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## **ECONOMIC DEVELOPMENT STRATEGIES IN EASTERN EUROPEAN COUNTRIES AND THEIR IMPACT ON SUSTAINABLE GROWTH**

### ABSTRACT

The aim of this study was to analyse the economic development strategies of Poland, Romania, Bulgaria, Hungary, Georgia, and Ukraine, and to determine which of these most effectively promote sustainable economic growth.

The methodology employed consisted of qualitative and comparative analysis of the economic strategies implemented by these countries. The study of the impact of such strategies on sustainable growth, including the assessment of economic, social, and environmental dimensions, has become a significant area of academic interest.

It was found that the success of economic development in Eastern European countries has largely depended on their integration into global economic structures such as the European Union, as well as on effective attraction of foreign investment and the utilisation of international funds. The implementation of market reforms and the creation of a favourable business climate – as exemplified by Poland's GDP growth of 3.1% in 2023 – have played a key role in economic recovery and improving living standards.

At the same time, the study revealed that corruption and political instability remain serious barriers to sustainable development in several countries, including Ukraine (ranked 132nd in the Corruption Perceptions Index) and Bulgaria (72nd). Despite economic reforms, these countries continue to suffer from weak institutions and ineffective governance, which hinder long-term growth. Moreover, achieving sustainable development requires more decisive action in environmental protection and social policy, in line with the EU's goal of reducing carbon

emissions by 55% by 2030.

The study concludes that further reforms and the strengthening of state institutions are essential to ensure sustainable growth in the region. The practical value of this research lies in identifying the most effective economic development strategies that can form the basis for shaping sustainable growth policies in transition economies.

KEYWORDS: Reforms – Investment – Corruption – Political instability – Environment – Social policy

INDEX: 1. Introduction. – 2. Methodology. – 3. Results. – 4. Discussion – 5. Conclusion

## 1. Introduction

The Eastern European countries – Poland, Romania, Bulgaria, Hungary, Georgia, and Ukraine – have undergone significant transformations since transitioning from socialist to market economies. These transformations necessitated the formulation and implementation of new economic development strategies aimed at achieving sustainable growth and integration into the global economy. Key conditions for success included inflows of foreign investment, the enactment of legislative and institutional reforms, improvements to the business environment, and active participation in international economic alliances, notably the European Union. However, despite these achievements, the region continues to face a number of challenges, including corruption, political instability, and the need to address social and environmental issues.<sup>1</sup> Apostu et al.<sup>2</sup> highlighted the considerable role of EU integration, which opened access to new markets and investment resources while contributing to greater financial stability across the region. EU membership served as a stimulus for reforms aimed at institutional development and improving the business climate, thereby supporting sustainable economic growth. Moughari and Daim<sup>3</sup> emphasised the importance of moderni-

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1 K. TAKACS HAYNES, and M. RASKOVIĆ, Living with corruption in Central and Eastern Europe: Social identity and the role of moral disengagement. *Journal of Business Ethics*, 174(4), 2021, 825-845. <https://doi.org/10.1007/s10551-021-04927-9>

2 S.A. APOSTU, I. GIGAURI, M. PANAIT, and P.A. MARTÍN-CERVANTES, Is Europe on the way to sustainable development? Compatibility of green environment, economic growth, and circular economy issues. *International Journal of Environmental Research and Public Health*, 20(2), 2023, 1078. <https://doi.org/10.3390/ijerph20021078>

3 M.M. MOUGHARI, and T.U. DAIM, Developing a model of technological innovation for export development in developing countries. *Technology in Society*, 75, 2023, 102338.

sing export-oriented industries and actively adopting innovative technologies, which helped strengthen the region's competitive position in the global market. They also noted the need for prioritising the development of high-tech sectors to reduce reliance on raw material exports. Lashitew et al.<sup>4</sup> studied the significance of small and medium-sized enterprises (SMEs) in the economy, underscoring their potential to diversify economic structures and create employment. Support for the SME sector played a critical role in ensuring sustainable long-term growth and helped to reduce social tensions by generating jobs and fostering entrepreneurial initiative. Such support included simplifying business registration procedures, reducing tax burdens, expanding access to finance, and developing networks of business incubators. Rath et al.<sup>5</sup> discussed the use of environmentally friendly technologies as a key element of sustainable development and reducing environmental impact. The adoption of green innovations contributed to sustainable economic growth and provided countries with competitive advantages on the international stage. Mellander and Florida<sup>6</sup> identified human capital as a fundamental factor enabling innovation and productivity growth in the region. Investment in education systems and scientific research was regarded as the foundation for long-term sustainable economic progress.

Campos et al.<sup>7</sup> argued that structural reforms aimed at economic liberalisation and the simplification of market regulations laid the groundwork for establishing sustainable economic conditions. Changes to financial and labour legislation played a key role in attracting foreign investment and stimulating growth.

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<https://doi.org/10.1016/j.techsoc.2023.102338>

4 A.A. LASHITEW, M.L. ROSS, and E. WERKER, What drives successful economic diversification in resource-rich countries? *The World Bank Research Observer*, 36(2), 2021, 164-196. <https://doi.org/10.1093/wbro/lkaa001>

5 P. RATH, M. JINDAL, and T. JINDAL, A review on economically-feasible and environmental-friendly technologies promising a sustainable environment. *Cleaner Engineering and Technology*, 5, 2021, 100318. <https://doi.org/10.1016/j.clet.2021.100318>

6 C. MELLANDER, and R. FLORIDA, The rise of skills: Human capital, the creative class, and regional development. In: M.M. FISCHER, P. NIJKAMP (Eds.), *Handbook of Regional Science*. Berlin, Heidelberg: Springer, 2021, 707-719. [https://doi.org/10.1007/978-3-642-23430-9\\_18](https://doi.org/10.1007/978-3-642-23430-9_18)

7 N.F. CAMPOS, P. DE GRAUWE, and Y. JI, Structural reforms and economic performance: The experience of advanced economies. *Journal of Economic Literature*, 63(1), 2025, 111-163. <https://doi.org/10.1257/jel.20231527>

Zhang et al.<sup>8</sup> stressed the importance of building modern infrastructure to support economic growth and successfully attract investment. The development of transport, energy, and digital systems was viewed as a vital factor in boosting economic activity and promoting sustainable development. Ghauri et al.<sup>9</sup> explored the influence of globalisation and international trade on the region's development, emphasising the importance of external economic factors. Their work analysed ways in which the region could adapt to changing global economic conditions and strengthen its economic position. Wang and Ma<sup>10</sup> studied public-private partnerships, noting that successful cooperation between the state and private sector is key to sustainable development. Their research highlighted the role of strategic planning and coordination of economic efforts in achieving shared goals. Sun and Razzaq<sup>11</sup> focused on the importance of social welfare systems and institutional reform, analysing their impact on maintaining social stability and stimulating economic growth. Effective social programmes were seen as vital elements of successful economic policy that support harmonious development. Nonetheless, current academic literature pays insufficient attention to the integration of environmental and social dimensions into the strategic models of sustainable economic growth in Eastern European countries. Specifically, the mechanisms by which environmental policies impact economic outcomes, the degree of social inclusivity in economic strategies, and the relationship between growth and the reduction of social inequality at the regional level remain under-researched.

