

Towards a Green Economy with EU4Environment in **Ukraine**

EU4Environment
stands in solidarity
with the people of
Ukraine



A large array of
solar panels in
central Ukraine

Achievements in **2021-2022**

Action implemented by:

The EU-funded EU4Environment Programme has been supporting Ukraine since 2019, along with the other Eastern Partner (EaP) countries, in pursuing a 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. To this end, it integrates into a single strategic framework greener decision making, circular economy, smart environmental regulations, ecosystem protection and knowledge sharing.

Following the European Council's decision to grant Ukraine a candidate status to join the European Union and the country's application for the OECD membership, EU4Environment reinforces its support to accelerate the alignment of Ukraine's legal framework with the EU acquis.

In 2021, the Ministers of Environment of the Eastern Partner countries recognised the European Green Deal (EGD) as a benchmark for their national policy design. Since then,

EU4Environment has built the provisions of the EGD into its activities.

In early 2022, the current work under EU4Environment became known as "EU4Environment – Green Economy". This change was driven by the launch of a new programme under the EU4Environment umbrella: "EU4Environment – Water and Data".

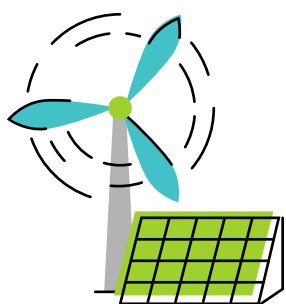
This brochure highlights selected achievements under "EU4Environment – Green Economy" in 2021-22, showing tangible results in Ukraine and at the regional level. It was drafted before the large-scale, unprovoked and unjustified invasion of Ukraine by the Russian Federation in February 2022. The invasion has caused dramatic loss of human life and serious damage to the environment.

EU4Environment is supporting Ukraine with incorporating green principles into the Post-war Recovery and Development Plan which is being developed by the government. It is also readjusting its plans for Ukraine and will resume its activities once the situation allows.



Greener decision making in Ukraine

- An in-depth, online course trained **seven civil servants** on green economy. The **introductory course on green economy** in the Ukrainian language was made available to strengthen capacity of civil servants and the general public.
- An inter-ministerial co-ordination body on **sustainable public procurement (SPP)**, chaired by the Ministry of Economy, helped develop legislation and procedures for strengthening the green dimension of public procurement in Ukraine.
- *Guidelines on Strategic Environmental Assessment for Urban Planning Documents* help mainstream environment, climate and health considerations in the planning process.
- A video on **transboundary environmental impact assessment (EIA)/Espoo Convention** available in Ukrainian helped raise national stakeholders' awareness about, and promote the application of transboundary EIA in line with international standards.

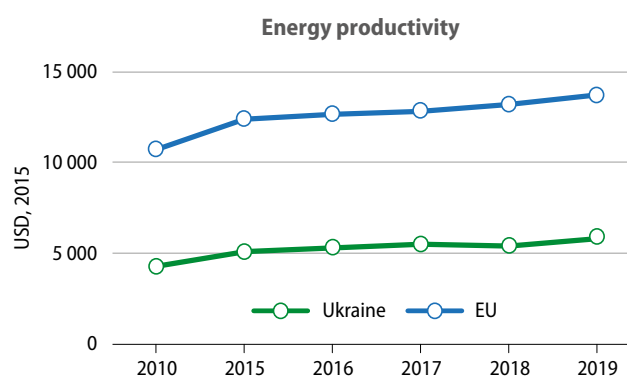
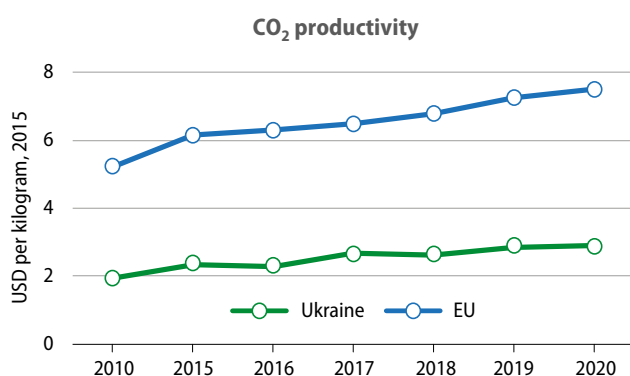


