



UNITED NATIONS
DEVELOPMENT PROGRAMME



COVID-19
RESPONSE



GREEN TRANSFORMATION OF MOLDOVA: TIME IS NOW

COVID-19 Impact

The Environmental degradation is posing a major threat to Moldova's development agenda. The country remains highly exposed to environmental issues, mostly because of its high dependence on the agricultural sector and the scarcity and overexploitation of natural resources in the country. The economic cost of environmental degradation and climate change is considerable. In addition, water and air pollution have significant health impacts. The limited capacity of the environment sector to make the case for the environment and to link it with development, means that environmental protection is still not seen as a priority and is severely underfinanced. The environment is also not perceived to be an important driver of growth. There is a need to further highlight the benefits of environmental protection, as well as the links between economic development and environmental management.

The environmental sectors of greatest concern are **biodiversity, air, water, and waste management**. These sectors receive significant donor community and are addressed by relevant policies. However, there are signs that Moldova will not achieve its 2030 environmental targets. The **protected area system** is relatively small and fragmented, covering only 5.65 per cent of the country, and thus it has little real conservation impact. Moldova has also one of the lowest forest coverage levels in Europe (around 12 per cent of its territory). Past forest mismanagement caused a decline in forest quality, increased vulnerability to pests and diseases, and decreased biodiversity. Moldova is in line with the global trend of continuously growing urbanization, with the proportion of the population living in urban areas expected to rise from 47 per cent in 2010 to 60 per cent in 2030 (UN Habitat). Cities are increasingly and significantly contributing to the main drivers of global environmental degradation. The municipalities have the greatest impact on **air quality** and are responsible for more than 50 per cent of total air pollution in Moldova. Transport is the main source of air pollution in the country's cities. Aging vehicles – as well as low quality, high-sulphur fuel – are significant factors.

Continuous degradation and pollution of **surface and underground waters** is caused by the discharge of untreated wastewater, illegal waste dumping and agricultural activities. The collection and disposal of **waste** remains a serious concern. Moldova has utilized various forms of waste disposal on land, including substandard landfills, open burning, and indiscriminate dumping of mixed domestic, industrial and hazardous waste. This has resulted in significant environmental release and legacy impacts, as well as lost opportunities to divert waste from landfill into productive use. **Soil degradation and erosion** – caused by unsustainable agricultural practices, inappropriate land management and excessive parcelling – lead to loss of fertile soil and means the agricultural sector is a carbon contributor rather than a sink of net carbon removals. **Climate change** is recognized as a key development challenge, given the increasing frequency and intensity of natural hazards and the high vulnerability and exposure of Moldova's population, economy and environment. It is made even more problematic by Moldova's heavy reliance on the agricultural sector and the high share of rural population and rural poverty. Significant impacts of climate variability have been visible in recent years, with recurring drought and flood events. Climate change projections point to increasing temperatures and likely further aridification. The expected impacts are likely to be manifold, affecting – among others – agricultural productivity, availability of water resources, energy security, vulnerability of ecosystems and human health. Moldova is highly dependent on imported **energy** sources, and mostly uses fossil fuels. In addition, inefficient energy supply and consumption across all sectors exacerbates the situation. Improvements both in energy efficiency and in the development of domestic resources – including renewable

energy resources – for strengthened sustainability, competitiveness and energy security rank high on the political agenda.

Green transformation is the way to achieve the 2030 Agenda for Sustainable Development and is at the heart of plans worldwide for recovery from COVID-19. This makes it ever more relevant for the future that we want to shape for coming generations in Moldova.

Needs and Challenges

Besides the obviously high costs of inaction, the most important driver of change in the environmental sector is the **European integration agenda** which requires harmonization and alignment with the EU environmental acquis. Since May 2010 Moldova has been a full member of the European **Energy Community Treaty** which involves further obligations for policy development and harmonization of legislation in the environment and energy sector. In May 2017, Moldova ratified the **Paris Agreement**; this was followed by development and submission to the United Nations Framework Convention on Climate Change (UNFCCC) of the second National Determined Contribution (NDC) in March 2020. The NDC sets an ambitious greenhouse gas emission reduction target of 70 per cent by 2030 compared to the 1990 level and by up to 78 per cent subject to a global agreement addressing access to low-cost financial resources, technology transfer and technical cooperation. Moldova is also Party to several Multilateral Environmental Agreements, under which important commitments have been assumed in the areas of biodiversity, climate change and chemicals.