The aim of this study was to analyse the economic development strategies of Eastern European countries and assess their impact on achieving sustainable growth.

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8 J. ZHANG, R. ZHANG, J. XU, and J. WANG, G. SHI, Infrastructure investment and regional economic growth: Evidence from Yangtze River Economic Zone. *Land*, 10(3), 2021, 320. <https://doi.org/10.3390/land10030320>

9 P. GHAURI, R. STRANGE, and F.L. COOKE, Research on international business: The new realities. *International Business Review*, 30(2), 2021, 101794. <https://doi.org/10.1016/j.ibusrev.2021.101794>

10 N. WANG, and M. MA, Public-private partnership as a tool for sustainable development—What literatures say? *Sustainable Development*, 29(1), 2021, 243-258. <https://doi.org/10.1002/sd.2127>

11 Y. SUN, and A. RAZZAQ, Composite fiscal decentralisation and green innovation: Imperative strategy for institutional reforms and sustainable development in OECD countries. *Sustainable Development*, 30(5), 2022, 944-957. <https://doi.org/10.1002/sd.2292>

Objectives of the study:

- To examine the impact of integration into international economic organisations, such as the European Union, on the region's economic development.
- To assess the effects of market reforms and investment activity on the competitiveness of the countries.
- To analyse the significance of environmental and social factors in ensuring long-term sustainable growth in these states.

## 2. Methodology

This study examined economic development strategies in Eastern European countries and their impact on sustainable economic growth between 2019 and 2024.

The initial phase of the study involved outlining the theoretical foundations of sustainable economic growth. Key concepts were considered, highlighting the importance of balancing economic development, social justice, environmental protection, and the rational use of natural resources.

Subsequently, a review of national economic strategies across the selected countries was carried out using comparative analysis and descriptive statistics. The countries chosen for the study – Poland<sup>12</sup>, Romania<sup>13</sup>, Bulgaria<sup>14</sup>, Hungary<sup>15</sup>, Georgia<sup>16</sup>, and Ukraine<sup>17</sup> – reflect a diversity of political and economic contexts and reform stages, allowing for an assessment of the effectiveness of their strategies during the transition from socialist to market economies. For each country, the analysis focused on the main components of

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<sup>12</sup> Organisation for Economic Co-operation and Development, *OECD Economic Surveys: Poland*. Paris: OECD Publishing, 2023.

<sup>13</sup> INTERNATIONAL MONETARY FUND, Romania: 2023 Article IV Consultation – Press Release; Staff Report; and Statement by the Executive Director for Romania (IMF Country Report No. 23/74). International Monetary Fund, 2023.

<sup>14</sup> WORLD BANK, Bulgaria's Convergence Quest: Country Economic Memorandum. World Bank. Washington: D.C.: World Bank, 2022.

<sup>15</sup> Organisation for Economic Co-operation and Development, *OECD Economic Surveys: Hungary*. Paris: OECD Publishing, 2023.

<sup>16</sup> WORLD BANK, *Georgia: Towards green and resilient growth*. Washington: World Bank, 2020.

<sup>17</sup> WORLD BANK, Ukraine rapid damage and needs assessment – february update. World Bank. WORLD BANK, Washington, D.C.: World Bank, 2023.

economic strategies: reform objectives, investment attraction mechanisms, methods of stimulating economic growth, changes in the social sphere, anti-corruption measures, and institutional reforms. Special attention was given to Georgia's economic strategy and its impact on sustainable growth<sup>18,19</sup>, particularly regarding market liberalisation and the simplification of administrative procedures, based on statistical data.<sup>20,21</sup>

The study also analysed the role of foreign investment attraction methods, infrastructure development, support for SMEs, and the implementation of educational and innovation programmes in fostering sustainable growth. In addition, the contribution of international organisations such as the European Union<sup>22</sup> and the International Monetary Fund<sup>23</sup> to the reform process and the development of sustainable strategies was evaluated.

The research further assessed the impact of the selected strategies on the three core pillars of sustainability: economic, social, and environmental. Attention was given to the development of renewable energy, poverty reduction, reducing social inequality, improving living standards, strengthening legal institutions, and improving the business climate. The analysis involved comparing the efforts of different countries in achieving the Sustainable Development Goals (SDGs), including the eradication of poverty, the creation of decent jobs, the provision of quality education, sustainable economic growth, combating climate change, and adopting the principles of a green economy.

In the final stage, the study analysed the major challenges facing countries in the region in the implementation of sustainable growth strategies. These in-

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18 INTERNATIONAL MONETARY FUND, Georgia: 2023 Article IV consultation – press release; staff report; and statement by the executive director for Georgia (IMF Country Report No. 23/185). International Monetary Fund, 2023.

19 INTERNATIONAL MONETARY FUND, Georgia: Staff report for the 2021 article IV consultation (IMF Country Report No. 21/xx), 2021. <https://www.imf.org/-/media/Files/Publications/CR/2021/English/1GEOEA2021001.ashx>

20 WORLD BANK, Georgia overview, 2023. <https://www.worldbank.org/en/country/georgia/overview>

21 EUROSTAT, Key figures for European neighbourhood East countries, 2023. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Key\\_figures\\_for\\_European\\_Neighbourhood\\_East\\_countries](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Key_figures_for_European_Neighbourhood_East_countries)

22 EUROPEAN UNION, European union official website, 2025. [https://european-union.europa.eu/index\\_en](https://european-union.europa.eu/index_en)

23 INTERNATIONAL MONETARY FUND, International monetary fund official website, 2025. <https://www.imf.org/en/Home>

cluded a corruption, underdeveloped institutional environments, demographic decline, brain drain, and the influence of external political factors such as conflicts, sanctions, and global competition.

A comparative analysis of the effectiveness of economic strategies across the countries was conducted, making it possible to identify the factors that facilitated a successful transition to sustainable development and those that served as obstacles.

### 3. Results

As of 2025, Eastern European countries are facing new challenges, including globalisation – which demands a high level of adaptation to international standards – as well as climate change and a demographic crisis characterised by population ageing and a shrinking workforce. These issues necessitate a rethinking of economic policy and sustainable growth strategies aimed at shaping an economy that is not only efficient and profitable but also equitable, environmentally sustainable, and capable of ensuring a decent quality of life for all citizens.<sup>24</sup> Thus, sustainable growth has become a central pillar of the development strategies of Eastern European countries, where historical, social, and environmental dimensions require careful consideration and a comprehensive approach.

Eastern European countries, having transitioned from centrally planned economies and embarked on market reforms, are developing diverse strategies to achieve sustainable economic growth. Each country, taking into account its political, historical, and economic specificities, has chosen its own development path; however, they are united by common goals – enhancing economic competitiveness, attracting foreign investment, and improving the social sphere.<sup>25</sup> Both qualitative and quantitative methods were used to process and compare data, including comparative analysis of statistical indicators such as gross domestic product (GDP) growth rates, unemployment levels, foreign investment volumes, and

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24 M. FERRAZZI, J. SCHANZ, and M. WOLSKI, *Growth and competitiveness in Central, Eastern and South-Eastern Europe: The role of innovation* (No. 2025-01). EIB Working Papers. Luxembourg: European Investment Bank, 2025.

