

Greening economies in the EU Eastern Partnership countries

UKRAINE

Greening economies is important because risks to further development are rising worldwide as the current models of growth continue to erode the stocks of natural assets and undermine the integrity of ecosystem services on which economic activity depends. Failure to adequately manage natural capital will result in increasing costs to substituting for the services it provides. Impacts on economic development are unpredictable as changes in ecosystems, and their capacity to support growth, do not follow a linear, foreseeable trajectory.

Greener models of development will foster economic growth and social development while ensuring that natural assets continue to provide the material inputs and services on which our economies and well-being rely. The green transformation can bring many positive outcomes, such as enhanced productivity and innovation, creation of new jobs and markets, and fiscal revenue generation. In addition, by promoting resilience to climate change, water and energy security, and maintaining the functioning of ecosystems, green economy reduces the likelihood of abrupt changes that may trigger economic and social shocks. To enable greener development, market signals and policies must catalyse investment and innovation to sustainably manage natural capital and extracting long term benefits from its use.

How can Ukraine benefit from greener growth?

Currently, Ukraine is intensively, and often unsustainably, exploiting its natural capital and progressing slowly in providing a better environmental quality of life for its citizens. Relatively high levels of pollution and waste, inefficient use of energy and other resources, and the extensive use of obsolete and wasteful production technologies illustrate the opportunities to significantly increase the resource efficiency of the Ukrainian economy and to reduce the environmentally related risks to human health.

Some of the business opportunities related to green economy are already being grasped in Ukraine. The country has, for instance, a growing organic farming sector. Opportunities to improve energy efficiency are now being addressed by the government and private sector.

National policy initiatives exist in support to green economy and sustainable production and consumption. A National Environmental Policy Strategy was adopted in 2010. Sectoral policies that integrate some of the green economy goals exist, but a comprehensive policy framework in support to green growth is still missing in Ukraine.



Which EaP GREEN activities are planned in Ukraine?

The EaP GREEN programme aims to help the government establish an integrated policy framework for the transition to a green economy; reform policy instruments, adopt new analytical tools, improve access to finance, support capacity development, and implement pilot projects in the public and private sectors. National priorities were discussed at a stakeholder workshop in May 2013. Subsequently, the Government started developing a comprehensive plan of targeted EaP GREEN activities for the period 2014-2016.

Key achievements of the EaP GREEN components in Ukraine:

- **Support for policy development:** UNEP held a workshop on green economy simulation analysis in April 2014. The goal of such workshops was to illustrate how selected green policy changes and investments could improve the country's sustainability outlook compared with business-as-usual.
- **Capacity development for the use of green growth indicators:** The OECD's green growth indicators and experiences with their applications were presented in two national workshops in November 2013 and June 2014.
- **Reform of product taxation:** The OECD developed policy, legal and institutional recommendations on the use of economic instruments for managing environmentally harmful products. Two stakeholder workshops - in October 2013 and June 2014 - were conducted to discuss preliminary policy recommendations.
- **Improving investment policies and access to finance:** Commercial banks may have an important role in the providing lending for green investments. The OECD launched a project with the Ukraine State Export-Import Bank (Ukremximbank) to examine the role of credit lines and other long-term environmental funding in promoting green investment.
- **Promotion of better use of SEA and EIA:** Guidelines on developing national legislative frameworks for the application of the SEA are developed by UNECE. A national training workshop was carried out in October 2013. A presentation and discussion session was held at the conference on the results of the pilot project on post-project analysis with Belarus and Ukraine in April 2014.
- **Demonstration projects and capacity building targeting the private sector:** UNIDO is inventorying existing institutional capacities that could be further supported and developed to promote resource efficient and cleaner production (RECP). Initial and advanced training sessions on RECP methodology took place in Ukraine in 2014.
- **Sustainable public procurement (SPP):** UNEP will support Ukraine in developing and implementing SPP policies and practices. The first national consultation to roll out this activity took place already in 2013, and the implementation will start in 2015.
- **Organic agriculture:** Building on the scoping study on organic agriculture in 2011, UNEP supports Ukraine in enhancing organic agriculture production and access to markets. A national workshop brought together key stakeholders and discussed capacity building needs.

How is the EaP GREEN programme organised?

The "Greening Economies in the European Union's Eastern Neighbourhood" (EaP GREEN) programme supports the six the Eastern Partnership (EaP) countries to move towards green economy by decoupling economic growth from environmental degradation and resource depletion. These countries are: **Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.**

The programme is structured around three components:

- Governance and financing tools for sustainable production and consumption (SCP) and green economy;
- Strategic Environmental Assessment and Environmental Impact Assessment accompanying SCP policy implementation; and
- 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 implementation by four international organisations – OECD, UNECE, UNEP, and UNIDO. The OECD acts as the leading partner with responsibility for overall coordination and visibility.

The EaP GREEN programme has two Focal Points in each participating country: one from a national ministry of environmental affairs, and another one nominated by the national ministry of economy related matters.

The Programme's Steering Committee (SC) oversees the programme implementation. Its members include the NFPs, the European Union and representatives of the four implementing partners. The SC meets annually. Such meetings are open to the NGO community and donors, as well as other international organisations.



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