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INTRODUCING PRODUCT ENVIRONMENTAL FOOTPRINT IN THE REPUBLIC OF MOLDOVA

For companies seeking entry into the EU market, the Single Market for Green Products (SMGP) initiative emphasizes the imperative to adhere to green product standards. To foster fair competition within the industry and enhance comparability and communication about environmental performance, the European Commission (EC) proposed the Product Environmental Footprint (PEF) method as the standard approach for evaluating the environmental impacts of products throughout their life cycles. Currently, the PEF method is increasingly used to support the reporting of environmental aspects in the forthcoming European Union (EU) legislation. For example, its application is mandatory in the adopted [batteries regulation](#), and it has potential use in the adopted [EU Taxonomy classifications](#).

To facilitate adherence to these regulations, the United Nations Industrial Development Organization (UNIDO), under the EU-funded “European Union for Environment” (EU4Environment) Action, is introducing the Product Environmental Footprint (PEF) methodology as one of the instruments of the EU SMGP initiative for the EU’s Eastern Partnership (EaP) countries.

TECHNICAL BACKGROUND

THE SINGLE MARKET FOR GREEN PRODUCTS (SMGP)

Introduced by the EC in 2013, the SMGP initiative recommends a set of principles for communicating the environmental performance of products and organizations. This enables producers to substantiate their claims of being environmental friendly. The initiative addresses the need to establish and apply a single environmental assessment approach for products traded across the EU.



PRODUCT ENVIRONMENTAL FOOTPRINT (PEF)

PEF is an EU-recommended methodology that involves a multi-criteria measurement of the environmental performance of a good or service throughout its life cycle (from resource extraction to product manufacturing, and its end of life). It considers 16 environmental impact categories and provides concrete labelling rules that reduce freedom of interpretation while promoting stringent data quality and verification requirements. Product Environmental Footprint Category Rules (PEFCRs) are being developed for specific product groups. The objectives of PEFCRs are to provide consistent labelling rules for all products within a defined scope, to focus on the key environmental impacts within the product categories, and to facilitate product comparison. A PEFCR often includes the PEF results for one or several representative products, which serve as a benchmark within their product category or subcategory.

LIFE CYCLE THINKING (LCT)

Life cycle thinking considers the environmental, economic, and social impacts of a product throughout its entire life cycle. This way, LCT aims to improve a product’s sustainability by identifying opportunities to enhance production processes.

ECO-LABELLING

Eco-labelling is a voluntary initiative designed to confirm a product's environmental quality. It encourages businesses to label their products and adopt environmentally friendly practices, ultimately providing dual benefits for both businesses and consumers.

Action implemented by:



THE READINESS OF MOLDOVA TO ACCESS THE SMGP

CURRENT LEGISLATIVE FRAMEWORK

The Republic of Moldova (hereafter “Moldova”) has a recognized certification for organic agriculture, as outlined in the Law 115 on ecological agro-food production. In 2020, within the framework of the EU4Environment programme, the United Nations Environment Programme (UNEP), with support from its national partner EcoContact, initiated the transposition of the EU Regulation 66/2010 to establish an eco-labelling mechanism in Moldova. On 13 November 2014, Moldova signed the Association Agreement with the European Union (EU), committing to implement various actions and legal improvements to align with the EU aquis communautaire, including the application of green economy and circular economy principles. Based on this, the Green Economy Programme 2023-2027 is being launched. This programme will implement more advanced actions and set ambitious targets to enhance the understanding and application of environmental compliance and assurance systems. Additionally, the country currently has a collection of normative acts and policy documents that lay the groundwork for a greener economy and the implementation of the PEF methodology.

