

Greening economies in the EU Eastern Partnership countries

MOLDOVA

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 Moldova benefit from greener growth?

Moldova's small economy is critically dependent on its natural capital. In the country's wealth structure, this form of capital accounts for over 20 %. One third of Moldova's population is employed in agriculture. Similarly, one third of exports are composed of agrifood products. Trends in stocks of natural assets and climate change - such as exposure to extreme weather events - create multiple risks for the economy including scarcity of energy, water and natural ecosystems.

Successive governments in Moldova strived to steer the country towards higher economic performance and welfare based on the premise of an environmentally sustainable growth. However, translating this goal into practice has proved to be challenging: inefficiencies in the economy have often been conserved by inadequate pricing of production inputs, and of environmental pollution and degradation. A changing incentive framework is now pushing public and private actors to boost a stronger and more systematic economic and environmental integration. Moldova's Association Agreement with the European Union is expected to result in a comprehensive and rapid reshuffling of framework- and sectoral policies, including those related to a smooth transition to green economy.



Which EaP GREEN activities are planned in Moldova?

Moldova set an ambitious agenda for the country's future development by looking to implement a governance system that will result in economic growth and well-being for the people as well as a resilient ecosystem and cleaner environment. In this context, the EaP GREEN programme assists the government in establishing the essential policy frameworks for a green economy through the reform of policy instruments, adoption of new analytical tools, an improved access to environmental finance, the support of capacity development, and the implementation of pilot projects in the public and private sectors.

Key achievements of the EaP GREEN components in Moldova:

- **Support for policy development:** UNEP developed a draft green economy scenario to establish a coherent policy planning framework for sustainable consumption and promotion (SCP) and green economy promotion. A national consultation and a training workshop for green economy simulation was held in June 2014.
- **Capacity development for the use of green growth indicators:** Based on the OECD's long-standing expertise on green growth indicators, a pilot project was launched in October 2013 to support the implementation of progress measurement tools. Two expert meetings were held in April and June 2014.
- **Reform of product taxation:** The reform of two major schemes were modelled and analysed. The policy findings were discussed in a national stakeholder meeting. Subsequently, the report was completed in mid-2014. Workshops were also held within the pilot project on creating market incentives for greener products.
- **Improving investment policies and access to finance:** Commercial banks may have an important role in the providing lending for green investments. Delegates from Moldova's Ministry of Economy participated in a regional expert meeting in June 2014 in Paris, France.
- **Promotion of better use of SEA and EIA:** A new draft legislation on strategic environmental assessment (SEA) was prepared by UNECE and discussed with the national stakeholders. Support to drafting the law on environmental impact assessment (EIA) has also been provided by UNECE.
- **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 2014.
- **Sustainable public procurement (SPP):** UNEP will support Ukraine in developing and implementing SPP policies and practices. The first national consultations to roll out this activity took place in already in 2013, and the implementation will start in 2015.
- **Organic agriculture:** Building on a scoping study on organic agriculture prepared in 2011, UNEP supports the EaP countries in enhancing organic agriculture production and access to markets. In Moldova, a pilot / demonstration activity to promote organic products through school procurement is currently undertaken.

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 Commission 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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