

# EaP GREEN

Partnership for Environment and Growth



Programme carried out with the financial assistance of the European Union



## GREENING ECONOMIES IN THE EUROPEAN UNION'S EASTERN PARTNERSHIP COUNTRIES EaP GREEN PROGRAMME

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# GREENING ECONOMIES IN THE EUROPEAN UNION'S EASTERN PARTNERSHIP COUNTRIES

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# Foreword

Further improvements in human well-being depend upon how countries manage their natural capital, reduce the carbon and resource intensity of their economies, and ensure the environmental quality of life of people. Policy reforms, changes in corporate strategies and consumer behaviour are necessary in this regard.

Governments of Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine have already committed themselves to the goal of sustainable development and the transition to a green economy. This involves pursuing growth that is environmentally sustainable. Internationally, commitments to green economy were spelled out in a number of policy documents adopted around the “Rio+20” Earth Summit. In a regional perspective, similar commitments were made within the Eastern Partnership (EaP), most importantly in the Declaration of the 2011 Warsaw “Eastern Partnership” Summit. In 2013, at the Vilnius Summit of the EaP, participants from the European Union (EU) and neighbourhood countries recognised the mutual benefits of working toward a green economy from an environmental and economic point of view. Translating these commitments into actions and result requires the implementation of appropriate measures in each country.

The “Greening Economies in the Eastern Neighbourhood” (EaP GREEN) programme is a means for EaP countries to progress faster on their path to green economy. The programme aims to improve both environmental policies and management approaches within a green economy framework. This should result in higher productivity and competitiveness in global markets, as well as better management of natural capital, enhanced environmental quality of life, and more resilient ecosystems and economies. EaP GREEN targets six Eastern neighbours of the European Union: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine, with support provided by the European Commission and four international organisations – OECD, UNECE, UNEP and UNIDO. Additional support is provided by other countries, including Austria, Norway, Switzerland, and the Netherlands.

This brochure highlights the main activities that will be carried out within the programme. We hope that it will be useful as a reference document for all stakeholders in EaP countries and beyond.



**Sustainable development and green economy have been recognised as guiding principles in a number of national development strategies.**

# Context and demand in the EaP countries:

## Should countries become “greener” to grow?

### Development context

Over the last twenty years, EaP countries shifted from a centrally planned system towards a market-based and globally integrated economy. Today, the private sector represents the largest part of their economies. On average, some 90% of registered companies are small and medium-sized. Most EaP countries are well integrated into the global economy, having, in particular, strong trade relations with the EU. Four EaP countries are WTO members: Georgia, the Republic of Moldova, Armenia, and Ukraine. Due to an important growth of the services sector, the economic structure has substantially evolved during the transition period.

The very sharp economic decline in the mid-1990s lead, unfortunately, to a dramatic increase of poverty and inequality, which have been gradually addressed.

#### DID YOU KNOW

...that greening economic growth means also:

- securing future wellbeing;
- delivering growth within environmental limits;
- implementing smart policies to stimulate innovation and avoid lock-in to costly systems;
- getting the prices and governance frameworks right.

Although economic decline was overcome, the quality of growth remains low in EaP countries. Their economies are often narrow based. A large proportion of households were affected by the 2008 global crisis. Life dissatisfaction is widespread, and trust in institutions is low. Concerns about climate change are higher than in other transition economies.

### Life in Transition: Key findings (% , weighted)

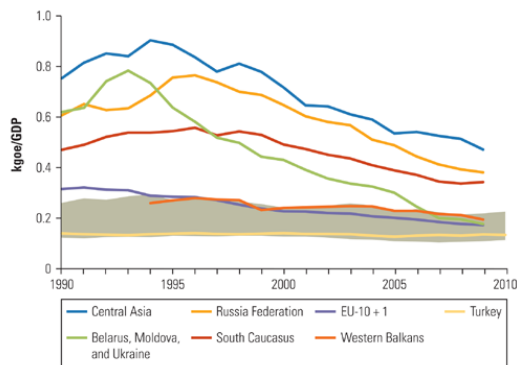
Key dimensions	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine	Average transition region	Average Western Europe
<b>Satisfied with life</b>	22	42	51	25	30	30	43	72
<b>Trust in others</b>	8	24	42	29	41	49	34	42
<b>Perceive less corruption than four years ago</b>	20	18	29	78	13	10	21	9
<b>Concerned about climate change</b>	<b>61</b>	<b>73</b>	<b>56</b>	<b>63</b>	<b>81</b>	<b>62</b>	<b>54</b>	<b>54</b>
<b>Support both market economy and democracy</b>	44	50	40	38	52	26	34	42
<b>Households affected by the crisis</b>	62	55	27	54	51	46	49	31

Source: EBRD (2011), Second “Life in Transition” Survey.

## The environment and economy nexus

Economies in EaP countries exhibit low resource and/or energy productivity (see figure below). They are often concentrated in low value-added sectors. All EaP governments aim at structural adjustments to diversify the economy and promote sectors with a higher value added. This switch requires innovation and the diffusion of modern technologies, implying policy reform and action at the enterprise level. While market signals in support to green economy, especially energy and water tariffs, are becoming stronger, incentives for more efficient use of resources remain weak.

Energy intensities in the Eastern Partnership countries relative to other groups of countries (1990-2009)



Source: World Bank (2013) calculations based on data from IEA 2011 and World Bank, *World Development Indicators*.

