

EaPGREEN
Partnership for Environment and Growth



This project is
funded by the
European Union



UNECE



GREENING ECONOMIES IN THE EASTERN NEIGHBOURHOOD: FROM COMMITMENT TO RESULTS

Final Conference of the EaP GREEN Project

1 December 2017, Brussels

SUMMARY RECORD

Contact:

Ms Angela Bularga, Programme Manager, Directorate-General for European Neighbourhood Policy and Enlargement Negotiations, European Commission (angela.bularga@ec.europa.eu)

Mr Krzysztof Michalak, Senior Programme Manager, Environment Directorate, OECD (krzysztof.michalak@oecd.org).

Meeting Highlights

Following commitments taken globally and within the Eastern partnership (EaP) framework, the European Union has initiated a regional programme in support of greener growth in six partner countries: Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine. This programme – Greening Economies in the Eastern Neighbourhood (EaP GREEN) – has been instrumental for achieving a wide range of results including policy reform, institutional development, and adoption of new practices and technical solutions by enterprises. The major results of EaP GREEN have been presented at a final conference on 1 December 2017, which was hosted by the European Commission. This event gathered about 80 representatives of ministries of economy energy, and environment, experts, the private sector, relevant NGOs, and the partner international organisations.

The participants highlighted their satisfaction with the results that were achieved. To be noted, that only the short-term monetary benefits for the private sector in the partner countries are likely to be at least twice higher than the EU contribution of EUR 10 million to the project's budget. Tangible outcomes of the Project were presented, including regulatory, methodological and practice changes. The country representatives and the implementing partners stressed that:

- Substantial progress was made in implementing quick resource efficiency and cleaner production (RECP) solutions/options identified through RECP assessments that engaged 357 SMEs and organisations in all six countries. RECP clubs were created in 20 regions and bring together on a regular basis 200 SMEs. This work showed significant economic and environmental savings. Savings of EUR 9.4 million were identified. They are in the range of EUR 2 000 - 20 000 per enterprise, reaching up to EUR 100 000 in some cases. For example, only the first set of feasible and low cost RECP measures supported as part of the EaP GREEN project helped the enterprises from food processing, chemicals and construction materials sectors in the Republic of Moldova to save EUR 1.45 million per year.
- In 2015 and 2016, Ukrainian, Moldovan and Armenian organic producers were supported to participate as exhibitors in international trade fairs, such as BioFach in Nuremberg (Germany). Dedicated matchmaking events with potential buyers led to more than 1 000 new business contacts and to the conclusion of new export contracts for organic products with a total value of over EUR 13.5 million.
- Legislative and institutional frameworks for the application of Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA), four important pieces of legislation were adopted during the review period: a new Law on State Ecological Expertise, SEA and EIA in Belarus, a new Environmental Assessment Code in Georgia, a new Law on SEA in Moldova and a Law on EIA in Ukraine. All these developments provided significantly improved legal framework for investments although implementation remains a challenge. To build experience, a pilot SEA of the National Strategy of Azerbaijan on the Use of Alternative and Renewable Energy Sources 2015-2020 was conducted, with two other pilot SEA in Armenia and Moldova. At the regional level, the "Good Practice Recommendations on the Application of the Convention to Nuclear Energy-related Activities" were finalized and revised during the review period by the Working Group on EIA and the Bureau to the Espoo Convention, respectively.
- In the area of environmentally harmful energy subsidies, country-specific reviews were completed and validated by officials from all countries.
- In the area of sustainable public procurement the institutional and legal framework was reviewed and strengthened, as well as the market capacity assessed for the supply of prioritized sustainable product groups in Belarus, Moldova and Ukraine. Moldova and Ukraine further developed and adopted national policy and action plans on sustainable public procurement.
- Background analysis for green economy strategies in Belarus, Moldova and Georgia were completed and inter-ministerial coordination working groups on green economy with the participation of key ministries set up. Indicator-based reports on greening the economies were prepared in Armenia, Azerbaijan, Moldova, and Ukraine. The Project supported the completion of the National Programme on Green Economy in Moldova and the development and adoption of the National Green Economy Action Plan (2016-2020) by the government in Belarus.

