



Action funded by the European Union

# EU4Environment

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

# Towards a Green Economy in **Armenia** Work in Progress – 2019-20



Action implemented by:







# Towards a Green Economy in Armenia

## EU4Environment Work in Progress – 2019-20

Since 2019, the EU-funded EU4Environment Programme has been supporting Armenia, 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 Armenia and at the regional level.



### Greener decision making

- **Development of guidelines on the application of Environmental Impact Assessment (EIA), including in a transboundary context:** The guidelines assist national stakeholders in preparing and reviewing the quality of the EIA documentation and applying the Espoo Convention and the respective national legislation.

- **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?** Under the 2017 EU-Armenia Comprehensive and Extended Partnership Agreement (CEPA), Armenia is committed to implement about 65 relevant EU directives. It targets compliance of waste management and landfill management with EU standards by implementing the 2017-36 Strategy for Development of the Solid Waste Disposal System.



### 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 Armenia. 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

- **Environmentally friendly production in small and medium-sized enterprises (SMEs):** 14 SMEs in plastic production and fisheries sectors launched environmentally friendly production processes that benefit from Resource Efficient and Cleaner Production (RECP) assessments.
- **Monitoring of the RECP measures implementation:** The analysis allowed identification of companies, such as “ELBAT” CJSC and “Lukashin” agricultural co-operatives that are using raw materials more efficiently, and reducing energy and water consumption as well as waste and emissions generation.
- **RECP audit training in the manufacturing sector:** A series of coaching webinars equipped the Armenian experts with the tools and knowledge to assess the environmental efficiency of SMEs in plastic, fisheries and other industrial sectors.

- **RECP training on energy management system:** Training activities explored energy management issues faced by SMEs in meat, chocolate and metal processing sectors and provided a platform for panel discussions on energy audits, showcasing the application of RECP methodology.
- **Gender sensitisation in greening national industries:** The training workshop in Armenia reviewed the role of women in management of SMEs and the potential for increasing their impacts on greening SME operations.

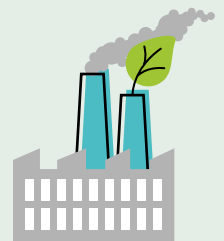


**DID YOU KNOW?** As a result of the new plastic waste reduction strategy of Armenia, companies like “Armenia Plast” LLC face less demand for their products. The collaboration established with the national RECP team of EU4Environment helps the company develop its environmentally friendly business strategy.



## Environmental level playing field

- **Assessing progress on greening SMEs:** The evaluation, part of the SME Policy Index, showed that Armenia has made progress since 2016 on greening SMEs by including support for green SMEs in the SME State Support Annual Program, but would benefit from tasking a single organisation with supporting green SMEs.
- **Applicability of the EU BREF on extractive sector waste on Armenia’s mining sector:** The work was launched to assess how the EU BREF implementation on extractive waste might improve the environmental situation in the mining sector, specifically in the province of Syunik.
- **Strengthening compliance system in Armenia:** The analysis aims to identify gaps and provide recommendations for improving the environmental compliance assurance system.
- **Collection of 2010-19 data on fossil fuel subsidies for the OECD-IEA database:** The inclusion of Armenia, 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.
- **Assessment of investment needs for climate action up to 2030:** The findings help discussions with the Ministry of Finance on planning investments and developing capital raising plans with the goal of mobilising finance for meeting climate objectives.
- **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.



**DID YOU KNOW?** Data on fossil fuel subsidies for 2010-19 for the EaP countries, including Armenia, 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 Armenia in 2018 accounted for 0.04% of gross domestic product. All public support went to fossil fuel consumers. Visit: <https://stats.oecd.org/>

# Highlights of COVID-19 green responses in Armenia

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 Armenia, where remittances account for 11% of gross domestic product (GDP). The large informal sector (52.1% of total employment) further exacerbated the socio-economic impact of the pandemic. Based on International Monetary Fund estimates, GDP of Armenia was expected to fall to -4.5% in 2020 compared to 7.6% in 2019 before reaching 3.5% in 2021. Unemployment was projected to rise to 22.3% in 2020 and 21.1% in 2021 compared to 18.9% in 2019.