Note: Energy intensity is the amount of energy used to produce US\$1 of GDP. The shaded area represents the minimum-maximum range of the EU-15. EU-10 + 1 includes the EU-10 countries plus Croatia; kgoe = kilograms of oil equivalent.

## Political will and nascent “green” economies

“Sustainable development” and “green economy” have been recognised as “guiding principles” in a number of national development strategies such as “Azerbaijan 2020” and “Moldova 2020”. Not only their titles, but also some of their priorities and targets are aligned with the “Europe 2020” strategy which emphasises energy and resource efficiency.

Many EaP countries had recently updated (e.g. Georgia and Ukraine) or are finalising (e.g. Belarus and Moldova) their new national environmental strategies or strategies for sustainable development aiming to integrate sustainable consumption and production and green economy concepts. Many sectoral strategies and components of environmental strategies also aim to support green economy.

In the majority of EaP countries, green business opportunities have been linked to the energy and organic (or sustainable) agriculture sectors. Because of energy security concerns, energy efficiency and renewable energy promotion are high on the political agenda. Clean energy projects have been scaled up in Azerbaijan, Georgia, and Moldova. Organic farming increasingly contributes to agriculture-related income in Armenia, Moldova and Ukraine.

Private sector strategies have been transforming as well. Cleaner production projects, for example, have been undertaken in the region since the mid-1990s. Dedicated resource efficiency and cleaner production centres are operational in Ukraine and Moldova though the extent of ISO 14001 certification remains quite limited in the entire region.



# Programme Objectives and Components

## How will EaP GREEN support countries to multiply and extend their successes?

The launch of the EaP GREEN Programme was driven by demand from the EU and six countries of the Eastern Partnership (EaP): Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Its overall goal is that EaP countries move towards a green economy by decoupling economic growth from environmental degradation and resource depletion.

More specifically, EaP GREEN aims to:

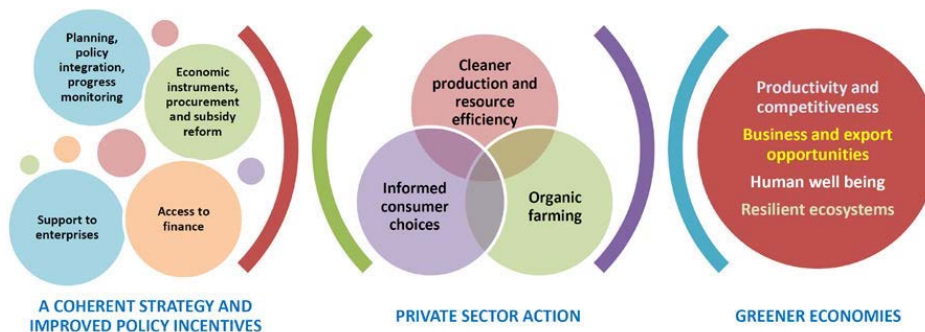
- ▶ **Mainstream sustainable consumption and production into national development plans, legislation and regulatory frameworks** so that sound incentives are provided for development in line with policy commitments and good international practices, including those encouraged in the EU;
- ▶ **Promote the use of the Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA)** as essential planning tools;
- ▶ **Facilitate the greening of selected economic sectors** (manufacturing, agriculture, food production and processing, construction).

Accordingly, EaP GREEN is structured around three components: (i) governance and financing tools; (ii) SEA and EIA: accompanying SCP policy implementation; (iii) demonstration projects.

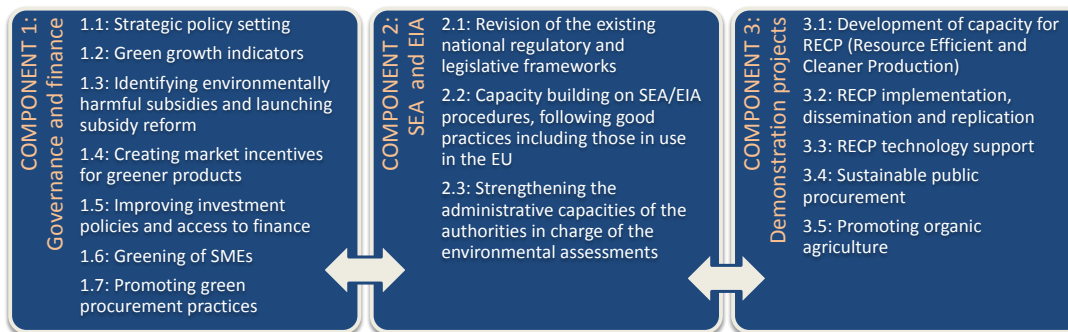
### What will EaP GREEN do?

- ▶ Facilitate policy debates and help making a stronger case for greening the economy
- ▶ Help governments devising their overall strategy to speed up the green transformation
- ▶ Support efforts to identify risks at the environment and economy nexus – covering both the strategic and project level
- ▶ Help find solutions in order to facilitate access to finance and new markets
- ▶ Suggest policy reforms to reduce the impact of environmentally harmful products and subsidies and, simultaneously, raise revenues
- ▶ Assist with the SME sector development
- ▶ Help improve corporate strategies by providing direct support to enterprises

## Overall framework for green economy promotion in the EaP countries



## EaP GREEN architecture



# EaP GREEN Stakeholders and Governance

## Who is involved in the EaP GREEN programme activities and management?

The EaP GREEN Programme works at both regional and national level. The programme is targeted at government authorities and the private sector in EaP countries. Various arms of the governments are involved in its activities, most importantly ministries of environment and ministries of finance and economy, statistical offices and sectoral ministries. The International Financial Institutions (IFIs) and the domestic banking sector representatives are important partners as well.