The participants agreed that the EaP GREEN has induced a mentality change in the region that started to recognise the benefits of greening the economies and raised awareness of the costs of inaction. Several speakers underlined that the Project created a political momentum that engaged the Ministries of Economy and of Environment together with other government agencies and national stakeholders simultaneously to move firmly on greening the country economies.

The participants welcomed the methodological and conceptual material which was developed under the Project based on international good practice and adapted to the country conditions. The country representatives highlighted the importance of in-country pilot projects that demonstrated how policies and tools can be applied in practice. Many underlined the importance of networks established around different components at the country and regional level and a strong partnership among the international organisations that co-ordinated their work. Efforts to quantify the positive impacts of the Project work were also appreciated.

During the discussion about the next steps, the EaP participants agreed on the need to build on the progress achieved under the Project and asked the EU and implementing partners to maintain the support to the region. They called for more in-country implementation work, support for capacity and institutional building and making stronger links with mobilising finance and investment. Emphasis was also placed on better communication of the results within countries and regionally.

The meeting provided an opportunity to announce the launch of a new EU-funded “EU4 Environment” programme in early 2018 which, while building on the EaP GREEN, aims to “...help deliver further policy and legislative changes, making planning and investment greener, stimulating the uptake by the enterprise sector of innovative products and technologies, adopting new business models, and creating green jobs...”.

The conference was complemented by a display of the Project outputs. These included a range of publications and videos prepared by different Project components. They were accompanied by a presentation of a variety of organic agriculture products by the EaP country representatives.

The conference documentation and presentations are available from the Project web site: <http://www.green-economies-eap.org/>

EaP GREEN final conference's objectives and participants

The “Greening Economies in the Eastern Neighbourhood” (EaP GREEN) project, launched in 2013, has been a means to support the European Partnership countries of Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine, to progress faster towards a green economy through better management of natural capital in a context of demand for higher economic productivity and competitiveness. The EaP GREEN project has been funded by the European Union and supported by several EU Member States and OECD countries. It has been implemented by four international organisations: the Organisation for Economic Co-operation and Development (OECD), the United Nations Economic Commission for Europe (UNECE), the United Nations Environment Programme (UN Environment), and the United Nations Industrial Development Organization (UNIDO).

The final conference of the EaP GREEN was organised with the aim of:

- taking stock of key results and impacts of the EaP GREEN in the six partner countries since its launch in 2013;
- highlighting good examples, lessons learned and summarise remaining challenges,
- considering ways to reinforce efforts to green economies for an improved human well-being and social equity, with reduced environmental risks and ecological scarcities.

The conference brought together about 80 participants, including representatives of the Ministries of Economy, of Energy and of the Environment as well as experts involved in all components of the Project from the six countries of the EaP region. Representatives of NGOs and the business sector from the EaP region also took part. The meeting was attended by officials from DG NEAR, DG Environment and other relevant services of the European Commission. It was co-organised by the four EaP GREEN Implementing Partners.

Opening and Session 1: The big picture: EaP GREEN results in the context of green growth trends

