provisions should be separately monitored and reported to the EU.

**Sustainability Strategy**

Supported by UNDP, the Ukrainian government has elaborated an SDG strategy in a comprehensive participatory process in 2017, which constitutes the fundament for Ukraines Sustainable Development governance. Now the strategy needs to be implemented and UNDP, together with MEDT and other stakeholders, is currently developing implementation measures.

The Institute for Social and Economic Research ISER has recently assessed the Government Strategic Policy Papers (GSPP) against the Ukrainian SDG Strategy and found that there are considerable gaps in addressing SDGs in the GSPPs.⁴

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**The number of the SDG targets prioritised in GSPPs**

*Source: ISER*

This shows that there are already GDPPs that consider SDGs, but many GSPPs have been

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⁴ The analysis and recommendations on how to implement the SDGs in government policies is available [here in Ukrainian](#) in full length and as summary in English and Ukrainian.
developed before the SDG strategy was finalised and therefore those strategies have the largest gaps.

A vehicle to automatically include SDGs in government strategies is institutionalising the Sustainable Development governance in terms of organisation units and procedures that carry the process of mainstreaming sustainability in the government strategies and in practice.

**Elements of a sustainability architecture in Ukraine**

The development of a sustainability architecture is a process and should begin with core elements. In the following, an example on how this could look like for Ukraine is outlined. The next step is developing the institutional structures to develop an integrated SD implementation strategy that considers the DCFTA provisions and the Ukrainian SD strategic objectives and targets. This would require:

- Set up of the institutional structures with attribution of responsibilities:
  - Set-up of structures as required according to Chapter 13 / DCFTA
  - Attributing responsibilities and setting minimum requirements for administrative units on TSD (and SDGs)
  - Implementation procedures for coordination, consultation, communication, and information (in the scope of a joint SD implementation strategy)

- A baseline investigation on the current status quo with regard to Ukraine’s compliance with Chapter 13/DCFTA incl. a set of indicators

- An integrated SD strategy (‘Roadmap’) to fulfil the provisions of Chapter 13/DCFTA

- An action plan to implement the SD strategy

- A monitoring system to measure the progress of implementation

**Example for a sustainability architecture in Ukraine**

**The role of MEDT**

MEDT, as assigned by the Prime Minister is responsible for the coordination of sustainable development in Ukraine. This applies to DCFTA and the SDGs.
In this coordinating function, MEDT could initiate the establishment of coordinating elements, such as the Civil Society Forum, the Sustainability Council and the Local governance forum on sustainable development.

**Sustainable Development Portal:** MEDT could be the nodal point for sustainability knowledge by establishing a Sustainable Development online portal, where knowledge, such as good practices, technical information, data, contacts and links to other knowledge sources in Ukraine and abroad are provided. In addition, MEDT could organise an annual symposium on Sustainable Development with annual focal topics for participants from all interested governmental and private institutions to exchange good practices, raise issues to be addressed and strengthen networks.

**Challenge Fund for local Sustainable Development promotion:** Supported by one or more donor agencies, a fund could be channelled through MEDT to support local stakeholders (possibly with different windows for different stakeholder groups). This would be a concept to trigger the initiative and engagement of local stakeholders to improve sustainable development in selected core areas, accompanied by awareness measures by innovative local projects.

**Civil Society Forum**

The Civil Society Forum (required by the DCFTA), which is already in place serves to facilitate civil society participation as a key pillar for sustainable development. Once initiated by MEDT, the forum organises itself and is independent from governmental regulation. The experts of the forum a) contribute their expertise to the entire transformation process and b) are multipliers for the various civil society groups thus being a vehicle for sustainability mainstreaming in the society.

**Group of experts**

The group of experts (required by the DCFTA) is the dispute settlement mechanism between the two DCFTA parties EU and Ukraine. This group clarifies controversial issues between the EU and Ukraine by scientific analysis and recommendations.

**Sustainability Council**

A Sustainability Council could be established to gather top experts in sustainable development in Ukraine as a resource to support the Ukrainian government in developing sustainable development strategies. In addition, this could serve to coordinate the donors’ activities in this field. Members could be scientists on TSD/SDGs in Ukraine, former politicians in this field, innovative business personalities, national and international experts, and representatives of donor organisations.

