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INCLUSIVE ECONOMIC DEVELOPMENT IN UKRAINE: CHALLENGES AND STRATEGIC DIRECTIONS IN THE CONTEXT OF GREEN TRANSFORMATION

The concept of inclusive economic development has emerged in response to the realization that GDP growth alone is not a sufficient indicator of national economic progress. Instead, a more comprehensive assessment requires a broader set of indicators, such as those proposed by the World Economic Forum, including the Inclusive Development Index (IDI), which serves as a complementary measure to GDP per capita rather than a substitute [1].

Inclusive development, when aligned with the principles of the green transformation, not only addresses social equity but also fosters environmentally responsible economic growth, thereby reinforcing the holistic vision of sustainable development. Inclusive development focuses on ensuring equal access to economic opportunities and benefits for all population groups. In the Ukrainian context, the implementation of this concept presents distinct challenges but also holds promise as a foundation for sustainable economic growth and long-term social stability [2]. Inclusive development, when aligned with the principles of the green transformation, not only addresses social equity but also fosters environmentally responsible economic growth, thereby reinforcing the holistic vision of sustainable development. In this sense, inclusive economic strategies in Ukraine can become a pivotal instrument for achieving the Sustainable Development Goals (SDGs) by promoting resilience, social cohesion, and ecological balance.

Recent assessments indicate a marked decline in Ukraine's inclusive development indicators. Over the past decade, the composite IDI has fallen by approximately 6.8 points compared to 2013, highlighting the growing influence of destabilizing factors. These include reduced investment inflows and a critically low rate of net savings (just 1%), which signal a breakdown in capital reproduction mechanisms and pose a significant threat to economic recovery.

To stimulate economic growth and address the structural crisis, Ukraine must raise its investment-to-GDP ratio to at least 25–30%, aligning with the benchmarks of developed economies. This is especially urgent in the context of green transformation, where investment in renewable energy, resource efficiency, and sustainable infrastructure is essential to transition toward a low-carbon economy in accordance with international agreements such as the Paris Climate Accord [3].

Strategic priorities for enhancing inclusive development include: correcting macroeconomic imbalances between investment and consumption; aligning wage growth with productivity; maintaining moderate inflation; and stimulating domestic demand through stronger household purchasing power. This transformation must be supported by effective governance, political will, and robust civic engagement.

The current economic system remains overly fragmented, with national and sectoral development programs often disconnected from measurable outcomes and available resources. The absence of institutional mechanisms to balance growth between the public and private sectors weakens the state's ability to pursue coherent economic and environmental objectives. This has

become particularly critical as Ukraine moves toward implementing elements of the European Green Deal [4], which emphasizes inclusivity, resilience, and sustainability in economic planning.

A key step forward is replacing the existing loosely regulated and reactive model with a strategically driven, institutionally coherent, and innovation-oriented development framework. Policy Recommendations:

1. Develop a national strategy for inclusive development with clearly defined goals and performance indicators.
2. Strengthen international cooperation and attract foreign investment, particularly in green and socially responsible sectors.
3. Promote inclusive decision-making through public consultations and active participation of civil society organizations.
4. Empower local communities to manage resources and contribute to development planning.

By embedding inclusiveness within its green transition strategy, Ukraine can improve living standards while building an economy that is not only more equitable but also environmentally sustainable [5]. This dual approach – social inclusion and ecological modernization – is vital for Ukraine's long-term resilience.

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