In the latest global talks, it has been acknowledged that environmental degradation and climate change have reached a crisis stage and if no urgent actions are taken these could cause irreversible changes for people, economies and ecosystems. In this context, in 2019 the European Commission presented the **European Green Deal**, a comprehensive package of reforms aimed at transforming climate and environmental challenges into opportunities to ensure a green transition to a fair and prosperous society. The European Green Deal is also relevant for Moldova given the cross-border nature of environmental problems, and it offers opportunities for sustainable and economic development. In addition, under the umbrella of green transition we have an opportunity to restore the balance between people and planet, to design and de-risk nature-based solutions; encourage sustainable public-private partnerships in the areas of forestry, waste, urban mobility and transportation; transform agriculture from a carbon contributor to a carbon sink removal; and ensure integrated thinking and action with the health sector to tackle air pollution, a major killer.

In line with the national context and building on UNDP's experience in environmental protection and climate change, UNDP is proposing comprehensive and transformative actions to fight climate change and environmental degradation, while at the same time sustainable and inclusive economic development in line with major global policy objectives, including the Paris Agreement, the SDGs and the NDC.

In order to achieve this, UNDP is proposing to **build green alliances** with international financial institutions and other United Nations agencies to move the green transition to the top of the Government's agenda along with **putting in place transformational reform policies and fiscal instruments** in order to secure investment for the green agenda and create an enabling environment. The identified policies are essential for promoting energy efficiency, renewables, urban mobility and sustainable management of natural assets, as well as for increasing the resource efficiency of the economy and making green finance schemes available.

By **increasing awareness of the green agenda** and sustainable development among decision-makers and society as a whole we increase the attractiveness of green transition and encourage responsible use of resources and climate-responsible practices. **Behavioural change** in the way we use, produce and consume is one of the innovative instruments for businesses to implement resource efficient measures. This is why UNDP will build upon relevant experience and will ensure the upscaling of successful initiatives through the country's existing green innovation labs.

Given that, in the context of green transition, low-carbon and resource-efficient technologies will replace the existing business systems, it is important to establish **green knowledge and skills** to respond to the needs

of the newly emerging labour market. Making a better connection between the green labour market and the education sector will strengthen youth employability and youth entrepreneurship. UNDP is also proposing to help SMEs to **employ digital technologies** as important enablers of change. This will help to **innovate products and put in place sustainable business practices** to ensure the circularity of products, smart innovations systems, digital conservation of resources and sustainable agriculture, as well as reform of the value chain and other business practices.

There is a pressing need to promote more **green jobs and economic opportunities** in the newly emerging areas of the circular and resource-efficient economy linked to the green transition, with a focus on SMEs and start-ups. At the same time there is a need to **scale up actions aimed at improving the environment-related quality of life and at making urban development more sustainable**, in collaboration with the planning authorities. To trigger this, specific investments will be tailored to improve environmental services in such areas as waste management, urban mobility and green transport solutions, buildings and energy efficiency, renewables and green spaces. For SMEs and start-ups, areas of interest could include eco-innovation in plastic, textiles and construction, as well as application of extended producer responsibility for packaging, electrics and electronic waste, green public procurement, and improved consumer information and transparency.

Way Forward

- Building of green alliances with IFIs and other UN agencies.
- Strengthening of awareness of the green agenda and sustainable development to promote behavioural change.
- Enhancing green knowledge and skills to promote the acceleration of low-carbon and resource efficient technologies, employability and economic growth.
- Promotion of green jobs and economic opportunities with a focus on SMEs.
- Scaling up of actions to make urban development more sustainable and the quality of life better.

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