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The Eighth Environment for Europe Ministerial Conference: greening the economy

Greening the economy in the pan-European region: progress, priorities, modalities and options

Report by the Economic Commission for Europe and the United Nations Environment Programme

Summary

Ministers at the Seventh Environment for Europe (EfE) Ministerial Conference (Astana, 2011) agreed to take the lead in the transition to a green economy and to make a substantive contribution to the discussions on green economy within the context of sustainable development and poverty alleviation at the United Nations Conference on Sustainable Development (Rio+20). They invited the United Nations Economic Commission for Europe (ECE) to contribute, together with the United Nations Environment Programme (UNEP) and relevant international organizations, to the development of the Rio+20 green economy outcomes (ECE/ASTANA.CONF/2011/2/Add.1, para. 11).

During the EfE mid-term review in 2013, the ECE Committee on Environmental Policy (CEP) considered the progress in greening the economy in the region based on a panel discussion as well as on a comprehensive report prepared by ECE and UNEP in consultation with partners (ECE/CEP/2013/10). As a follow-up, CEP invited the ECE and UNEP secretariats, in close consultation with relevant stakeholders, including ministries, business and civil society, to prepare an updated report on progress and future prospects in greening the economy in the pan-European region and to include in the report additional chapters on the identification of priorities for greening the economy in the region and possible modalities and options to achieve that (ECE/CEP/2013/2, para. 116 (g) (iii)).

The present report attempts to respond to the CEP request and aims at facilitating discussion by CEP. CEP will be invited to consider the issue of greening the economy in the region, including further steps and actions necessary to advance it.

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Introduction

1. Ministers at the Seventh Environment for Europe (EfE) Ministerial Conference (Astana, 2011) agreed to take the lead in the transition to a green economy, and to make a substantive contribution to the discussions at the United Nations Conference on Sustainable Development (Rio+20 Conference) on green economy within the context of sustainable development and poverty alleviation. They invited the United Nations Economic Commission for Europe (ECE) to contribute, together with the United Nations Environment Programme (UNEP) and relevant international organizations, to the development of the Rio+20 green economy outcomes (ECE/ASTANA.CONF/2011/2/Add.1, para. 11).

2. At its nineteenth session (Geneva, 22–25 October 2013), during the EfE mid-term review, the ECE Committee on Environmental Policy (CEP) considered the progress in greening the economy in the region based on a panel discussion as well as on a comprehensive report prepared by the ECE and UNEP secretariats, in consultation with partners (ECE/CEP/2013/10).¹ CEP welcomed the report, in particular the comprehensive overview of numerous activities on greening the economies that had been carried out in the ECE region (ECE/CEP/2013/2, para. 116 (g) (iii)).

3. Drawing on the conclusions and recommendations of the report, CEP invited the ECE and UNEP secretariats, in close consultation with relevant stakeholders, including ministries, business and civil society, to prepare for the CEP session in 2014 an updated report on the progress in and future prospects for greening the economy in the pan-European region (*ibid.*, para. 116 (g) (iii) b). The updated report should also include priorities identified for greening the economy in the region and possible modalities and options to achieve that.

4. Pursuant to the CEP request, the present document provides an updated overview of progress in greening the economy by countries in the pan-European region. Furthermore, the document attempts to identify common priorities along with possible modalities and options for advancing the green transition in the region, for consideration by CEP at its twentieth session.

5. The document targets ministries of environment in the pan-European region, and invites them to bring to the attention of national Governments the issue of leadership for the green economy, so that relevant coordination and capacities are put in place, both at the national and regional levels, for the effective management of the transition towards a green economy.

6. Furthermore, it invites ECE ministries of environment to lead the discussion at the government level on the elaboration of a strategic framework for the green economy in the region, building on common objectives and goals. Such a strategic framework should primarily help the region in leading the transition to the green economy and it could further serve the role of advancing the post-2015 development agenda and in achieving the sustainable development goals in the region.

¹ The document is available from <http://www.unece.org/env/cep/2013sessionoctober.html>.

7. The document was prepared by ECE and UNEP in consultation with a number of partners via the Regional Coordination Mechanism,² as well as with the Organization for Economic Cooperation and Development (OECD) and the European Environment Agency (EEA).

8. The document takes stock of the indications provided mostly by ministries of environment of countries in the ECE region and by civil society by means of a voluntary survey (Green Economy Survey) circulated to CEP members on 30 January 2014.³ The survey attempted to identify any new developments and experiences in the transition to a green economy in the pan-European region, green economy priority objectives, actions and sectors, and what role international organizations and stakeholders should have in supporting the transition to a green economy in the region.

9. The overview of national level experiences and activities is complemented by a look at studies and activities on green economy undertaken by various international organizations in both the run-up to the Rio+20 Conference and in follow-up to it, providing an indication of priorities and focus areas for accelerating the green transition, including for the pan-European region. These international-level efforts build on a wide policy discussion, including on the post-2015 development agenda, and hence can serve as indicators of the right direction to take in pursuing green economy objectives also in the ECE region.

10. The document is structured around four main sections:

(a) *Section I, Progress in greening the economy* provides an overview of how countries in the region are developing and monitoring green policies and strategies to advance green economy transformation, dealing with key implementing instruments and building up institutional and governance capacity to handle the necessary policy reforms;

(b) *Section II, Priorities for greening the economy* discusses common focus areas in countries' efforts and in the international policy debate on the green transition, and synthesizes them into common overarching objectives, goals and enabling conditions for a possible strategic framework for the green economy in the pan-European region;

(c) *Section III, Possible modalities to achieve a green economy* looks at the actions to be taken by countries and international organizations to accelerate the transition to a green economy;

(d) *Section IV, Conclusion and future steps* provides a set of recommendations on next steps to support a strategic framework for the green economy in the pan-European region, for the Committee's consideration.

