

## ROM report

<i>Type of ROM review</i>	<b>Projects and Programmes</b>
<i>Project title</i>	<b>Greening Economies in the Eastern Neighbourhood (EaP-GREEN)</b>
<i>Project reference</i>	<b>C-305729</b>
<i>Unit in charge</i>	<b>NEAR C 02</b>
<i>Status</i>	<b>Draft</b>
<i>Report date</i>	<b>23/02/2016</b>

Project - Key Information	
<b>Domain (instrument)</b>	ENPI - Neighbourhood - Mediterranean & Eastern Europe
<b>DAC Sector</b>	41010 - Environmental policy and administrative management
<b>Zone Benefitting from the Action</b>	Eastern Europe Region
<b>Action Location</b>	Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine
<b>Type of Project/Programme</b>	Geographic
<b>Geographic Implementation</b>	Multi-country
<b>Entity in Charge</b>	NEAR C 02
<b>OM in Charge</b>	BULARGA ANGELA
<b>Contracting Party</b>	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Project - Financial data on 23/10/2015	
<b>Total budget</b>	0 €
<b>EU contribution</b>	10,000,000 €
<b>Paid Amount</b>	8,000,000 €

Project - Dates				
<b>Contractor Signature Date</b>	14/12/2012			
<b>Activities</b>	<b>Start Date</b>	01/01/2013	<b>End Date</b>	31/12/2016
<b>Final Date for Implementation (FDI)</b>	30/06/2018			

ROM review - Key information				
<b>Reason for ROM review</b>	Not visited			
<b>Countries visited</b>	Moldova, Azerbaijan, Ukraine, Georgia			
<b>ROM expert(s) name(s)</b>	DASTGEER Ali			
<b>Field phase</b>	<b>Start Date</b>	26/10/2015	<b>End Date</b>	02/12/2015

## Project Synopsis

### Context

While over the last two decades progress has been achieved in establishing the institutional basis for integrating economic and environmental objectives, strategies and policies specifically targeting Sustainable Consumption and Production (SCP) often remain under-developed or declarative in the Eastern Partnership (EaP) countries. Possible reasons range from the low priority given to green growth issues on the national political agenda to weak inter-sectoral and inter-ministerial coordination, fragmented decision-making in relevant economic areas and lack of appropriate information; in addition, the costs of environmental policies continue to receive greater emphasis than their benefits in a context of unresolved economic and governance challenges. In addition, access to finance is limited and private sector green investments are often stifled by weak market and regulatory incentives.

The process of convergence with the EU environmental legislation has been a strong driver of change in the region. Three of the four countries covered in this report (Ukraine, Moldova and Georgia) have signed Association Agreements with the European Union and have committed to harmonise their environmental laws with those of the EU. The region has been negatively affected by political crisis and economic stagnation chiefly the conflict in Ukraine, the repeated changes in government in Moldova over the last year, and the falling oil prices for Azerbaijan.

### Description of the intervention Logic

The overall objective is for the EaP countries to move towards a green economy by decoupling economic growth from environmental degradation and resource depletion.

The specific objectives or components of the Action are:

1. to mainstream sustainable consumption and production into national development plans, legislation and regulatory framework with a view to provide a sound legal basis for future policy development, in line with the regional and international agreements and processes and consistently with existing EU acquis in the relevant policy areas;
2. to promote the use of the SEA and EIA as essential planning tools for an environmentally sustainable economic development;
3. to achieve a shift to green economy through the adaptation and adoption of sustainable consumption and production practices and techniques in selected economic sectors (manufacturing, agriculture, food production and processing, construction).

Expected results of this Action are:

1. national legislation and sectoral regulatory frameworks are examined in depth and the presence or lack of elements that are relevant to SCP is assessed;
2. proposals for changes in national legislation and regulatory frameworks are formulated in order to provide stronger incentives for SCP and are achieved in those countries that have opted for implementing them;
3. measurable improvements in resource efficiency and environmental performance are achieved in selected economic sectors;
4. SEA and EIA are integrated into the national regulatory framework and are more regularly used in decision making;
5. public authorities' professional and institutional capacities to develop and implement policies to promote sustainable production and consumption are strengthened;
6. capacity development activities targeting private sector actors, including the domestic financial sector, are carried out.