The development vision of Moldova for the next decade is based on a sustainable and inclusive economy, robust human and social capital, honest and efficient institutions, and a healthy environment. This commitment enforces strong collaboration between the Ministry of Environment and the Ministry of Economy. Some of the policy documents promoting a green economy include:

- The “Moldova 2030” National Development Strategy
- 2012-2020 Development Strategy of the SME sector
- 2014-2023 Environmental Strategy
- 2018-2020 Program for the Promotion of Green Economy in the Republic of Moldova
- Association Agreement (AA) between Moldova and the EU
- National Determined Contribution (NDC) of the Republic of Moldova
- The 2022 Draft Government Decision



ORGANIC CERTIFICATIONS

The Ministry of Agriculture and Food Industry oversees policy implementation and registers the national trademark “Ecological Agriculture – Republic of Moldova”. In this regard, the examination profile committee reviews requests coming from economic agents seeking to attain the national trademark. Inspection and certification bodies ensure the adherence to ecological agri-food regulations. Moreover, economic entities are required to use the national trademark when marketing organic agri-food products to prevent consumer misinformation.

MAPPING THE KEY STAKEHOLDERS

Stakeholder engagement encourages open dialogue and fosters transparency, which is pivotal when marketing green products. Throughout the implementation cycles managed by producers and manufacturers, PEF practices and related areas bring together various stakeholders, including international organizations, public authorities, expert institutions, and end-users. In this regard, the 2022 Draft Government Decision is poised to play a significant role in the integration of the European Union market for green products, as it aligns national legislation with the EU acquis. Other important national and international stakeholders include:

International organizations: UNIDO, OECD, UNECE, UN Environmental Program, Austrian Development Agency, the World Bank, World Trade Organization, UNDP, EBRD, and ABD

Regional PEF stakeholder experts and institutions: Chamber of Commerce and Industry of the Republic of Moldova, Organization for Entrepreneurship Development, European Business Association, AmCham Moldova, Foreign Investors Associations, Moldova Fruct, and Moldova Organic Value Chain Alliance

The stakeholder overview presents favorable conditions for fostering the necessary synergies to implement PEF on a national scale in Moldova.

NATIONAL MARKET TRENDS FAVORING THE SMGP INITIATIVE

EXPORT-ORIENTED BUSINESS MODELS

Over 95% of Moldovan organic products are exported, with a growing trend for increasing the organic share in total exports. The top five organic products include nuts (48% of exports), dried plums (9.8%), soy (8.6%), and corn (5.5%). Most eco-certified products in Moldova are exported to the EU and US (predominantly crop products and honey). However, the analysis of exports by commodity groups indicates a decrease in the export of the main recorded groups. Currently, Moldova ranks 17th among EU importers of organic products for environmental certification and labelling. In this context, aligning with the European quality standards for goods and services, as well as potential upcoming environmental requirements based on PEF, would accelerate exports.

Concretely, the PEF methodology can provide valuable insights for companies to prepare for upcoming regulations, such as those from the “Farm to Fork strategy” or the “Green Claims” Directive on labelling schemes. It could also offer insights into the most impactful ingredients, processing steps, or life cycle stages of a product, ensuring alignment with EU regulations. This alignment has the potential to improve Moldova’s position among EU importers of organic products.

CONSUMER DEMAND FOR ECO-COMPLIANCE

As 1,400 cases of complaints about non-compliant services and products cases were registered in 2020, there is a critical need to address non-compliant products posing health and environmental risks. Currently, the existing provisions are limited and cover only general aspects of the Law on chemicals No 277/2018. Additionally, incorrect labelling such as “ecological”, “green”, or “eco” misleads consumers who seek to purchase organic products. The lack of consumer awareness regarding product quality and environmental standards allows some producers to greenwash, deceptively marketing their products as being environmentally friendly.

The introduction of the SMGP initiative has the potential to standardize eco-friendly labelling, closing loopholes that allow non-compliant products to be marketed as environmentally friendly and preventing consumer deception. The initiative addresses the challenge of compliance with diverse regulations by establishing a unified environmental impact assessment approach for cross-country trading. In this regard, legislation and administrative frameworks for environmental labelling for non-agricultural products, services, and organizations should be established in alignment with the Proposal for a Directive on Substantiation and Communication of Explicit Environmental Claims (Green Claims Directive).



