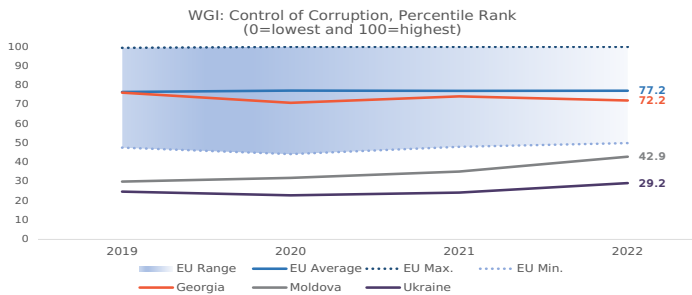
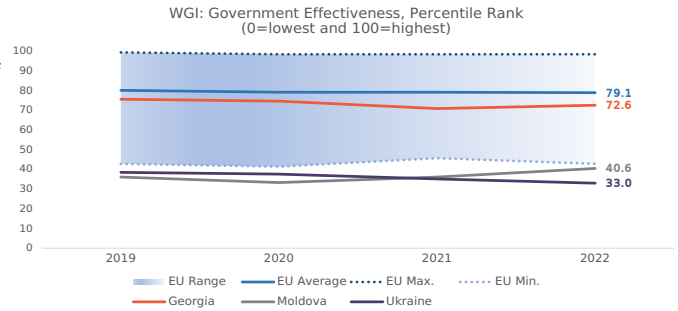


This publication compares the position of Ukraine in relation to two fellow EU candidate countries, namely Georgia and Moldova, to understand where it stands on European integration. Specifically, it evaluates the performance of all three nations alongside that of EU member states across reputable indexes.

### World Governance Indicators

The World Bank's Worldwide Governance Indicators (WGI) are designed to assess patterns of governance across countries and over time. One such indicator is **Government Effectiveness (GE)**, which captures perceptions of public service quality and independence, the standard of policy formulation, and the credibility of the given government's policy commitment. Meanwhile, another WGI, namely **Control of Corruption (CC)**, measures the public understanding of the extent to which public power is being used for private gain.

Between 2019 and 2022, the GE indicator for Ukraine decreased from 38.6 to 33.0, representing an average annual drop of 5% over that period. During the same timeframe, Moldova's GE experienced average annual growth of 4.3%, while Georgia underwent an average yearly decline of 1.3%. In terms of its actual GE score, Ukraine ranks considerably lower than Georgia, and sits below Moldova and the worst-per-



forming EU member state. Meanwhile, Georgia (72.6) sits between the lowest (42.9 - Bulgaria) and highest (98.6 - Denmark) scores reported for EU member states.

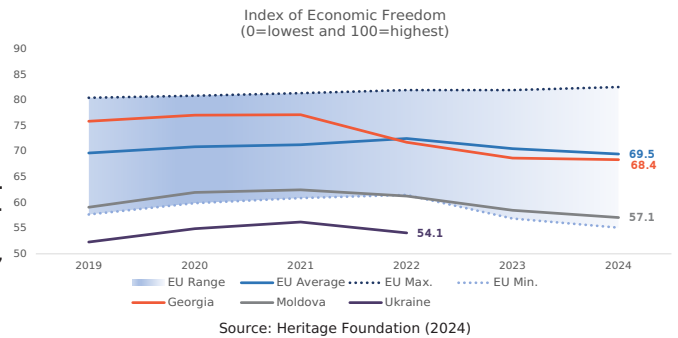
However, in the reporting period, the CC indicator for Ukraine recorded average annual growth of 6.3%. During the same timeframe, the corresponding indicator also increased for Moldova by 12.9%, while for Georgia it decreased by 1.7%. Despite Ukraine's improvement here, it still ranks below the other two reviewed EU candidate countries and all EU member states. Similar to the picture described above for GE, Moldova also ranks below the lowest-scoring EU member state (50 - Bulgaria), while Georgia falls between the lowest and highest scores reported by EU member states.