² The Food and Agriculture Organization of the United Nations (FAO), the International Labour Organization (ILO), the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), the United Nations Industrial Development Organization (UNIDO) and the World Health Organization.

³ A total of 39 responses were received from 24 countries (Austria, Belarus, Belgium, Bosnia and Herzegovina, Croatia, Czech Republic, Finland, France, Georgia, Greece, Hungary, Italy, Kazakhstan, Lithuania, Netherlands, Poland, Republic of Moldova, Romania, Serbia, Slovakia, Slovenia, Switzerland, Turkey, and Uzbekistan) and 11 observers (the European Commission as well as 9 civil society organizations and 1 project office from countries in Eastern Europe, the Caucasus and Central Asia).

11. A concluding section V contains three questions for discussion proposed by the CEP Bureau to facilitate the Committee's deliberations.

I. Progress in greening the economy

A. Knowledge development and sharing

1. Green economy assessments

12. Moving towards a green economy requires an appropriate evaluation of information to track progress, support policy development and guide decision-making. In the pan-European region, however, assessments of the transition to a green economy at the national level have so far been undertaken only by a limited number of countries (e.g., the first report on the implementation of green economy measures by Switzerland; the indicator-based assessment of the Netherlands; the green economy concept and plan of Kazakhstan; and the green growth policy paper produced by Turkey with support from the World Bank).

13. Some countries have partially addressed such an assessment (e.g., the green economy scenario analysis of Bosnia and Herzegovina supported by UNEP; the study on green business opportunity areas of Georgia supported by the United Nations Development Programme (UNDP); and studies in Serbia and in Montenegro for Rio+20 supported by UNEP and UNDP), while a number of other countries are in the process of preparing one (e.g., Belarus, Republic of Moldova and Ukraine, with support from UNEP under the European Union (EU) Greening Economies in the Eastern Neighbourhood (EaP GREEN) programme⁴ and Italy).

2. Thematic green economy studies

14. In addition to green economy assessments, thematic studies can help inform the green economy transition process. A considerable number of countries in the region have undertaken such thematic studies, several of them with support from international organizations.

15. Examples include studies on: (a) environmental fiscal reforms or environmental taxes (Italy, Lithuania and Switzerland; and Belarus and Republic of Moldova with OECD support under the EaP GREEN programme); (b) environmentally harmful subsidies (e.g., Finland, the Netherlands and the Republic of Moldova with support from the Global Environment Facility (GEF)); (c) low carbon economy, energy efficiency or cleaner energy (Georgia and Poland, as well as Bosnia and Herzegovina, Montenegro and Serbia within a green economy simulation analysis with UNEP support); (d) transport (Austria, with a focus on job creation impacts from cycling; and Georgia with World Bank support); ecotourism (Georgia with support from GEF, the International Union for Conservation of Nature and UNDP); water (Belgium/Brussels-Capital Region, and Belarus); waste (Belgium/Brussels-Capital Region); construction and food (Belgium/Brussels-Capital Region); and environmental management systems and eco-labelling (Romania). Studies on green jobs, fact-finding and potentials analysis were also conducted (Belarus and Serbia with a focus on waste recycling, with the support of UNEP, the International Labour Organization (ILO) and the Netherlands).

⁴ Financed by the European Union, the Netherlands, Norway and Switzerland, and jointly managed by OECD, ECE, UNEP and UNIDO.

3. Evaluations of the economic, social and environmental impacts of policies or programmes

16. Evaluations of the economic, social and environmental impacts of policies and programmes are largely undertaken by countries of the pan-European region (e.g., revision of national sustainable development strategy in Lithuania every two years; application of an annual programme to assess public policies in France). The environmental impact is often assessed due to obligations arising from regional agreements or regulations such as the ECE Convention on Environmental Impact Assessment in a Transboundary Context, its Protocol on Strategic Environmental Assessment and the EU Environmental Impact Assessment (or EIA) Directive.⁵

17. Due to strong promotion by OECD and World Bank, pan-European countries are also using, among others, the Regulatory Impact Assessment, a systematic appraisal of the potential impacts of a new regulation in order to appraise whether it is likely to achieve the desired objectives. Examples of the evaluation of particular policies or programmes include energy and climate policies in Poland (using a Computable General Equilibrium model), the sustainable transport programme in Austria and the urban planning intervention in Greece.

18. There is increasing progress in carrying out ex-ante and ex-post evaluations of the different impacts of policies, programmes, plans and projects, which is essential to strengthen knowledge development and sharing to support the transition to a green economy. As in the case of assessments and thematic studies, it is important that the results of these evaluations are systematically considered in the development of national green economy agendas.

B. Strategy and policy development

1. National green economy strategies or policy frameworks

19. National green economy strategies and policy frameworks, with detailed objectives, goals and/or targets have been developed by only a few countries in the region, with some of them having set specific national objectives, goals and/or targets. The green economic concept of Kazakhstan has goals and targets related to greenhouse gas (GHG) emissions, energy efficiency, water and agriculture. The Swiss green economy action plan identifies six focus areas, including cleantech (development of new environmental and energy technologies), use of information and communication technologies to increase resource efficiency, improving information on the environmental impact of products, integration of environmental information (going beyond gross domestic product (GDP) measurement), greening of the tax system and assessment of legislation on resource efficiency. In the Netherlands, green growth is the overarching national strategy for eight focus areas (water, climate, energy, waste as a resource/circular economy, sustainable housing, sustainable transport, bio-based economy and food), and a Green Deal programme aims at involving the business sector in the green transition.