The Action is implemented by four international organisations OECD, UNECE, UNIDO and UNEP. The OECD is the leading organisation for this Action with direct responsibility and overall coordination functions for all components. The OECD also directly implements Component 1 alongwith UNEP. UNECE is the implementing organisation for Component 2. UNIDO and UNEP are the implementing organisations for Component 3.

The EaP GREEN Programme works at both regional and national level. It is primarily targeted at government authorities and the private sector in EaP countries. Various arms of the government are involved in its activities: ministries of environment, ministries of finance and economy, other sectoral ministries, and national statistics offices. The NGO community is also consulted in the implementation.

The Steering Committee (SC) was established in April 2013. It is composed of staff members of the four international organisations (OECD, UNEP, UNECE and UNIDO) which form the management group; a representative of the European Union; and the National Focal Points (NFPs) nominated by the six countries of implementation (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). Four of these countries were visited during this ROM mission i.e. Azerbaijan, Georgia, Moldova and Ukraine.

## Findings

### 1. Relevance

(Good / Very good) 


Greater greening of their economies is a need of the four countries visited. The policies and strategies of Ukraine, Georgia, Moldova and Azerbaijan have had little focus on green economy issues, and rigorous environmental assessments of plans and programmes before their approval are not undertaken. The countries suffer from inefficient methods of production where energy efficiency is not a priority either due to a lack of awareness or a lack of investment, the reliance on harmful chemicals in agriculture, and poor attention to recycling, waste management and sustainable production. What is important in these countries, and what the project has not focused upon, is that there is little public awareness of green economy issues. This not only hinders a 'movement' to generate demand for green reforms, it also fails to create a sizeable market for products such as organically produced food or recycled paper. It is felt by some stakeholders that some issues the project is attempting to deal with such as environmentally harmful subsidies and green indicators, as examples, are premature for the country. Considering that understanding of how the environment can affect other aspects of life is poor, it is felt that general awareness-raising should have preceded the more technical aspects the project embarked upon, and momentum been built so that there was greater ownership within different sections of society. Currently, environment is considered by many to be the domain of the ministries of ecology or environment only.

It should be noted that, in some cases, the project builds upon and is a continuation of activities that some partners have already been undertaking in the region. In Ukraine, for example, draft SEA laws had already been drafted before the project began, and have been updated at least twice. The country had ratified the Espoo Convention on Environmental Impact Assessment in a Transboundary Context as early as 1999. Thus, under EAP GREEN the project did not have to focus on this area of SEA implementation, rather UNECE has supported awareness raising amongst policymakers and government on SEA. In the other three countries though, especially Moldova and Georgia, the project has been involved in legislative review and drafting of the laws. Similarly, the RECP activities were already being undertaken in different forms in Moldova and Ukraine, with support from other development partners.

The project was designed in consultation with various stakeholders beyond the two focal ministries i.e. the ministries of ecology/environment and the ministries of economy. Other ministries and other actors were also consulted as part of the process. Three of the countries (not Azerbaijan) have Association Agreements with the European Union. The necessity to harmonise their laws with those of the EU is a driver for these countries to update their policies, strategies and laws. Simultaneously, recent events have also made it necessary for them to reflect on greening their economies. As their economies have stagnated or shrank, currencies have been devalued, and in Azerbaijan the fall in oil prices has reduced investment, businesses and government need to examine the costs of production and subsidies respectively.

Overall the capacities of the governments concerned are weak in this regard though the level varies across the four countries. There are many competent people also at different levels of government and a number have been actively engaged in the project.

