

**WORKSHOP ON  
“SMEs and GREEN ECONOMY”**

**Kyiv, 14-15 April 2016**

**Summary Proceedings**

1. The Workshop on “SMEs and Green Economy” was held in Kyiv, Ukraine, on 14-15 April 2016. It was jointly organized by the Organization of the Black Sea Economic Cooperation Permanent International Secretariat (BSEC PERMIS) and the Konrad-Adenauer-Stiftung (KAS) in Turkey.
2. The Workshop was co-chaired by Dr. Colin DÜRKOP, Head of the KAS for Turkey; Ms. Meltem GÜNEY, Executive Manager of the BSEC PERMIS; and Dr. Antal SZABÓ, Scientific Director of ERENET, UNECE ret. Regional Adviser on Entrepreneurship and SMEs.
3. The Workshop was attended by representatives from the following BSEC Member States:
  - Republic of Albania
  - Republic of Armenia
  - Republic of Azerbaijan
  - Republic of Bulgaria
  - Georgia
  - Hellenic Republic
  - Republic of Moldova
  - Romania
  - Russian Federation
  - Republic of Serbia
  - Republic of Turkey
  - Ukraine

The Program of the Workshop is attached as Annex I and the List of Participants is attached as Annex II.

4. On the first day of the Workshop, welcoming statements were delivered by Ambassador Michael B. CHRISTIDES, Secretary General of the BSEC PERMIS; Dr. Colin DÜRKOP, Head of KAS for Turkey; and Dr. Antal SZABÓ, Scientific Director of ERENET, UNECE ret. Regional Adviser on Entrepreneurship and SMEs. A special address was also made by Mr.

Volodymyr SEMENIHIN, Director of the Department for Entrepreneurship and Regulatory Policy of the Ministry of Economic Development and Trade of Ukraine.

5. Ambassador Michael B. CHRISTIDES, Secretary General of the BSEC PERMIS, welcomed the participants of the Workshop on behalf of the BSEC PERMIS.

He expressed appreciation to KAS for the long-standing support to BSEC, which made it possible to jointly organize 48 workshops and seminars since 1997, aimed at promoting and encouraging the development of SMEs in the region.

Secretary General Ambassador CHRISTIDES stated that BSEC, as a regional economic organization, attaches special importance to the principle of sustainable development to ensure an optimal balance among economic growth, social responsibility and environmental protection.

He expressed hope that the findings and conclusions which will be reached at the end of the deliberations lead to the formulation and implementation of BSEC projects of joint interest to the Member States which can help them in their transition to Green Economy and can positively touch the lives of the peoples of the region. In this context, Secretary General CHRISTIDES informed the participants about the recently established BSEC Green Energy Network. He made an appeal to the participants to come up with concrete joint project ideas which could be implemented within the framework of BSEC, as this would also constitute an excellent way to achieve tangible, high-impact and lasting results from the BSEC-KAS Joint Workshops.

The text of the opening statement of Ambassador CHRISTIDES is attached as Annex III.

6. Dr. Colin DÜRKOP, Head of KAS for Turkey, in his opening statement, welcomed the participants on behalf of KAS. He highlighted the importance of SMEs for the economy. He referred to the value of the exchange of experiences among the participants of the BSEC-KAS Joint Workshops, as well as the elaboration of conclusions and recommendations which are the main outputs of these events. He stated that an additional added value of the Workshops would be for the adopted recommendations to be translated into projects for implementation by the BSEC Member States.
7. Dr. Antal SZABÓ, Scientific Director of ERENET, UNECE ret. Regional Adviser on Entrepreneurship and SMEs, in his opening address, welcomed the participants, recalling that he took part in all SME-related BSEC-KAS Joint Workshops since the very first one held in 1997.
8. Mr. Volodymyr SEMENIHIN, Director of the Department for Entrepreneurship and Regulatory Policy of the Ministry of Economic Development and Trade of Ukraine, in his address, provided information on the regulatory policies in the field of eco-development in Ukraine. He informed the participants that the creation of a national waste management strategy is one of the main policy issues, as currently 95% of the waste is going to the landscape, while only 5% of it is being recycled. The Ministries of Economy, Regional Development and Waste Management are the main government authorities implementing environmental policies. Mr. SEMENIHIN added that Ukraine would like to promote eco-labelling. He underlined that while making a transition to a Green Economy has competitive advantages, the tasks to be fulfilled in this process are very significant.