20. In some other pan-European countries, the green economy strategy is part of a broader policy strategy, such as a sustainable development strategy (Belgium/Flemish Region, Czech Republic, France, Lithuania, Romania) with no stand-alone set of green economy objectives, goals and targets. Yet in other cases, it is mainstreamed within environmental policies (Belgium/Flemish Region, Republic of Moldova, the European

⁵ Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (codification).

Commission's Seventh Environment Action Programme) or other policies, often energy policies (Hungary, Italy).

21. In a few countries, objectives, goals and targets that can be considered green economy ones are included under the national development plan (Czech Republic, Republic of Moldova, Turkey), are part of the strategic partnership agreement with the European Commission for the implementation of the Europe 2020 targets (Greece), or are included in reforms related to harmonization with the EU *acquis communautaire* (Serbia).

2. Priority sectors and themes to focus policy interventions

22. Despite the lack of assessments, strategies or policy frameworks, many countries have a clear understanding of sectors or themes that require a priority focus for the green economy transition. This is a welcome development that should help the formulation of targeted policy interventions. Among priority sectors are agriculture, energy, manufacturing, transport (Belgium/Walloon Region, Greece, Netherlands, Republic of Moldova, Romania, Turkey), water and waste (Belarus). Priority cross-cutting themes include resource efficiency (Lithuania, Serbia, Switzerland), the circular economy (Netherlands), research and development (Hungary) and sustainable consumption (Finland).

C. Policy implementation

1. Regulatory policy instruments

23. Countries in the region widely implement — often following international or EU requirements — regulatory policy instruments that are supportive of the green transition. Such instruments include emission standards, best available technology requirements, zoning and environmental impact assessments (EIAs), as well as regulatory simplification to facilitate green business and remove obstacles to a circular economy (Netherlands). Policy instruments that many countries have recently focused on are strategic environmental assessment (SEA) (Belarus and the Republic of Moldova in the framework of an EaP GREEN project to fully implement SEA) and expanded green procurement (France, Netherlands). The expansion in the use of SEA in particular has the potential to make a significant contribution to the transition to a green economy if consistently applied across relevant policies, plans and programmes.

2. Market-based policy instruments

24. Market-based policy instruments are receiving increasing attention and countries are using a variety of them to support the transition to a green economy. Governments recognize the need to directly impact price signals, and apply or look into the impact of the application of these instruments. Among them are administered prices, subsidies, taxes, charges, tradable permits, or payments for ecosystem services. However, addressing competitiveness concerns will require further regional (and global) cooperation and coordination in their use.

25. In the area of environmental taxation, ongoing efforts are focusing on pollution (Georgia, Greece, Lithuania, Romania), and there are also examples of taxes on the use of natural resources (Lithuania). Regarding the reform of environmental subsidies, efforts are being made to promote clean technology (Greece), or greener agriculture (Switzerland), and sometimes they take the form of tax rebates (Greece, for energy efficiency).

26. Some countries in Eastern Europe and the Caucasus have introduced or are planning to introduce extended producer responsibility schemes (Belarus, Georgia and Republic of Moldova with GEF support) or deposit-refund schemes (Belarus, Georgia). Other

instruments considered include feed-in tariffs (Slovakia) and payments for environmental services for hydropower generation in protected areas (Greece).

3. Information and education-based policy instruments

27. “Softer” policy instruments, such as information- and education-based instruments, have already become an important part of the toolbox supporting green economy and it is important that their use be coordinated with other instruments and address wide green economy-related themes.

28. Voluntary certification, labelling, information disclosure mechanisms, awareness-raising campaigns, education for sustainable development (ESD) programmes and worker-retraining programmes belong to this category. The target audiences vary. Countries have developed awareness campaigns targeting the general public (Hungary, Romania) and some countries are attempting to change the behaviour of consumers through eco-labelling schemes (France, Greece, Hungary). In some other cases, specific audiences are targeted.

29. One key audience is schoolchildren and other learners, which is reached either through specific campaigns (Belarus, Romania) or via the integration of ESD in formal, non-formal and informal education. Under the ECE Strategy for ESD, the majority of member countries have reported to have accomplished or being close to finalizing and putting in place policy, regulatory and operational frameworks that supported ESD.⁶ There is considerable coverage of ESD-related key themes, learning outcomes, methods and strategies in the ECE region. Other key audiences are businesses and entrepreneurs, whether targeted broadly, through adoption of the European Eco-Management and Audit Scheme (EMAS) (Romania and Poland) or the training of workers (Poland), or specifically, as, for instance, through the training of eco-driving instructors (Austria).

30. Information and awareness-raising campaigns focus on many topics, such as environmental management systems (Romania), green cities (Romania), biodiversity (Poland) or electronic waste (Romania). Several countries highlight efforts connected to the adoption of environmental management systems, such as International Organization for Standardization (ISO) ISO 14001 and EMAS (Greece, Slovakia). In some cases these efforts are actively supported by international organizations (UNEP, UNDP and OSCE for Serbia, and EAP GREEN for Georgia).

4. Public expenditure programmes

31. Most countries in the region are using public investment programmes to green certain aspects of their economies, although ambitions are limited by a context of tight public budgets. Some countries focus on research, development and innovation, knowledge hubs and technology transfer (Belgium/Flemish Region, Czech Republic, Finland, Republic of Moldova). Other countries focus more on infrastructure development or refurbishment (such as Romania’s green housing programme). And some countries focus on particular areas, such as climate change, flood and land disasters and reclamation of urban industrial sites (Italy) or energy and resource efficiency (Czech Republic, Switzerland).

