

# Green transformation towards inclusive and sustainable economic growth

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# Concept of a green economy

## UN defines green economy:

- low carbon
- resource efficient
- socially inclusive

## Circular economy:

- a closed-loop system for resources,
- transform the traditional linear model of production and consumption - into a circular or sustainable one,
- minimizing waste and maximizing the reuse and recycling of materials.

## Drivers of green economy

- investments into activities, infrastructure and assets that allow:
  - reduced carbon emissions and pollution,
  - enhanced energy and resource efficiency,
  - prevention of the biodiversity loss recognized role for ecosystem services

# Managing the transformation

## Two key questions:

- **What** is the goal?

answer: **the green economy**

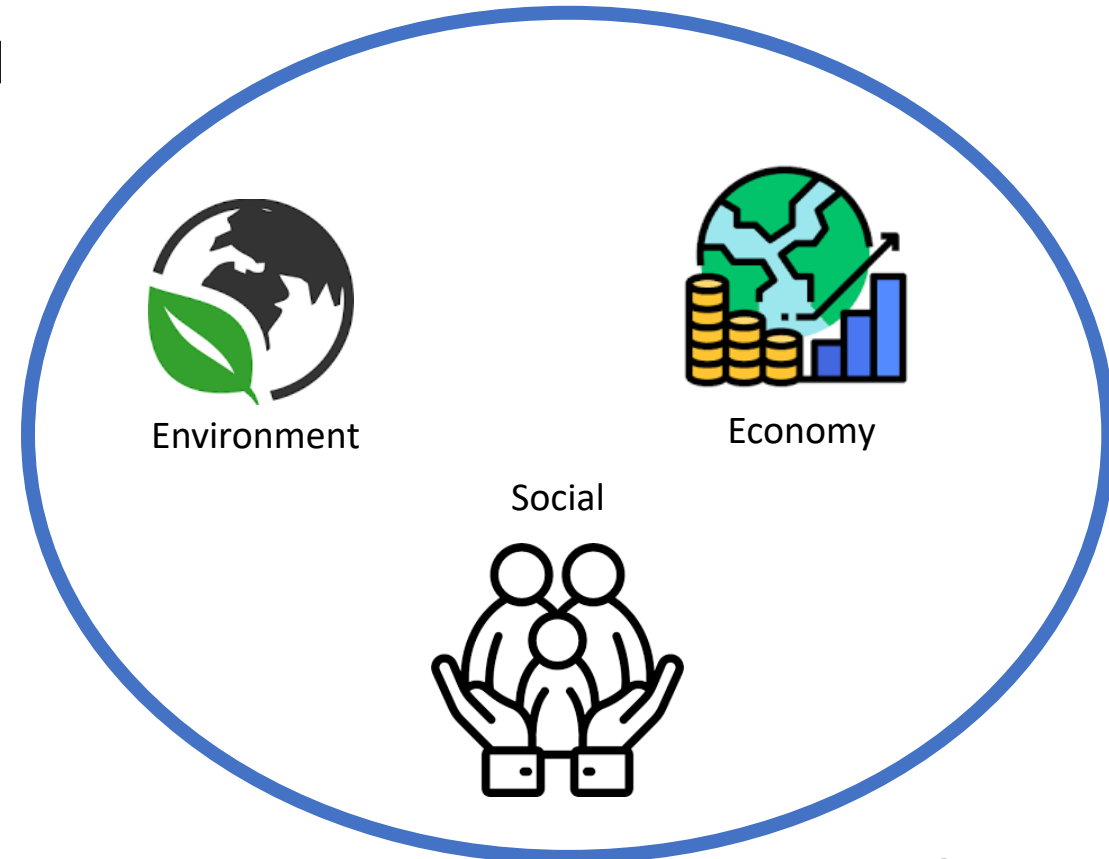
- **How** to get there?