**Local Governance Forum on Sustainable Development**

In order to foster sustainability mainstreaming on the local and regional governance level, a Local Governance Forum on Sustainable Development could be established to discuss national strategies and its implementation challenges on the local and regional level and to receive training and peer exchange as capacity building measures.

**Ministries Sustainable Development Group**

This group could serve to achieve policy coherence among the Ukrainian ministries. Each ministry should nominate a high ranking focal person as member of this group and a focal person on the operational level to be responsible for the implementation of measures within the respective ministry.

**Parliamentary Council of Sustainable Development**
Members of the Ukrainian parliament (Verkhovna Rada) should form a work group to discuss and follow up the implementation of the Ukrainian SD strategy.

**State Statistical Office**

The implementation of the sustainability strategy needs science-based data on the status quo of sustainability issues and the progress of implementation. This should be provided by the State Statistical Office, which needs considerable capacity building to set up a system of sustainable development indicators that reflect the provisions of Chapter 13 / DCFTA and the SDGs.

8. Conclusions and Recommendations

The parallel efforts in the scope of the 2030 Agenda (SDGs) and the DCFTA should be handled in an integrated approach and not as parallel structures. Therefore, MEDT should initiate and coordinate the setup of governance structures and develop an integrated implementation strategy (‘roadmap’) for sustainable development. This should be done in a participatory process and consider the obligation from the DCFTA and the Ukrainian Sustainable Development Strategy (SDGs). Within the institutional structures, MEDT should coordinate the following measures (not exhaustive)

- Coordination across Ukrainian sector policies, standards and procedures to mainstream sustainability issues in sector policies
- Adapting the institutional framework, such as
  - Adapting the Ukrainian government strategies, legislation und directives to comply with environmental and social standards
  - Establishing effective enforcement mechanisms for environmental and social standards, in particular on the local level
  - Establishing promotional programmes and incentives for Ukrainian companies to comply with environmental and social standards
- Development of economic incentive mechanisms to change to sustainability (e.g. subsidies, access to credits with grant share, project funding)
- Training of supervisory administrative staff on all levels
- Establishing a data and knowledge management system on sustainable development issues with free access to data, such as
  - Web-based portal for Green Economy Ukraine
  - Annual symposia on sustainability issues in Kiew and on the regional level
  - Regional and local knowledge communities, hubs for Green Economy

**Defining support from EU to tackle key issues**

Unless other donor agencies provide similar support, further cooperation for TSD with the EU could be considered in the following fields (not exhaustive):

- Development and implementation of the sustainability architecture in Ukraine
- Development of a Roadmap for TSD in communication with EU
  - Define thematic priorities for Ukraine
  - Develop a time schedule for mid-term to long-term
  - Define the TSD / SDG structure of the line ministries and the regional and local government units: responsibilities, focal persons, coordination among ministries, role of SD council, policy coherence)
  - Define the scope of data and knowledge required and define sources of information (incl. the role of the Statistics Institute)
9. References

Studies, reports, books and other documents

DIW Econ (2013), Towards a low carbon growth strategy for Ukraine, Key policy steps
DIW Econ (2013): Assessing the innovation potential in Ukraine - Recent track record and implications for low-carbon development - Technical Paper No.1
GIZ, Dr. Irina Bryzhan (2014), Key Industrial Sectors Considered to be Crucial for a Transition to a Green Economy in Ukraine
GIZ, DIW Econ (October 2017), Potentials for a Green Modernisation of the Ukrainian Industry – Baseline Survey 2017
Kononenko (2013): Development of Green Economy in Ukraine as a Display of Transformation Processes
Ministry of Economic Development and Trade, Sustainable Development Goals Ukraine, National Baseline Report 2017
OECD (2013): Green growth and environmental governance in Eastern Europe, Caucasus and Central Asia; summary version here

Websites

European Commission, Environment: http://ec.europa.eu/environment/

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10. Recommended Information Portals

Here are some portals on sustainable development to get insights into the issues of sustainable development and learn more about good practices for policy makers.