25 M. OKLANDER, M. CHAIKOVSKA, and O. SHKEDA, Framing as a tool of influencer marketing in the management of marketing communications and brand representation. *Economics of Development*, 21(3), 2022, 15–26. [https://doi.org/10.57111/econ.21\(3\).2022.15-26](https://doi.org/10.57111/econ.21(3).2022.15-26)

other relevant metrics. The summary data on key economic indicators and institutional characteristics of the region's countries, presented in Table 1, highlight both the commonalities and the differences in the strategies being implemented.

**Table 1.** Overview of economic strategies

Country	EU Accession Year	GDP Growth (%)	Unemployment Rate (%)	Foreign Investment / Revenue	Notable Indicators
Poland	2004	4.5% (2019)	2.9% (2019)	EUR 100 billion from EU funds (2004-2020)	Rising competitiveness, infrastructure projects
Romania	2007	4.1% (2019)	3.9% (2019)	Over EUR 5 billion in IT industry (est.)	One of Europe's largest IT hubs
Bulgaria	2007	3.7% (2019)	4.2% (2019)	EUR 4.5 billion from tourism (2019)	Issues with corruption and judiciary
Hungary	2004	4.9% (2019)	3.3% (2019)	Approx. EUR 2.5 billion FDI annually	60% of jobs in SMEs (2019)
Georgia	–	5.0% (2019)	11.6% (2019)	EUR 1.3 billion in FDI (2019)	7th in Doing Business (2020); 21.6% below poverty line
Ukraine	–	3.2% (2019)	8.6% (2019)	EUR 5 billion IMF loan (2020)	Anti-corruption efforts, institutional reforms

[Source: compiled by the author based on <sup>26,27,28,29,30,31</sup>]

26 Organisation for Economic Co-operation and Development, *OECD Economic Surveys: Poland*. Paris: OECD Publishing, 2023.

27 INTERNATIONAL MONETARY FUND, *Romania: 2023 Article IV Consultation – Press Release; Staff Report; and Statement by the Executive Director for Romania* (IMF Country Report No. 23/74). International Monetary Fund, 2023.

28 WORLD BANK, *Bulgaria's Convergence Quest: Country Economic Memorandum*. World Bank. Washington: D.C.: World Bank, 2022.

29 Organisation for Economic Co-operation and Development, *OECD Economic Surveys: Hungary*. Paris: OECD Publishing, 2023.

30 WORLD BANK, *Georgia: Towards green and resilient growth*. Washington: World Bank, 2020.

31 WORLD BANK, *Ukraine rapid damage and needs assessment – february update*. World Bank. WORLD BANK, Washington, D.C.: World Bank, 2023.

Poland serves as an example of successful economic reform and EU integration. Since the early 1990s, when it began its transition from a planned to a market economy, the country implemented large-scale reforms, including the privatisation of state-owned enterprises, trade liberalisation, and tax reforms. EU accession in 2004 granted Poland access to European funds, which became a key driver of infrastructure development, education system improvement, and support for innovative entrepreneurship. EU financial and structural funds contributed to the modernisation of transport and energy infrastructure, as well as the development of scientific research and technology start-ups. From 2004 to 2020, Poland received over EUR 100 billion from EU funds, which significantly improved infrastructure quality and strengthened economic competitiveness. This, in turn, enhanced the competitiveness of Polish goods and services on the global market and reduced unemployment from around 20% in the early 2000s to less than 3% by 2019. However, the country still faces important challenges, including the need for further social integration and addressing inequality.<sup>32</sup>

Romania, which joined the European Union in 2007, has implemented a series of wide-reaching economic reforms aimed at increasing the competitiveness of its economy, including improving the institutional environment, attracting foreign investment, and reducing poverty levels. In 2019, the country's GDP grew by 4.1%, reflecting the positive impact of these reforms. Significant progress has been made in the development of the IT sector, which has become one of the largest technology hubs in the region. However, Romania continues to face structural imbalances and institutional challenges such as inefficiencies in the judiciary and high levels of perceived corruption, which limit the country's ability to achieve sustainable growth.<sup>33</sup>

Bulgaria, also an EU member since 2007, has achieved noticeable success in strengthening macroeconomic stability, modernising infrastructure, and developing its tourism sector, which generated around EUR 4.5 billion in revenue in 2019. There has also been growth in foreign direct investment and the imple-

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<sup>32</sup> Organisation for Economic Co-operation and Development, *OECD Economic Surveys: Poland*. Paris: OECD Publishing, 2023.

<sup>33</sup> INTERNATIONAL MONETARY FUND, *Romania: 2023 Article IV Consultation – Press Release; Staff Report; and Statement by the Executive Director for Romania* (IMF Country Report No. 23/74). International Monetary Fund, 2023.

mentation of infrastructure projects supported by EU structural funds. Nonetheless, institutional issues remain a serious obstacle to sustainable development. High levels of corruption, an inefficient judiciary, and weak governance mechanisms continue to hinder structural reforms and negatively impact the quality of the economic environment.<sup>34</sup>

Hungary has adopted a strategy focused on developing domestic production and supporting small and medium-sized enterprises (SMEs). In 2019, over 60% of the country's jobs were concentrated in this sector. The government has encouraged the development of agriculture, industry, and high-tech sectors. One of the key policies has been the support of domestic producers through tax incentives for small businesses and the promotion of innovation. The “Innovative Hungary” programme provides substantial subsidies for implementing new technologies and expanding production. Nevertheless, Hungary faces challenges in the legal and political spheres, which may jeopardise the long-term sustainability of its economic model. The government's policies to restrict the independence of the judiciary and the media have drawn criticism both within and beyond the EU. These political risks could undermine confidence in Hungary's economy and lead to long-term instability.<sup>35</sup>

Georgia provides an example of a country that, since the early 2000s, has pursued a strategy of market liberalisation and administrative simplification to attract foreign investment. Bureaucratic barriers were reduced, and tax system reform significantly improved the business climate, raising Georgia's global rankings for ease of doing business. In 2020, Georgia ranked 7th in the Doing Business index, encouraging significant investment inflows. Reforms in the energy and agricultural sectors also contributed to economic growth. However, the country continues to struggle with serious issues in social justice: economic inequality, high poverty rates, and insufficient social support measures remain persistent challenges. In 2020, 21.6% of the population lived below the poverty line.<sup>36</sup>

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<sup>34</sup> WORLD BANK, *Bulgaria's Convergence Quest: Country Economic Memorandum*. World Bank. Washington: D.C.: World Bank, 2022.

<sup>35</sup> Organisation for Economic Co-operation and Development, *OECD Economic Surveys: Hungary*. Paris: OECD Publishing, 2023.

<sup>36</sup> WORLD BANK, *Georgia: Towards green and resilient growth*. Washington: World Bank, 2020.