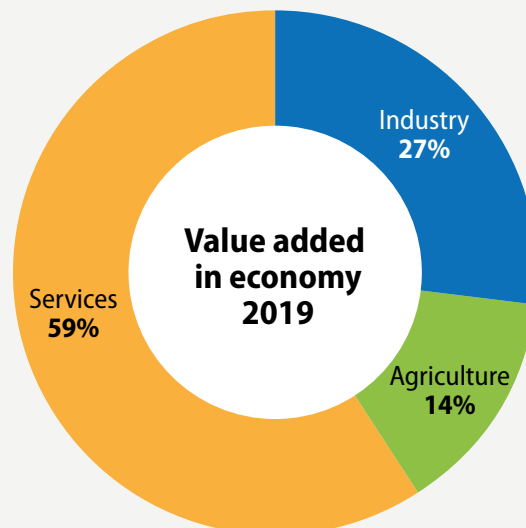
In response to the economic downturn, Armenia took emergency measures to mitigate the socio-economic consequences of the pandemic. Some of these measures, highlighted below, aim at advancing environmental objectives:

- **Planting trees, creating jobs:** Armenia adopted 21 state support programmes with a wide spectrum of measures aimed at supporting businesses and vulnerable people during the COVID-19 pandemic. One project aims to generate employment through afforestation. In exchange for planting seedlings for willow trees along rivers and fencing off the planted areas, workers earned up to AMD 10 000/day (approximately EUR 16). The programme is estimated to create at least 1 000 seasonal jobs. As of 1 June 2020, more than 2 million seedlings had been planted.
- **Incorporating green measures into economic recovery:** Armenia requested support from the NDC Partnership to incorporate green measures into the COVID-19 recovery package. In this regard, a local Senior Economic Adviser will be posted to Armenia's Ministry of Economy for 12 months.
- **Supporting SMEs, investing in green technologies:** The European Union provided additional support during the pandemic by working with banks such as Crédit Agricole

## SOCIO-ECONOMIC CONTEXT

Population 2019: **2 958 min.**

Real GDP per capita 2019: **12 024** USD 2015



and Ameriabank to provide special credit terms and grants for SMEs, particularly those for green technology.

- **New opportunities for agriculture:** The Ministry of Economy of Armenia, jointly with the EBRD's Business Support Office and Investment Support Centre, organised "Business against COVID-19" coaching webinars. Several targeted the agricultural sector, focusing on plant cultivation and protection, new opportunities for agricultural development and hydroponic plant growing, which is less water consuming and harmful for soil.

To support Armenia 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.



### 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**.



# Highlights of regional activities

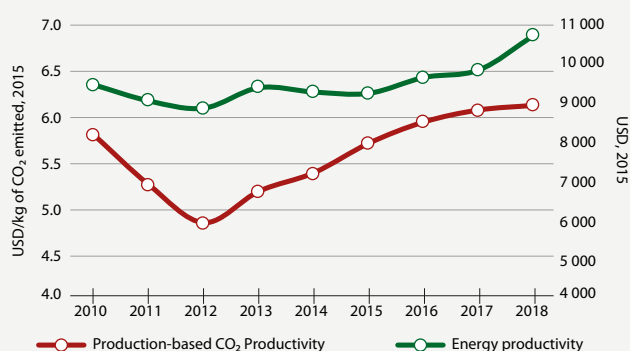
- **Sub-regional workshop on the practical application of SEA and transboundary EIA:** More than 40 representatives of environmental authorities from the EaP countries, including Armenia, exchanged experiences in the development of national environmental assessment systems. In addition, they received 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.

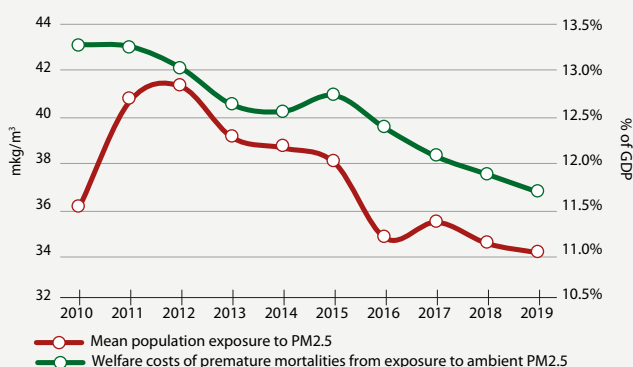
- **Regional seminar on Best Available Techniques (BAT):** More than 50 participants reviewed progress in applying the BAT approaches in the EaP countries, including Armenia. They discussed challenges and accomplishments, while learning from the experiences of peer countries and EU members on approaches to support implementation.
- **Regional seminar on risk-based approaches to environmental compliance assurance.** About 50 officials and experts, including from Armenia, 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 ARMENIA: WHAT DO THEY TELL US?