answer: **the just transition - leave no one behind**

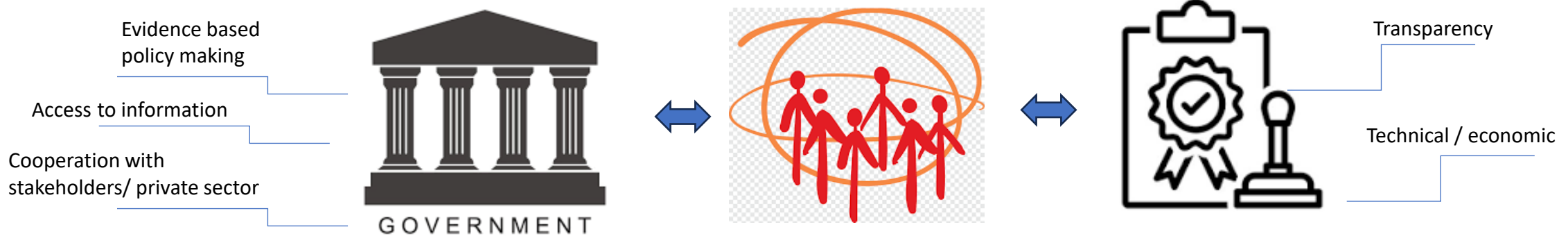
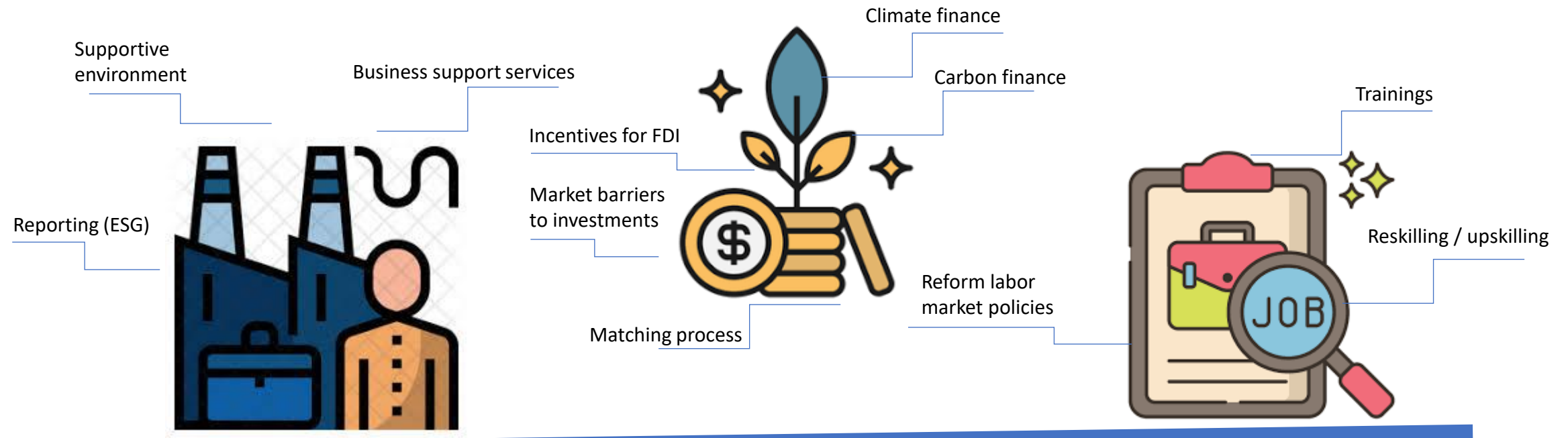
## Institutional cooperation:

- Ministry of finance - environmental taxation
- Ministry of environment – regulations, access to information, transparency
- Ministry of labor / social affairs – labor market (reforms)
- Ministry of education – education and training (reforms)
- Ministry of justice – rule of law

## A cooperative approach (within country / international)



# Greening the future (Eastern Partnership) Intervention framework



# Greening the future (Eastern Partnership)

## Governance frameworks - Moldova

### Climate policy

- National energy and climate plan (submitted December 13<sup>th</sup> 2023)
  - Decarbonization** (reduction of CO<sub>2</sub>eq emissions, including deploying renewable energy)
  - Energy efficiency** (reduction of primary and final energy consumption)
  - Energy security** (diversification of energy supply, deploying domestic sources)
  - Internal energy market** (interconnectivity 15% by 2023)
  - Research, innovation and competitiveness**

### Energy efficiency first

- The target of 45% reduction in energy intensity is set to be achieved in 2030:
- Primary energy intensity: 0.19 toe/1,000 EUR
- Final energy intensity: 0.17 toe/1,000 EUR
- Multiple measures**
  - Energy efficiency obligation schemes
  - Measures from Long-term building renovation strategy
  - Smart metering