The programme is implemented in close cooperation with the NGO community. Activities are coordinated with relevant projects in EaP countries. The programme is supported by the European Commission and other donors, and involves joint implementation by four international organisations - OECD, UNECE, UNEP, and UNIDO. The OECD acts as the overall coordinator of the programme.

The Programme's Steering Committee (SC) was established in April 2013 to oversee the programme implementation. Its members include National Focal Points (NFPs), the European Commission and the four implementing partners. The SC meets annually. Such meetings are open to the NGO

community and donors, as well as other international organisations.

National Focal Points (NFPs) were designated by all countries. They represent both environment and economy ministries, and are the main counterparts of the programme at the operational level.

### Major elements of the EaP GREEN governance structure

#### **Steering Committee – overall guidance**

**Members:** Eastern Partnership countries (two National Focal Points from ministries of environment and economy, EC, OECD and three UN Agencies)

**Observers:** donors, NGOS and other stakeholders

#### **Management Group – coordination with other EU initiatives and projects**

EC Services (DEVCO, ENV, RTD, etc)  
Implementing Agencies

#### **Implementation and Coordination Committee – budget and programme management, taking account of guidance from the other two bodies**

OECD, UNECE, UNEP and UNIDO

green economy  
energy  
greening SMEs  
water  
innovation  
Europe+2020  
EaP GREEN cleaner  
securing future well-being  
growth within environmental limits  
Environmental Impact Assessment  
sustainable development  
renewable energy  
skills and jobs  
Strategic Environmental Assessment  
smart policies organic agriculture  
production

# Towards a Coherent Policy Framework

## Supporting strategic policy planning to promote green economy

### Policy background and challenges

While over the last two decades progress has been achieved in addressing SCP issues, albeit in a fragmented manner, EaP countries have not yet established a coherent policy framework that would enable the objective of sustainable consumption and production (SCP) and green economy to be adequately reflected in operational plans and programmes of the government and budgetary plans.

Developing SCP strategies and policies requires inter-sectoral and inter-ministerial coordination, and consolidated decision-making in relevant economic areas. Information on the economic benefits of environmental policies and investment return from greener options needs to be communicated with decision makers and the public. As SCP is a holistic approach rather than an end-of-pipe solution, it needs inter-ministerial coordination and the active involvement of a wide range of stakeholders.

**DID YOU KNOW** ...that 10 Year Framework of Programmes (10YFP) on SCP was adopted at the Rio+20 conference (June 2012)? The 10YFP is the platform to support the implementation of regional and national SCP programmes.

### Objectives and activities

To support the development of national SCP policy frameworks whose aim is to (a) promote the integration of resource efficiency and SCP policies into national economic and development planning and implementation processes; (b) develop and implement national SCP programmes or action plans where these are requested; and (c) show the added value of SCP practices in transitioning to a green economy.

- ▶ **Organisation of a regional SCP workshop.** Targets are policy-makers, the civil society and businesses. The aim is to raise awareness on SCP approaches, review overall SCP status progress in the region, exchange experience and hear success stories from the EaP and other European countries.
- ▶ **Development of national SCP programmes.** UNEP will support three countries in the preparation of a national scoping study, demonstration of environmental, economic and social benefits of the implementation of SCP in particular greener investment, selection of priority areas, definition of objectives and targets of a SCP programme at national level through consultation, and the establishment of country indicators and of a monitoring and reporting system.
- ▶ **Facilitating Regional Information Exchange** through 10 YFP Information Clearing House to exchange data, information and good practice.

# Progress Measurement: Indicators

## Supporting the introduction and application of Green Growth Indicators (GGIs)

### Policy background and challenges

Changing the development path requires analytical evidence that resonates both with environmental and non-environmental communities. To generate such evidence, governments may need to revisit the set of indicators that they currently use. Although EaP countries have a long history of collecting statistical data, the collected data are often patchy, insufficient in terms of quality and poorly used in decision-making.

The OECD proposed a set of green growth indicators on the basis of existing work in international organisations, notably in the OECD and UNEP, and in some partner countries. The proposed set is neither exhaustive nor final, and has been kept flexible enough so that countries can adapt it to different national contexts. It includes four groups of indicators on: environmental and resource productivity, the management of natural assets, environmental quality of life, and economic opportunities arising from environmental policies. Contextual information on the country's socio-economic conditions is needed to interpret these indicators.

### DID YOU KNOW

...that the OECD's set of GGIs was already applied in the Czech Republic, Denmark, Germany, Korea, the Netherlands, Slovakia, Slovenia, and pilot tested in six Latin American countries?

### Objectives and activities

- ▶ **Develop a toolkit to support the development of green growth indicators by countries.** OECD materials will be discussed and adapted to the context in the region. As part of this process, the experience from EU member states that have already applied the OECD set of green growth indicators will be transferred;
- ▶ **Implement country projects.** The OECD will work with Moldova, Ukraine and a third country to identify national-level sets of green growth indicators and test them. This will be used as a basis to foster dialogue among ministries and other stakeholders on the development and implementation of green growth strategies.
- ▶ **Develop capacity within governments to assess progress toward green growth.** The experience accumulated through country projects will be shared during national level events to support capacity development in other EaP countries.
- ▶ **Promote public debate on progress towards green economy.** Work will be carried out to identify up to ten green growth "headline" indicators, i.e. indicators targeted at top-level policy makers and civil society. The OECD will facilitate the launch of national-level processes (with a possible regional component) to collect and disclose such headline indicators.