OUR SUCCESS STORY – moving towards a bilateral agreement between Ukraine and Romania

In 2021, EU4Environment helped Ukraine and Romania prepare a draft bilateral agreement on transboundary EIA procedures. Once finalised, the agreement will allow the two countries to reconcile their national legislative requirements

and procedures on transboundary EIA. In this way, they can improve capacities of both environmental ministries to co-ordinate and supervise these procedures effectively.

Economic growth partially decoupled from use of natural resources, but pressures remain



Circular economy and new growth opportunities in Ukraine

- The Amalgamated Territorial Communities of Slavuta City in Khmelnytskyi oblast and Davydiv Village in Lviv oblast were selected to undergo industrial **waste mapping activities**.
- Technical visits and assessments of **ten enterprises** helped identify Resource Efficient and Cleaner Production (RECP) opportunities to reduce material inputs and reduce pollution.
- The Boosting circular economy in Ukraine through resource efficient and cleaner production brochure, based on **eight business cases** of successful application of RECP, became available in English and Ukrainian. It demonstrates RECP perspectives and challenges in the country. The social media and RECP web page helped promote RECP activities in Ukraine.
- **The RECP national network** was launched at an RECP experts' alumni meeting and circular economy kick-off event, which showcased RECP benefits and explored new opportunities for circular economy in Ukraine.
- A video on **circular economy** principles and practices application, prepared in Ukrainian, helped promote benefits of the circular economy and practical steps in its application.
- A market study helped identify the availability of new product categories – repair/construction of roads and food/food services – for **SPP** pilot tenders. The sustainability criteria developed for these products are important for SPP procedures.
- A video on **SPP** benefits became available in Ukrainian. Large-scale awareness raising and capacity building events took place on priority categories of goods, works and services for SPP (224 participants); eco-labels, green markets and SPP (377 participants); SPP criteria for new prioritised products and eco-label standards (353 participants); and new opportunities to support small and medium-sized enterprises (SMEs) in the context of SPP tenders (295 participants). These all paved the way for wider application of SPP in Ukraine.
- Amendments related to eco-labelling help strengthen legal provisions for introducing **eco-labelling** schemes in Ukraine. These amendments affected several laws: "On Environmental Protection"; "On Basic Principles and Requirements for Organic Production, Circulation and Labelling of Organic Products"; "On information for consumers about food products" and "On Advertising".
- Two standards of ecological labelling for furniture, flooring materials and other timber products and plastic products were drafted.
- A gap analysis and recommendations report, discussed with national stakeholders, informed a draft **packaging waste law**. The analysis included the current extended producer responsibility (EPR) status for managing packaging waste, issues around EPR system implementation in Ukraine and actions needed to operationalise the EPR scheme for packaging waste.
- A recommendations report to establish an EPR system for packaging waste provided guidance in the form of a practical roadmap. It aimed to help establish an EPR system for packaging waste in Ukraine based on EPR applications in the European Union.
- A roadmap report for engaging with the private sector in establishing the EPR systems for packaging in Ukraine helped set out key steps and elements to realise the potential benefits of involving the private sector in delivering EPR in Ukraine.