Source: World Bank, Worldwide Governance Indicators (2023 Update)

### Index of Economic Freedom

The Index of Economic Freedom, created by the Heritage Foundation, provides for a wide understanding of a country's situation by aggregating a range of indicators under the following four broad pillars: rule of law (property rights, government integrity, and judicial effectiveness); government size (government spending, tax burden, and fiscal health); regulatory efficiency (business, labor, and monetary freedom); and open markets (trade, investment, and financial freedom).

Information on Ukraine's rating here is not available for the years 2023-2024. However, from 2019 to 2022, Ukraine recorded an average annual increase of 1.2%, similar to Moldova (1.3% growth), and superior to Georgia (1.8% decline). During this period, in terms of the actual rating, Ukraine lagged behind Georgia, Moldova, and all EU countries. In 2022, Ukraine scored the lowest in "financial freedom" (30/100) and "judicial effectiveness" (31.4/100), but the highest in "tax burden" (89.1/100).

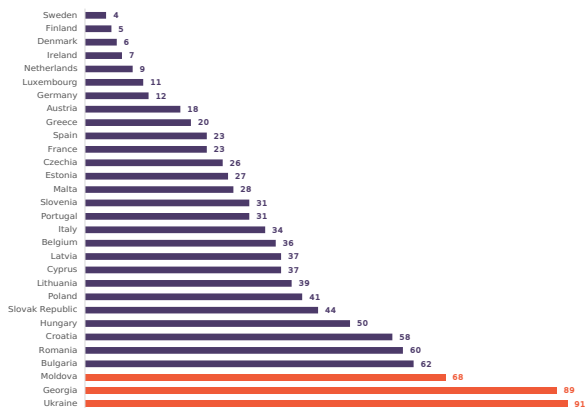


Source: Heritage Foundation (2024)

### Democracy Index

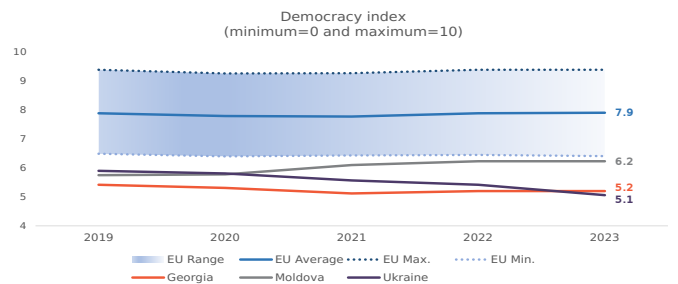
The Democracy Index by the Economist Intelligence Unit (EIU) aggregates data on the electoral process, pluralism, the functioning of government, political participation, political culture, and civil liberties to enable comparable cross-country analysis.

Democracy Ranks of EU countries, Georgia, Moldova, and Ukraine in 2023 (1=first, 167=last)



Source: Economist Intelligence Unit, Democracy Index (2023)

On the Democracy Index, Ukraine underwent an average annual decline of 3.7% between 2019 and 2023 (from 5.9 to 5.1). Georgia also experienced a decrease in the same period, albeit less pronounced at 1% on average per year, while Moldova reported average annual growth of 2%. Ukraine and Georgia are classified among "hybrid regimes," whereas Moldova has been categorized as a "flawed democracy" since 2021. In 2023, Ukraine's highest index score was in "political participation"\* (7.22/10) and its lowest in "functioning of government"\* (3.07/10).



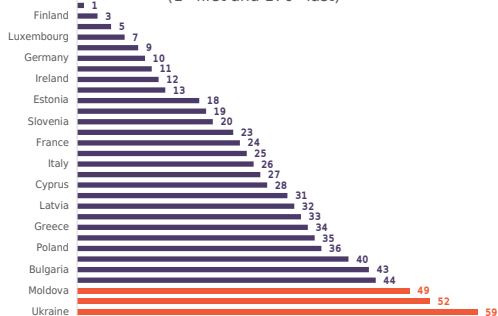
Source: Economist Intelligence Unit, Democracy Index (2023)

## Social Progress and Prosperity

The **Social Progress Index** provides insights on non-economic aspects of global social performance, through aggregating indicators on basic needs, foundations of wellbeing, and opportunities in nations. **In 2023, Ukraine, Moldova, and Georgia all ranked below all EU member states in the Social Progress Index. Notably, between 2019 and 2023, Ukraine's ranking went unchanged, while Moldova and Georgia dropped by 12 and 2 places, respectively, over this period.** Among the Social Progress Index indicators, in 2023 Ukraine achieved its highest ranking in "advanced education" (44th), while it performed worst in "rights and voice" and "water and sanitation," ranking 100th in both categories.