9. During the first part of the working session of the BSEC-KAS Joint Workshop on SMEs and Green Economy, the topic of Green Economy in Ukraine and the European Union was addressed.
10. Prof. Dr. Yaroslav B. BLUME, Director of Institute of Food Biotechnology and Genomics of the National Academy of Sciences of Ukraine, delivered a keynote statement on the “*Bioenergy potential in Ukraine: The ways to make money succeed*”. He provided detailed information on the existing bioenergy potential in Ukraine. He underlined that bioenergy is closely linked to Green Economy, stating that Ukraine needs true bio-refining to compete economically with petroleum refining. Prof. BLUME provided information on FP7 Biocore, where Ukraine is in third place in Europe. He referred to the necessity to use biomass safely. He illustrated some of the best practices in Ukraine, including Sorghum Cluster, feedstock for bioethanol production, butanol fermentation and biodiesel technology for production from camelina.
11. Prof. Viacheslav POTAPENKO, Director of the Institute of Green Economics and Expert of Risk Reduction Foundation, made a presentation on “*GoGreen Ukraine – Problems and Task of Doing Ecology Oriented Businesses*”. He provided information on the GIZ Programme to support the Green modernisation of the Ukrainian economy. As main tasks for the development of Green businesses, he underlined (i) the development of a legislative base for Green Economy; (ii) Green modernization of the economy based on energy and resource efficient technologies; and (iii) the creation of Green businesses based on new technologies. He identified the following areas in the strategic direction of the development of new Green businesses:
  - Waste recycling
  - Green office
  - Green transport
  - Implementation systems of environmental management
  - Pollution control

Prof. POTAPENKO also presented some best practices in the development of the Green Economy in Ukraine.

12. Dr. Antal SZABÓ, Scientific Director of ERENET, UNECE ret. Regional Adviser on Entrepreneurship and SMEs, made a presentation on “*Eco-innovation and Green SME Action Plan in the European Union*”. He summarized the elements of the definition of Green Economy and highlighted the essence of eco-innovation. The concept of Green Economy includes the means of achieving sustainable development by improving human well-being, increasing social equity, reducing environmental risks and ecological scarcities. Dr. SZABÓ demonstrated the role of SMEs in greening the economy. As an important instrument in the European Union for promoting Green Economy, he referred to the Green Action Plan for SMEs, in complementarity with the Communication Green Employment Initiative.
13. Question and answer sessions were held after the presentations.
14. In the second working session of the Workshop, an exchange of country experiences concerning SMEs and Green Economy in the BSEC Member States took place. The representatives of the BSEC Member States made presentations which addressed:
  - (i) The main barriers to green growth and eco-innovation for small firms;
  - (ii) The major forces in transition towards the green growth economy;

- (iii) Ways for the manufacturing firms, including SMEs, to participate in the reduction of the world's consumption of resources and wastes;
- (iv) Incentives for supporting green oriented and eco-innovative SMEs;
- (v) New competencies, transforming and creating new jobs;
- (vi) Policies that could encourage SMEs in investing in green growth and eco-innovation.

Question and answer sessions were held after the presentations.

15. On the second day of the Workshop, presentations on “*Best Practices in Green Economy and Eco-Innovation Management in Ukraine*” were made by Mr. Petro KALYTA, President of the Ukrainian Association for Quality, President of the Club of Quality Leaders in Central and Eastern European Countries; Ms. Inessa OLEYNYKOVA, PP OLENIKOV Company for Paints and Varnishes; and Dr. Nataliya DIDYK, “M.M.Gryshko” National Botanical Garden, National Academy of Sciences of Ukraine.

### **Final Discussions and Conclusions**

16. The following points were made in conclusion:

- 16.1. There is no single agreed definition on Green Economy. However, Green Economy is viewed as a unifying theme to articulate **sustainable development** as the direction in which all economies need to strive towards.
- 16.2. UNEP has developed a working definition of a Green Economy as one that results in **improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities**. In its simplest expression, a Green Economy can be thought of as one which is **low carbon, resource efficient** and **socially inclusive**.
- 16.3. Green Economy is a model, which
- Secures growth and development;
  - Safeguards human wealth and well-being;
  - Provides decent jobs;
  - Reduces inequalities and invests in and preserves biodiversity, including the ecosystem services it provides, for its intrinsic value and for its essential contribution to human well-being and economic prosperity.
- 16.4. Europe 2020 Strategy outlines the EU's priority to become a sustainable economy and set ambitious objectives for climate action and energy efficiency.
- 16.5. The Green Action Plan (GAP) gives a clear direction and framework for how the EU, in partnership with Member States and regions, intends to help SMEs exploit the business opportunities that the transition to a Green Economy offers.
- 16.6. The majority of BSEC SMEs are still in the early environment consciousness phase. SMEs do not see environmental responsiveness as a source of competitive advantage, as a consequence of lack of awareness and incentives.