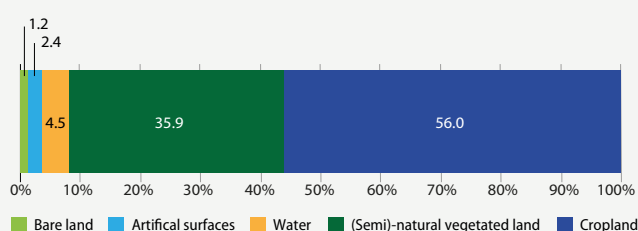
**1 Environmental and resource productivity:** Higher CO<sub>2</sub> and energy productivity means a less polluting, more resource-efficient economy, and a better climate and environment



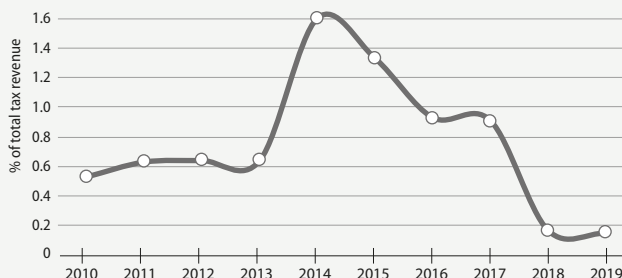
**2 Environmental dimension of quality of life:** Lower exposure to fine particles means cleaner air and healthier people, and is less costly for the government



**3 Natural asset base:** 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

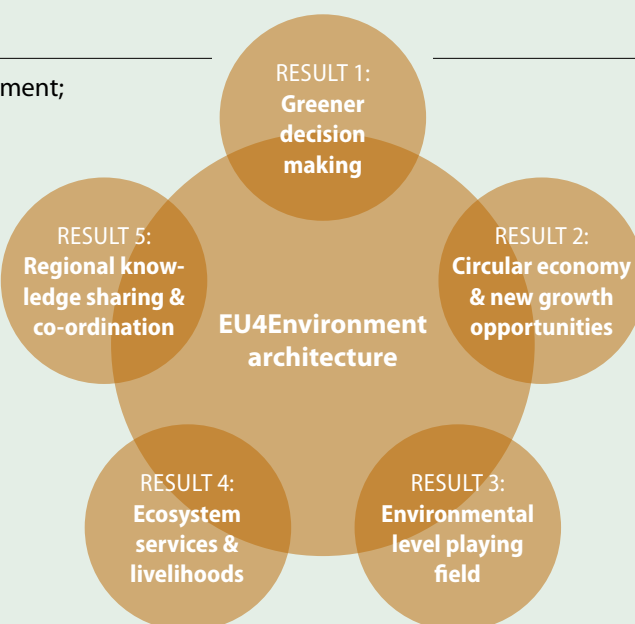
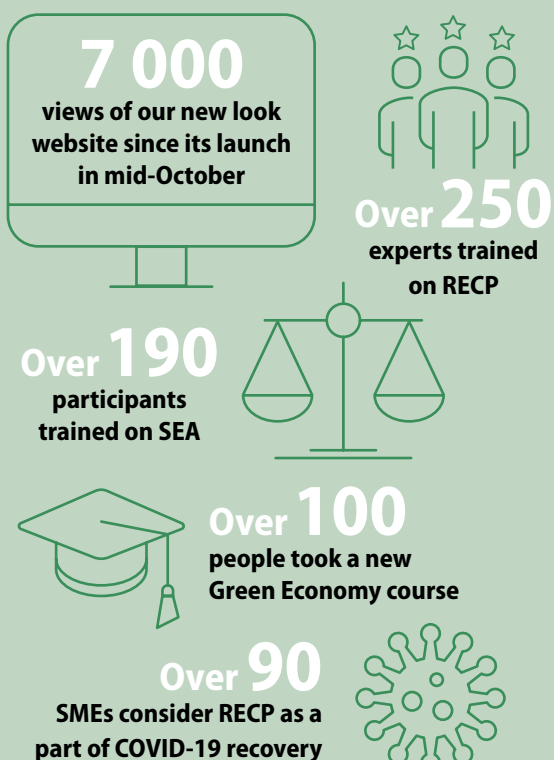


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EU4Environment integrates into a single strategic framework initiative to achieve greener decision making, sustainable economy and green growth, smart environmental regulations, ecosystem protection and knowledge sharing.

- **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 Armenia:** Ministry of Environment; Ministry of Economy

## EU4Environment at a glance: EaP countries in 2020



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<http://eepurl.com/gUNbg1>

### Contact us:



[eu4environment@oecd.org](mailto:eu4environment@oecd.org)

**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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