# Access to Finance for Green Investments

## Ensuring sustainable financing of environmental public goods

### Policy background and challenges

Public resources are limited, especially during the period of austerity measures across many of the EaP countries. Therefore, reliance on public-sector investment must be minimised, and more attention paid to attracting private finance, which is at the core of the green growth transition.

Recognising this, IFIs such as the European Bank for Reconstruction and Development, the European Investment Bank, the World Bank and the Asian Development Bank have established credit lines earmarked for environmental purposes in commercial banks. In addition to supporting immediate investment priorities, IFIs have established such credit lines in order to support the capacity of local banks to conduct due diligence assessments and to demonstrate the viability of green financing as an attractive business model. However, this will only happen if local banks see sufficient opportunities to make the necessary investments in staff and capacity compared to other business opportunities. This requires sufficient demand from borrowers and supportive public policy frameworks.

### DID YOU KNOW

...that the targeted use of public finances can scale up private financial flows into green investment. Leverage ratios of 1:5 and above are not uncommon, and there are some cases of instruments delivering much higher ratios.

### Objectives and activities

- ▶ **Assess the lessons learnt from the operation of environmental credit-lines in three pilot countries.** This assessment will concern specific IFI-supported credit lines disbursed through local commercial banks. The aim is to identify the major incentives for the domestic banking sector to independently provide credits for such investments.
- ▶ **Develop recommendations for improved disbursement of environmental credit lines in commercial banks.** Based on the results of the analysis and stakeholder consultations, recommendations for the government and the banking sector will be developed.
- ▶ **Facilitate international dialogue on the outlook for green investment.** Besides domestic stakeholders, prospects for green investments will be discussed with IFIs and donors. An international conference focusing on the EaP countries will be organised.
- ▶ **Extend awareness- and capacity raising activities.** In those countries that would not take part in pilot projects, main lessons learned will be presented and opportunities will be examined on how experiences could be applied in a host country.

# Reform of Environmentally Harmful Subsidies

## Improving transparency, effectiveness and efficiency of public spending

### Policy background and challenges

Reforming environmentally harmful subsidies (EHS) is a fundamental element of green growth strategies. Its benefits include, among others, reducing the use of resource-intensive inputs (e.g. energy) and subsequent decrease in pollution levels; fixing market distortions by making resource prices reflect resource value and polluters pay for their pollution; releasing and/or reallocating public funding to other areas, such as education, energy saving or reducing debt.

Determining the environmental impact of different subsidies is often complicated because specific policy measures do not take place in isolation, but within a broad and evolving socio-economic and technological context. Very patchy information and the lack of a harmonised methodology make it difficult to identify EHS schemes and calculate their size. Overcoming these problems requires the concerted efforts of many different parties in a government.

### DID YOU KNOW

...that some evidence exists that fossil fuel consumer subsidies in EaP countries might be large. The International Energy Agency (IEA) estimated that in 2011 such subsidies (for oil, coal, gas, and electricity) totalled about USD 2 billion in Azerbaijan (about 3% of its GDP) and about USD 9 billion in Ukraine (about 6% of its GDP).

### Objectives and activities

- ▶ **Develop policy guidance tools to prepare EHS reform action plans.** The guidance will be based on tools and methods for identifying, measuring and evaluating subsidies that are environmentally harmful and economically wasteful. The experience with applying these analytical tools in preparing EHS reform plans, including from the EU countries, will be presented in several regional meetings with the participation of key stakeholders from EaP countries.
- ▶ **Implement country projects.** The OECD will work in Moldova and other two countries to develop action plans to reform EHS in selected sectors (such as energy, agriculture or water). Each project will aim at facilitating a national-level policy dialogue to generate political support for the adoption and implementation of the actions plan proposed for the country.
- ▶ **Build capacity and political support** in other EaP countries to develop action plans to reform EHS. Stakeholder meetings will be organised in EaP countries other than those hosting the pilot projects to disseminate policy recommendations and lessons learned from other countries in the region.



# Creating Market Incentives for Greener Products

## Economic instruments for changing consumer behaviour

### Policy background and challenges

All EaP countries impose taxes on environmentally harmful products (such as motor fuels and imported vehicles), but only some of them (e.g. Armenia and Moldova) have product taxes mandated by environmental legislation. A few countries differentiate the tax rates for motor fuels based on their quality. Only a few deposit-refund schemes (e.g. for glass bottles) remain in place from the Soviet era. An extended producer responsibility (EPR) system has recently been introduced in Belarus. Several EaP countries are interested in expanding the use of product-related economic instruments. One of the principal problems with the performance of these instruments in the partner countries is their revenue-raising focus without much concern about enhancing their environmental effectiveness which is a key challenge.

Well-designed taxes can foster the use of less environmentally harmful products while also generating revenue for the public budget. For example, fuel taxes have been applied in many countries to reduce the consumption of fossil fuels. Differentiated taxes applied to vehicles, detergents, and batteries have stimulated

**DID YOU KNOW** ...that in 2010, 70% of all the revenues from environmentally related taxes in OECD countries came from taxes on various energy products, especially on motor vehicle fuels, and another 27% were raised via taxes on motor vehicles and various transport activities?

the market for cleaner alternatives. Deposit-refund systems are widely used in managing waste flows whereas EPR is best suited for products which are dangerous to mix in, and/or costly to recover from, the general household waste.