32. Public investments are sometimes used both to finance green economy projects and to promote cross-compliance with environmental criteria (France). These public expenditures programmes are financed in different ways. In addition to the regular national

⁶ Armenia, Austria, Belarus, Belgium, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Israel, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Malta, Netherlands, Norway, Poland, Republic of Moldova, Romania, Serbia, Slovakia, Slovenia, Sweden, Switzerland, Turkey and Uzbekistan.

budget, revenues from environmental taxes (car pollution tax in Romania), revenues from the EU Emission Trading System's auctions (Slovakia), EU structural funds (Hungary) and EU funds for regional development (Italy) are used. The European Commission highlights that further EU funds from European Commission Horizon 2020, LIFE and Competitiveness of enterprises and SMEs⁷ (COSME) programmes also support the transition to a green economy. In some cases, public investments leverage large private investments (over seven times in the case of Austria's National Action Programme for Mobility Management (klimaaktiv mobil) programme).

D. Monitoring

1. Green economy monitoring frameworks

33. Monitoring can help track changes and progress in the application of strategies and programmes. However, since a rather limited number of countries have developed such strategies and programmes, it is not surprising that monitoring frameworks are not available either.

34. At the same time, discussions are being held at both the national and regional levels on how to track the green economy transition and which monitoring tools should be used for it. The development of green economy indicators is a central element of those discussions.

2. Green economy indicators

35. Many countries in the region are discussing the development of indicators, or the adaptation of existing indicators to measure green economy progress. Slovenia has set up an interministerial working party on green growth indicators. The Netherlands is working on expanding its Sustainability Monitor to include green growth indicators. Greece has included green economy indicators in the set of indicators for evaluation of operational programmes co-funded by the European Structural Funds. Turkey produces data for the OECD green growth indicators. Georgia plans to develop green indicators as part of EaP GREEN, with the support of OECD. And other countries are considering adaptation of sustainable development indicators (France, Lithuania, Poland, Serbia), adaptation of indicators developed for other policies (Finland) or the development of a new "beyond GDP" approach (Italy, Switzerland).

36. While efforts to develop green economy indicators are springing up across the region, they use different approaches, which may hinder international comparability. It will be therefore important to ensure that such indicators are developed as part of a broader monitoring scheme used to support the implementation of a strategic framework for the green economy in the pan-European region.

E Institutional and capacity development

1. High-level oversight and coordination

37. Institutional and governance capacity to guide wide-ranging policy reform and to overcome institutional inertia and silos around economic, social and environmental policymaking is an essential condition for greening the economy, in both developed and transition economies of the region. This can be achieved through a combination of

⁷ Small and medium-sized enterprises.

strengthening governance from the top down, increasing cooperation across government and enhancing collaboration and collective action.

38. In the pan-European region a few countries have set up an official high-level body for oversight and coordination of public policy on green economy, such as a green economy commission (Belarus, Kazakhstan), and other countries are considering establishing one (Azerbaijan, Croatia, Republic of Moldova).

39. There are also countries that discuss green economy within a national sustainable development commission or government council (Belgium/Flemish Region, Czech Republic, France, Finland, Serbia). Furthermore, sometimes green economy issues are discussed in a forum that does not constitute an official body (Italy) or in specific inter-institutional working group, which may have been part of the process of developing a government-wide green economy plan (Switzerland) or of addressing specific green economy issues (Slovakia for green growth indicators). And there are examples of efforts to strengthen inter-institutional coordination mechanisms on green economy issues through setting green economic goals across ministries (France, Finland, Netherlands, Switzerland). Some countries do not have specific mechanisms, but coordinate in an ad hoc manner, whether through regular contacts, continuous dialogue, or joint projects (Czech Republic, Finland, Romania).

40. As far as coordination on green economy is concerned, coordination mechanisms are part of existing institutional frameworks for environmental policy implementation (Greece, Georgia), sustainable development (Belgium/Walloon Region, France, Lithuania), national development (Turkey) or EU accession (Serbia). Leadership for coordinating work on green economy issues, sometimes as part of the sustainable development agenda, may be with the ministry of national development (Hungary) or the environment ministry (Poland). A few countries are currently discussing whether and how to create or strengthen interministerial coordination mechanisms on green economy issues.

2. Mechanisms for dialogue with business and civil society

41. A large number of countries in the region have created or strengthened mechanisms for dialogue with business and civil society on green economy issues. In some countries, this is done through the national commission on green economy or sustainable development (Finland, Kazakhstan), national environmental councils (Belarus) or similar bodies (France's National Council for Ecological Transition). Some countries have created mechanisms around specific topics: green taxation (France), voluntary instruments (Slovakia), corporate social responsibility (Poland), materials management (Belgium/Flemish Region). Some other countries carry on a continuous dialogue with civil society organizations on sustainable development issues (Serbia), and a few are going further and focusing on green economy issues by building on the Rio+20 preparatory process (Italy).

42. Switzerland has held specific consultations on green economy to develop its action plan, and it is currently discussing the constitution of a multi-stakeholder platform for green economy. In Greece, the national environmental network was established in 2012 to act as a mechanism for dialogue with business and civil society on green economy issues. The Netherlands encourages initiatives from civil society and business through Green Deals. Georgia has created the Green Business Awards. The European Commission has set up the European Resource Efficiency Platform.