Ukraine is undergoing large-scale economic and political reforms aimed at restoring its economy following a prolonged period of political instability and armed conflict. In 2019, GDP grew by 3.2%, driven by reforms in the energy and agricultural sectors and macroeconomic stabilisation. The primary challenge remains combating corruption and reforming institutional structures. Reforms in the judicial system, tax policy, and energy efficiency are beginning to yield results, though trust in public institutions remains low. Ukraine is actively cooperating with international financial organisations and the European Union, seeking to modernise its economy, improve infrastructure, and create favourable conditions for SME development. However, economic instability and the ongoing conflict with Russia continue to exert significant pressure on the country's development. In 2020, Ukraine signed an agreement with the IMF, securing over USD 5 billion to stabilise the economy.<sup>37</sup>

Economic strategies across Eastern Europe vary depending on historical, political, and socio-economic context. Poland exemplifies successful EU integration and effective use of external resources. Romania and Bulgaria prioritise institutional reforms, while Hungary and Georgia emphasise domestic production and market liberalisation. Ukraine, in turn, faces ongoing issues with corruption and political instability while striving for deep economic transformation. Despite these varied approaches, all countries share a common priority – achieving sustainable development by balancing economic efficiency, social justice, and environmental stability.

A comprehensive analysis of sustainable economic growth in Eastern European countries is impossible without considering the environmental, social, and economic factors that significantly influence regional development. These elements are deeply interconnected and have a considerable impact on the long-term dynamics of national economies (Table 2). This study pays particular attention to Georgia, as its reform model, oriented towards market liberalisation and administrative simplification, represents a notable example of integrating these factors in the process of attracting foreign investment. Georgia was chosen due to the uniqueness of its reforms in the region, as well as the availability and relevan-

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<sup>37</sup> WORLD BANK, Ukraine rapid damage and needs assessment – february update. World Bank. WORLD BANK, Washington, D.C.: World Bank, 2023.

ce of data, making this case especially valuable for analysing sustainable growth in Eastern Europe.

**Table 2.** Impact of economic and social strategies on Georgia's sustainable development in 2024

Category	Subcategory	Indicator	Value
Environment	Share of renewables	Share of RES in total energy consumption	82.5%
	Solar energy development	Growth in solar energy production (2014-2024)	+3,900%
	Air quality	Average PM2.5 level ( $\mu\text{g}/\text{m}^3$ )	14.5
	Waste management	Share of household waste recycled	35%
Social sphere	Poverty rate	Population below absolute poverty line	10.5%
	Unemployment rate	Official unemployment rate	13.9%
	Human Development Index	HDI	0.815 (high)
	Gender Equality Index	Gender equality index score	0.70
Economy	GDP growth	Real GDP growth	7.8%
	FDI inflow	Inflow of foreign direct investment	\$590 million
	Public debt	Debt-to-GDP ratio	58%
	Doing Business ranking	Global position	7th
	Inflation	Annual inflation rate	7.5%

[Source: compiled by the author based on data from <sup>38,39,40,41</sup>]

These figures reflect Georgia's comprehensive approach to sustainable development, encompassing environmental, social, and economic domains. Environmentally, the country has achieved notable success in the use of renewable energy and the growth of solar power, significantly reducing its carbon footprint. Social indicators such as the reduction of poverty and unemployment, along with a high Human Development Index, point to a positive trend in the quality of life, despite ongoing challenges like a moderate level of gender equality. The economy demonstrates stable GDP growth and attractiveness to foreign investors,

38 INTERNATIONAL MONETARY FUND, Georgia: 2023 Article IV consultation – press release; staff report; and statement by the executive director for Georgia (IMF Country Report No. 23/185). International Monetary Fund, 2023.

39 INTERNATIONAL MONETARY FUND, Georgia: Staff report for the 2021 article IV consultation (IMF Country Report No. 21/xx), 2021. <https://www.imf.org/-/media/Files/Publications/CR/2021/English/1GEOEA2021001.ashx>

40 WORLD BANK, Georgia overview, 2023. <https://www.worldbank.org/en/country/georgia/overview>

41 EUROSTAT, Key figures for European neighbourhood East countries, 2023. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Key\\_figures\\_for\\_European\\_Neighbourhood\\_East\\_countries](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Key_figures_for_European_Neighbourhood_East_countries)

although inflation and public debt require further attention. Overall, the data confirm Georgia's significant progress towards sustainable development, with the challenge of maintaining a balance between economic growth, social equity, and environmental responsibility remaining central.

One of the key obstacles to sustainable growth is corruption, which continues to pose a serious challenge in many countries of the region (Table 3).

**Table 3.** Corruption in Eastern European countries and its impact on long-term economic growth

Country	Corruption Perceptions Index (CPI)
Poland	56
Romania	45
Bulgaria	43
Hungary	44
Georgia	52
Ukraine	33

[Source: compiled by the author based on <sup>42</sup>]

The Corruption Perceptions Index (CPI) reveals significant differences in corruption levels across Eastern European countries and neighbouring regions. Poland and Georgia show relatively high scores (56 and 52, respectively), reflecting progress in anti-corruption efforts and improved institutional environments. Conversely, Ukraine, Bulgaria, and Hungary register lower scores (ranging from 33 to 44), indicating ongoing serious corruption issues that hinder economic development and the implementation of sustainable reforms. These figures highlight that despite reform efforts, corruption remains one of the main barriers to improving governance quality and ensuring long-term stability in the region.

Corruption undermines the efficiency of public institutions and limits the capacity to implement necessary reforms. In countries with high levels of corruption, difficulties arise in attracting investment, improving the business climate, and building trust in government institutions.<sup>43</sup> Institutional instability – caused

42 A., OCOLIȘANU, G., DOBROTĂ, and D. DOBROTĂ, The Effects of public investment on sustainable economic growth: Empirical evidence from emerging countries in Central and Eastern Europe. *Sustainability*, 14(14), 2022, 8721. <https://doi.org/10.3390/su14148721>

43 B. MATKARIMOV, A. BARLYBAYEV, and D. KARIMOV, Enhancing analytical precision in company earnings reports through neurofuzzy system development: A comprehensive investigation. *Journal of Electrical and Computer Engineering*, 2024, 2024, 8515203. <https://doi.org/10.1155/2024/8515203>

by the lack of judicial independence, poor-quality public administration, and lack of transparency – also negatively affects the countries' ability to implement long-term strategies effectively. Despite external support and ongoing reforms, corruption and institutional weakness frequently remain serious impediments to sustainable economic growth.<sup>44</sup>

The demographic crisis is another significant obstacle to sustainable development in Eastern Europe. Ageing populations and low birth rates are leading to labour shortages, which can substantially slow economic growth. In 2020, the average fertility rate in the region was only 1.5-1.6 children per woman, well below the replacement level of 2.1. In countries with the most acute demographic problems, such as Bulgaria and Ukraine, the ageing process is especially rapid, with the proportion of people over 65 exceeding 20% (as of 2020). Young people, facing limited opportunities at home, often seek employment abroad, resulting in migration and a decline in the number of qualified professionals. In 2019, more than 3 million people left Eastern Europe in search of work, representing a substantial share of the working-age population. This has caused labour shortages and increased pressure on pension and social systems. In countries with the most pronounced demographic challenges, such as Romania and Ukraine, the burden on pension funds has increased by 15-20% over the past decade. Addressing this issue requires a comprehensive approach, including measures to attract migrants, improve living conditions for youth, and promote family values – making it a long-term challenge for the region.<sup>45</sup>

No less significant challenges for the countries of Eastern Europe are posed by external factors, including geopolitical instability, military actions in Ukraine, and economic sanctions. The situation on the international stage – including strained relations with neighbouring states and overall instability – can exert a seriously negative impact on the region's economy. Moreover, sanctions targeting countries such as Russia, Belarus, and Iran limit their trade opportunities and