### Objectives and activities

- ▶ **Preparation of a Policy Manual** on the design of product-related economic instruments that would provide incentives for both reducing pollution and introducing greener products. It will draw on related experience in EU and OECD countries and examples from EaP countries where product-related economic instruments already form part of the policy mix;
- ▶ **Pilot projects** will be implemented in Moldova and Ukraine to design or reform economic instruments for environmental management of products. The pilot projects will result in specific recommendations on how the policy, legal and, possibly, institutional frameworks should be reformed and will assist countries in their implementation.
- ▶ **National-level capacity building workshops** will be organised in all EaP countries. Their objective will be to disseminate policy recommendations and lessons learned from the pilot countries as well as to provide guidance for designing product-related economic instruments.

# Greening Small and Medium-sized Enterprises

## Improving environmental results and unlocking new business opportunities

### Policy background and challenges

Worldwide, a growing number of large companies observe and take advantage of cleaner production processes including reduced costs in materials, energy, and compliance, and in responding to expectations of customers, investors and local communities. However, SMEs, and micro-businesses in particular, have limited capacity to learn about and grasp the benefits of higher environmental results. Many EU and other OECD countries have tackled this challenge by simplifying regulation of low-risk facilities. Many have implemented information-based and financial incentives targeted at SMEs. Strategies for greening SMEs are usually sector-specific reflecting the environmental risk profile of the sector concerned, and involving business and trade associations. In EaP countries, SMEs represent a growing majority of all businesses.

Although the individual environmental footprint of small businesses may be low, their aggregate impact is considerable. However, EaP countries have given little consideration to the greening of small businesses, and the legal, policy and institutional means to enhance the environmental performance of SMEs is lacking.

**DID YOU KNOW** ... that the key sectors where SMEs have a particularly significant environment impact include livestock farming, construction, metal finishing, waste treatment, food and drink industry, textile and leather manufacturing.

### Objectives and activities

- ▶ **Preparation of an SME Greening Toolkit** based on international, particularly EU, experience. Regional meetings involving the participation of ministries of economy and environment, business and trade organisations and other non-governmental actors will be held to ensure that the toolkit is adapted to the context in EaP countries, and is widely disseminated. Two-three sectoral roadmaps will be developed to support the introduction of new approaches for improving the environmental results of SMEs in those sectors.
- ▶ **Implementation of pilot projects** in Armenia and Moldova with a view to establishing the necessary policy framework for greening SMEs. A number of national stakeholder meetings, with broad participation of business representatives, will be organised to discuss and validate such recommendations.
- ▶ **National-level stakeholder consultations** will be organised in those EaP countries which will not host a pilot project in order to build consensus on the policy measures which are necessary to improve the environmental performance of SMEs. These will draw on the experience gained in the pilot projects and the analysis conducted to support the implementation of this activity.





**SMEs represent a growing majority of businesses in the EaP countries. Incentives for greening SMEs should lie at the core of national strategies.**

# Strategic Environmental Assessment and Environmental Impact Assessment

## Improving the outcomes of strategic and project-level planning

### Policy background and challenges

Strategic Environmental Assessments (SEAs) and Environmental Impact Assessments (EIAs) effectively promote sustainable development by mainstreaming the environment into economic development and integrating green economy targets into strategic and project-related decision-making. SEAs and EIAs are procedures which ensure that the environmental implications of decisions are taken into account before decisions are made. In the pan-European region, the UNECE Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention) and/or the EU Directive 2011/92/EU (EU EIA Directive) provide for obligations to undertake an EIA for planned activities such as a dam, power plant or motorway with likely significant adverse environmental impacts including health issues.. The Espoo Convention applies specifically to impacts across national frontiers and is therefore a key instrument for transboundary cooperation on environmental matters. An SEA is applied earlier in the decision-making process to government plans, programmes and policy documents in accordance with requirements of the UNECE Protocol on Strategic Environmental Assessment to the Espoo Convention (Protocol on SEA) and/or the Directive 2001/42/EC (EU SEA Directive). Wide-ranging consultation of relevant authorities and the public are key features of both the EIA and the SEA procedures.

Despite its benefits, the SEA is still a rarely used tool in countries due to a number of obstacles, including low levels of awareness of the existence of SEAs and its benefits among public authorities; weak legislative and institutional framework for its application; lack of understanding of the roles and responsibilities of various authorities in the SEA process; and the absence of specific guidelines and practical experience in the application of SEAs. In the framework of the EaP GREEN, UNECE will support the participating countries in developing and applying an SEA legislation and related systems in accordance with the provisions of the Protocol on SEA (and the EU SEA Directive). As appropriate, assistance will also be provided for improving the current practices and legal and institutional frameworks on EIA in compliance with the Espoo Convention (and with the EU EIA Directive).