### 2. Efficiency

(Problems) 

EaP GREEN does not operate as 1 project having 3 different but complementary components implemented in synergy with one another. It is in reality 4 different projects implemented mostly independently by the four implementing partners with little coordination. There are one or two examples of active collaboration but these are the exception, rather than the norm. The 4 organisations have their own stakeholders, who sometimes overlap. This results in the different stakeholders - unless they are the national focal point ministries (and here too it is mostly those ministry staff who work with the National Focal Points) - not knowing about any activity being undertaken in the other components. Operating independently of one another also means that the transaction costs are not significantly reduced. At events such as Steering Committee meetings, all stakeholders (government, the implementing partners, and others) dialogue with one another. Apart from that, for their own activities and actions, each of the 4 organisations develops separate partnerships and sets up separate arrangements with the stakeholders concerned.

Regarding the need for in-country presence, national stakeholders have different views. Some say that as communication and engagement is very active, there is no need for OECD, UNEP and UNECE to be located in the country. If they want to be, that is good. Others state that active follow-up is hindered, and a permanent presence is required.

The number of people in the two focal ministries who are knowledgeable about EaP GREEN activities is only a handful. In the case of Georgia, there was no-one in the Ministry of Economy who had knowledge of EaP GREEN activities as the former acting focal person had transferred from the Ministry. On the other hand, in Moldova in the Ministry of Environment, the dispersion of knowledge is greater as the National Focal Point actively engages her staff in the various activities. Part of the reason for limited numbers of people in key ministries not being aware of EaP GREEN is because it is not permanently present in the country which limits engagement with others beyond the National Focal Points. Formal and informal networking is limited as well as interactions with senior decision makers. In Moldova again, a national-level EaP GREEN Working Group has been established and this is partly due to the presence of a UNEP contracted consultant based in the Ministry of Environment there.

From September 2014 to September 2015, there was no full time Project Manager of OECD for the project. This has affected the implementation of activities. Work on some OECD activities has stalled because of his heavy workload. Some delay has also occurred because UNEP was updating its financial management systems.

OECD is also supposed to be coordinator of the project, however the ToR were weak in elaborating the specific duties required of it in terms of taking the lead in planning and oversight which partly explains the lack of collaboration between the four partners. The budget of the project has been generous in the provision of extra resources to OECD for staff and managing coordination of the project and according to the contract with the EU, a full time Programme Manager from OECD was expected.

The experts used by the different components have all been stated to be of high quality, knowledgeable and skilled in transferring that knowledge. Similarly, all region-based partners/consultants that the four international organisations have chosen under EaP GREEN are qualified and experienced in their areas of work. Whether it be consulting organisations, individual consultants, NGOs or national research institutes, all those met had previous experience of similar work, had shown commitment to delivering the outputs, and in some cases, were the only or one of a handful of institutions capable of carrying out the task.

UNIDO's RECP Clubs which promote peer-to-peer learning amongst companies in the same geographical area are an efficient way of increasing outreach, and at the same time getting businesses to learn from each other.

In some cases, and this is particularly the case with OECD and UNEP, it is not clear why activities were planned so late. Activities in organic farming, public procurement, greening SMEs, environmentally harmful subsidies etc should have taken place much earlier in the project's life so that there was sufficient time for the recommendations to be disseminated, for government to understand the benefits, for replication to be supported and for requisite laws to be drafted or updated. Providing recommendations to government at the tail-end of the project leaves little time for persuading government to undertake the necessary steps or to support replication or follow-up.

### 3. Effectiveness

(Good / Very good)



