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**EU<sup>4</sup>Environment**

Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine

# Towards a Green Economy in the Republic of Moldova

## Work in Progress – 2019-20



Action implemented by:





# Towards a Green Economy in the Republic of Moldova

## EU4Environment Work in Progress – 2019-20

Since 2019, the EU-funded EU4Environment Programme has been supporting the Republic of Moldova (hereafter “Moldova”), along with the other five Eastern Partner (EaP) countries, in pursuing its path of green transformation. It helps preserve their natural capital and increase people’s environmental well-being by supporting environment-related action, demonstrating and unlocking opportunities for greener growth, and setting mechanisms to better manage environmental risks and impacts.

During 2020, the work was considerably affected by the COVID-19 pandemic. Despite this unprecedented global challenge, the programme pursued its planned activities and generated several concrete results on the ground.

This brochure highlights activities under EU4Environment in 2019-20, showing concrete results in Moldova and at the regional level.



### Greener decision making

- **Inter-Ministerial dialogue on green economy:**  
The Inter-Ministerial Working Group on Promotion of Sustainable Development and Green Economy in Moldova continued to raise the profile of green economy in the country, reviewing progress under EU4Environment and discussing new priorities, such as eco-innovation and eco-labelling.
- **Introductory Green Economy training course:**  
The Romanian online version of the course (open to civil

servants and the broader public) was launched under the “Green Economy – Made in Moldova” event.

- **In-depth Green Economy policy-making training course:** Nine civil servants took part in a tailored online course. They learned how to review, analyse and integrate green economy, sustainable consumption and production approaches into policies and strategies at national and sectoral levels.



**DID YOU KNOW? SEA and EIA:** In 2020, EU4Environment supported Moldova in bringing its Law on Environmental Impact Assessment (EIA) into full compliance with the amended EIA Directive (2014/52/EU) and the Espoo Convention. Similar support helps the country bring the Law on Strategic Environmental Assessment (SEA) fully in line with the EU SEA Directive (2001/42/EC) and the UNECE Protocol on SEA.



### Ecosystem Services and Livelihoods

- **Biodiversity and sustainable forestry:** The European Union and the World Bank signed an agreement at the end of 2020 allowing the World Bank to join EU4Environment in 2021. This work will support ecosystem services and livelihoods in the six EaP countries, including Moldova. The activities will strengthen the Emerald Network and the management of

existing protected areas and sites. They will also contribute to better forest conservation and sustainable use, prevention of illegal trade and awareness about new green finance instruments for the sustainable management of forests and ecosystem services.





## Circular economy and new growth opportunities

- **Waste recycling and national campaign under EU Green Week in Moldova:** During EU Green Week 2020, EU4Environment helped the Ministry of Agriculture, Regional Development and Environment to launch a new activity on waste recycling.

- **Sustainable Public Procurement (SPP):** EU4Environment has supported the Public Procurement Agency to review progress on introducing the SPP provisions into the public procurement legislation. The review helped identify specific steps for mainstreaming of SPP in country procurement operations.

- **Promoting eco-labelling:**

EU4Environment and the local partner “EcoContact” assessed the eco-labelling system and supported development of a roadmap on eco-labelling regulation.

They presented results at a workshop to more than 50 participants. EU4Environment also initiated alignment of the national regulation on eco-labelling with the EU directive.



**DID YOU KNOW? Free Economic Zones (FEZs):** According to a Ministry of Economy and Infrastructure **report**, FEZs are increasingly helping to develop the national economy despite the COVID-19 pandemic. The report covered the first semester of 2020. In 2021, EU4Environment will support feasibility studies for applying the Eco-Industrial Parks (EIPs) International Framework in two selected industrial parks and FEZs.



## Environmental level playing field

- **Launch of a self-assessment tool for entrepreneurs:** EU4Environment developed a **platform** that shows small and medium-sized enterprises (SMEs) in Moldova how to improve resource efficiency and environmental performance, increasing their competitiveness by reducing their costs. By completing the online questionnaire, businesses receive customised recommendations based on the characteristics of their enterprise.

- **Launch of the new programme on greening SMEs:** A new programme aims to support companies in planning and implementing environmentally friendly practices and expanding to other markets. Through this programme, implemented by the Organization for Small and Medium Enterprises Sector Development (ODIMM), several SMEs have already started greening their operations.

- **Assessing progress on greening SMEs:** The evaluation, part of the SME Policy Index, showed that Moldova has made strides with greening SMEs, most notably through the Programme on the Promotion of the Green Economy for 2018-20.

- **Facilitating green public investments with a focus on clean urban public transport:** EU4Environment supported Moldova's Clean Urban Public Transport Programme by practice-oriented and targeted capacity development. This allows public officials to implement the designed programme, as well as to better manage green public expenditure in general.