THE BENEFITS OF APPLYING THE PEF METHODOLOGY FOR EXPORT-ORIENTED COMPANIES

PEF empowers enterprises to enhance the sustainability of their supply chains and product life cycle. Conducting a PEF study will offer valuable insights into the most impactful ingredients, processing steps, or life cycle stages of a product, making it an ideal starting point for mitigating negative environmental impacts. The potential benefits of applying the PEF methodology include:



Ability to benchmark products within a specific category (when a PEF CR is present)



Improved reputation and customer loyalty



Cost reduction through process improvement



Effectively meeting client demands



Increased employee involvement



Extended sale opportunities



Potential for industrial synergies



Meeting sustainability requirements in bidding processes



Compliance with EU environmental standards

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A PEF STUDY FOR
YOUR ENTERPRISE



THE SMGP READINESS ROADMAP FOR MOLDOVA

The SMGP initiative aims to provide clear, reliable, and comparable information on the environmental performance of products and organizations by establishing a unified environmental assessment approach for products entering the EU market. The below SMGP readiness roadmap outlines the guided recommendations, actionable opportunities, and milestones suggested for Moldova to achieve readiness to access the SMGP. This preparation will enable the trading of environmentally friendly products across the EU.

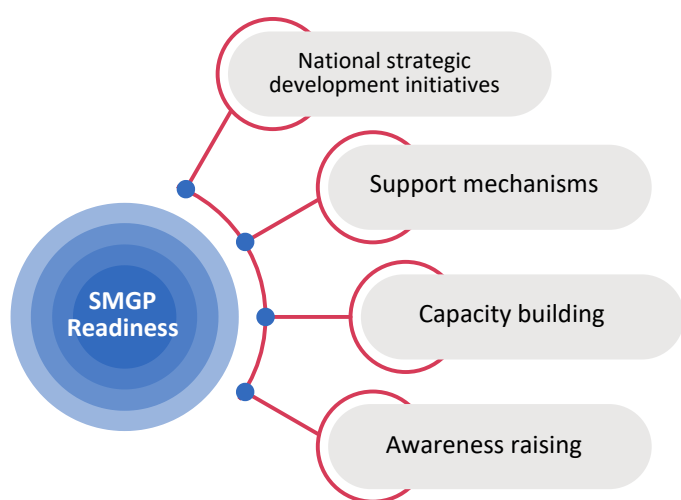


FIGURE 1 The SMGP readiness building blocks

NATIONAL STRATEGIC DEVELOPEMENT INITIATIVES

Legislative changes: The adaptation of normative acts for ecological certifications should occur following the approval of the Governmental Decision, ensuring this way the establishment of a fully functional certification mechanism aligned with the EU Green Claims proposal.



Having being granted the EU candidate status in June 2022, Moldova cannot directly transpose the eco certifications provisions as stipulated in EU Regulations; therefore, it may adopt an alternative approach. For instance, establishing national mechanisms and systems that are harmonized with those of the EU. In this regard, a nationwide implementation of PEF would help ensure compliance with EU standards for marketing environmentally friendly products.

To achieve this, the following steps could be considered:

- Enacting legislation for certification marks and the appropriate conditions for their use
- Establishing legal criteria for awarding ecological certifications for product groups and services
- Reviewing and refining the legal framework to address violations in legislation regarding eco-certified products and services (greenwashing), including provisions related to eco-labelling within environmental protection laws.

Monitoring and evaluation systems: To ensure the successful implementation of policy and strategy initiatives, establishing a robust monitoring and evaluation system is essential. This should involve the formation of an executive body that engages stakeholders from key industrial clusters. Additionally, it is crucial to identify product categories that have the potential to become significant market players in the EU. Nevertheless, it is just as important for Moldova to take the lead in developing PEFCRs for these product groups and ensure consistent monitoring.