During the welcome presentation Ms. Diana Jablonska (Deputy Head of Unit, DG NEAR, European Commission) highlighted the importance of the Project as a tool to engage the six EaP countries and deliver concrete results in the context of the strategic framework of the Eastern Partnership as confirmed by the EaP Ministerial meeting in October 2016. Ms. Jablonska pointed out that the Declaration adopted at the EaP Summit on 24 November 2017 refers specifically to green economy. In the Declaration, *"The Summit participants emphasized their commitment to transition towards greener, more efficient and sustainable economies and to enhanced climate change adaptation and mitigation efforts, as well as to addressing environmental challenges. Timely implementation of multilateral agreements and comprehensive reforms in these areas remain key."* Specific objectives and targets on environment and green economy were integrated into the Joint Staff Working Document on 20 Deliverables to 2020. Ms. Jablonska noted that the Project has been an important means for the European Commission to support the partner countries to progress faster towards a green economy and improve environmental management more generally. She highlighted the Project's complementary to other EU-funded actions in the region including through the mechanism of blending that unlocks green financing. For example, the environment remains a priority area under the Neighbourhood Investment Facility and a key focus of the multi-donor Eastern Europe Energy Efficiency and Environment Partnership. Ms. Jablonska stressed the fact that an important portfolio of projects is also supported by the EU in the field of energy efficiency, which is one of EU's top priorities in the region. Ms. Jablonska welcomed the presence at the meeting of diverse stakeholder groups and re-iterated EU's engagement through newly adopted EU-funded actions, such as EU4Environment and EU4Climate. She stressed that more needs to be done to upscale change on the ground and invited a continuous engagement of all stakeholders in implementation.

On behalf of the four EaP GREEN Implementing Partners, Ms. Kumi Kitamori (Head of Division, Environment Directorate, OECD) welcomed the participants and highlighted the ground-breaking role of the Project in promoting greener economic growth in the region following international developments and commitments. She underlined that despite some headwinds the Project brought about a number of tangible outcomes in the form of regulatory, methodological and practice changes in the EaP countries, established the baseline and identified the country further needs to progress on greening their economies. She highlighted the key ingredients of the Project which were: i) independent, objective and evidence-based

analyses, ii) methodological and conceptual material based on international good practice adapted to the country conditions and needs, and iii) in-country pilot projects to demonstrate how policies and tools can be applied in practice, including expertise from other transition economies, and build capacity to sustain the results. She concluded by underscoring the close co-operation between the four implementing agencies working hand in hand together with the six EaP countries, the European Union and the EU and OECD countries to support the region in promoting the greener economic agenda.

During the discussion that followed, the presentation of the main results of the Project the participants confirmed the pioneering character of the Project that brought together environmental and economic policies, allowed a better understanding of the green economy concepts, established the inter-ministerial co-operation channels and helped to launch several concrete action with many of them leading to important changes on the ground. Detailed account of the Project achievements and activities was presented in the [EaP GREEN brochure: From Commitment to Results](#)⁷.

The participants acknowledged the Project efforts to quantify, where feasible, the outcomes and impacts in order to show benefits of the activities or costs of non-action. For example, dedicated matchmaking events with potential buyers of organic products from the EaP countries led to more than 1 000 new business contacts and to the conclusion of new export contracts for organic products with a total value of over EUR 13.5 million. Similarly, EaP GREEN activities that supported low cost and feasible Resource Efficient and Cleaner Production measures helped the enterprises from food processing, chemicals and construction materials sectors in the Republic of Moldova to save EUR 1.45 million per year. Several speakers stressed the importance of working at different levels (supra-regional, national and sub-national) and bringing together various stakeholders, including business associations, industries and NGOs.

The participants welcomed the methodological and conceptual material which was developed under the Project based on international good practice and adapted to the country conditions. The country representatives highlighted the importance of in-country pilot projects that demonstrated how policies and tools can be applied in practice. For example, the Project supported the promulgation of four important pieces of legislation: a new Law on State Ecological Expertise, SEA and EIA in Belarus, a new Environmental Assessment Code in Georgia, a new Law on SEA in Moldova and a Law on EIA in Ukraine. Many underlined the importance of networks established around different components at the country and regional level and a strong partnership among the international organisations that co-ordinated their work. Efforts to quantify the positive impacts of the Project work were also appreciated.

The participants also recognised the remaining challenges which included: overall political and economic instability that results in frequent changes in priorities (which often impacts the continuity and implementation), remaining gaps and contradictions in the legislative frameworks, challenging law enforcement and compliance assurance, limited institutional and human capacities at all administrative levels and sectors and insufficient links between policies and investment.