OUR SUCCESS STORY – boosting circular economy in Ukraine through RECP

The inefficient use of natural resources remains a key contributor to climate change. It also leads to growing scarcities and accelerates environmental degradation. Ukraine participated in the RECP demonstration project in 2013 under the EaP GREEN Programme and continues to be part of its ongoing successor programme, EU4Environment. Under EaP GREEN, the close work with Ukrainian industries resulted in the

development of business cases to demonstrate the benefits of adopting RECP measures in the short, medium and long term. RECP assessments identified a variety of options that companies implemented based on specific needs, resources, capacity and priorities. A brochure on boosting circular economy in Ukraine through RECP, in English and Ukrainian, shares the **success stories of eight companies**.

8 EaP GREEN alumni SMEs, applied RECP measures

Alitoni, LLC; Shoe production

Key products: shoe blanks and insoles

Location: Chernihiv oblast

Sonet, LLC; Construction materials and metalwork industry

Key products: HostRock heat-ventilated facades and lifting equipment (elevators)

Location: Kyiv oblast

Rakhny Brick Plant, LLC; Construction materials

Key products: Hyper-pressed facing bricks

Location: Vinnytsia oblast

Ukrstal Zhytomyr- Structural Steel Fabrication Plant, LLC; Steel building structures

Key products: steel building structures

Location: Zhytomyr

Kharkiv-Forma, Plastic and Polymer Moulding; Manufacturing company

Key products: moulds for fences, facade and paving tiles, monuments, gardens, architecture elements, etc.

Location: Kharkiv

Ukrstal Dnipro Structural Steel Fabrication Plant, PJSC; Steel construction

Key products: construction steel

Location: Dnipro

SBK-Ozera-Slobozhany Construction Ceramics, PJSC; Construction materials

Key products: Porous ceramic blocks

Location: Kyiv oblast

Young Ukraine, Ltd; Furniture production

Key products: office chairs and components

Location: Chernihiv oblast

OUR SUCCESS STORY – Rakhny Brick Plant in Vinnytsia oblast, Ukraine

Rakhny Brick Plant produces hyper-pressed facing bricks using a classic technology system in which raw materials from local deposit fields go through a hyper-press process. The enterprise applies its own internal research to improve the manufacturing process, resulting in high-quality facing bricks. Technical assistance and training under EaP GREEN outlined an RECP action plan. The team implemented three options, leading to the effective installation of a (1) reactive power compensator, (2) a cooling system for the press machine using hydraulic oil, and (3) a new waste treatment process. Together, they achieved the following reductions in energy consumption, materials and waste:

- 150 tonnes waste reduction per year
- 3% electricity reduction per year
- emission reduction of 0.65 tonnes of CO₂-eq/year.

Saving achievements

MAIN IMPLEMENTED ACTIONS

Option 1: Reactive power compensation

Option 2: Insulating a colling system for the press machine using hydraulic oil

Option 3: Waste processing treatment

Economic key figures	Investment (Euro)	Saving (Euro/year)	Payback period (Years)
Option 1:	590	1 306	0.45
Option 2:	310	1 520	0.2
Option 3:	0	940	0
Total:	900	3 766	–

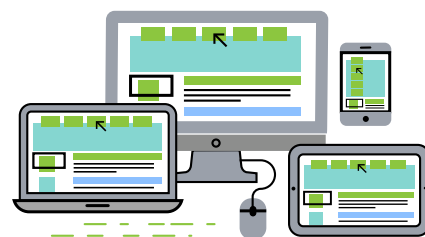
Resource savings	Waste (tonnes/year)	Materials (tonnes/year)	Electricity (kWh/year)
Option 1:	–	–	1,500
Option 2:	–	1.04	-61.2
Option 3:	150	–	–
Total:	150	1.04	1 438.8

Environmental-level playing field and monitoring progress at environment-economy nexus in Ukraine

- Analysis of environmental taxes and charges and suggestions for their reform helped the Ministry of Environment develop the concept for a new climate fund/ reform of the existing National Environmental Fund.
- Analysis on the status of the **capital market** as part of work on “Greening debt capital markets in EaP countries and the role for green bonds” helped assess readiness of Ukraine to absorb debt capital financing for green investments.
- The report on **green growth indicators** (English and Ukrainian) provided a snapshot of the country’s progress towards green economy over 2015-20. It also evaluates

implementation of the State Environmental Strategy of Ukraine until 2030.