Under the project a number of seminars, workshops and conferences have been held and a number of publications have been produced. Attendees and trainees of the various events have all stated that they found them interesting and increased their knowledge on the subject matter. The publications have been stated to be interesting and informative and will inform strategy and legislative development according to interviewees. Regional events have allowed them to network and share experiences with other countries. Because many of the activities that are undertaken under the project have strategic objectives which take a while to come to fruition such as policy change or changes in legislation, the outcomes at the moment are limited. More visible outcomes are from those activities where practical demonstrations have been carried out such as the RECP and organic farming pilot projects. In Moldova, the Ministry of Economy has used the findings from the Greening SMEs study to develop a whole new priority Priority No.8 to be incorporated in the Action Plan 2015-2017. This priority still has to be approved and focuses on green economy issues. Under UNECE, work has continued on the implementation of the Espoo Convention on Environmental Impact Assessment in a Transboundary Context and the associated SEA protocol. The project has supported three of the visited countries in drafting or updating their laws, and in the fourth i.e. Ukraine where laws have already been drafted, it organised a series of seminars devoted to raising awareness in SEA for ministries, high-level officials and environment authorities. These events as well as bilateral meetings between UNECE and the Ministry of Ecology and Natural Resources facilitated approval of the draft law on Ratification of the Protocol on SEA to the Espoo Convention by the Parliament of Ukraine in July 2015. In all four countries, teams of trainers have been trained to roll-out training on SEA. With the support of UNEP, in Ukraine public bodies such as the Railways, two schools and the Academy itself will be testing the sustainable public procurement tools developed under the project. Currently, tenders are in the process of being issued. Similarly, in Moldova where a similar project has proceeded slower due to delays in payments, an action plan to pilot SPP has been drawn up and will be implemented soon. Ten farmers received certification as organic producers in Moldova. The NGO contracted by UNEP then helped them in attending exhibitions/fairs in Chisinau to sell their produce. The exhibitions were well organised and attended. Ten primary schools in the country also organised events to spread knowledge on the benefits of organic farming. Organic producers from Moldova and Ukraine were prepared and supported to participate in the world's largest organic trade fair Biofach. The most tangible results have been realised under the UNIDO component. Companies are benefiting from the implementation of recommendations given by the assessments and through RECP Clubs, reducing their costs of production, wastage and energy use. However, the number of companies which have so far benefited is very limited.

### 4. Sustainability

(Good / Very good)



The ministries of economy and environment/ecology, and other government institutions are permanent bodies which can continue to deliver the action's benefits. Staff throughout the project period have had their capacities built through numerous workshops, seminars and conferences both in the country/region and abroad. Constraints include staff turnover which varies from country to country and appears more pronounced at the senior decision-making level, rather than at the technical mid-level. Also, as mentioned earlier in this report, that the project generally only engages with a handful of people within the government institutions is worrying as the transfer or removal of a single person can affect the emphasis the ministry gives to green economy issues. There is also the matter of political commitment which varies but is generally low, as other priorities are felt more urgent to tackle. The creation in June 2015 of the EaP GREEN Working Group in Moldova consisting of both focal ministries, other government bodies, research institutions and CSOs could further build on the initiatives being carried out under the project. Greening the economies in the region needs greater awareness to be built amongst the region's citizens. Particular target groups to focus upon, for the action to be more sustainable, include young children and the youth. The use of social media, conventional media, local authorities and civil society needs to occur. This will enable a momentum to be created in favour of the issue. No instance was observed where the government has committed in writing to the allocation of budgetary resources for pursuing green economy activities which the project is currently undertaking. There have been development or revision of strategies; so far this has not translated into budgetary commitments. In the case of companies benefiting from RECP assessments and clubs, one major constraint they face is access to finance. They state that bank interest rates are too high, and that the banks demand physical infrastructure rather than moveable assets as collateral. Also the transaction costs and documentation required is a hindrance. Where they have implemented recommendations though, it is very likely these will remain implemented as companies are seeing the benefits in terms of lower costs of production. The economic situation in the four countries is not helping but EaP GREEN, in varying degrees, has cultivated champions for green economies in each of the four countries. Sustained efforts are still needed to bring much of the work to fruition and for it to have an impact on the ground amongst producers and consumers.

