



EaP GREEN PROGRAMME

“Greening Economies in the European Union’s Eastern Neighbourhood” Programme and UKRAINE

September 2013

The “Greening Economies in the European Union’s Eastern Neighbourhood” (EaP GREEN) programme aims to support the six the 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 and Environmental Impact Assessment accompanying SCP policy implementation; and (3) Demonstration projects. Governments and the private sector are the key target groups of EaP GREEN. 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 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.

Why is greening economies important?

Risks to 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.

Green growth in action: Examples of initiatives

Strategic planning: The European Union’s Growth Strategy for 2020, Korea’s National Strategy and 5-Year Plan for Green Growth and the green development focus of China’s 12th 5-Year Plan are a few examples of strategic planning efforts aligned with green economy goals. The Korean Government plans to spend about 2% of the GDP on green growth programmes and projects.

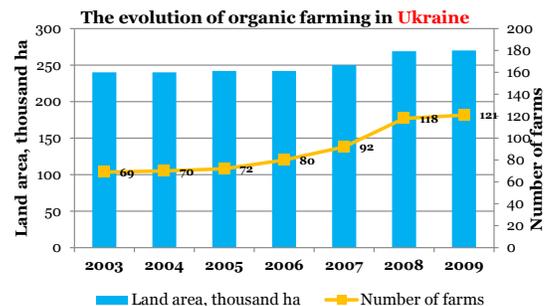
Financing mechanisms: Specialised banks such as the UK Green Investment Bank (GIB), the German *Kreditanstalt für Wiederaufbau* (KfW), the Bank of Philippines Islands (BPI) and the French *Banque Publique d’Investissement*, have been established or recently mandated to invest public funds and spur private green investment.

Green public procurement: Nordic countries have recently issued national action plans and adopted legislation to green public procurement, which constitutes 16% of the gross national product of their countries.

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. The Ministry of Economy has commissioned the development of a concept for transition to green economy, due to be ready by the end of 2013. There are sectoral policies that integrate some of the green economy goals. Nevertheless, a comprehensive policy framework in support to green growth is still missing in Ukraine.

What activities are planned in Ukraine within EaP GREEN?

In Ukraine, the EaP GREEN programme aims to help the government establish an integrated policy framework in support the transition to a green economy, reform some of the policy instruments, adopt new analytical tools, improve access to finance, and support capacity development, and implement pilot projects within the public and private sectors.

National priorities were discussed at a stakeholder workshop in May 2013. Following this event, the government will develop a comprehensive vision of EaP GREEN activities in the country for 2013-2016. Some of these activities for the shorter-term have already been defined and launched. They cover all programme components and include:

- **Support for policy development:** UNEP has started to develop scenarios to illustrate how selected green policy changes and investments could improve the country's sustainability outlook compared with business as usual, and to quantify potential benefits. A workshop will be organized in September 2013.
- **Capacity development for the use of green growth indicators:** A national workshop to present the OECD set of green growth indicators, and the experience of using them in EU and other countries is planned for October-November 2013.
- **Reform of product taxation:** OECD will develop policy, legal and institutional recommendations on the use of economic instruments for managing environmentally harmful products. A national workshop is planned for the second half of October 2013. A pilot study report will be published in 2014.
- **Promotion of better use of SEA and EIA:** A training programme, training materials and case studies tailored to needs of Ukraine are being developed by UNECE. A national level training of trainers workshop on SEA has been scheduled for 1-4 October. A pilot project on post-project analysis of the transboundary environmental impacts of exploitation of the chalk deposit 'Hotislavskoe' was initiated between Belarus and Ukraine, with a kick-off meeting held in Brest (Belarus) in April 2013.
- **Demonstration projects and capacity building targeting the private sector:** UNIDO effort is inventorying existing institutional capacities that could be further supported and developed for to promote resource efficient and cleaner production (RECP). The first round of RECP demonstrations is expected to start in toward the end of 2013. Key RECP partner institutions were invited to the biennial global conference on 4-6 September in Montreux, Switzerland to become familiar with international best practices in RECP implementation.
- **Sustainable public procurement (SPP):** UNEP will support Ukraine to develop and implement SPP policies and practices. The first national consultation to roll out this activity will take place in November 2013, back-to-back with a regional SPP workshop.
- **Organic agriculture:** Building on the scoping study on organic agriculture in 2011, UNEP will support Ukraine to enhance organic agriculture production and access to market.

How is the programme organised?

In response to a letter addressed to Prime Ministers in the EaP countries, **National Focal Points** (NFPs) were designated. The NFPs represent both environment and economy ministries, and are the main counterparts of the programme at the operational level.

Following the nomination of NFPs, the Programme's **Steering Committee** (SC) was established. The SC will oversee programme implementation. Its members include NFPs, the European Commission and the four implementing partners. The SC will meet at least annually. Such meetings will be open to the NGO community and donors, as well as to other international organisations. The First Meeting of the Steering Committee was convened on 26 April 2013 in Berlin, Germany, and the second in Tbilisi, Georgia on 16-17 September 2013.

Activities within the EaP GREEN programme are carried out by **four international organisations**. OECD is the leading partner, responsible for the programme's coordination and visibility. Local and international experts will be hired to support the substantive work of staff engaged in project implementation within partner organisation.

How are responsibilities allocated within the programme?

OECD (Organisation for Economic Co-operation and Development) will support the implementation of market-based approaches to promote green growth and the reform of environmentally-harmful subsidies, the greening of banks and small- and medium-sized enterprises, and the adoption of green growth indicators.

UNECE (United Nations Economic Commission for Europe) will support the implementation of strategic environmental assessments and environmental impact assessments of national development activities.

UNEP (United Nations Environmental Programme) will help mainstream sustainable production and consumption in national policies through strategic policy setting, as well as help countries implement sustainable public procurement and organic agriculture policies and practices.

UNIDO (United Nations Industrial Development Organization) will assist private sector actors adopt resource efficient practices and cleaner production.

Who could be contacted regarding EaP GREEN?

For any questions please write to the generic account eap.contact@oecd.org or contact Ms Angela Bularga, Principal Administrator (OECD) at +33 1 4524 9863.

Where can additional information be found?

Additional information on EaP GREEN can be found on its web-page:

<http://www.oecd.org/env/outreach/eapgreen.htm>