Document	Target	Decarbonization		Renewable energy	Energy efficiency	
		Reduction		Share in FEC	PEC	FEC
		% below 1990	Mt CO <sub>2</sub> eq	%	Mtoe	Mtoe
Set by EnC <sup>1)</sup>	2020			17.00	2.690	2.550
	2030	68.6	9.1	27.00	3.000	2.800
NDC1 <sup>2)</sup>	2030	64.0-67.0				
NDC2 <sup>2)</sup>	2030	70	12.8			
NECP*	2030 WEM		6.309*/10.199**	25.62*	2.998*	2.701*
	2030 WAM		4.841*/8.753**	31.37*	2.820*	2.554*

# Greening the future (Eastern Partnership)

## Governance frameworks - Georgia

### Climate policy

- National energy and climate plans (submitted)
- GHG emissions 2030 targets (submitted, not aligned with Energy Community)
  - unconditional target of 35% below 1990 level of its domestic total GHG emissions
  - conditional target of 50-57% of its total GHG emissions compared to 1990
- Climate (policy) reporting (no legal base for national inventory system)
- Long-term strategy (LT-LEDS submitted with 2050 climate neutrality objective, no legal basis)

### Renewable energy

- Renewable energy action plan (Law on encouraging the production and use of energy from renewable sources, Law on energy and water supply )
  - potential support mechanisms e.g., priority of dispatch, licensing procedures, and other forms
- Energy strategy of Georgia (2020-2030)
- Overall target of achieving a **27,4% share of renewable energy** in the gross final energy consumption.

### Energy efficiency

- NECP - 2030 energy efficiency targets are aligned with the 2030 targets set by the Energy Community
- Law on Energy Efficiency
  - Establishes the National Energy Efficiency Action Plan (NEEAP) with EE targets at a national level
  - Requirement for public bodies / municipalities with respect to EE
  - Measurement, Reporting, and Verification system
  - Legal basis for energy performance contracting
  - Requirements for energy audits or energy management systems (SMEs are only encouraged)

### Buildings

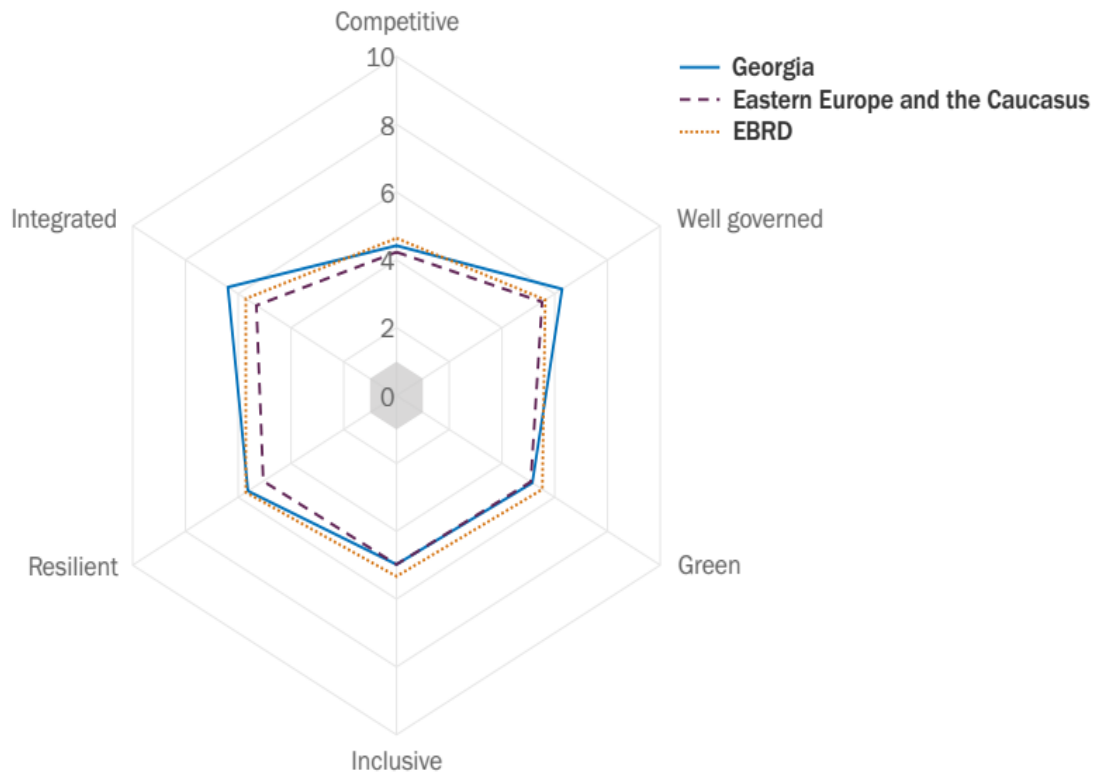
- High energy consumption (Soviet-era norms) reaching up to 250- 300 kWh / m2 per year,
- Deregulation of the construction sector led even to increases, new buildings can be about 40% lower.
- A Law on Energy Performance of Buildings and key by-laws are in place and set the minimum energy performance requirements for buildings, national calculation methodology etc.
- The long-term renovation strategy for stimulating investment in the renovation of buildings is still in the drafting phase.