**Environment / Sustainability**

**European Commission Environment Portal**
Comprehensive information on EU Environment regulations including, technical information and links, explanations and guides for implementing and monitoring environmental standards.

“This is the place to find core information about what the EU is doing to protect its environment – air, water, nature, biodiversity and so on. It is brought to you by the Environment Directorate General of the European Commission (‘DG Environment’).”

**International Institute for Sustainable Development (IISD)**
IISD is an internationally acknowledged Canadian research institute that provides policy analysis and advice on sustainable development. The website contains policy papers and analysis on sustainability issues, such as Energy Subsidies in Ukraine (Study in Ukrainian).

“Through research, analysis and knowledge sharing, we identify and champion sustainable solutions that make a difference. We report on international negotiations, conduct rigorous research, and engage citizens, businesses and policy-makers on the shared goal of developing sustainably.”

**German Environment Agency (Umweltbundesamt)**
The website provides a rich source of knowledge on environmental topics and explains the German environmental legislation in English and German language.

“As Germany’s main environmental protection agency, our task is to ensure that our fellow citizens have a healthy environment with clean air and water, free of pollutants to the greatest extent possible. Here at the UBA, we concern ourselves with an extremely broad spectrum of issues, including waste avoidance, climate protection, and pesticide approvals.”

**EUROSTAT**
The official statistical office of the EU. Provides comprehensive statistics about Europe and broken down to member states, statistical reviews and methodologies. Specific statistics on sustainability can be found here.

“Providing the European Union with statistics at European level that enable comparisons between countries and regions is a key task. Democratic societies do not function properly without a solid basis of reliable and objective statistics.”

**UN Environment**
A rich resource portal on environmental topics with guides and good practices from all over the world. In particular interesting: Green Economy

“Our mission is to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations.”

**UN Sustainable Development Knowledge Platform**
The UN portal for the SDGs with rich information and materials on all sustainable development issues, incl. worldwide SDG benchmarks.

“The Division for Sustainable Development Goals (DSDG) seeks to provide leadership and catalyse action in promoting and coordinating implementation of internationally agreed development goals, including the seventeen Sustainable Development Goals (SDGs).”

**Green Growth Knowledge Platform**
A comprehensive information portal on sustainable economic development for experts and policy makers.
“The Green Growth Knowledge Platform (GGKP) is a global network of international organizations and experts that identifies and addresses major knowledge gaps in green growth theory and practice. By encouraging widespread collaboration and world-class research, the GGKP offers practitioners and policymakers the policy guidance, good practices, tools, and data necessary to support the transition to a green economy.”

**Labour**

**International Labour Organisation (ILO)**
Provides detailed information on labour standards and the Decent Work concept.
“The only tripartite U.N. agency, since 1919 the ILO brings together governments, employers and workers of 187 member States, to set labour standards, develop policies and devise programmes promoting decent work for all women and men.”

**Industry**

**World Business Council on Sustainable Development**
Provides information on sustainable development issues for companies, incl. guidelines and reports.
“As global business faces new and complex challenges and opportunities, our science-based approach and targeted business solutions aim to scale up business impact. We target the realization of the Sustainable Development Goals (SDGs) through five work programs to achieve systems transformation.”

**UNIDO Library**
The UNIDO publications provide a rich source of good practices, guidelines and manuals for sustainable industries - for policy-makers and industry managers. Browsing through it is highly recommended.
“Creating shared prosperity; advancing economic competitiveness; safeguarding the environment; strengthening Knowledge and Institutions; cross-cutting services”

**EQuIP - Enhancing the Quality of Industrial Policies**
The website contains analytical tools and online training for policymakers to formulate and design evidence based strategies for inclusive and sustainable industrial development. A project of UNIDO, implemented by GIZ.
“The failures of a free market approach to development has led to an increased demand for advice and support in crafting industrial policies that promote a movement into more sophisticated manufacturing activities with greater value addition. The shortage of adequately trained national analysts leads to an extensive dependency on international advisers and in the most alarming cases to unrealistic strategic objectives and the deployment of inappropriate policy tools. UNIDO and GDC believe that every country should be equipped with simple analytical tools.”