- A **video** on in Ukrainian helped raise awareness on the benefits of monitoring progress towards green economy.



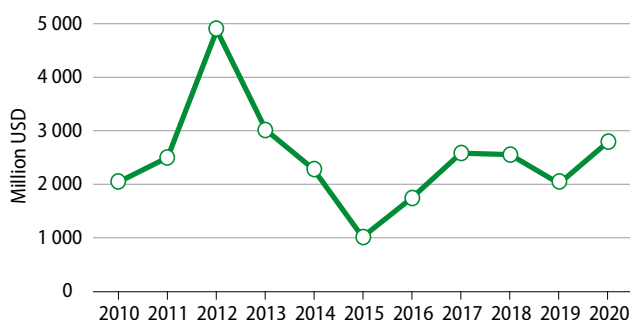
OUR STORY – Increasing transparency of information about fossil-fuel subsidies in Ukraine

Ukraine has a strong legacy of subsidising its energy sector and the use of energy by the population. It traditionally comes out on top in terms of fossil-fuel subsidies (FFS) relative to gross domestic product (GDP). However, among the EaP countries, **Ukraine performs best on transparency of data on FFS**. Ukraine allowed data collection on all major subsidy schemes and is among the few EaP countries which publish regular annual information on tax expenditure, including in the energy sector. Information on Ukraine’s fossil-fuel subsidies is now available in the OECD database on government support to fossil-fuel production and consumption. This is yet another step towards increased transparency and disclosure of relevant information.

The analysis of FFS in Ukraine show that, the cumulative value of budget transfers and tax expenditure surpassed USD 5 billion in 2012 but had declined by more than 50% by 2019. This is due to a number of reform measures that Ukraine has put in place since 2016 including in the coal sector. If in 2014, Ukraine’s fossil-fuel subsidies represented nearly 13% of its GDP, in 2019, support dropped to 2.3% of GDP. However, at USD 2.2 billion in 2019 the size of subsidy remained significant and was the largest among the EaP countries, including as a share of GDP.

In 2020, subsidy levels in the sector started to rise again and reached USD 2.8 billion during that year. After Azerbaijan, Ukraine had the highest level of subsidy on a per capita basis

Quantified fossil fuel subsidies in Ukraine

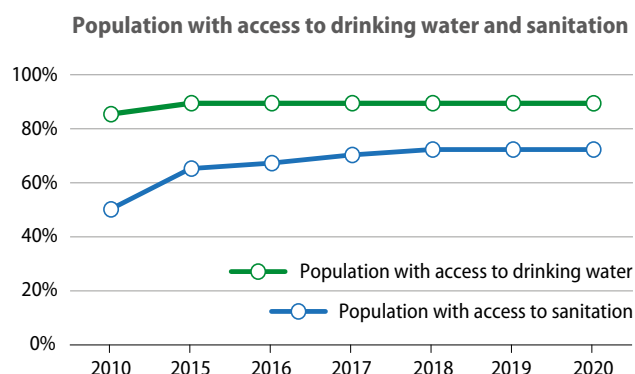
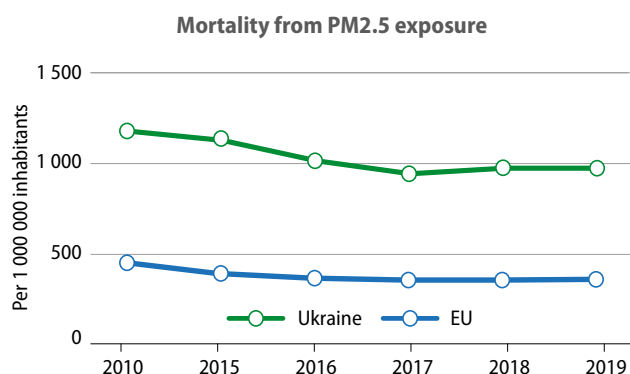


in 2020 (at about USD 83). A considerable share of support was allocated to natural gas but also to coal and electricity. This increase was largely attributed to newly introduced COVID-19 related fossil-fuel measures which aimed to compensate households for the natural gas and electricity bills and protect citizens and businesses.