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<sup>44</sup> S. AL-JUNDI, A., SHUHAIBER, and S.S. AL-EMARA, The effect of political instability and institutional weakness on administrative corruption. *Contemporary Economics*, 16(2), 2022, 168-181. <https://doi.org/10.5709/ce.1897-9254.475>

<sup>45</sup> M. DUDEK, and T. WOJEWODZIC, Does a Demographic crisis threaten European and Polish agriculture? *Countryside and Agriculture*, 1 (190), 2021, 97-117. <https://doi.org/10.53098/wir012021/05>

hinder economic development. Major external actors such as the European Union and Russia also exert considerable influence, with their economic policies and political decisions affecting the business environment and the development of individual sectors in Eastern Europe. For instance, Russia's aggressive foreign policy or uncertainty in the EU's positions may generate economic instability and complicate the achievement of sustainable growth.<sup>46</sup>

Achieving sustainable growth in the countries of Eastern Europe is hampered by a multitude of internal and external challenges. To effectively combat corruption, address demographic issues, and withstand external economic and geopolitical pressures, not only are active measures by national authorities required, but also close cooperation with international partners and the business community.

The countries of Eastern Europe, which have undergone significant transformations following the end of the socialist era and their integration into the European Union, show varying degrees of success in implementing sustainable economic growth strategies. Comparative analysis of these countries helps to identify both successful cases and those that encounter a range of difficulties on their path toward sustainable development.

Some countries in the region have achieved more pronounced and stable economic growth due to comprehensive reforms, successful integration into international structures, and effective attraction of external resources. For example, Poland serves as a vivid example of a successful transition from a planned economy to a market-based model. Thanks to well-considered policies and the targeted use of EU funds, the country significantly improved its infrastructure, developed industry, and raised the standard of living. Political stability, a relatively low level of corruption (Poland ranked 47th in the Transparency International Corruption Perceptions Index in 2023), and active cooperation with the European Union contributed to the successful implementation of sustainable economic strategies. As a result, in 2023, the country's GDP grew by 2.8%, and unemploy-

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<sup>46</sup> K. KHAN, A. KHURSHID, and J. CIFUENTES-FAURA, Investigating the relationship between geopolitical risks and economic security: Empirical evidence from central and Eastern European countries. *Resources Policy*, 85, 2023, 103872. <https://doi.org/10.1016/j.resourpol.2023.103872>

ment dropped to 2.9%, reflecting notable achievements in social development.<sup>47</sup>

Bulgaria, despite being an EU member state, faces a number of serious problems that hinder sustainable economic growth. One of the key barriers to development is the high level of corruption (72nd place in the 2023 Corruption Perceptions Index), which permeates various spheres – from public administration to business. Although the country has made certain gains in the tourism sector (revenue from tourism in 2023 amounted to approximately EUR 5.1 billion), the problems in the judicial system remain significant. The poverty rate also remains high – around 20% of the population lived below the national poverty line in 2023.<sup>48</sup>

Romania faces several structural challenges that impede the full realisation of its economic potential. Although the country has succeeded in sectors such as information technology, becoming one of Europe's leading IT hubs, problems in the legal and judicial systems persist (63rd place in the 2023 Corruption Perceptions Index). In 2023, Romania's GDP grew by 2.2%, but the poverty rate remained relatively high at 16.1%. Furthermore, the unemployment rate stood at 5.6%, which is above the levels observed in more economically stable countries in the region.<sup>49</sup>

Georgia represents a notable case: despite successful reforms aimed at market liberalisation and improving the business climate (the country held a high position – 7th – in the Doing Business ranking until its discontinuation), it continues to face serious challenges related to social justice. In 2023, Georgia's GDP grew by 7.5%, but the poverty rate remained fairly high at 11.8%. Unemployment stood at 13.7%, indicating the need to intensify efforts in job creation and

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47 M.B. PIETRZAK, B. IGLIŃSKI, W. KUJAWSKI, and P. IWAŃSKI, Energy transition in Poland – Assessment of the renewable energy sector. *Energies*, 14(8), 2021., 2046. <https://doi.org/10.3390/en14082046>

48 O. TANKOVSKY, and V. ENDRODI-KOVACS, The economic integration maturity of Romania and Bulgaria. In A. Horobet, L. Belascu, P. Polychronidou, A. Karasavoglou (Eds.), *Global, Regional and Local Perspectives on the Economies of Southeastern Europe*. Cham: Springer, 2021, 91-104. [https://doi.org/10.1007/978-3-030-57953-1\\_6](https://doi.org/10.1007/978-3-030-57953-1_6)

49 I. BOSTAN, A.A. MOROȘAN, C.V. HAPENCIUC, P. STANCIU, and I. CONDRATOV, Are structural funds a real solution for regional development in the European union? A study on the northeast region of Romania. *Journal of Risk and Financial Management*, 15(6), 2022, 232. <https://doi.org/10.3390/jrfm15060232>

the development of social policy.<sup>50</sup>

Ukraine faces serious challenges linked to political instability, geopolitical conflicts, and high levels of corruption (the country ranked 104th in the 2023 Corruption Perceptions Index). Despite numerous reform efforts, economic growth in Ukraine remains unstable – in 2023, GDP grew by approximately 5% after a decline in 2022. The poverty rate exceeded 24%, and unemployment remained at around 19%. Political instability and external threats such as the conflict with Russia continue to complicate the implementation of reforms.<sup>51</sup>

Differences in the success of Eastern European countries in implementing sustainable strategies can be explained by several factors. The maturity of institutions and the degree of corruption play a key role in determining the effectiveness of economic reforms. Generally, countries with strong institutional structures and low levels of corruption achieve more stable and sustainable economic performance.

Global integration and participation in international economic organisations, such as the European Union, significantly facilitate the accelerated implementation of sustainable economic strategies.<sup>52</sup> Countries like Poland, which have effectively utilised EU assistance and invested in infrastructure and human capital, have achieved noticeable success.

In addition, the geopolitical environment has a considerable impact. Countries such as Ukraine and Georgia face external threats and political instability, which hinder the implementation of sustainable strategies. Foreign policy factors, including sanctions and geopolitical pressure, have a strong influence on economic development, especially in conflict-prone regions.

Comparative analysis of Eastern European countries shows that the successful implementation of sustainable economic strategies depends on numerous

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50 M. KIM, and J.S. MAH, Market liberalization and Georgia's de facto industrial policy. *Perspectives on Global Development and Technology*, 23(5-6), 2024, 333-355. <https://doi.org/10.1163/15691497-12341689>

51 Y. ROMANOVSKA, G. KOZACHENKO, Y. POGORELOV, O. POMAZUN, and K. Redko, Problems of development of economic security in Ukraine: challenges and opportunities. *Financial and Credit Activity: Problems of Theory and Practice*, 5(46), 2022, 249-257 <https://doi.org/10.55643/fcaptop.5.46.2022.3906>

52 S. STEFANOV, Construction contracts expenses and revenues reporting. *IOP Conference Series: Materials Science and Engineering*, 951(1), 2020, 012029. <https://doi.org/10.1088/1757-899X/951/1/012029>

factors, including institutional maturity, corruption levels, integration into external economic structures, and political stability. Countries that have managed to establish strong and resilient institutions, build effective cooperation with international partners, and address key social issues have achieved significant economic progress. Meanwhile, states facing internal and external challenges continue to experience difficulties in realising their strategies, hindering the attainment of sustainable and balanced development.