- **Improving operations of the National Ecological Fund:** EU4Environment has helped the Ministry of Agriculture, Regional Development and Environment (MARDE) to strengthen the National Ecological Fund by developing a new manual on operations. Further steps in the process were discussed at the workshop on National Environmental Funds for Promoting Green Investments.

- **Collection of 2010-19 data on fossil fuel subsidies for the OECD-IEA database:** The inclusion of Moldova, along with other EaP countries, in the OECD-IEA database on fossil fuel subsidies is an important milestone in achieving transparency in this area. It also recognises the efforts of EaP governments to disclose information on the size of government support provided to the energy sector in these countries.

- **Unlocking the potential of the green bond market:** The work analyses the possibility of using green bonds to raise additional resources for the transition to a low-carbon and resilient economy.

- **Strengthening the administrative capacity of the environmental sector:** The analysis was launched to assess administrative capacity for greening the economy, identify gaps and recommend reforms.

- **Updating the national set of OECD-based green growth indicators:** EU4Environment helps with updating green growth indicators to better measure progress on greening the Moldovan economy.



**DID YOU KNOW? Data on fossil fuel subsidies** for 2010-19 for the EaP countries, including Moldova, are available in the OECD-IEA database on fossil fuel subsidies and integrated into the OECD database on green growth indicators. For example, total fossil fuel support in Moldova in 2018 accounted for 0.63% of gross domestic product. All public support went to fossil fuel consumers. Visit: <https://stats.oecd.org/>



# Highlights of COVID-19 green responses in Moldova

The year 2020 was marked by the unprecedented global challenge of the COVID-19 pandemic whose health and socio-economic impacts affected all countries around the world. The drop in remittances due to lockdown measures and increased unemployment in migrant-receiving countries has had a negative impact on Moldova, where remittances account for 16% of gross domestic product (GDP). The large informal sector (28.9% of total employment) further exacerbates the socio-economic impact of the pandemic. Based on International Monetary Fund estimates, GDP of Moldova was expected to fall to -4.5% in 2020 compared to 3.6% in 2019 before reaching 4.1% in 2021.

In response to the economic downturn, Moldova took emergency measures to mitigate the socio-economic consequences of the pandemic. Some of these measures, highlighted below, aim at advancing environmental objectives:

- **Action plan to mitigate the pandemic:** The Ministry of Economy and Infrastructure of Moldova developed an action plan to address the consequences of the pandemic. This plan includes three components, which integrate environmental objectives: reducing the impact on the business environment; promoting economic recovery; and building economic resilience.
- **National Development Strategy “Moldova 2030”,** approved by the government in June 2020, includes promotion of environmental priorities. Chapter 10 contains key environment objectives and indicators: ensuring a fundamental right to health and a safe environment, promotion of green and circular economy, and achieving related environmental Sustainable Development Goals. The strategy was submitted to parliament for adoption.
- **Republic of Moldova-EU Association Agreement and Government Action Plan for 2020-23:** In the framework of these documents, Moldova continues implementation of targeted actions in the field of waste management, extended producer responsibility, green and circular economy promotion, air quality monitoring, industrial emissions reduction, EIA and biodiversity conservation.



## DID YOU KNOW?

EU4Environment has revamped its **website**. It provides an extensive overview of its work on the implementation of green policies in EaP countries.

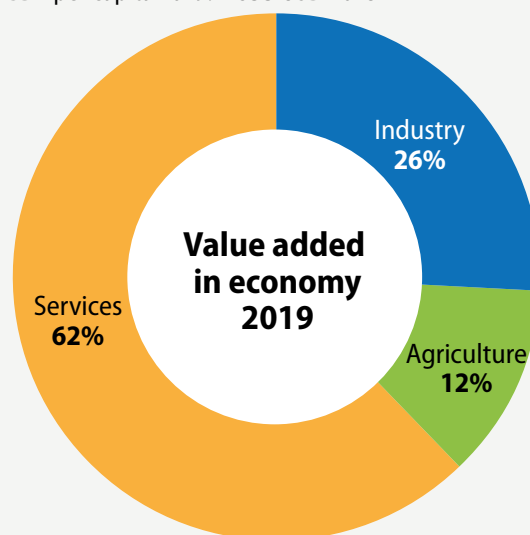
As of 31 December 2020, EU4Environment counted 329 newsletter subscribers and reached out to 150 000 people on social media.

Subscribe to our monthly **newsletters** and follow us on **Facebook**.

## SOCIO-ECONOMIC CONTEXT

Population 2019: **4 043 min.**

Real GDP per capita 2019: **7 653 USD 2015**



The new Association Agenda for 2021-27 foresees the integration of European Green Deal provisions into related national policies and actions.