### The status of ratification of the Espoo Convention and the SEA Protocol in EaP countries

STATE	ESPOO CONVENTION	SEA PROTOCOL
Armenia	Party (1997)	Party (2011)
Azerbaijan	Party (1999)	-
Belarus	Party (2005)	-
Georgia	-	Signatory
Moldova	Party (1994)	Signatory
Ukraine	Party (1999)	Signatory



## Objectives and activities

The activities to be implemented by UNECE in partnership with each of the six EaP GREEN countries in 2013-2016 include:

- ▶ **Legislative reviews of SEA/EIA and legal drafting** to promote the integration of EIA and SEA systems into the national legal, regulatory, and administrative frameworks and to improve understanding and acceptance among national stakeholders of the necessary measures for efficient implementation of SEA and EIA systems.
- ▶ **Capacity building on practical application of SEA/EIA procedures** such as national level training workshops, local level training workshops, development of national guidance documents, and implementation of a pilot SEAs/EIAs. These activities will contribute to the development of national SEA/EIA systems and practice, including public participation, awareness raising and understanding of the benefits of SEA/EIA among various stakeholders, and facilitating acceptance of the effects of plans, programmes and projects implementing SCP policies among decision-makers, relevant authorities and the public.
- ▶ **Strengthening the administrative capacities of the authorities in charge of the environmental assessments** in order to clarify responsibilities and roles of competent authorities for the SEA and EIA procedures; to improve inter-institutional cooperation and involve all the relevant actors in the legislative reviews, technical assistance, training on and pilot implementation of SEA/EIA.

In addition, national experts will benefit from participation at a number of sub-regional events related to sharing experiences on EIA and SEA. Information will be gathered and made available through various analytical reports and materials prepared to support the countries in the implementation of the Espoo Convention and its Protocol on SEA at the national level.

### DID YOU KNOW

...that SEA can help decision makers to:

- achieve environmentally sound and sustainable development by improving the outcomes of strategy planning and programming;
- save time and money by avoiding costly mistakes and severe effects;
- identify new opportunities for development;
- make decision making more efficient and transparent;
- strengthen governance and build public trust and confidence in decision-making.

# Resource Efficient and Cleaner Production

**Productivity, minimised environmental impacts and human health protection**

## Policy background and challenges

Cleaner production was first launched in the early 1990's to foster a preventative approach to reduce and where possible, eliminate the generation of waste and emissions from enterprises. The importance of preventive environmental management for achieving compliance with environmental laws and regulations has since been strongly embedded, amongst others in the EUs Integrated Pollution Prevention and Control (IPPC) Directive. Yet, Cleaner Production methods and techniques typically go much beyond mere compliance issues, through conservation of materials, energy and water. Hence UNIDO and UNEP introduced the enlarged approach of Resource Efficient and Cleaner Production (RECP) in 2008. RECP applies preventive environmental techniques and total productivity management practices to achieve:

- ▶ Productive use of natural resources –reduction of the use of materials, water and energy;
- ▶ Minimisation of environmental impacts through reduction of generation of Greenhouse Gases and other emissions and wastes; and
- ▶ Promoting and protecting human health through improvements in occupational health and safety.

Despite the favourable overall business case, enterprises, in particular SMEs, face a range of barriers to implementing RECP, including access to trustworthy information, advisory services, technology and finance. RECP service providers can assist in overcoming such barriers by supporting enterprises with the identification, evaluation and implementation of appropriate RECP solutions. Global experiences of UNIDO and UNEP, under their joint global RECP Programme deliver proof of successful cooperation in this regard.

Since 2007, UNIDO has supported RECP initiatives in the EaP region, most prominently in Ukraine and the Republic of Moldova, based on its diverse regional and global experiences. Whilst these and other initiatives within the region have confirmed the applicability and benefits of RECP, the uptake of RECP methods and techniques has remained low.

### DID YOU KNOW

...that since 1994, UNIDO and UNEP have supported over 50 transition and developing countries in their implementation of cleaner production and resource efficiency?

## Objectives and activities

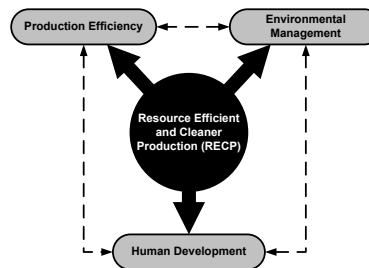
To harness the potential for economic, environmental and social benefits through widespread RECP implementation, the EaP GREEN programme will provide support to EaP partner countries to strengthen and where necessary, develop the delivery of RECP services. This should accelerate and expand the application of RECP at national and regional levels, particularly in sectors such as agri-food processing, and production of chemical- and construction materials. Specifically, the RECP component will: (i) develop the human and institutional capacity for RECP in the county; (ii) implement, disseminate and replicate application of RECP in enterprises; and (iii) support transfer and deployment of required RECP technologies.

EaP GREEN will support the mainstreaming and scaling-up of RECP in the six EaP partner countries, individually and collectively through the following three clusters of activities:

- ▶ **Train a cadre of national experts in RECP methods and techniques, and develop mechanisms for their service delivery to enterprises and other organizations:** national experts will be trained in RECP methods and techniques and coached in their application for advising enterprises and other organizations. In parallel awareness and understanding for RECP opportunities and benefits will be enhanced and coordination and service delivery mechanisms set up to improve access to and applicability of RECP services in the country.
- ▶ **Support enterprises and other organisations in target sectors with implementation of RECP**

**methods and techniques to achieve environmental and economic benefits:** detailed RECP assessments will be completed for some 15 enterprises in each EaP partner country in subsectors of chemical, agri-food and construction materials production. Implementation results, with associated economic and environmental benefits, will be documented using a standard set of enterprise level indicators, and will be widely disseminated. A further group of 30-40 enterprises in each country will be guided to implement RECP using a group-based assistance model.

- ▶ **Support the transfer and deployment of key enabling technologies/equipment for RECP in the target sectors:** building on the findings at enterprise level, technology gap analysis will be undertaken and common technology needs identified. Appropriate technology solutions will then be sourced and promoted, including through development and promotion of business and investment plans.