# Greening the future (Eastern Partnership)

## Assessment of the reform progress

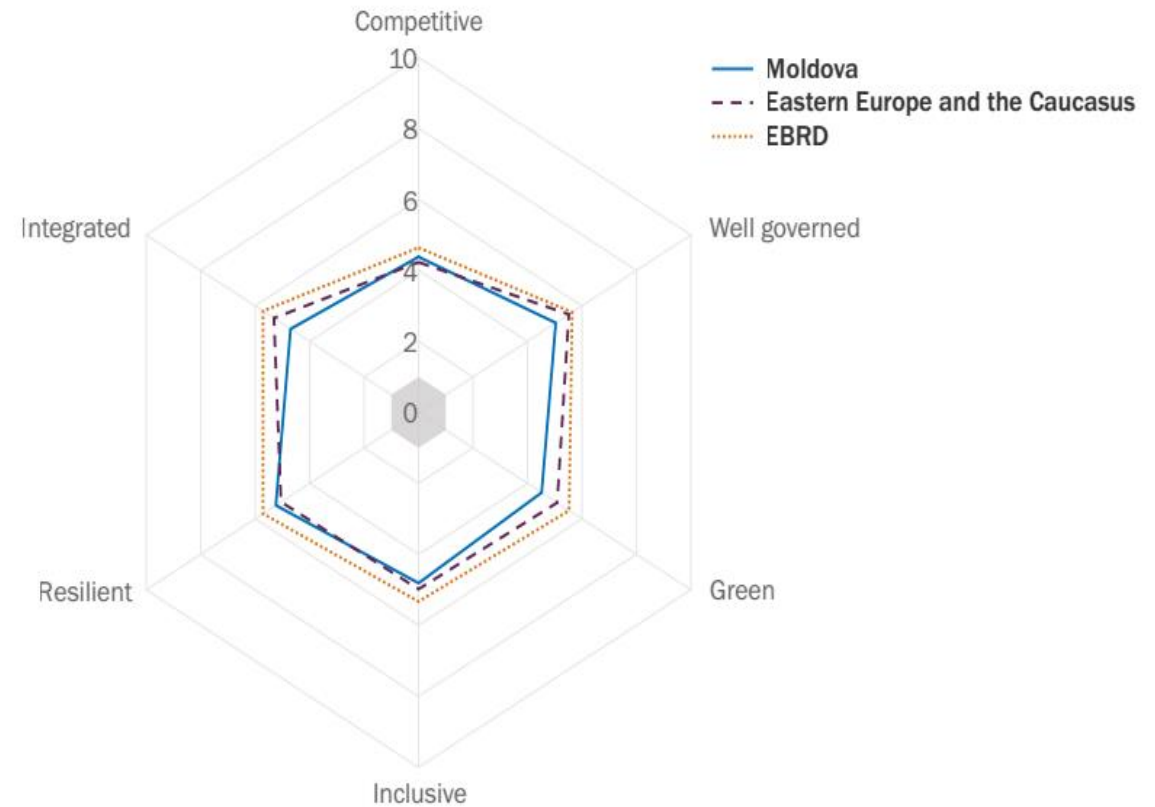
### Georgia

Assessment of transition qualities (1-10)