3. Capacity development for public administration staff

43. Countries of the region are investing in capacity development, or are considering doing so, by training public administration staff at different levels to deal with green

economy issues. Some countries do it as part of training on sustainable development (Georgia, Serbia). These include environmental fiscal reform (Republic of Moldova), cost-benefit analysis of projects with high environmental impacts (Georgia), green public procurement (Romania), EIA and SEA (Greece), corporate social responsibility (Poland), or stakeholder dialogue and cooperation (Poland). In countries with economies in transition, capacity-building for public administration staff is often done as part of technical cooperation projects.

44. Many countries are developing the operational capacities of public administration staff on topics that are related to the green economy, which is a positive development. At the same time, the training is often topic-specific, whereas a more strategic level training for managing the transition to a green economy throughout the policy cycle, from issue identification to policy evaluation, is not provided.

II. Priorities for greening the economy

A. State of the art at the pan-European level

45. The overview of activities undertaken by countries of the pan-European region, as summarized both in part I of the present document and in the two previous reports on this topic by ECE and UNEP — i.e., document ECE/CEP/2013/10, as well as the Astana report, “Greening the economy: mainstreaming the environment into economic development” (ECE/ASTANA.CONF/2011/4) — provide extensive information regarding countries’ priorities in greening their economies. These priorities relate to various socio-environmental-economic issues, sectors, instruments and tools, which are central to the concept of green economy.

46. Among socio-environmental-economic issues are a low carbon economy, a circular economy, resource management including resource efficiency and resource conservation, corporate social and environmental responsibility, ESD, green skills and jobs, innovation and clean technology transfer.

47. Activities are undertaken in key economic sectors such as agriculture, construction and housing, energy, manufacturing, tourism and transport. Attention is also given to water and waste management. And when it comes to the instruments and tools, much focus is given to market-based and economic instruments, including environmental taxes and eliminating environmentally harmful subsidies, feed-in-tariffs, payments for ecosystem services, or green and/or sustainable procurement. Countries also favour the information-based, voluntary instruments such as certification and labelling schemes and formal but also informal and non-formal education programmes. Last, but not least, legal and regulatory instruments are used by countries of the region to transition to green economy, including emission standards, best available technology requirements, EIAs and SEAs.

48. These overviews of national-level efforts are complemented by studies and activities on green economy undertaken by various international organizations in the run-up to or in follow-up to the Rio+20 Conference, providing an indication of priorities and focus areas in accelerating the green transition, including for the pan-European region.

49. The 2011 Astana Ministerial Declaration (ECE/ASTANA.CONF/2011/2/Add.1) stipulates that the transition to a green economy requires decoupling economic growth from environmental degradation; internalization of externalities; stimulating green investment in various economic sectors; applying effective mixes of policy instruments to promote resource efficiency; and supporting research, innovations, education and training to secure the achievement of a green and competitive economy. It recognizes that natural capital and

ecosystems are critical economic assets; that environmentally harmful subsidies are obstacles to greener economies; that energy-efficiency is one of the most cost-effective ways to move to a green economy; and that sustainable consumption and production are fundamental to green the economy. It also stresses the need to strengthen efforts, including through cooperation with business, in greening the economy.

50. The 2012 regional report, *From Transition to Transformation*, prepared by ECE jointly with other United Nations partner organizations,⁸ calls for a shift in policies and investments towards clean technologies, strengthening ecosystem services and the natural resource base and enhancing health services, while ensuring the generation of income and jobs and social protection and equity. It stresses the need for the effective introduction of enabling conditions for green innovation and technology transfer, pricing of environmental externalities, alleviating early-stage financing barriers and removing disincentives to clean technologies. The report further calls for the introduction or strengthening of demand-side policies to promote sustainable development through tools such as standards, pricing and consumer education, but also green public procurement, including through public-private partnerships. Priority sectors identified for action are agriculture, education, energy, housing, manufacturing, recycling, waste and transport.

51. The 2011 OECD report, *Towards Green Growth*,⁹ identifies the following common considerations that need to be addressed in all settings: good economic policy; mutually reinforcing aspects of economic and environmental policy; innovation; broader frameworks for measuring progress (beyond GDP); pollution and overexploitation of natural resources; longer-term horizons; and matching green growth policies and poverty reduction strategies. This report is complemented by *Towards green growth: A summary for policy makers*¹⁰ and *Tools for Delivering on Green Growth*,¹¹ which discuss and propose a range of policy options to drive green growth.

52. The EEA report, *Towards a green economy in Europe: EU environmental targets and objectives 2010–2050*,¹² produced in 2013, identifies several environmental and policy areas in which adequate actions should be undertaken to improve resource efficiency and abate environmental pollution in order to achieve clear binding targets (established by EU legislation and international legislation) or non-binding objectives. Among these areas are: energy; GHG emissions and ozone-depleting substances; air pollution and air quality; transport emissions of GHGs and air pollutants; waste; water; sustainable consumption and production; chemicals; and biodiversity.

53. The ILO and UNEP publication, *Working towards sustainable development: Opportunities for decent work and social inclusion in a green economy*,¹³ shows that, if accompanied by the right policy mix, a green economy can also create more and better jobs, lift people out of poverty and promote social inclusion. Such a policy mix includes environmental tax reforms, green investment incentives, targeted support to enterprises, social and labour market policies, skills and education policies, social protection measures

⁸ FAO, ILO, UNDP, UNEP, UNESCO, UNIDO, UNICEF, UNESCO, UN-Women and WHO. The document is available from http://www.unece.org/fileadmin/DAM/env/SustainableDevelopment/RPM2011/first/RIO_20_Web_Interactive.pdf.

