

## **ECONOMIC ASPECTS OF SUSTAINABLE DEVELOPMENT IN UKRAINE AT THE CURRENT STAGE**

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Sustainable development is a process for meeting human development goals while sustaining the ability of natural systems to continue to provide the natural resources and ecosystem services upon which the economy and society depend. Sustainable development has been defined in many ways, but the most frequently quoted definition is from Our Common Future, also known as the Brundtland Report [1]: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and
- the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs."

A 2013 study concluded that sustainability reporting should be reframed through the lens of four interconnected domains: ecology, economics, politics and culture.

The economic component of the concept consists of optimizing the use of limited resources and the management of material and energy saving technologies. Such management would create a stream of cumulative income, which would preserve – and not reduce – the cumulative capital (physical, natural and human) employed in the creation of this cumulative income [2]. At the same time, the transition to an information society results in the change of the cumulative capital structure to favor human, increasing non-material streams of finance, information and intellectual property. By this time, these streams exceed seven times the volume of movement in material goods. The development of a new, «weightless» economy (the economy of knowledge) is catalyzed not only by the lack and shortage of natural resources,

but also by the growth of volumes of information and knowledge which are acquiring their new value of the goods in demand.

Sustainable development index of (SDI) – is an indicator (withdrawn from the primary data, which usually can not be used to interpret changes); which gives an assessment of the condition or changes in the economic, social and environmental variables.

World Data Center for Geoinformatics and Sustainable Development defines this indicator – an index of sustainable development for 116 countries. This index includes two integrated components: 1) quality of life (measured by economic, environmental, social and institutional aspects) and 2) life safety.

In the countries ranking according to this index in 2013 Ukraine has taken 70<sup>th</sup> place (Sustainable Development Index 1.883) [3].

Pretty low ranking positions of Ukraine can be explained by many factors:

- irrational structure of production and investment;
- inadequate level of innovation, including environmental and social aspects;
- predominance of primary industries in the economy, and low share of industries with high added value;
- dominance of short-term investments over strategic projects;
- lack of coordinated policy to overcome social disparities, providing innovative and ecological reproduction, and sustainable development in general.

Economic development and its main trends are characterized and determined for the nearest future by the scope and structure of investments. Thus, in 2014 over 40% of all capital investments in the economy accounted for industry (mining industry – 22.1%, production of food, beverages and tobacco products – 16.1% steel production – 14.3%) [4].

This structure reflects the relevant investment imbalances of the economy that are contrary to the principles of sustainable development, as the high-tech industries, environmental protection, resource and energy saving are underfinanced.

Globalization and integration of Ukraine into the world economic space despite its advantages, has several disadvantages that are important to take into consideration when developing and implementing sustainable development policy.

Thus, the structure of exports and imports on a background of a sharp reduction of their volume remains unsatisfactory in terms of coordination and priority areas of sustainable development.

In 2014, trends of previous years are preserved:

- economy remains dependent on imported energy resources (imports for almost a third of 2014 amount);
- export is predominantly based on ferrous metals and goods made of them (27%), mineral products (11.3%), grains (12.1%), oilseeds (3.1%), fats and oils (7.1%) [4].

All of these product groups are either raw or low degree of processing goods and their production and processing pose a threat to ecological safety.

On the base of the research the main (strategic) sustainable development phases in Ukraine are offered.

The first is related with macroeconomic stability recovery and ensuring sustainable economic growth in an environmentally inexhaustible way, creating favorable conditions for business and transparent tax system.

The second phase involves the restructuring of industries and infrastructure, improving the quality of life and ensuring the protection and restoration of the environment.

The third one – associated with the sustainable development of industrial, agricultural production and infrastructure based on new sectors and industries, providing a high quality of life and the environment, laying the foundations for high transformation of the national economy for the future on the innovation, environmental and social basis.

The successful implementation of sustainable development ideas in Ukraine is possible under the following conditions:

- popularization of sustainable development ideas: its nature, necessity and challenges. Although this concept is currently in the focus of the international community in Ukraine it needs to be paid more attention to;
- change of priorities when developing economic, industrial, energy, investment, agricultural policies;

- formation of effective foreign policy (especially on imports and exports of capital, goods and services), including attraction of investments in accordance with clearly defined priorities of sustainable development. These priorities include: 1) attracting foreign capital to financing environmental and recycling projects; 2) the use of advanced world technologies on energy saving; 3) stimulating the development of agriculture, including the development of organic agriculture and food production on new technological basis; 4) tourism potential, ecological network and recreational areas development;
- use of new information technologies for information exchange on sustainable development issues etc.

### ***References:***

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