Session 2: Lessons learned from mainstreaming sustainable consumption and production (SCP) into national development plans, legislation and regulatory frameworks

Following an introduction on the activities and results of this Project component, the presentations of a comprehensive strategic approach to greening the Moldovan economy and the presentations of the examples of reforming energy subsidies in Ukraine and Moldova the participants acknowledged that despite limited political attention to the green economy transition at the onset of the EaP GREEN project, the development of sectoral economic modelling analyses which showed concrete monetary benefits, growing employment potential, as well as environmental and health benefits of a green economy transition, helped raise awareness and create interest in pursuing the green economy path in the EaP countries. As a result, countries developed national green economy policies and frameworks that now codify green economy at national level and/or define concrete green economy actions for the coming years, as examples of Moldova and Belarus have shown.

The participants further recognized that the formalisation of inter-ministerial coordination bodies as part and parcel of the green economy transition in countries like Georgia or Moldova helped fostering national policy dialogue and the exchange of information across ministries on green economy. These also helped creating synergies and keeping the green economy topic high on the political agenda. The delegates agreed

that next steps would include a continuation of the support to national green economy coordination mechanisms and dialogues, moving towards and supporting the implementation of national green economy frameworks or action plans, identifying investment needs in targeted economic sectors, helping support reform and unlock finance, and providing capacity building across different ministries. Raising awareness among the public at large to carry the green economy transition forward was also listed among the top priorities.

During the discussion on energy subsidy reform the participants welcomed the in-depth analysis carried out by the Project which showed their significant economic, social and energy security implications. They agreed that developing a good understanding of where such subsidies exactly go (and who benefits) and how big and costly they are is a first step in designing appropriate reform plans. The presentations showed an important progress made in reforming subsidies, such as in Ukraine. The presentations highlighted also the limited availability of data and analysis in the region which hampers adequate policy decision-making. Participants agreed that governments can do more to improve the transparency of public support going to the energy sector by, among others, adopting better subsidy definitions and reporting methodologies, improving data collection and undertaking regular reporting. The participants also recognised that better targeting support to disadvantaged parts of the society and re-directing fossil-fuel subsidies to energy-efficiency investments are important directions for energy-subsidy reform in the region.

Session 3: Lessons learned from promoting the use of Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA)

Following the introductory presentations on SEA and EIA and the presentations of selected examples on SEA/EIA reform in Ukraine and SEA pilot implementation in Azerbaijan the participants agreed on the importance of SEA and EIA as a means to ensure that environmental and health concerns are adequately considered in economic development planning and project approval. They also agreed that these instruments, and in particular the SEA, can assist countries in their efforts to attain sustainable development goals and to address climate change. They also bring other benefits, such as more informed, transparent and participatory decision-making; enhanced international cooperation; and planning that is more streamlined, rigorous and open to alternatives. Several examples of the SEA/EIA application showed tangible savings made in terms of time and money, including through avoidance of costly mistakes. It was recognised that the two procedural tools can indeed facilitate rather than hamper economic development and investments.

The participants recognised that the EaP GREEN project assisted the countries in introducing the SEA and in further developing EIA systems, in particular in the transboundary context, in line with the UNECE Espoo Convention on Environmental Impact Assessment in a Transboundary Context, its Protocol on SEA, and the EU SEA and EIA Directives. The participants recognised that much had been achieved in terms of establishing national legislative and institutional frameworks that comply with the international legislation, laying the basis for the efficient practice in SEA and EIA. As the experience presented by Ukraine illustrated, the participants did recognise that the process of developing and adopting new legislation can be challenging; thus requiring awareness raising activities on the purposes and benefits of SEA and EIA at every stage and among various levels of decision-making. The examples of the SEA pilots implemented in Azerbaijan and in the Republic of Moldova showed that SEA can deliver quantifiable results that help enhance the planning and development of given economic sectors. The session showed that through the SEA and EIA pilots, and a large number of training sessions delivered at the sub-regional and national levels, the EaP GREEN increased the capacities of all the beneficiary countries for implementing the SEA and EIA procedures.