To achieve sustainable economic growth and improve quality of life in Eastern European countries, a comprehensive approach is required – one that addresses current challenges and creates favourable conditions for development. Key areas for future progress include environmental transformation, strengthening social policy, and improving the institutional environment.

One of the priority tasks for Eastern European countries is the development of sustainable and environmentally friendly technologies. While some states are already actively promoting renewable energy and implementing green technologies, in others this process is progressing more slowly. To accelerate the transition to environmentally sustainable development, it is necessary to modernise energy infrastructure by increasing investment in renewable sources such as solar and wind power, and to enhance the energy efficiency of the industrial sector. This will not only reduce the carbon footprint but also create new jobs in the green energy sector. Furthermore, waste management systems must be developed by implementing efficient recycling technologies. Increasing recycling rates and reducing the volume of waste will improve environmental conditions and create opportunities for new industries, such as plastic and secondary resource processing. It is also important to support environmentally oriented agriculture by introducing sustainable methods, including organic farming and eco-friendly plant protection practices, which will improve the resilience of the agricultural sector.

To improve quality of life and reduce social inequality in the region's countries, efforts must be focused on reforming healthcare, education, and social protection systems.<sup>53</sup> It is vital to continue investing in the development of edu-

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53 A. SILAGADZE, G. GAGANIDZE, T. ZUBIASHVILI, and T. ATANELISHVILI, Cryptocurrency regulation in post-Soviet countries: Balancing global practices and local specifics. *Scientific Bulletin of Mukachevo State University. Series "Economics"*, 12(1), 2025, 103-117. <https://doi.org/10.52566/msu-econ1.2025.103>

cational institutions and the healthcare sector. Improving the quality of education – particularly in technology and science – will open new prospects for young people and increase social mobility. Ensuring accessible healthcare will guarantee equal opportunities for medical assistance for all citizens. Reducing poverty and the social gap through poverty alleviation programmes, increases in minimum wages, and improved working conditions will represent a significant step forward. Expanding social support for vulnerable groups and improving housing conditions will also contribute to strengthening social stability. Moreover, launching family support programmes and actively promoting employment initiatives, including for young and elderly people, will help reduce social tensions and increase social cohesion.

To successfully carry out economic and social reforms in Eastern European countries, it is necessary to enhance the institutional environment and increase the transparency and effectiveness of government bodies. One of the key areas is the fight against corruption. Reducing corruption plays an essential role in improving the business climate and strengthening public trust in state institutions.<sup>54</sup> This requires stricter accountability measures for corruption-related offences, stronger oversight of government activity, and the establishment of independent anti-corruption bodies. The judiciary must also be reformed to increase its independence, transparency, and effectiveness, which will strengthen confidence in the legal system and ensure fair dispute resolution for both businesses and citizens.<sup>55</sup> An important step is the improvement of public administration through the digitalisation of services, optimisation of public procurement systems, and rational use of budgetary funds. These measures will enhance trust in the government and enable more efficient use of public resources.

To ensure sustainable economic development in Eastern European countries, it is important to continue active cooperation with international organisa-

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54 P. M. PANTEGHINI, The capital structure of multinational companies under tax competition. *International Tax and Public Finance*, 16(1), 2009, 59–81. <https://doi.org/10.1007/s10797-007-9055-7>

55 V. PAPAVALA, and V. MAISALIA, On economic security under confrontational globalization and the main concepts of geo-economic warfare. *Bulletin of the Georgian National Academy of Sciences*, 17(3), 2024, 116-120. <https://doi.org/10.2139/ssrn.4608421>

tions such as the European Union<sup>56</sup>, the World Bank<sup>57</sup>, and other financial institutions. This cooperation should include not only financial support but also the exchange of experience and knowledge in the areas of sustainable development, environmental protection, innovation, and social welfare. Engagement with international partners will help to strengthen external economic and political stability, thereby creating favourable conditions for effective internal development.

#### 4. Discussion

The analysis of the data obtained suggests that the countries of Eastern Europe which have most effectively integrated into the European Union and capitalised on its resources have achieved the greatest success in sustainable growth. In particular, Poland has made significant progress in modernising infrastructure and developing technology through the targeted use of EU funds. Reforms in the fields of education and entrepreneurship have strengthened the internal economy and enhanced its competitiveness. This confirms that a well-designed strategy, combined with international support, contributes significantly to achieving sustainable economic development.

This issue was also examined by Vuković et al.<sup>58</sup>, whose findings confirmed that sustainable economic growth in Eastern European countries was driven by structural reforms, active integration into the global economy, and improved access to investment resources. Positive changes were reflected in GDP growth, poverty reduction, and infrastructure modernisation. However, the study also identified serious problems such as income disparities, demographic decline, and a high dependence on external economic factors.

The study by Bostan et al.<sup>59</sup> likewise highlights the substantial impact of external factors on the development of the region's countries. Global economic

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56 EUROPEAN UNION, European union official website, 2025. [https://european-union.europa.eu/index\\_en](https://european-union.europa.eu/index_en)

57 INTERNATIONAL MONETARY FUND, International monetary fund official website, 2025. <https://www.imf.org/en/Home>

58 B., VUKOVIĆ, T., TICA, and D. JAKSIĆ, Sustainable growth rate analysis in Eastern European companies. *Sustainability*, 14(17), 2022, 10731. <https://doi.org/10.3390/su141710731>

59 I. BOSTAN, C. TOMA, G. AEVOAE, I.B. ROBU, D.N. MARDIROS, and Ş.C. TOPLICEANU, Effects of internal and external factors on economic growth in emerging economies: Evidence from CEE countries. *Eastern European Economics*, 61(1), 2023, 66-85. <https://doi.org/10.1080/00128775.2022.2109489>

crises, fluctuations in energy prices, and geopolitical instability have had a marked effect on the economic dynamics of Eastern Europe. Although foreign investment has contributed to economic growth, the high degree of dependence on external trade has left these economies vulnerable to external shocks. Sanctions, political tensions, and changes in global demand have often exacerbated existing internal economic challenges.<sup>60</sup>

It should be emphasised that the pace of sustainable economic growth in Eastern European countries has varied considerably depending on the depth of reforms implemented and the effectiveness of government institutions. Countries with high levels of administrative transparency and strong support for small and medium-sized enterprises have generally demonstrated more stable and predictable results.<sup>61,62</sup> By contrast, those countries where reforms have progressed slowly or been hindered by systemic corruption have encountered difficulties in achieving long-term and balanced development.

While some countries have registered notable successes, others continue to face serious obstacles that slow their development. As the analysis shows, Romania and Bulgaria – despite their EU membership and the implementation of economic reforms – still struggle with high levels of corruption and weak state institutions. These factors not only limit their potential for economic growth but also undermine the foundations of long-term stability. Social challenges are particularly pronounced – the persistently high poverty levels indicate that economic policies have been insufficiently effective in improving living standards.<sup>63</sup> Despite some success in infrastructure modernisation and attracting investment, corruption and social inequality remain key barriers to sustainable development.