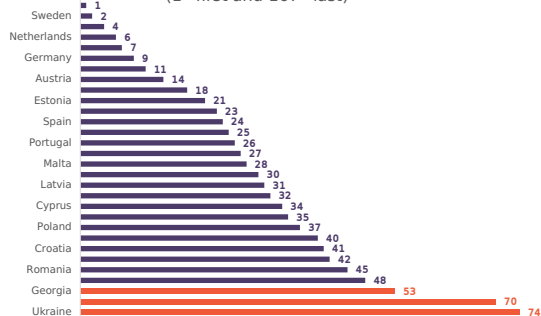
Meanwhile, the **Legatum Prosperity Index**, another aggregate measure, encompasses various aspects within a country, including economic growth, wealth, the investment environment, and quality of life. **In 2023, Ukraine ranked lower than both Moldova and Georgia on this index, with Georgia achieving the highest ranking among the three countries. Moreover, compared to 2019, Ukraine's ranking fell markedly by 22 places, while Georgia's position stayed unchanged and Moldova experiencing a drop of 11 places.** In terms of specific indicators under this index, Ukraine's best ranking in 2023 came in "education" (40th), while its lowest placing was in "safety & security" (128th).

Social Progress Index Ranks of EU Countries, Georgia, Moldova, and Ukraine in 2023 (1=first and 170=last)



Source: Social Progress Imperative (2023)

Prosperity Index Ranks of EU Countries, Georgia, Moldova, and Ukraine in 2023 (1=first and 167=last)



Source: Legatum Institute (2023)

## Discussion

This overview of economic, political, and social indexes has revealed the **areas in which Ukraine is lagging behind its EU counterparts**, which is crucial when determining the necessary steps for Ukraine in its recovery from the devastating impacts of Russia's ongoing war, and in accelerating its path toward EU accession.

According to the analysis here, **Ukraine generally maintains unsatisfactory positions on the chosen indexes**, as it ranks below Georgia, Moldova, and all EU member states in all of them. As the European Commission has stated in the EU-2023 Ukraine Facility review, Russia's invasion in 2022 has since led to severe humanitarian, social, and economic crises, all of which severely impact the country's performance.<sup>1</sup> However, Ukraine has reported significant improvements in some specific indicators.

Between 2019 and 2022, Ukraine's GE score decreased, and so did that of Georgia but to a much smaller degree, while Moldova saw an increase. **Ukraine's decline may be partly attributed to a considerable portion of the state budget being allocated to war-related expenditures.<sup>1</sup> However, despite a 15% decrease in payrolls, most civil servants have continued to perform their duties**, often in online and remote formats due to challenges like citizen displacement and operational limitations in occupied territories. The increased workload on civil servants resulting from these circumstances, alongside destroyed logistical facilities and ongoing cyber threats, and other contributing factors, have collectively impacted the functionality of governmental bodies and public services.<sup>2</sup> To overcome these challenges, Ukraine aims to execute key public administration reforms under its 2024-2027 plan, including **implementation of the Law "On Administrative Procedure" and the digitalization of civil service management functions**. Additionally, the government has introduced long-discussed changes to civil servant compensation laws. These changes include introducing position classifications, increasing the fixed salary component and providing a stronger base income for all civil servants (effective from the beginning of 2024). These changes aim to enhance the professional independence of civil servants by making their remuneration more transparent and fairer, reducing managerial influence in determining total annual salary, and attracting more "non-systemic" individuals with valuable skills to the civil service, ultimately strengthening the state's role as an employer.<sup>3</sup>

