

Greening economies in the EU's Eastern Partnership countries

ARMENIA

Greening economies is important because 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 of substituting 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.

How can Armenia benefit from greener growth?

Armenia's economy has undergone a profound transformation during the past years: sustained growth, ambitious reforms, as well as inflows of capital and remittances have created a market-oriented environment. The global financial crisis of 2008-09 impacted significantly the country but the economy recovered after 2010, mostly due to growth in agriculture (which accounts for 20 % of GDP and provides employment to more than 40% of the country's active population) and mining sectors.

Armenia still needs to boost shared prosperity and reduce poverty through accelerated economic growth and job creation. However, environmental problems and the rapid growth of some sectors of the economy, alongside the lack of appropriate management, weigh heavily on the prospects for economic growth. For example, the Lake Sevan, the biggest alpine lake in Caucasus which occupies one sixth of the country's territory and holds the most important water supplies, is heavily contaminated by persistent organic pollutants. The rate of deforestation has risen in recent years reaching 1.4% per year. Illegal logging often results in the loss of high-value species and soil erosion.

Over the past decade, the Government has strived to link economic growth, poverty reduction, and environmental sustainability. For example, efforts have been made to improve access to, and the reliability and quality of, drinking water and its infrastructure.

Organic agriculture is rapidly developing in Armenia supported by the introduction of internationally-agreed mechanisms of organic product certification. Incoming tourism, which relies on natural features of the country, is Armenia's second export after mining and metal industry, and covers more than half of services export.



Which EaP GREEN activities are planned in Armenia?

Armenia's long-term development vision is articulated in its Development Strategy 2025 which envisages achieving an ambitious annual GDP growth rate of 6.4%, and mainstreaming employment creation as the key engine for improving living standard and reducing poverty. The Strategy also provides opportunities for greening the economy to foster economic growth and social development while ensuring that natural assets continue to provide material inputs and services on which economy and well-being rely. Greening economic growth can enhance productivity and innovation, create new jobs and markets, and generate additional fiscal revenue.

In this context, the EaP GREEN programme aims to help the Government to establish an integrated policy framework for the transition to 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 sector.

Key achievements of the EaP GREEN components in Armenia:

- **Development of green growth indicators:** The regional expert meeting “Shared environmental information system and green growth” took place on 10-11 March 2015 in Paris with the participation of one delegate and one invited expert from Armenia. The meeting raised awareness about the value of GGIs and identified 6-7 headline indicators for regional use.
- **Greening SMEs:** The final stakeholder workshop of the country pilot project on promoting better environmental performance of SMEs was held on 9 April 2015. The report on SME greening policies in Armenia was finalised and will be available soon in English, Armenian and Russian. Currently, SME greening policies are being integrated into the SME Support Strategy of Armenia. The Republican Union of Employers of Armenia is ready to implement the project’s recommendations on introducing simplified environmental management systems for SMEs.
- **Reform of environmentally harmful subsidies:** A survey of energy subsidies in EaP countries - including Armenia - will be launched in the second half of 2015. An international consultancy firm was selected through an open-tender to roll-out the project. Preliminary results will be presented towards the end of the year.
- **Promotion of better use of SEA and EIA:** The UNECE helps Armenia amend the EIA and SEA law. The preparation of the amendments to the law on “Environmental impact assessment and expertise” was discussed at the public hearing held on 24 March 2015 in Yerevan. The seminar on application of SEA procedures in the current law in Armenia was held on 23-24 March 2015. About 20 participants attended the awareness raising seminar. A candidate plan for the SEA pilot is identified and the pilot project plan is under preparation.
- **Demonstration projects and capacity building in resource efficient and cleaner production (RECP):**

The national conference “Resource Efficient and Cleaner Production (RECP) for Better Enterprises, Cleaner Environment and Green Economy” was held by UNIDO on 28 of April 2015 in Yerevan. Ten Armenian enterprises shared experience in applying RECP principles, additionally their achievements are highlighted in the case study booklets. A bilingual English/Armenian RECP website is available online: www.recp.am
- **Organic agriculture:** EaP Green was one of the main sponsors of the 5th International Conference on Organic Sector Development in Central/Eastern European and Central Asian countries held on 16-17 April 2015. A break-out session on organic agriculture and green economy featured speakers from Armenia, Moldova, Georgia, Azerbaijan, Belarus and Ukraine. A market assessment report analysing organic sector in Armenia was finalised by UNEP.

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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