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60 R. MINIACI, M. L. PARISI, and P. M. PANTEGHINI, Debt shifting in Europe. *International Tax and Public Finance*, 21(3), 2014, 397–435. <https://doi.org/10.1007/s10797-012-9266-4>

61 A. DEMI, S. XHAFERRI, S. UKU, S. SHAHINI, and A. LUSHI, The impact of fiscal policies on Albanian economic growth: The case of value-added tax. *Journal of Governance and Regulation*, 10(4 Special issue), 2021, 311–325. <https://doi.org/10.22495/JGRV10I4SIART11>

62 G. ARACHI, V. BUCCI, E. LONGOBARDI, P. M. PANTEGHINI, M. L. PARISI, S. PELLEGRINO, and A. ZANARDI, Fiscal reforms during fiscal consolidation: The case of Italy. *FinanzArchiv*, 68(4), 2012, 445–465. <https://doi.org/10.1628/001522112X659574>

63 M. KNAPIK, Analysis of water leaks and savings strategies in commercial buildings and the impact of LEED certification on water system operating cost. *Zeszyty Naukowe SGSP*, 1(95), 2025, 41–58. <https://doi.org/10.5604/01.3001.0055.2863>

Unlike the author study, Bahri et al.<sup>64</sup> stress that corruption and institutional instability continue to pose significant obstacles to sustainable economic development in Eastern Europe. These factors erode investor confidence, increase the cost of doing business, and hinder the implementation of necessary reforms. Countries with high levels of corruption often experience capital flight and a slowdown in economic dynamics.

The study by Adanma and Ogunbiyi<sup>65</sup> found that international support – including assistance from the European Union, the International Monetary Fund, and the World Bank – has played a significant role in strengthening the region's economic resilience. Financial programmes and technical assistance have contributed to institutional modernisation and the implementation of structural reforms. However, the effectiveness of this support largely depends on the political will and readiness for change within the beneficiary countries themselves.

These findings support the conclusions mentioned above, showing a clear correlation between the level of corruption and the slowdown in economic growth. The higher the degree of institutional instability, the lower the level of investment activity and economic performance.<sup>66,67</sup> This underlines the importance of large-scale reforms to create favourable conditions for sustainable development.

The analysis of the environmental component of Eastern European strategies revealed that the implementation of sustainable environmental technologies largely depends on political will and financial resources. Poland is actively developing renewable energy sources and aiming to reduce carbon emissions, having

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64 M. BAHRI, O. SAKKA, and R. KALLAL, The impact of corruption on the export intensity of SMEs in Tunisia: moderating effects of political instability and regulatory obstacles. *Journal of Entrepreneurship in Emerging Economies*, 13(5), 2021, 1134-1151. <https://doi.org/10.1108/JEEE-03-2020-0055>

65 U.M., ADANMA, and E.O. OGUNBIYI, A comparative review of global environmental policies for promoting sustainable development and economic growth. *International Journal of Applied Research in Social Sciences*, 6(5), 2024, 4-977. <https://doi.org/10.51594/ijarss.v6i5.1147>

66 M. ALIYEVA, L. HUSEYNOVA, and G. AGABEKOVA, The role of investment in the development of smart agricultural technologies in megacities. *Scientific Horizons*, 28(6), 2025, 150–164. <https://doi.org/10.48077/scihor6.2025.150>

67 T. TOKHTAMYSH, S. HLIBKO, Y. AKHMEDYAROV, and T. ISMAILOV, Eco-friendly dairy products: International context and prospects. In: *Globalization, Global Security, and New International Realities for Modern Democracies*. IGI Global, 2025, 403–431. <https://doi.org/10.4018/979-8-3373-1355-9.ch016>

achieved a 13% share of renewables in its energy mix by 2020 – a noteworthy figure. At the same time, countries such as Bulgaria remain heavily reliant on coal-fired energy, which causes serious environmental issues. For these countries to shift to cleaner technologies, substantial investment and comprehensive reforms in the energy sector are required.

According to Wang et al.<sup>68</sup>, environmental technologies are playing an increasingly important role in ensuring sustainable growth in Eastern Europe, particularly in terms of reducing environmental damage and increasing energy efficiency. The development of renewable energy sources, such as solar and wind power, reduces dependence on traditional hydrocarbons. Moreover, the growth of “green” technologies fosters job creation and the expansion of environmentally friendly industries.<sup>69</sup>

In turn, Strielkowski et al.<sup>70</sup> concluded that energy sector diversification plays a crucial role in ensuring sustainable development in the region. The active development of alternative energy sources and improvements in energy efficiency help to reduce reliance on external energy shocks and political risks. In addition, this supports the reduction of carbon emissions, which is an essential step toward meeting climate goals and fulfilling international obligations.<sup>71</sup>

These data are consistent with the arguments presented in the previous section, confirming the importance of environmental technology in achieving long-term economic growth. The development of renewable energy not only mitigates environmental harm but also creates new opportunities for the

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68 R. WANG, M. USMAN, M., RADULESCU, J. CIFUENTES-FAURA, and D. BALSALOBRE-LORENTE, Achieving ecological sustainability through technological innovations, financial development, foreign direct investment, and energy consumption in developing European countries. *Gondwana Research*, 119, 2023, 138-152. <https://doi.org/10.1016/j.j-gr.2023.02.023>

69 O. DENISSOVA, M. KOZLOVA, M. RAKHIMBERDINOVA, Y. VARAVIN, and M. ORDABAYEVA, International experience in the development of green economy. *Journal of Environmental Management and Tourism*, 9(3), 2018, 564–575. [https://doi.org/10.14505/jemt.v9.3\(27\).16](https://doi.org/10.14505/jemt.v9.3(27).16)

70 W. STRIELKOWSKI, L. CIVÍN, E. TARKHANOVA, M. TVARONAVIČIENĖ, and Y. PETRENKO, Renewable energy in the sustainable development of electrical power sector: A review. *Energies*, 14(24), 2021, 8240. <https://doi.org/10.3390/en14248240>

71 I. MIKHNO, N. IHNATENKO, O. CHERNIAIEV, V. VYNOGRADNYA, D. ATSTAJA, and V. KOVAL, Construction waste recycling in the circular economy model. *IOP Conference Series: Earth and Environmental Science*, 1126(1), 2023, 012003. <https://doi.org/10.1088/1755-1315/1126/1/012003>

modernisation of the energy sector.<sup>72,73</sup> This, in turn, fosters sustainable development and reduces dependence on unstable and costly traditional energy sources.

Social factors also play a crucial role in the sustainable growth strategies of the region's countries. In Poland, substantial investments in education and healthcare have improved the quality of life and social mobility. By contrast, in Romania and Bulgaria, poverty levels remain high – with around 25% of the population living below the poverty line – indicating that insufficient measures have been taken to address social issues. This casts doubt on the effectiveness of economic strategies focused primarily on infrastructure development and foreign investment, and highlights the need for a comprehensive approach that considers both social and economic challenges.<sup>74</sup>

Kamenova et al.<sup>75</sup> also conducted a study which confirmed that social investment is essential for improving living standards, as it targets the development of education, healthcare, and social protection systems. Such investments not only enhance “citizens” wellbeing but also strengthen human capital – a key driver of sustainable economic development. Investment in social programmes promotes more equitable income distribution and helps reduce social inequality.