This initiative can enhance Moldova's competitiveness in the EU market and position it at the forefront of the upcoming EU developments, ensuring preparedness across the involved industries. Furthermore, it is necessary to develop local and geographically specific data in order to conduct PEF studies more effectively. For example, data should cover the country's electricity mix and other relevant technologies or activities for which background information is already available.

CAPACITY BUILDING

It is crucial to empower key knowledge institutions and relevant think tanks to foster the ecosystem for development of PEF capacity and PEFCRs in relevant sectors. This preparation is essential for compliance with upcoming EU regulations. All stakeholders (including industry representatives, academia, civil society, and Government officials) must participate in capacity-building initiatives. These efforts will equip them with the necessary knowledge, skills, and resources to effectively establish labelling prerequisites. Additionally, it is vital to tailor capacity-building efforts to the specific needs of each stakeholder group and deliver them through various formats. To achieve this, the following aspects should be introduced:

- Designing and implementing a capacity-building programme to implement PEF, tailored to each stakeholder group, and covering digital product passport, or non-financial reporting requirements
- Ensuring synergies between ongoing projects in the country
- Establishing mechanisms to empower accreditation, certification bodies, and reviewers, and enhance their expertise
- Implementing tailored Information Technology (IT) solutions to expand the relevant knowledge base, including the expansion of background databases with country-specific data sets to support companies conducting PEF studies
- Developing PEFCRs for important product categories produced in Moldova to enhance competitiveness in the EU market and prepare these industries for upcoming EU developments.

SUPPORT MECHANISMS

Creating synergies among existing support mechanisms is crucial in fostering favorable conditions for the successful introduction of PEF. These synergies involve knowledge creation, experience sharing, and building an expert base, all essential for generating significant impact across stakeholder groups. Furthermore, financial incentives aimed at promoting the development of eco-labelling can create favorable conditions for SMGP readiness in the country.

In this regard, the following actions are suggested:

- Ensuring a close cooperation between government institutions, business support organizations and financing institutions (e.g., commercial banks) is essential to integrate unified eco-labelling standards, and resource efficiency models into current business practices.
- Developing and evaluating the feasibility of environmental tax incentives, such as reduced tax schemes for businesses that prioritize resource efficiency, emissions reduction, and the adoption of green technologies.
- Creating support programmes to subsidize or co-finance advisory and consultancy services to help organizations establish and adopt eco-labelling practices.



Data development: Currently, substantial data gaps exist due to the lack of regional data on local processes. Many companies struggle to provide data to experts because of unclear upstream or downstream processes and inadequate systems for storing or monitoring operational data. Access to comprehensive data is crucial for conducting precise and efficient PEF studies, enabling companies to better understand their environmental footprint, identify improvement areas, and make informed sustainability decisions. Improvements can be achieved through enhanced supply chain communication, transparency, and the implementation of internal monitoring systems for inputs and outputs. Collaboration with EU partners and other stakeholders can provide valuable resources and expertise. Addressing the unique challenges of gathering region-specific data (such as variations in availability, quality, standardization, and privacy) is an essential step. Additionally, stakeholders should have access to IT tools like SimaPro, Ecochain, and OpenLCA for data analysis and calculations.

AWARENESS RAISING

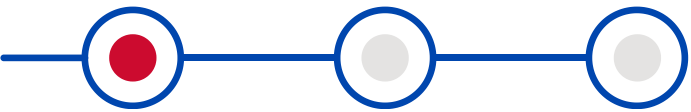
Successful awareness raising activities require detailed planning and the execution of a range of activities that effectively reach and engage target audiences, creating lasting impact.