## Conclusions

N°	Conclusion
C1	Where the efforts by the project partners has been full-time, focused and systematic, the results have been better. However, it must also be borne in mind that UNECE, and to some extent UNIDO, are building on activities they or others have previously pursued in the countries concerned. They have been able to thus go further. On the other hand, OECD has pursued some sensitive topics such as environmentally harmful subsidies, and has had to face resistance from government to engage.
C2	Country presence does have an effect. It allows for greater networking and building of relationships with a greater number of government officials. Sustained pursuit of activities can be undertaken as in the case of UNIDO's RECP demonstration projects. In that case, the project has also been able to have greater outreach beyond the capital cities.
C3	Activities such as workshops and seminars have been very professionally conducted, and publications have provided expert analysis on the subject matter. International experts and trainers (whether in-house or contracted) have been acknowledged as sharing their global experience highly competently.
C4	EaP GREEN has attempted to involve government in the planning and implementation of activities as much as possible. This contributes to the sustainability of the activities. The senior leadership of ministries is regularly invited to and attends the project's activities. There has been instances though where the involvement has been less and/or it has been hesitant to be engaged. It is obvious that government needs to be actively involved.
C5	At the same time though, EaP GREEN engages largely with those already convinced of the project's objectives. In the focal ministries, the number of key officials engaged with or aware of the project activities is limited. This needs to be broadened.
C6	In terms of its specific objectives 1) mainstream sustainable consumption and production into national development plans, legislation and regulatory framework and 3) to achieve a shift to green economy through the adaptation and adoption of sustainable consumption and production practices and techniques, the results have been limited. Mainstreaming has so far no occurred; numbers of people or enterprises benefiting is also low .
C7	There are few, if any, synergies between the efforts of the four organisations. The interpretation from the Action proposal was that they would be using their distinct niches and expertise in a collaborative way in the implementation of EaP GREEN. This has not occurred.
C8	Another interpretation was that the OECD would take a leading role in terms of planning and monitoring, and coordinating amongst all four organisations. One of the reasons this did not occur was because the ToR was not specific regarding these elements. The ToR was clearer regarding OECD acting as a link between the EC and the 4 organisations, the organising of meetings and consolidated reporting.
C9	Given that this was a 4-year project, some of the activities should have started much earlier than they did for the results to be realised and disseminated, government to be convinced and actions to be adopted or replicated.

## Recommendations

N°	Recommendation
R1	During the last year of the project, concentration should be on bringing existing activities to fruition. The initiation of new activities should be avoided if they cannot be completed by the year-end.
R2	Special attention needs to be paid to realise the objectives of the pilot SPP projects, the studies on green growth indicators, greening SMEs and environmentally harmful subsidies.
R3	In any new phase, there also needs to be an emphasis on raising public awareness. In this regard, best practices from new EU Member States could be identified and replicated according to the context.
R4	In any new phase, kindergartens, schools and the youth can especially be targeted as they are more receptive to new ideas and more willing to adapt behaviour. Further, efforts should be made to introduce green economy concepts in syllabi, and in the relevant courses taught at university level and in vocational schools. Academies which train public servants should also be targeted and encouraged to insert specific modules into relevant courses.
R5	The RECP Clubs have shown positive initial results and should be replicated. Existing club members can be used as role models.
R6	The RECP assessments have also shown positive results and need to be pursued further. Again, companies that have benefited in 2014-2016 can be used as role models. To complement the energy efficiency expertise already being provided, assistance in making bankable proposals and support in accessing grants, other funds & technology should be considered.
R7	The work on SEA needs to be continued so that the draft laws are approved and support is continued in implementation. The current set of trainers need further mentoring, according to them, before they can independently roll out training.
R8	Any next phase should see a greater focus on specific country needs, rather than regional replication. The country focus did occur during the current phase, but needs to be deepened during any future phase.
R9	Given the dynamics of the countries involved, the scope of work needed to be undertaken and deepening of coordination and networking which needs to be done, an in-country presence of the project is needed. This presence should not be merely logistical / administrative support to experts, but senior-level presence which can oversee planning, implementation and monitoring.
R10	Use of the EU-financed Small and Medium Sized Enterprises Flagship Initiative, and other programmes such as the EU-financed & EIB/EBRD implemented SME financing projects should be pursued for support SMEs in accessing funds for green investments.