⁹ OECD, May 2011. Available from <http://www.oecd.org/greengrowth/towardsgreengrowth.htm>.

¹⁰ Ibid.

¹¹ Ibid.

¹² EEA Report No. 8/2013 (Luxembourg: Publications Office of the European Union). Available from <http://www.eea.europa.eu/publications/towards-a-green-economy-in-europe>.

¹³ Geneva, 2012. Available from http://www.ilo.org/global/publications/books/forthcoming-publications/WCMS_181836/lang--en/index.htm.

and social dialogue. The study stresses that in the context of a greener economy the transformation will be greatest among a number of key sectors — agriculture, forestry, fishing, energy, resource-intensive manufacturing, recycling, buildings and transport — which employ 1.5 billion workers worldwide, or approximately half of the world's workforce.

54. Studies and initiatives related to the green transformation have been undertaken also at the sectorial level. For example, “The Rovaniemi Action Plan on Forests for a Green Economy”¹⁴ provides a solid platform, with specific objectives and actions, for the forest sector to support transformation to a green bio-based economy in the region, and is currently in the process of being implemented in a number of countries of Central Asia and the Caucasus (with support from ECE and the Food and Agriculture Organization of the United Nations through a United Nations Development Account capacity-building initiative).

B. Priority objectives and goals in the pan-European region

55. Considering that a green economy can be defined as an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities, and taking into account the activities undertaken by countries and directions indicated in various surveys and studies for the pan-European region, it is plausible to formulate three overarching green economy objectives for the region, supported by specific goals.

56. The first objective concerns conservation and sustainable use of ecosystems, ecosystem services and the natural resource base (natural capital); the second focuses on sustained and sustainable economic development and sustainable production and consumption patterns enabling an increased share of green GDP in the economy; and the third prioritizes human development and well-being.

57. Each overarching objective needs to be supported by specific goals, which further detail the area of necessary action, with the understanding that each specific goal for a particular objective could eventually impact other objectives, too. Furthermore, the proposed list (see box) should not be considered exhaustive and can be expanded and modified as appropriate, in particular in view of the discussion on sustainable development goals and the post-2015 agenda. The goals for the pan-European region on green economy should be complementary to the global agenda on sustainable development and their primary focus should be associated with investments and innovation.

¹⁴ Adopted by the UNECE Committee on Forests and the Forest Industry (COFFI) and the FAO European Forestry Commission (EFC) at their joint session in Rovaniemi in Finland, in December 2012.

Priority objectives and goals in the pan-European region

Objective 1: Reduction of environmental risk and ecological scarcities:

Goal 1.1: Improve the conservation and sustainable management of natural capital

Goal 1.2: Enhance internalization of externalities causing loss/damage to natural capital

Goal 1.3: Maintain and enhance ecological infrastructure

Objective 2: Promotion of sustainable consumption and production patterns to enhance welfare gains:

Goal 2.1: Shift consumer behaviour towards more sustainable consumption patterns

Goal 2.2: Build and maintain climate-resilient and low-carbon infrastructure

Goal 2.3: Encourage fair trade

Goal 2.4: Strengthen cleaner and resource-efficient production processes

Goal 2.5: Strengthen the circular economy

Goal 2.6: Enhance green innovation and clean/eco-friendly technology transfer

Goal 2.7: Foster the emergence of new green markets and activities

Objective 3: Improvement of human well-being and social equity:

Goal 3.1: Develop human capital for green jobs

Goal 3.2: Increase green and decent jobs

Goal 3.3: Increase public and business sector participation in green transition decision making processes

C. Towards a strategic framework for a green economy transition in the pan-European region

58. There is no one-size-fits-all approach for a green economy, as different countries face different challenges and opportunities. Due to that, countries may be interested in different tools and actions, whether economy-wide or sectorial ones, for a green economy transition.

59. Therefore, while a common set of green economy objectives and goals can give the directions to the final destination, which is a full transition to a green economy, the selected routes may not be the same. At the same time, for taking the journey, countries may be interested in a map of the various routes.

60. Against this background, a strategic framework for a green economy transition in the pan-European region should be considered. Such a framework would build on the overarching objectives and related specific goals, which will be achieved with the help of a set of targets and a range of policy actions to be selected by countries according to their needs. Indicators can be used to measure progress against each goal.

61. An open list of policy actions under each goal would be categorized in regulatory, market-based or information-based/voluntary instruments for application across the economy and/or in specific sectors, and would provide examples for countries to choose from.

62. The strategic framework could provide references to useful knowledge products, such as methodologies, guidance, studies or other materials, which are already available to a great extent in green economy toolboxes, such as the Green Growth Knowledge Platform, the ECE green economy toolbox or EEA green economy work.

63. The development of the strategic framework for green economy, due to its cross-cutting nature, requires the involvement of relevant ministries and stakeholders. Ministries of environment, the target audience of this document, should facilitate this process.

64. The following table offers examples of targets and actions for proposed objectives and goals. This table is neither exhaustive nor provides binding recommendations.