In light of the intensification of efforts to reach carbon neutrality across the world, and Ukraine’s commitment to contribute to the EU Green Deal ambition of making Europe the first neutral continent by 2050, there is a need to rethink fossil-fuel subsidisation policy. The government should resist introducing new subsidy schemes that could become a long-term structural feature of the economy.



Progress in improving quality of life, but more can be done



Ecosystem services and livelihoods in Ukraine

- In 2021, the World Bank joined EU4Environment, in part, to help preserve biodiversity and protect forests in Ukraine.
- In 2022, EU4Environment in Ukraine plans to advance establishment and management of the [Emerald Network](#), including support to:
 - develop a road map for advancing establishment of the Emerald Network;
 - develop methodological guidelines on impact assessment and mitigation measures for aspects of the Emerald sites related to biodiversity;
 - build capacity for implementing the guidelines on impact assessment and mitigation measures for aspects of the Emerald sites related to biodiversity;
 - develop methodological guidelines on preparing Emerald Site management plans and building capacity for implementing the guidelines;
 - develop Emerald site management plans for three selected sites.



DID YOU KNOW? ... that Ukraine attained almost 40% sufficiency of the Emerald Network in accordance with the protocols of biogeographical seminars of the Bern Convention? In all, 538 Emerald sites cover an area of 95 354.2 km².



Highlights of regional activities

- Regional webinars and workshops on **sustainable public procurement** and **eco-labelling** raised awareness on standards to green products and highlighted success stories for nearly **540** registered participants.
- A new SME-targeted **I-GO tool** was presented to EaP countries to enhance knowledge exchange among 70+ practitioners and support RECP application in the EaP and Central Asian countries.
- The regional meeting on **Greening Small and Medium-sized Enterprises in the EaP countries** attracted more than 150 participants, identifying opportunities to strengthen **business competitiveness**. The event showcased developments of RECP and EIPs, as well as the application of industrial waste mapping methodology in EaP countries.
- A leaflet to introduce **EU Single Market for Green Products** and its Product Environmental Footprint tool for industrial enterprises and experts of EaP countries was launched on the occasion of the EU Green Week.
- A monthly series of selected stories was launched to present local manufacturing enterprises undergoing **RECP assessments** in the EaP region under the #GreeningTheIndustry communication campaign.
- The regional analytical study assessed the status of the **EPR schemes** for packaging waste in the EaP countries, with best practice case studies from EU member states.
- During the three regional webinars on building capacity for **EPR**, **180** representatives from EaP countries (with nearly half of them female) exchanged experiences and learnt from examples of EU countries.
- An **English version** of the video on benefits of the **SPP concept** was produced and promoted at EU Green Week.
- The second regional meeting on **environmental compliance assurance**, involving **77 participants** from the OECD and EaP countries, discussed comprehensive environmental enforcement policies and tools to enforce compliance, and the optimal combination of penalties for non-compliance.
- A capacity-building seminar on **information systems**, organised with the Scottish Environment Protection Agency for more than **50 participants**, showcased a range of information systems used by permitting and inspection authorities in Europe. It covered existing low-technology solutions, more advanced systems and potential pitfalls in the development of such systems.