The participants also agreed that despite the significant progress made, continuous efforts are needed to build on, and to sustain the accomplishments made, in order to keep up the momentum and to support the practical application of the legislative frameworks of both tools. They agreed that, in addition to the adoption of the new or the amended legislation that is still pending in some countries, the future priorities for action should concentrate on:

- Further increasing capacities of environmental and health authorities to perform their role in SEA i.e. ensure the overall coordination of the SEA processes, providing expert inputs to sectoral authorities, and carrying out the quality control;

- Raising awareness and capacities of the sectoral authorities that are responsible for the application of SEAs to their plans and programmes; but also of private sector, regarding the application of EIA, in particular;
- Providing training for SEA/EIA practitioners;
- Conducting SEA and transboundary EIA pilots; and
- Introducing tools to enhance availability of information on SEA/EIA procedures (e.g. e-databases).

Session 4: Lessons learned from achieving a sector-level shift to green economy

The session was introduced by a presentation of the key results and impacts of the RECP component of EaP GREEN and presentations of the experience from the RECP assessment and solutions at the company and country levels in Azerbaijan and Armenia. During the discussion the participants welcomed, and underlined the importance of, very concrete results achieved in terms of monetary savings and environmental and resource efficiency improvements. For example, quick resource efficiency and cleaner production (RECP) solutions/options identified through RECP assessments engaged 357 SMEs and organisations in all six countries. RECP clubs were created in 20 regions and bring together on a regular basis 200 SMEs. The Project identified savings of EUR 9.4 million, in the range of EUR 2 000 - 20 000 per enterprise, reaching up to EUR 100 000 in some cases. This confirmed that RECP would be further used by the companies to enhance their competitive advantage. The participants welcomed the commitment of individual countries to build on the Project results, as for example in Armenia where there are plans to establish a Green Economy Centre that would build on the positive experience from the RECP component implementation.

During the discussion the participants stressed the importance of information sharing mechanisms established by the Project which allowed benchmarking of specific industrial sectors, awareness raising about RECP benefits and costs or exchange of information about technologies available for cleaner production. The participants also highlighted a need to raise awareness about green economy in schools and universities which can have a multiplier effect at the early stages of education. They also underlined the need for reinforcing national and local government capacity to promote greening the industry and RECP while implementing the RECP demonstrations in Small and Medium-sized enterprises (SMEs), to build capacity of peer consultations (through RECP clubs) as well as to provide an institutional support to knowledge sharing. In discussing investment issues the participants emphasised the need to establish close links between SMEs and local banks, governments and international financial institutions (IFIs) to identify and overcome financial barriers for the RECP implementation. The participants also stressed the need to build capacity for investment proposal's preparation that can benefit SMEs. Finally, the participants recognised the RECP as a stepping stone towards circular economy application which can be reinforced by learning from the EU experience and practice.

Following an introductory presentation on green public procurement element of the EaP GREEN, Moldova and Ukraine presented their experience and project results. The speakers highlighted the usefulness of the various tools and training package developed and adapted to the country context. They stressed the interest of following the steps of the UN Environment Sustainable Public Procurement (SPP) Approach, which includes initial assessment, changes in regulations, capacity building/training, action plan and demonstration initiatives. The Ukrainian representative highlighted the lessons learnt from the pilot tenders, in particular the fact that the prices offered for the ecological and eco-labelled cleaning products were lower than the ones for the standard products. This helped to dispel the myth of paying a premium for green products. The speakers also highlighted challenges that they faced regarding insufficient eligible supplies of ecological products.

During the discussion of the further work the speakers recognized a need to improve the SPP legislation. National eco-labelling or certification schemes would also need to be strengthened as international certification tends to be expensive. Additional capacity building exercises, awareness raising and exchange of experience was also encouraged. The countries also expressed their willingness to expand the list of product groups that can be sustainably procured.