Examples of possible actions for a pan-European Strategic Green Economy Framework

Objective 1	Reduction of environmental risk and ecological scarcities.		
Goal 1.1	Improve the conservation and sustainable management of natural capital		
Target 1.1	Reduce the use of non-renewable natural resource by XX% by 20YY and increase to ZZ% sustainable management of renewable natural resources by 20YY (The achievement of the overall target should be linked to specific targets and indicators of the policy actions proposed.)		
Actions 1.1	Regulatory	Market-based	Information, education-based and voluntary
Economy-wide	(a) 3R (reuse, reduce, recycle) regulations to reduce the use of primary non-renewable resources; (b) Spatial planning regulations to reduce the use of primary resources; (c) Resource monitoring and assessment regulations; (d) Green procurement;	Payments for ecosystem services.	(a) School curricula including as learning goals conservation of natural resources as a way to raise awareness about sustainable products and services; (b) Training programmes for business on how to invest in conservation of natural resources; (c) Informal and non-formal education to increase awareness of demand for sustainable products and services; (d) Labelling system informing on use of primary resources in a good.

Sectorial	(a) Forest: sustainable forest management plans; (b) Water: sustainable water management plans.	(a) Water: progressive freshwater use fees.	
Objective 2	Promotion of sustainable consumption and production patterns to enhance welfare gains		
Goal 2.1	Shift consumer behaviour towards more sustainable consumption patterns (consumption of end products)		
Target 2.1	Decrease of wasteful consumption by XX% by 20YY (The achievement of the overall target should be linked to specific targets and indicators of the policy actions proposed. Such specific targets could be: halve per capita food waste at (the retail and) consumer level; eliminate energy-inefficient electrical appliances by xx%; use national rapid transit and mass transit for commuting by zz% by 20YY.)		
Actions 2.1	Regulatory	Market-based	Information, education-based and voluntary
Economy-wide	Product certification regulations	Progressive taxation for products (bonus-malus)	(a) Education: School curricula including sustainable consumption as learning goals; (b) Awareness-building strategies on responsible consumption (informal and non-formal education).
Sectorial	(a) Transport: regulations banning heavy diesel transport in towns and on public and non-motorized transport zones; (b) Housing: regulation on housing insulation, passive buildings, etc.	(a) Transport: price schemes favouring public transport and use of electric or hybrid cars in urban areas; (b) Water: price schemes to reduce water use; (c) Energy: price schemes to reduce energy use; (d) Housing: favourable credit lines to improve housing insulation; (e) Food.	

Goal 2.6	Enhance green innovation and clean/eco-friendly technology transfer		
Target 2.6	Increase green research and development investments by XX% of GDP by 20YY (The achievement of the overall target should be linked to specific targets and indicators of the policy actions proposed.)		
Actions 2.6	Regulatory	Market-based	Information, education-based and voluntary
Economy-wide	<ul style="list-style-type: none"> (a) Regulatory reforms (e.g., removal of regulatory barriers, competition policies, front-runners approaches); (b) Protection and enforcement of intellectual property rights; (c) Public procurement; (d) Standards regulations; (e) Labelling schemes; (f) Access to finance for small and medium-sized enterprises. 	<ul style="list-style-type: none"> (a) Research and development support through tax incentives/subsidies; (b) Technology prizes; (c) Public investments and co-investment funds in relevant research and development projects. 	<ul style="list-style-type: none"> (a) Improving information supply; (b) Development of capabilities; (c) Corporate social responsibility schemes; (d) Voluntary patent pools and collaborative mechanisms.
Sectorial	<ul style="list-style-type: none"> (a) Transport: new registrations bound to improving fuel efficiency, bans on registration of cars not meeting the efficiency standard; (b) Energy: carbon capture and storage regulations. 	Energy: feed-in tariffs for renewable/clean energy	

Objective 3	Improvement of human well-being and social equity		
Goal 3.1	Develop human capital for green jobs		
Target 3.1	Increase skilled labour in green sectors by XX% by 20YY (The achievement of the overall target should be linked to specific targets and indicators of the policy actions proposed.)		
Action 3.1	Regulatory	Market-based	Information, education-based and voluntary
Economy-wide	Obligatory internships	(a) Tax incentives to foster training on the job; (b) Tax incentives to organize reorientation/reskilling programmes for the unemployed; (c) Tax incentives for hiring disabled persons.	Green skills development courses (eco-driving training, eco-construction training).
Sectorial			

65. The framework should incorporate a monitoring system, preferably using indicators developed in the international context and accepted by countries, to measure progress on green economy. Furthermore, countries need to ensure an enabling environment, in terms of a solid knowledge base and a supportive policy, institutional and governance setting for the green economy.

III. Possible modalities and options for enabling the green economy

A. Advancing the transition to a green economy at country level

1. The knowledge base

66. Countries may wish to continue pursuing thematic studies, possibly with the support of scientific institutions and international organizations, as well as the active involvement of business, in order to develop methodologies for new policy actions, or new applications of policy actions, which should help achieve the specific green economy goals even more effectively. Such new methodologies could further enrich the green economy knowledge already available with toolboxes and platforms, for example the Green Growth Knowledge Platform, the ECE green economy toolbox and EEA green economy work mentioned earlier.

67. Countries may also wish to develop green economy-wide assessments to identify opportunities and better understand where “low-hanging fruit” actions for the green transition lie, and hence to make them more effective.

68. Finally, countries may wish to contribute to a common monitoring and evaluation framework to assess and guide progress in the transition to a green economy. One building block is the identification of common green economy indicators.

2. Governance and institutional arrangements

69. Countries may wish to put in place good coordination between government actors and establish an effective leadership for the green economy transition. Ministries of environment, to which this document is directed, may wish to initiate a discussion at the government level to this end.

70. Countries may also wish to focus more attention on enhancing governmental staff capacities for green economy, including by establishing a dialogue with the business community. Efforts could be directed at putting in place a systematic approach to capacity development.