# Sustainable Public Procurement

## Stimulating public consumption changes and innovation

### Policy background and challenges

Governments in the Eastern Partnership countries are important consumers: their expenditure represents some 20% of their GDP, ranging from 11.3% in Azerbaijan to 27.3% in Moldova. Through sustainable (green) public procurement (SPP), governments can lead by example.

The combined approaches of SPP and eco-labelling are important elements of promoting the production and purchasing of more sustainable products. In the transition to a green economy, these tools are playing an important enabling role in the overall market transformation. They are needed to establish an economic model, which enhances natural capital, saves resources, and lowers environmental as well as social risks.

#### DID YOU KNOW

...green procurement relies on clear, justifiable, verifiable and ambitious environmental criteria for products, services and works? This is based on the so-called "life-cycle approach". In the European Union such procurement criteria have been developed for 18 product/service groups. National Action Plans addressing green public procurement have been adopted by a majority of the EU member states.

### Objectives and activities

The EaP GREEN programme aims at assisting countries in the development and implementation of SPP policies. It increases awareness and builds the capacity of policy makers and procurement managers in the EaP region. Planned activities include:

- ▶ **Regional awareness raising and capacity building.** Training workshops will target relevant policy-makers and heads of procurement in the region to increase their awareness and capacity for SPP policy development and implementation. The training sessions will highlight the benefits that could be derived from SPP alongside the challenges and the opportunities of SPP implementation based on existing experiences.
- ▶ **Development and implementation of SPP policies in three countries.** Technical support will be provided to pilot countries for the implementation of SPP. They will also benefit from assistance in awareness raising and capacity development to enhance synergies between eco-labelling and SPP. Activities will be targeted at policy makers. National SPP Action Plans will be developed.



# Promoting Organic Food and Agriculture

## Harnessing opportunities related to agri-food production and trade

### Policy background and challenges

Application of green agricultural practices and technologies helps to simultaneously address issues of environmental degradation and poverty, while offering opportunities to access growing international markets. Organic agriculture offers opportunities to countries in the EaP region to access European markets; create new and more rewarding jobs; develop new businesses; address climate change; and build natural capital – on which prospects for sustainable economic growth and wealth creation depend.

In 2011, the United Nations Environment Programme (UNEP) conducted scoping studies on green economy and organic agriculture in Armenia, Moldova and Ukraine, which identified a package of policy reforms, as well as capacity building and investment measures aimed at realizing the potential of organic agriculture in catalysing a transition towards a green economy. Following up on these studies, UNEP's current activity focusses specifically on the identified need for building capacity in the region's organic sector.

### DID YOU KNOW

...that in Ukraine areas under organic agriculture reached some 270 000 hectares in 2010, making Ukraine the country with the 20th largest organic farming sector in the world?

### Objectives and planned activities

To further harness opportunities related to organic agriculture, EaP GREEN will support partner countries in strengthening their respective agri-food supply chains, and in increasing the production and trade of organic agricultural products. This will be done by:

- ▶ **Provision of training, market information, and marketing tools to farms and companies** to prepare them for establishing and expanding businesses and trade in organic agriculture. This includes identifying tariff and non-tariff barriers to trade in organic products, guiding companies in packaging, branding, and marketing their products, and documenting best practices and lessons learnt from project activities.
- ▶ **Organisation of national and regional workshops** with participation from the private sector, export promotion bodies, and policy-makers. Besides capacity building, these workshops aim at catalysing the development and implementation of a roadmap to promote production and trade of organic agricultural products.
- ▶ **Development of a feasibility study for sub-regional organic standards** in consultation with government agencies, farms, companies and/or business associations representing them. The feasibility study will be based on a cost-benefit analysis and will include a roadmap to operationalize standards at farm and country level.



The EaP GREEN programme builds on the diverse and multicultural teams of the implementing organisations and the national focal points in each participating country.

# Links to Other Programmes and Projects

## Harnessing synergies and avoiding duplications

### Major global initiatives

- ▶ The **Green Growth Knowledge Platform** (GGKP) is a global initiative that helps to identify and address major knowledge gaps in green growth theory and practice, to support countries design and implement green growth policies. Starting in 2012, the core partnership of the GGKP consists of the Global Green Growth Institute (GGGI), the Organisation for Economic Cooperation and Development (OECD), the United Nations Environment Programme (UNEP), and the World Bank. Together with the knowledge partners, the GGKP emphasises a practical orientation. It intends to expand its scope of activities and network by building further partnerships.
- ▶ The **10 Year Framework of Programmes on Sustainable Consumption and Production Patterns** (the "10YFP") adopted at the Rio+20 conference is a global framework of action to enhance international cooperation in order to accelerate the shift towards SCP in both developed and developing countries.
- ▶ The **Green Economy Initiative led by UNEP** was launched in late 2008 and consists of several components whose collective overall objective is to provide analysis and policy support for investing in green sectors and in greening environmentally unfriendly sectors. Under this initiative, UNEP has produced a number of green economy reports, and provided technical assistance and policy advice to more than 20 countries.
- ▶ In 2012, UNEP, ILO, UNIDO and UNITAR created the **Partnership for Action on Green Economy** (PAGE) to meet the growing demands from countries which are seeking to develop and implement national green economy strategies. Between now and 2020, PAGE aims to catalyse the transformation process of economies in 30 countries by shifting investment and policies towards a new generation of assets: clean technology, well-functioning ecosystems, and a skilled labour force with green jobs driven by strong institutions and good governance.
- ▶ Under its **Green Jobs Programme**, the ILO has provided international policy coherence through research and advocacy on employment, entrepreneurship and social inclusion; supported constituents at national level through social dialogue, policy and technical advisory services; and developed capacity through training and knowledge sharing.
- ▶ Established by UNIDO, the **Green Industry Platform** is a global, high-level, multi-stakeholder partnership intended to act as a forum to catalyse, mobilise and mainstream action on Green Industry. It provides a framework for securing commitments and mobilising action in support of the Green Industry agenda.