**Meanwhile, a promising trend can be observed in the CC indicator where Ukraine steadily increased its score from 2019 to 2022.** Fighting against corruption is a key demand of the Ukrainian people and a crucial prerequisite for EU accession. Accordingly, Ukraine has taken significant steps to address this issue, including the establishment of the High Anti-Corruption Court (HACC) in 2019 and the development of the Anti-Corruption Strategy and State Anti-Corruption Programme in 2022. **The EU's granting of candidate status prompted further reforms in Ukraine, including measures dedicated to strengthening the capacities of key anti-corruption institutions** like the Specialized Anti-Corruption Prosecutor's Office (SAPO) and the National Anti-Corruption Bureau of Ukraine (NABU), in addition to new leadership appointments within them.<sup>3</sup> Certain recommended legislative acts, such as the law that expands the powers of the National Agency on Corruption Prevention (NACP), have already been adopted. **However, despite notable progress, the European Commission has identified that more advances in anti-corruption and anti-money laundering efforts need to be made in Ukraine to ensure a successful recovery.** As per the EU-2023 Ukraine Facility review, the focus is on enhancing key anti-corruption institutions like the HACC through increased resources and legal updates. The SAPO's management accountability will also be reinforced, while in the country's anti-money laundering efforts, ongoing reforms include creating a unified bank account register and boosting institutional capacities for financial investigations.<sup>1</sup>

Under the Index of Economic Freedom, we cannot draw conclusions about the current situation as data beyond 2022 are not available for the country. However, prior to that point, Ukraine's rating has increased by 1.2% annually on average from 2019 to 2022.

**Regarding the quality of democracy, a key priority for the EU accession, Ukraine's decline has been significant and concerning, and the same could be said of Georgia.** In contrast, Moldova has improved in this regard and, as of 2023, it ranked closest of the three reviewed candidate countries to the worst-performing EU member state. **Since the start of Russia's war on Ukraine, martial law has been in place, meaning that media and other democratic freedoms have been restricted** in the country, while decision-making power has been concentrated in the Office of the President. Moreover, Elections scheduled for 2024 are not being held due to the aforementioned imposition of martial law.<sup>4</sup>

With regard to the Social Progress Index, Ukraine's ranking remained unchanged, while it dropped by a notable 22 places in the Prosperity Index. In the same period, Georgia surpassed Moldova and Ukraine in the latter index, yet it lagged behind Moldova in the former.

**According to the European Commission, despite Russia's full-scale invasion in February 2022 and subsequent war, Ukraine has persisted in advancing democratic and rule of law reforms.** Even though the country is still facing significant challenges in many aspects, Ukraine continues to defend European values devoutly. Here, the EU has been steadfast in its support of Ukraine. The European Commission endorsed the Ukraine Facility Plan on April 15 and invited the EU Council to adopt the document. **Relatedly, in December 2023, EU leaders initiated accession negotiations with Ukraine** following the European Commission's recommendation, thus reinforcing the EU's firm support for Ukraine and its people, and marking an important step towards its secure and prosperous future.<sup>1</sup>



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## Footnotes

\* **Political Participation** index measures among other things the adult literacy rate, the amount of women in parliament, and the extent to which citizens freely choose to elect representatives and join political parties.

\*\* **Functioning of Government** category is based on indicators relating to e.g. the extent to which control over government is exercised by elected representatives, the capability of the civil service, and the pervasiveness of corruption.

## Sources

- 1 [https://neighbourhood-enlargement.ec.europa.eu/document/download/bc86fb24-d6a2-4486-aa29-b84596f52ed1\\_en?filename=SWD\\_2024\\_93\\_1\\_EN\\_autre\\_document\\_travail\\_service\\_part1\\_v4\\_1.pdf](https://neighbourhood-enlargement.ec.europa.eu/document/download/bc86fb24-d6a2-4486-aa29-b84596f52ed1_en?filename=SWD_2024_93_1_EN_autre_document_travail_service_part1_v4_1.pdf)
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- 4 <https://www.eiu.com/n/campaigns/democracy-index-2023/> 6 <https://www.voanews.com/a/russia-economy-grew-in-2023-despite-war-and-sanctions/7478952.html>