3. Policy framework

71. Countries may wish, building on the common objectives and goals, to identify their own specific goals, and develop green economy strategies at the national level. Clear goals and well-articulated strategies will accelerate the transition process and make it a logical sequence of actions. The national strategies should be prepared with the active participation of business.

4. Implementation

72. Countries in the region are invited to continue applying green economy instruments, with the aim of increasing green economy investments. National strategies, building on a pan-European strategic framework, will help apply the instruments in a more effective and efficient way.

73. Countries may also wish to consider how to finance green economy programmes and projects, in particular how to invest in green infrastructure and stop or limit brown economy activities, including through the mobilization of private financing.

B. International support in the transition to a green economy

1. Country level

74. International organizations can support a wide range of government-led activities at the country level. These can include:

- (a) Development of national green economy assessments;
- (b) Development of topical studies;
- (c) Policy development (supported by tailored policy advice, in particular for countries with economies in transition);
- (e) Development of investment packages;
- (f) Implementation of specific policy instruments (in particular for countries with economies in transition);
- (g) Development of the technical and functional capacities of governments (in particular for countries with economies in transition);
- (h) Development of technical and functional capacities of other national actors;
- (i) Establishment of platforms for dialogue among different stakeholders.

75. Countries may wish to ask international organizations to anchor their country-level analytical support around the development of national green economy assessments.

76. International organizations may wish to make capacity development a priority of their support programmes, guided by pan-European common objective and goals, if agreed, as well as countries' specific goals and well-articulated national strategies.

2. Regional level

77. International organizations can also provide support to countries through a wide number of regional activities. These include:

- (a) Facilitating a process for agreeing green economy objectives and goals at the pan-European level and eventually developing a strategic framework;
- (b) Supporting knowledge development;
- (c) Enabling peer learning (e.g., through workshops);
- (d) Supporting knowledge sharing (e.g., through a multi-party green economy toolbox);
- (e) Developing advice on how to finance green economy projects;
- (f) Convening regional joint meetings of ministers of economy, environment and relevant social ministries.

78. Countries may wish to consider their demand for support at the regional level. This document has argued that the availability of clear goals and strategies on green economy is likely to accelerate the transition to a green economy at the country level. The development of a regional strategic framework on green economy should therefore facilitate the development of national strategies.

79. International organizations may wish to prioritize support for the development of a pan-European strategic framework for green economy.

3. Global level

80. In addition, international organizations may wish to facilitate the transfer of knowledge to and from other regions and at the global scale.

IV. Conclusions and further steps

81. Countries in the region are making efforts that contribute to the transition to a green economy, but those efforts are undermined by the lack of green economy policy and strategic frameworks or other policy and strategic frameworks with green economy considerations. There is an urgent need to develop the knowledge base, both at the country and regional levels. A regional green economy strategic framework should help to accelerate the transition.

82. There is a window of opportunity to advance the green economy agenda in the pan-European region and many countries are currently considering how to move forward with many aspects of the green economy agenda.¹⁵ Many countries would benefit from a

¹⁵ According to the Green Economy Survey (see para. 8), half of the reporting countries are currently discussing whether and how to develop national green economy assessments, set green economy

regional push, given that the knowledge base to guide the transition towards a green economy is still weak and in many cases relatively little is happening beyond business-as-usual environmental policy.

83. The activities undertaken by countries and the directions given by international organizations so far on green economy make it possible to formulate a common set of objectives and goals, which, if accepted, could serve as a good basis for developing a regional green economy strategic framework.

84. Ministries of environment in the pan-European region, as the target audience of this document, should consider how to pursue the green economy agenda both at the national and regional levels. They are invited to initiate a discussion at the government level, so that an informed decision is taken on the elaboration of a strategic framework for the green economy in the pan-European region, building on ideas presented in this document.

85. Ministries of environment should further bring to the attention of national Governments the issue of leadership for the green economy transition, so that relevant coordination and capacities exist for green economy, both nationally and regionally. In this context, a decision on a process that would accompany the development of the pan-European strategic framework should be taken.

Recommendations to the Committee on Environmental Policy

86. *Recommendation 1. CEP may wish to consider inviting countries and international organizations to share available assessments, studies, reports, platforms, toolboxes, methodologies and approaches, etc., related to greening the economy, including by using the available international platforms for knowledge exchange, such as the Green Growth Knowledge Platform, the ECE green economy toolbox and the EEA green economy work. Studies looking at the evaluation of policies and programmes from a green economy perspective would be particularly useful.*

87. *Recommendation 2. CEP may wish to consider inviting countries to carry out national green economy assessments. Such an assessment would help to identify opportunities and better understand which actions should be undertaken for an effective green economy transition. Carrying out the assessment may also serve as a learning-by-doing capacity development experience for governments and stakeholders.*

88. *Recommendation 3. CEP may wish to consider organizing a multi-stakeholder discussion on green economy at the next Efe ministerial conference, with the participation of both ministers of environment and ministers of economy as well as business and civil society.*

89. *Recommendation 4. CEP may wish to consider the development of a regional green economy strategic framework with common priority objectives, goals, implementing actions and targets and indicators of achievement to facilitate the measurement of progress.*

V. Questions for discussion

90. CEP members may wish to consider the following questions for exploring value added actions that could assist in the transition to green economy in the pan-European region:

goals (at both the national and ministerial levels), develop green economy strategies, create or strengthen market-based instruments and strengthen enforcement.

- (a) Would development of a pan-European strategic framework be a sufficient response to the Astana mandate, i.e., to take the lead in the transition to a green economy?;
 - (b) How can international organizations dealing with green economy in the region support the development and implementation of the pan-European strategic framework for a green economy in a coordinated way?
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