- **Supporting business:** The government adopted a comprehensive set of economic measures to mitigate impacts of the pandemic. All state programmes to support business continue, including new initiatives led by ODIMM such as the digitalisation programme for SMEs. Post-COVID-19 economic measures of the Ministry of Economy and Infrastructure target green recovery, including through the National Greening Programme for SMEs (see below).
- **National Greening Programme for SMEs:** This programme was launched by ODIMM with EU4Environment support in June 2020. It provides methodological and financial support to businesses by improving knowledge and skills related to the efficient use of resources, providing economic incentives to encourage SMEs to pursue green actions, and advising on international standards implementation and eco-labelling certification. As part of building capacity and providing training, it has helped 47 enterprises develop plans to green their production processes.
- **Improving energy and resource efficiency:** Moldova plans to make energy and resource use more efficient, reduce pollution and ensure public health to help local companies become more sustainable and competitive.

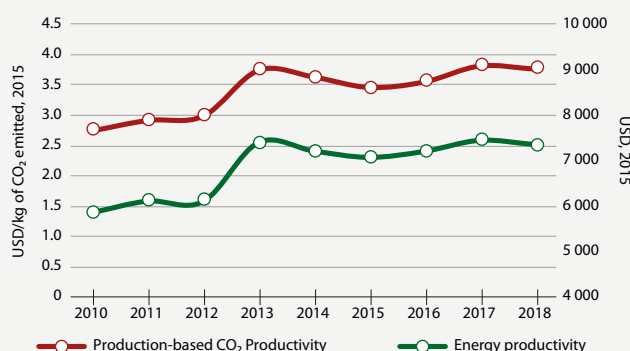
To support Moldova in these efforts, EU4Environment held a **virtual country consultation** with government officials. Participants reviewed the country's situation in light of COVID-19 and discussed how to tailor EU4Environment activities to support green recovery from the crisis more effectively.

# Highlights of regional activities

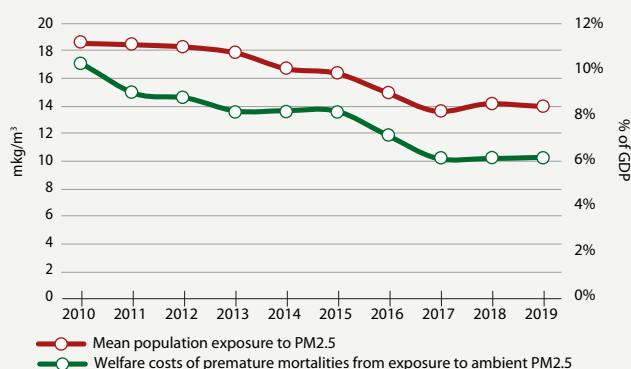
- **Sub-regional workshop on the practical application of SEA and transboundary EIA:** More than 40 representatives of environmental authorities from the EaP countries, including Moldova, exchanged experiences in the development of national environmental assessment systems. In addition, they received guidance and targeted training on applying environmental assessment tools and good international practice.
- **Transboundary EIA procedures/Espoo Convention video:** It raises awareness on EIA procedures and promotes related benefits for the EaP countries.
- **Regional training on Environmental Management Systems (EMS):** More than 50 experts from the EaP countries took part in this hands-on training. Using the example of an Austrian chocolate producer, participants worked on its full production cycle – from cacao beans to the final product. They also analysed and developed the key stages of the EMS application – from stakeholders' analysis to conformity monitoring standards.
- **Regional workshop on the implementation of eco-industrial parks:** More than 140 participants from EaP and Central Asian countries reviewed the operations of eco-industrial parks. They used international best practices, such as improving socio-economic and environmental performance of park residents, promoting resource efficiency and circular economy, and creating innovative avenues for responsible business practices.
- **Regional seminar on Best Available Techniques (BAT):** More than 50 participants reviewed progress in applying the BAT approaches in the EaP countries, including Moldova. They discussed challenges and accomplishments, while learning from the experiences of peer countries and EU members on approaches to support implementation.
- **Regional seminar on risk-based approaches to environmental compliance assurance:** About 50 officials and experts, including from Moldova, shared experiences and learned best practices in using risk-based approaches to environmental compliance assurance in the EU and EaP economies. The EU Network for the Implementation and Enforcement of Environmental Law (IMPEL) also participated.
- **Two EU4Environment Regional Assembly meetings** reviewed progress with EU4Environment implementation and agreed on plans. The meetings also provided a platform for regional knowledge sharing and dissemination of best practices.