Session 5: Possible next steps and closing

The session was introduced by the presentations by Ms. Astrid Ladefoged (Head of Division, DG Environment, European Commission) on the EU's ambitious Circular Economy Package and an EU Action Plan for the Circular Economy, adopted in 2015. Ms. Ladefoged underlined the importance of this flagship EU activity which includes numerous legislative proposals on waste to stimulate Europe's transition towards a circular economy and measures covering the whole cycle from production and consumption to waste management and the market for secondary raw materials. She stressed that the proposed actions would contribute to "closing the loop" of product life cycles through greater recycling and re-use. They would also bring benefits for both the environment and the economy by boosting global competitiveness, fostering sustainable economic growth and generating new jobs. Her presentation referred also to a strategy for plastics in the circular economy, an assessment of options for the improved interface between chemicals, products and waste legislation, a legislative proposal on water reuse and a monitoring framework on circular economy. The presentation highlighted the importance of these policy priorities also for the EaP countries.

In the context of the future support by the European Union to the EaP region after the EaP GREEN ends in 2018, Ms. Bella Nestorova (DG NEAR, European Commission) introduced the details of a new regional programme "EU4Environment" in the Eastern Partnership. This EU-funded action, with a contribution of 19 million EUR over five years, aims to help the Partner countries preserve natural capital and increase people's well-being.¹ The project, which will gradually start in 2018 building on several previous programmes, will be implemented by international organisations, including OECD, UN agencies (UNECE, UN Environment and UNIDO) and the World Bank. Ms. Nestorova highlighted that the EU4Environment action responds to demand from governments and civil society organisations. It will ensure continuity in supporting reforms started previously and help making environmental actions visible and beneficial for citizens.

During the discussion about the next steps, the participants welcomed the new project that will maintain the EU support to the region. They agreed on the need to build on the progress achieved under the EaP GREEN. They called for establishing new targets and called for more in-country implementation work that would set new paradigms for economic development, support the capacity and institutional building and making stronger links with mobilising finance and investment. Emphasis was also placed on better communication of the results within countries and regionally.

In his closing remarks Mr. Vassilis Maragos (Head of Unit, DG NEAR, European Commission) underlined the important emphasis of the EU support on achieving very concrete results on the ground. He recalled a strong commitments to work together to benefit the citizens which was recognised at the most recent EaP Summit (24 November 2017, Brussels). He emphasised the importance of working at the national level and integrating the activities into the national policies. Mr. Maragos stressed that the next stage of the EU support would strongly focus on implementation, including the institutional and capacity building, possibly involving the twinning arrangements and pilot actions in selected regions. Re-calling the establishment of the EU External Investment Plan and the conclusions of the EaP GREEN conference on unlocking green finance (29-30 June, 2017, Brussels), he highlighted the role of policy reform in making investment

¹ A legal basis is the Commission Implementing Decision C(2017)7963 of 27 November 2017. The more specific objectives include:

1. Greener decision-making: Further align knowledge, decision-making, and stakeholder interaction mechanisms with environmental imperatives and make political leaders and civil servants aware and supportive of green growth
2. Circular economy and new growth opportunities: Scale-up public and private action on circular economy and sustainable production and lifestyles
3. An environmental level playing field: Improve incentives and governance mechanisms
4. Ecosystem services and livelihoods: Boost resilience through the preservation of ecosystem services and extension of green infrastructure
5. Knowledge sharing and coordination: Facilitate regional knowledge sharing and coordination

possible. Mr. Maragos also welcomed closer collaboration between the future EU4Environment project and other EU-funded actions, such as EU4Energy and the Covenant of Mayors.

In conclusion, Mr. Maragos thanked all the participants for their active participation in the discussions and expressed the wish to co-operate on the future activities under the EU4Environment and other initiatives.