To achieve this, the following actions are suggested:

- Conducting baseline studies to grasp the current attitudes and behaviors of target audiences towards eco-labelling, synthesizing information to craft impactful messaging.
- Collaborating on studies with European environmental labelling schemes (e.g., Nordic Swan Ecolabel) to leverage their expertise and best practices.
- Partnering with national policy makers and Government institutions to jointly create awareness campaigns promoting the benefits of PEF more effectively. Conducting educational campaigns for consumers to highlight the advantages of certified products and enable informed decision-making, thereby making environmentally friendly products more appealing to both producers and consumers.

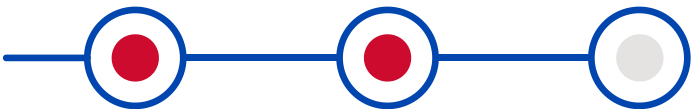
FUTURE OUTLOOK

Based on the recommendations presented above, the proposed stages for SMGP readiness outline the potential development scenarios for Moldova to establish an ecosystem for successfully entering the EU SMGP. Ultimately, it is crucial to integrate environmental protection, as well as resource and energy efficiency into all sectors of the economy. Initially, this involves preparing the country’s market for introducing PEF, and subsequently integrating PEF into policy, potentially through PEFCRs. The research underscores the importance of preparing industries for upcoming regulations by implementing PEF on a national basis. The suggested stages presented below can be synergized through coordinated actions and effective collaborations among stakeholders.



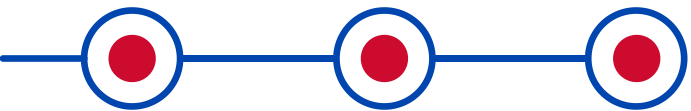
INITIATING STAGE

This stage signifies a think-tank-empowered ecosystem that facilitates effective awareness-raising and capacity-building initiatives. In this model, aspects of PEF are integrated into various public policy and strategic documents, although specific plans for dedicated regulations are currently absent. The designated national body strives for international recognition and enhances internal capacities. Market players are encouraged to strictly adhere to correct labelling practices. NGOs and think tanks play a pivotal role in preparing the country for PEF studies, while the private sector demonstrates awareness and interest in starting the initiative.



FACILITATING STAGE

This stage represents a synergetic ecosystem that fosters an enabling environment for the application of the PEF methodology in Moldova. PEF aspects are explicitly integrated into public policy and strategy documents, and are supported through dedicated regulations. The designated national body gains international recognition, while the Government assumes a coordinating role by leading state-level support programmes, ensuring financial incentives, and promoting the use of IT tools for data collection and analysis. NGOs and other think tanks serve as experts, and the private sector witnesses the successful business cases of implementing the PEF methodology, thereby enhancing the country’s presence in export markets.



CONSOLIDATING STAGE

This stage signifies a mature level where Moldova’s PEF system evolves into a comprehensive and well-functioning ecosystem with a robust quality infrastructure supporting the implementation of the PEF scheme. This includes the nationwide application of the PEF methodology to ensure adherence to environmental standards. Furthermore, PEF is integrated into the eco-design proposals and all labelling actions in the country, and is aligned with the EU Green Claims Proposal. The designated national body achieves international recognition, and local certification bodies compliant with the EU eco-labelling protocols do not only certify Moldovan companies, but also engage with clients worldwide. The Government collaborates closely with NGOs and partners, aligning policies and development priorities with PEF practices. The private sector demonstrates a strong commitment to sustainability by establishing robust PEF practices, and achieves recognition through PEF labelling.

About EU4Environment

The European Union (EU) funded EU4Environment Action aims to help the EU’s Eastern Partnership countries preserve their natural capital and increase people’s environmental well-being. It does so by supporting environment-related action, demonstrating and unlocking opportunities for greener growth, and setting mechanisms for better management of environmental risks and impacts. EU4Environment is implemented by five partner organizations: OECD, UNECE, UNEP, UNIDO, and the World Bank between 2019-2024, with a budget of EUR 20 million.

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