## GREEN GROWTH INDICATORS IN MOLDOVA: WHAT DO THEY TELL US?

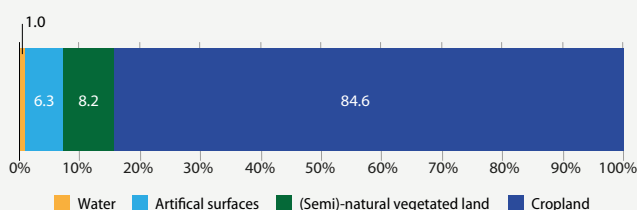
**1 Environmental and resource productivity:** Higher CO<sub>2</sub> and energy productivity means a less polluting, more resource-efficient economy, and a better climate and environment



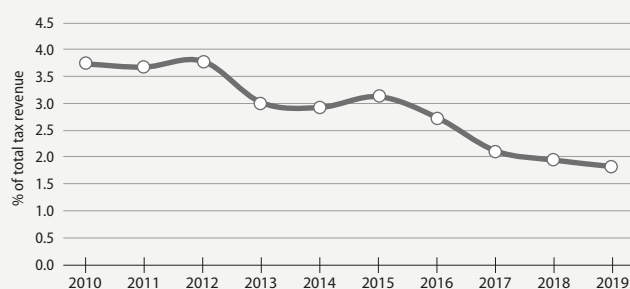
**2 Environmental dimension of quality of life:** Lower exposure to fine particles means cleaner air and healthier people, and is less costly for the government



**3 Natural asset base, 2018:** Stable stocks of natural resources ensure sustainable use, which is essential for green economy transition



**4 Economic opportunities and policy responses:** Removing fossil fuel subsidies can reduce fiscal deficits, make renewable energy more competitive, and lower carbon and air pollution



## About

# EU4Environment

Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine



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EU4Environment integrates into a single strategic framework initiative to achieve greener decision making, sustainable economy and green growth, smart environmental regulations, ecosystem protection and knowledge sharing.

- **Budget:** about EUR 20 million for the six EaP countries (with EUR 19.5 EU contribution)
- **Duration:** 2019-2022
- **Implementing agencies:** Organisation for Economic Co-operation and Development (OECD), United Nations Economic Commission for Europe (UNECE), United Nations Environment Programme (UNEP), United Nations Industrial Development Organization (UNIDO) and the World Bank
- **Overall guidance:** European Commission
- **Key national partners in Moldova:** Ministry of Agriculture, Regional Development and Environment; Ministry of Economy and Infrastructure

## EU4Environment at a glance: EaP countries in 2020

**7 000**  
views of our new look  
website since its launch  
in mid-October

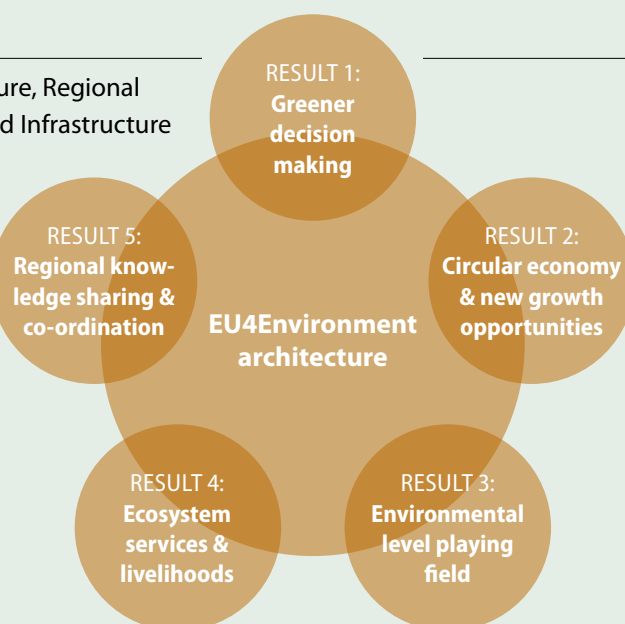
**Over 250**  
experts trained  
on RECP

**Over 190**  
participants  
trained on SEA



**Over 100**  
people took a new  
Green Economy course

**Over 90**  
SMEs consider RECP as a  
part of COVID-19 recovery



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<http://eepurl.com/gUNbg1>

### Contact us:



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**Sources:** OECD Statistics on green growth indicators (population, real GDP, economic structure, GGIs); World Bank database (remittances); IMF World Economic Outlook (GDP and unemployment projections); OECD paper "COVID-19 crisis response in EaP countries" (remittances, informality, extractives data, COVID-19 green responses); ILO paper "Women and men in the informal economy: A statistical picture" (informality); interventions by the country representatives at the EU4Environment country consultations (COVID-19 green responses); inputs by the National Action Co ordinators and the Implementing Partners.

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