- The second **capacity-building seminar on joint environmental inspections** with 55 participants from Eastern Partner and OECD countries included a practical exercise where participants brainstormed a joint inspection plan for waste shipments.
- EaP policy makers gained knowledge from the **international compliance network** through trainings and events. These were organised by the EU Network for Implementation and Enforcement of Environmental Law (IMPEL) and the EU Forum of Judges for the Environment (EUFJE). They included “Criteria for the Assessment of Environmental Damage”, “Practical Perspectives on Waste Enforcement Planning and Inspections with a Focus on Forensic and Damages Analysis Relating to Waste Crime” and “Strategies for Verification of Self-monitoring and Reporting on Air Emissions Workshop”.
- Four webinars on **greening public expenditure** for government officials supported design and implementation of green public investment programmes in the EaP countries. The webinars shared experience in managing similar expenditure programmes in the EU countries. These included use of environmental funds in the Czech Republic and Poland and alternative schemes in Austria, Switzerland and the Netherlands. Experts from Denmark, Italy and the international bioenergy sector presented ways of using biodegradable residues for energy purposes. Specialists from Austria, Romania and Slovakia conveyed best practices

on increasing water supply and wastewater treatment in rural and remote areas in their countries.

- The report on **Fossil-Fuel Subsidies in the EU's Eastern Partner countries** was published in [English](#) and [Russian](#). The data from these analyses are now available in the OECD database on government support to fossil fuel production and consumption. The report was supplemented by an additional round of **collection of fossil fuel data** and information that focused on fossil fuel support measures put in place by EaP governments in 2020.
- **Policy Highlights on fossil fuel subsidies** in the EaP region were published, covering 2016-20 with a focus on subsidies in 2020.
- Special sessions on **green bonds** were organised during the 2021 Annual [OECD GREEN Action Task Force meeting](#) and the Sustainable Finance Forum in Eastern Europe, Caucasus and Central Asia. The events shared experience with issuing and using green bonds and provided practical suggestions to newcomers in this market. They also discussed the potential role of **debt capital markets** in financing long-term green infrastructure investments in the region.
- EU4Environment participated in the **communication campaign** “Invest in our Planet” around Earth Day 2022. It contributed articles on “Greening the industrial sector” and “How tracking fossil fuel subsidies can help secure more resources for the green energy transition”.
- The third annual [Regional Assembly](#) assessed EU4Environment progress on greening the EaP economies. It was attended by **110 people**, including high-level participants at the level of state secretary and deputy ministers from the EaP countries.
- **Over 250 000 people** in the region were reached by five national and large-scale communications campaigns on various topics such as zero pollution, waste management, green economy and EU Green Deal promotion.
- The EU4Environment website reached **360 000** people, while social media reached **500 000**.
- EU4Environment [newsletters](#) were sent to more than **600 recipients**.





New Programme in the EU4Environment family launched in 2022

Water Management and Environmental Data

In early 2022, the launch of a new programme – “Water Management and Environmental Data” in the Eastern Partner countries (“EU4Environment – Water and Data”) – reinforced EU4Environment.

The new programme will contribute to improving sustainable water resources management by focusing on the following: strengthened river basin management planning; water allocation; increased stakeholder involvement; promotion of novel approaches to water monitoring, including for COVID-19; progressing the water and health agenda; transboundary cooperation; improved economic soundness of water strategies and policies; and support to finance mobilisation for priority interventions. National-level progress will be focused through multi-stakeholder national policy dialogues in each EaP country.

The new programme will also support strengthening environmental information on waste, land use, agriculture,

air and water quality and improve access to this data for decision makers and citizens.

The identified measures build on, and ensure continuity of, the Shared Environmental Information System Phase II and the EU Water Initiative Plus for Eastern Partnership programmes. These two programmes were instrumental for modernising environmental monitoring and data analysis systems, promoting evidence-based policy making and increasing the partner countries’ alignment with EU and international law, in particular the Water Framework Directive.

The implementing partners of “EU4Environment – Water and Data” are Austrian Development Agency (ADA), Environment Agency Austria (UBA), International Office for Water (OiEau) (France), Organisation for Economic Co-operation and Development (OECD) and the United Nations Economic Commission for Europe (UNECE).