### Moldova

Assessment of transition qualities (1-10)

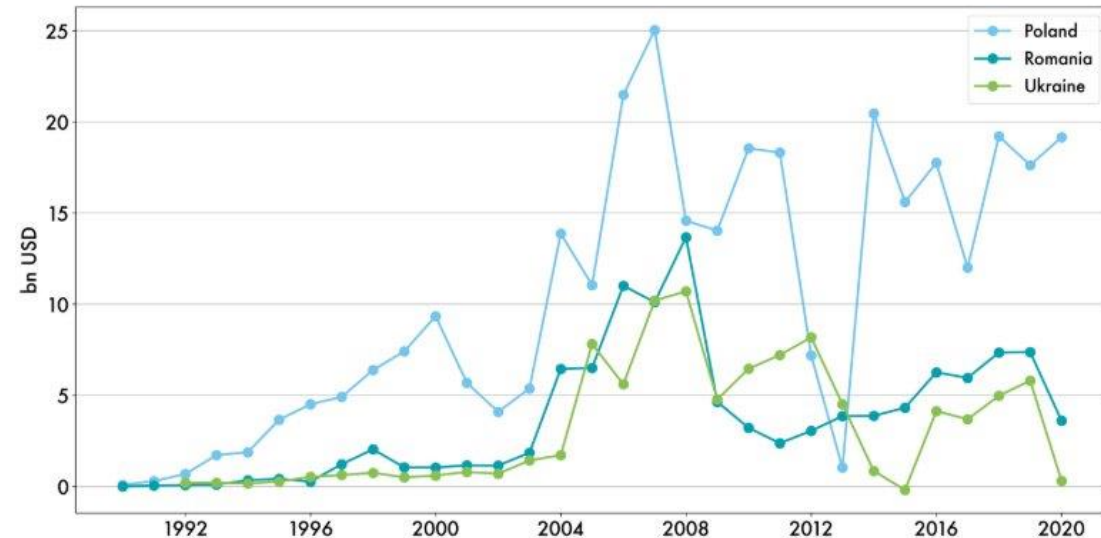


Source: EBRD (2023)

# A case for “green” development”

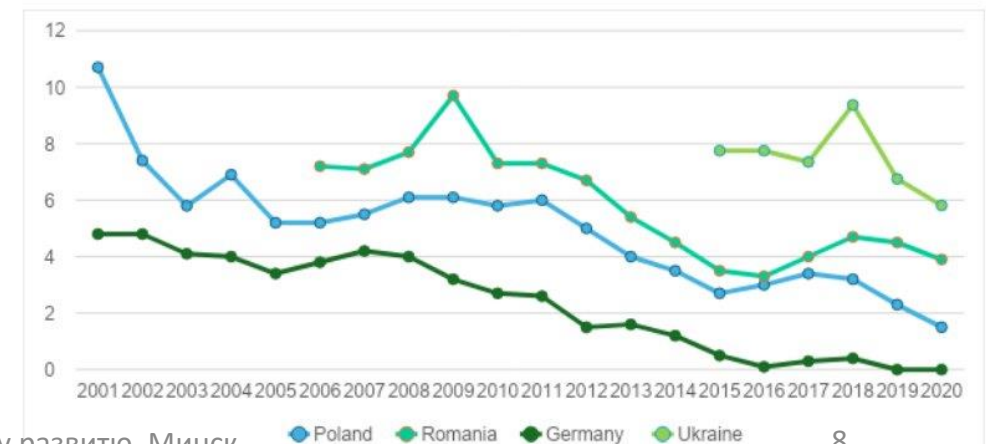
- Avoided cost of climate change / pollution
- Agenda for innovation.
- Early-mover on new technologies.
- Agenda for investment.
- Increasing efficiency and share of investment in GDP.
- Agenda for competitiveness/productivity.
- Green technologies are more efficient.
- Achieve reduction of capital cost
- Move up the value chain.

Figure 4: Foreign direct investment, net inflows (in bn USD)



Source: (World Bank, 2023a)

Figure 3: Yield of long-term government bonds (in %)



Source: (OECD, 2023b; Ministry of Finance, 2024)



# Thank you for attention !

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