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EU4Environment
Green Economy in Eastern Partner Countries



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EU4Environment strengthens circular solutions in the EU's Eastern Partnership countries with UNIDO support

Climate change is a global challenge that transcends borders, demanding collaborative solutions backed by science and practical solutions. One such practice is the shift from linear production and consumption patterns to circular ones. This transition not only reduces resource consumption, waste, as well as pollution, it also promotes climate action, the preservation of nature and biodiversity, and resource sustainability. By decoupling economic growth from resource use, circular economy (CE) provides a comprehensive framework to tackle climate challenges effectively.

Recognising the transformative potential of CE, UNIDO and the European Union (EU) organised a joint side-event on 16th November 2024 during the 29th Conference of the Parties to the UN Framework Convention on Climate Change (COP29) held in Baku, Azerbaijan. Concretely, the EU-funded EU4Environment programme brought together environmental policymakers, industry leaders, academics, and experts to explore how resource efficiency can harness circular business practices that addressing the climate change issues.

The event proceeded with two panel discussions, the first, engaging Government representatives from different Eastern Partnership (EaP) countries, and the second, showcasing the experience and success stories from industries and experts from Azerbaijan, Georgia, Moldova, and Ukraine. Their examples illustrated how companies are building more resilient, resource-efficient economies through CE solutions.

H.E. Peter Michalko, Ambassador of the European Union to the Republic of Azerbaijan, emphasized the pivotal role EU4Environment played in advancing CE practices in the EaP region: *"We have demonstrated that resource efficient and circular economy is possible and beneficial to industries, including Small and Medium Enterprises to better use the natural assets of countries, reduce greenhouse gas emissions and energy and materials wastage, enhance productivity and improve good working conditions, and ensure climate and economic resilience more generally. As SMEs are driving economic development in the region, it is particularly promising to see successes of leading SMEs, whilst working on policy and other enabling initiatives to support them in the transition to a circular, low-carbon economy"*.

Under EU4Environment, over 430 small and medium-sized enterprises (SMEs) across the EaP region were supported to adopt CE practices, reduce emissions, conserve energy, and optimise resources. This included the creation of 12 new RECP Clubs¹ which engaged more than 100 companies in collaborative resource-efficiency efforts. Additionally, the programme provided over 480 RECP recommendations to SMEs, of which 75 have already been successfully implemented between 2020 and 2024. These recommendations help SMEs save about €3 million annually, reducing energy consumption by more than 32 MWh, and lowering CO₂ emissions by over 8,500 tonnes every year.

Business representatives and experts from the EaP region that have successfully adopted circular economy practices shared their insights and achievements at the event.

To expand the adoption of CE practices, between 2020-2024, EU4Environment also provided capacity-building and expert support on resource efficiency to over 160 companies in RECP Clubs and trained over

¹ Peer-learning groups of enterprises created in municipalities with facilitation of UNIDO RECP partner institutions.

60 experts from the EaP countries on RECP. As part of this initiative, the programme also carried out six pilot Industrial Waste Mapping projects in Azerbaijan, Georgia, and Ukraine, identifying waste streams in manufacturing enterprises and proposing resource-optimisation solutions. These efforts enabled 25 enterprises in Azerbaijan and Georgia to avoid generating 441,073 tonnes of industrial waste, while 28 enterprises in Ukraine achieved €55,000 in annual savings. These actions significantly contribute to climate goals by reducing CO₂ emissions, optimising resources, and cutting operational costs across industries in the EaP countries.

“The Government of Ukraine is determined to build back better and therefore positioned circular economy and resource efficiency as central in its industrial development strategy”, said Mr. Teliupa, Deputy Minister of Economy. “For Moldova, the planned accession to the EU is providing a profound opportunity to adopt the best environmental policy instruments, including extended producer responsibility, whilst also benefitting from best practice brought by international companies”, said Mr. Rusu, Head of Circular Economy Section at the Ministry of Environment. Mr. Mamadov, the Head of SME Development Agency in Azerbaijan added, “SMEs provide a backbone of the country’s economy, and it is therefore very relevant that also SMEs have been able to improve operations and productivity with resource efficient and cleaner production”.

Background information

The “European Union for Environment” (EU4Environment – Green Economy) Action is funded by the European Union and implemented the EaP countries. Between 2018-2024, the programme has been implemented by five partner organisations - OECD, UNECE, UNEP, UNIDO, and the World Bank, with a budget of EUR 20 million. This has significantly advanced the EaP countries' transition towards greener and more circular economies. The initiative focuses on enabling SMEs to adopt circular practices, fostering sustainable resource use, and aligning policies with the European Green Deal. As this phase of the programme concludes, the newly approved "EU4 Green Recovery East: Recovery through a Circular Economy and Pollution Reduction" programme will continue the momentum.

Starting in 2025 with a budget of EUR 21 million over four years, the next phase will promote circular economy practices across value chains, reduce pollution, and enhance water resource management, all while investing in better data management. It will also strengthen regional cooperation, regulatory coherence, and compliance with international environmental standards.

The new EU-funded programme also builds upon the success of the EaP GREEN and EU4Environment programmes implemented in 2012-2024, further empowering EaP countries to 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.

Contact

Ms. Tatiana Chernyavskaya

EU4Environment Project Manager

United Nations Industrial Development Organization (UNIDO)

Email: T.CHERNYAVSKAYA@unido.org

Webpage: <https://www.unido.org/our-focus-safeguarding-environment-resource-efficient-and-low-carbon-industrial-production/eu4environment>