Halkos and Gkampoura<sup>76</sup> likewise found that social challenges – such as unemployment, poverty, and low levels of education – significantly hinder economic development, slowing growth and intensifying social tensions. These problems contribute to declining public health, increased crime, and reduced la-

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72 S. BABAYEVA, N. ADILOVA, E. GOJAEVA, and A. PASHAYEVA, Green innovation as a factor of economic growth. *Lecture Notes in Networks and Systems*, 1251 LNNS, 2024, 523–531. [https://doi.org/10.1007/978-3-031-81567-6\\_60](https://doi.org/10.1007/978-3-031-81567-6_60)

73 E. GOJAEVA, I. S. VELI, A. P., and I. M. S., Green and sustainable financing as a promising mechanism for attracting foreign investment. *Lecture Notes in Networks and Systems*, 1251 LNNS, 2024, 423–430. [https://doi.org/10.1007/978-3-031-81567-6\\_49](https://doi.org/10.1007/978-3-031-81567-6_49)

74 J. TETA and E. XHAFKA, The qualitative impact of foreign direct investment in the Albanian clothing industry. *Apuntes del Cenes*, 43(78), 2024, 51–68. <https://doi.org/10.19053/upc.01203053.v43.n78.2024.17251>

75 M. KAMENOVA, G. ZHANTELEUOVA, B. MAIDANKYZY, G. LESBAYEVA, M. AMIROVA, and F. SHULENBAYEVA, Social investing as tool to improve the quality of life. Implications for the sustainable development and environmental vulnerability. *Journal of Environmental Management and Tourism*, 14(3), 2023, 842–855. [http://dx.doi.org/10.14505/jemt.14.3\(67\).22](http://dx.doi.org/10.14505/jemt.14.3(67).22)

76 G.E. HALKOS, and E.C. GKAMPOURA, Evaluating the effect of economic crisis on energy poverty in Europe. *Renewable and Sustainable Energy Reviews*, 144, 2021, 110981. <https://doi.org/10.1016/j.rser.2021.110981>

bour productivity. To address them effectively, a comprehensive approach involving both public and private investment in the social sphere is required.

A comparison of the findings reveals a direct correlation between the level of social investment and improvements in the quality of life. The more resources are directed towards healthcare, education, and social protection, the higher the general level of wellbeing and social stability.<sup>77</sup> In turn, these factors create favourable conditions for stable economic growth and greater labour productivity.

An analysis of economic resilience shows that countries such as Hungary and Georgia have taken significant measures to support small and medium-sized enterprises (SMEs), which has facilitated job creation and strengthened internal economic structures. In Hungary, SMEs account for more than 60% of all businesses, reflecting the development of the private sector. In Georgia, administrative reforms, simplified tax procedures, and improvements in the business climate have increased the number of SMEs. These changes have enhanced competitiveness and accelerated economic growth, although issues of corruption and social inequality remain pressing.

Wu et al.<sup>78</sup> concluded that reforms supporting SMEs play a key role in stimulating economic growth in Eastern Europe. Simplifying bureaucratic procedures, reducing tax burdens, and improving access to finance foster a more favourable environment for private sector development. This not only increases the number of new businesses but also boosts employment and innovation in the region.

Kumhof and Noone<sup>79</sup> found that legal stability is a critical factor in ensuring the region's economic resilience, as it builds trust among investors and entrepreneurs. A reliable legal system protects business interests, reduces corruption

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<sup>77</sup> Z. B. UMBETBAYEVA, S. ZH. SULEIMENOVA, G. G. NURAKHMETOVA, S. A. SAIMOVA, and D. BAITUKAYEVA, The Vienna Convention for the protection of the ozone layer and its role in promoting environmental sustainability and implementation in the national legislations of participating states. *Rivista di Studi sulla Sostenibilità*, 13(1), 2023, 313–330. <https://doi.org/10.3280/RISS2023-001-S1020>

<sup>78</sup> S.H. WU, F.J. LIN, and C. PERNG, The affecting factors of small and medium enterprise performance. *Journal of Business Research*, 143, 2022, 94–104. <https://doi.org/10.1016/j.jbusres.2022.01.025>

<sup>79</sup> M. KUMHOF, and C. NOONE, Central bank digital currencies – Design principles for financial stability. *Economic Analysis and Policy*, 71, 2021, 553–572. <https://doi.org/10.1016/j.eap.2021.06.012>

risks, and safeguards property rights. Countries with stable legal frameworks exhibit higher economic growth rates, as their economies are better equipped to withstand internal and external shocks.

The research findings suggest that reforms aimed at supporting SMEs significantly contribute to accelerating economic growth. Reducing administrative barriers and streamlining business processes encourages not only the creation of new enterprises but also the expansion of existing ones.<sup>80</sup> These changes foster an enabling entrepreneurial environment, promoting job creation and boosting innovation across the region.

However, not all countries in the region can boast similar achievements. Ukraine, despite its reform efforts, continues to struggle with political instability and high levels of corruption. These challenges constrain the effective implementation of economic strategies and lead to unpredictability in economic development. In 2020, Ukraine's GDP contracted by 4.4%, a decline directly linked to political crises and economic instability. These circumstances demonstrate that sustainable development requires not only economic reforms, but also the strengthening of political institutions and an active fight against corruption – both of which are foundational to long-term growth and regional stability.

## 5. Conclusions

The study has analysed the key economic development strategies of Eastern European countries and their impact on sustainable growth. The findings indicate that stable economic growth largely depends on the effectiveness of structural reforms, the scale of international investment, and the level of institutional resilience. In particular, Poland's success has been underpinned by actively attracting EU funds – around EUR100 billion – accompanied by GDP growth of 4.5% and one of the region's lowest unemployment rates. However, comparing data across countries is complicated by differences in economic scale, political conditions, and access to European support mechanisms.

Romania and Bulgaria have achieved moderate results but continue to face systemic obstacles such as corruption and weak legal institutions. Nonetheless,

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80 A. HAJIYEVA, A. HAJIYEVA, K. KHUDAVERDIYEVA, and N. ATAKISHIYEVA, Small and medium-sized businesses as a factor influencing the level of employment. *Australasian Accounting, Business and Finance Journal*, 19(2), 2025, 120–143. <https://doi.org/10.14453/aabfj.v19i2.07>

Romania has attracted over EUR 5 billion to its IT sector and secured a strong position in this area. Meanwhile, Bulgaria remains heavily reliant on tourism, which limits the diversification of its economy. The reliability of such comparisons is constrained by structural economic differences and disparities in access to investment flows.

Georgia, not being an EU member, has achieved GDP growth of 5.0% and secured a high position in the Doing Business ranking, yet its high poverty rate (21.6%) indicates low social resilience. Ukraine, despite external challenges, is implementing institutional reforms with the support of international organisations, though accurate assessment of its progress is difficult due to ongoing military conflict.

Thus, when assessing sustainable growth, it is important to consider not only quantitative data, but also qualitative factors – institutional foundations, political will, and the degree of social integration. Countries should be compared with these characteristics in mind, and conclusions about strategy should be drawn in the context of each country's specific circumstances.

A limitation of this study is the lack of in-depth analysis of domestic political stability and its direct impact on economic strategies in each of the countries reviewed. Future research would benefit from exploring the influence of demographic changes and migration processes on sustainable economic development in Eastern Europe.