- ▶ The joint UNIDO-UNEP Programme on **Resource Efficient and Cleaner Production** (RECP) delivers services to business, government and other stakeholders, and assists them with the identification, evaluation and implementation of cleaner production methods, practices, policies and technologies. It also advocates cleaner production among these stakeholders.

### Regional and national level initiatives

- ▶ The OECD has been carrying out activities in the field of green economy in Eastern Europe, the Caucasus and Central Asia (EECCA) within the **Task Force for the Implementation of the Environmental Action Programme** (the EAP Task Force). The EAP Task Force's work is organised around two major areas: water resources management and policies in support to green growth. Within these areas, policy analysis and policy dialogue is conducted regionally and nationally. Beyond environmental policy matters, the OECD also works on joint initiatives with the EU for e.g. the promotion of good governance in the countries through the **SIGMA Programme**. In turn, the **Eurasia Competitiveness Programme** provides a framework for enhancing welfare in the Eastern Neighbourhood countries and beyond. Other relevant initiatives include the **Anti-Corruption Network** for Eastern Europe and Central Asia and the **Eurasian Corporate Governance Roundtable**.
- ▶ The **Environment for Europe** process and its Ministerial Conferences provide a high-level platform for stakeholders to discuss, decide and join efforts in addressing environmental priorities. Specifically, it focuses on helping countries in EECCA and

South-Eastern Europe to improve their environmental standards. The UNECE – closely associated with the process from the beginning – serves as secretariat.

- ▶ **ClimaEast: Supporting Climate Change Mitigation and Adaptation in Russia and ENP East countries**” assists participating countries in efforts to reduce greenhouse gas emissions and to deal with the impacts of climate change. The project is financed by the EU and involves seven countries.
- ▶ The **ENPI Shared Environment Information System (SEIS)** project is another ongoing EU initiative aimed at modernising and simplifying the collection, exchange and use of the data and information required for an effective design and implementation of environmental policies.
- ▶ **National Policy Dialogues on Integrated Water Resources Management (IWRM) and Water Supply and Sanitation (WSS)** fall within the regional component of the EU Water Initiative (EUWI-EECCA) The project improves coordination and cooperation between sectors to favour water management policy reform processes and more effective development assistance in the water sector. Mainly funded by the EU, it is jointly implemented by the OECD and UNECE.
- ▶ Under the initiative on **Supporting the participation of Eastern Partnership and Central Asian Cities in the Covenant of Mayors**, local authorities strive to implement a more sustainable local energy policy with the EU's support. Signatories to the *Covenant of Mayors* voluntarily commit themselves to a reduction of at least 20 % in GHG emissions as well as an increase in renewable energy use and energy efficiency measures.

# Contacts in the Partner Organisations

The EaP GREEN programme builds on a multicultural team composed of staff members in all four international organisations which are participating in the programme (OECD, UNEP, UNECE, and UNIDO). They are economists, policy analysts, statisticians and other support staff. The EaP GREEN programme's management team members are:

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# National Focal Points

The EaP GREEN programme has two focal points in each participating country: one from a national ministry of environmental affairs; and one nominated by the national ministry of economy-related matters. An updated list of our current focal points in each of these institutions is available on the EaP GREEN website.

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# Learn more about EaP GREEN

## **EaP GREEN partner organisations:**

- ▶ **EU Eastern Partnership:**  
<http://www.enpi-info.eu/eastportal/content//506/Eastern%20Partnership>
- ▶ **OECD work on EaP GREEN:**  
<http://www.oecd.org/env/outreach/eapgreen.htm>
- ▶ **UNECE work on EaP GREEN:**  
<http://www.unece.org/ab/env/sea/eapgreen.html>
- ▶ **UNEP work on EaP GREEN:**  
<http://www.unep.org/roe/KeyActivities/EU-fundedProjects/RoleofUNEP/tabid/131722/Default.aspx>
- ▶ **UNIDO:**  
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Programme carried out with the financial assistance of the European Union

### About the EaP GREEN programme

The “Greening Economies in the European Union’s Eastern Neighbourhood” (EaP GREEN) programme aims to support the six Eastern Partnership (EaP) countries to move towards green economy by decoupling economic growth from environmental degradation and resource depletion. The six EaP countries are: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine. The programme is structured around three components: (1) Governance and financing tools for sustainable production and consumption (SCP) and green economy; (2) Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA) accompanying SCP policy implementation; and (3) Demonstration projects. Governments and the private sector are the key target groups of EaP GREEN.

The programme is financially supported by the European Union and other donors, and is jointly implemented by four international organisations – OECD, UNECE, UNEP, and UNIDO. The total EaP GREEN budget for a period of implementation of 48 months is 12.5 million Euros. Although the programme is regional, many of its activities will be implemented nationally and the results shared in various regional forums.