“EU4Environment – Water and Data” in a nutshell

Objective: improving people’s well-being and enabling green transformation in line with EU Green Deal and SDGs

Two pillars:

- **Water resources:** support a more sustainable use of freshwater resources
- **Environmental data:** extend and improve the use of sound environmental statistics

Countries: Armenia, Azerbaijan, Georgia, Republic of Moldova, Ukraine

Duration: 2021-24

Budget: EUR 12.75 million (EU contribution: EUR 12 million)

Implementing partners: ADA, UBA, OiEau, OECD, UNECE

Regional launch event: 9 February 2022

About

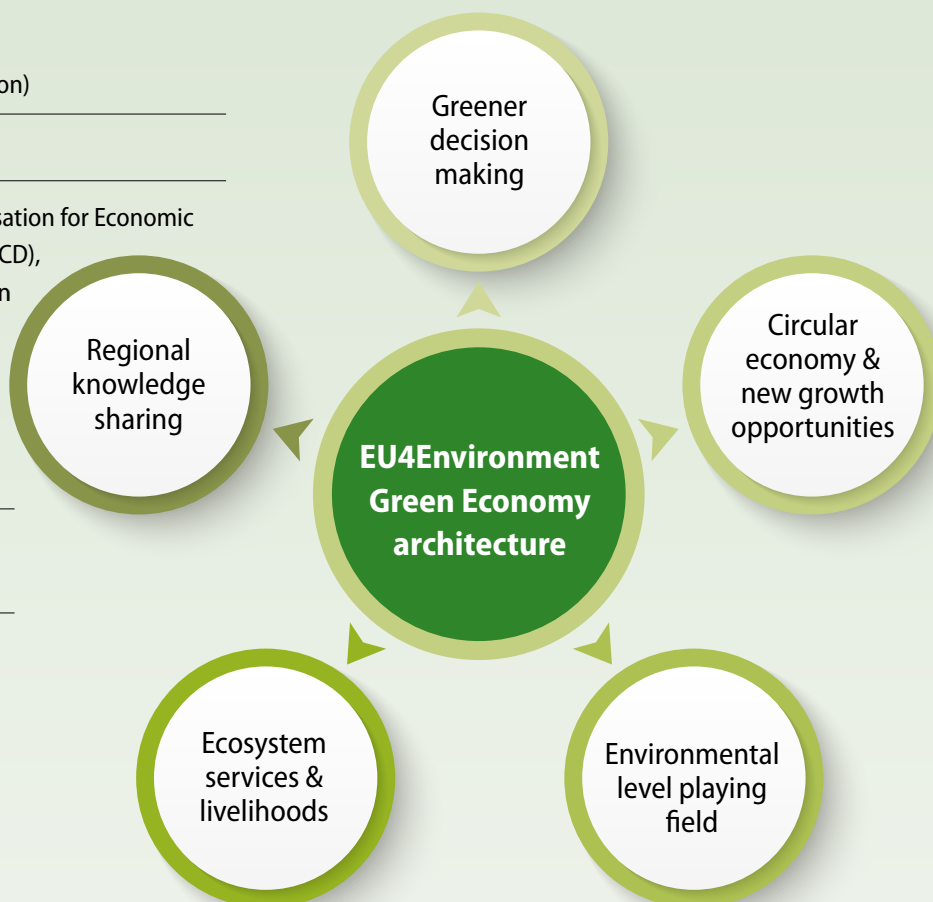
EU4Environment

Green Economy in Eastern Partner Countries



THIS PROJECT IS FUNDED BY THE EUROPEAN UNION

- **Budget:** about EUR 20 million
(with EUR 19.5 million EU contribution)
- **Duration:** 2019-24
- **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:** Ministries of Environment and Ministries of Economy



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