- 16.7.** It is an estimation that companies devote only 1-3% of their turnover to environmental issues, and most of these expenditures go for compliance with regulations, audits and environmental certifications.
- 16.8.** The general lack of understanding by SMEs of the economic benefits of greening their businesses, which leads to lack of motivation to do so on part of the SMEs, is one of the main barriers to transitioning to Green Economy in the BSEC region.
- 16.9.** Most of micro and small enterprises are also facing lack of skills and financial resources as well as limited information on possible in-house measures that they can take without any significant financial implications for greening their activities.
- 16.10.** The cost of new eco-friendly investments is very high and rarely affordable for small companies. At the same time, the cost of acquiring environmental, quality and energy management certifications is relatively high too.
- 16.11.** However, there is an increasing number of SMEs adopting various ecological measures (eco resources; ecologically clean production processes; bio-degradable materials and products) and adopting also waste management and disposal procedures, especially due to the local and EU taxes and rules on environmental impact.
- 16.12.** Energy efficiency measures are more popular among SMEs. An increasing number of SMEs strive for an efficient and rational use of energy, by installation of high energy efficiency equipment and machinery, etc.
- 16.13.** It is commendable that most BSEC Member States have elaborated priority policy directions and projects on Green Economy for SMEs, including Albania (Hydro Renewable Energy, National Strategy for Science, Technology and Innovation 2016-2020), Armenia (Strategic Objective under the new SME Development Strategy 2016-2018, Resource Efficiency and Cleaner Production Project - RECP), Azerbaijan (Azerbaijan 2020 “Look into the Future” Development Concept, Resource Efficiency and Cleaner Production Project), Bulgaria (Energy Efficiency Policy for SMEs and follow-up of COP21 Priorities), Georgia (New SME Strategy, Green Growth Policy Paper, Revised Plan of Actions for March 2016- September 2017), Greece (National Action Plan for Corporate Social Responsibility 2014, Regional Regulatory Plans), Moldova (New Priority Policy Direction 8. of the SMEs Development Strategy 2020 “Green Economy for SMEs”, which also includes Green Public Procurement), Romania (Government Strategy for Development of the SMEs Sector and Improvement of the Business Environment from Romania – Horizon 2020, National Strategy for Competitiveness 2014-2020), Russia (development of Federal Law on Green Standards, development of Moscow Economy Strategy for 2030), Turkey (National Eco Efficiency and Cleaner Production Program) and Ukraine (Law about the Strategy of the State Environmental Policy of Ukraine 2020 and Action Plan).
- 16.14.** The minority of SMEs has adopted quality control systems, and even a smaller number of SMEs are certified by ISO 14001 or EMAS. Romania is an exception where public procurements require environmental certification.

## **Recommendations**

- 17.** The following recommendations were made:
- 17.1.** Governments should continue to integrate Green Growth considerations in their long-term socio-economic strategies, including specific measures and incentives for all economic sectors.
  - 17.2.** An effective implementation of laws, strategies and target programs related to the environment should be ensured. More resources from governmental/federal budget should be allocated for promoting Green practices.
  - 17.3.** BSEC Member States should be proactive in elaborating bankable Green Economy related projects eligible for financing by the Black Sea Trade and Development Bank and other international financial institutions.
  - 17.4.** SMEs should be encouraged to make environmental improvements in their operations not only to comply with regulatory requirements, but also to go beyond compliance.
  - 17.5.** SMEs are encouraged to consider adopting in-house measures in order to Green their businesses and also to adopt, to the extent possible, integrated energy and environmental management systems (EMS).
  - 17.6.** Governments are invited to design and introduce improved regulatory and financial incentives in order to promote investments in renewable energy, energy and resource efficiency and waste management.
  - 17.7.** Public authorities should provide guidance for SMEs by:
    - increasing the environmental sensitivity of SMEs;
    - transferring technology from best practices;
    - supporting the implementation of existing Excellence Models (such as EFQM);
    - raising awareness towards environmentally friendly practices and applications in businesses through awareness raising campaigns, as well as by adding an environmental education/Green Business component in entrepreneurship education programs.
  - 17.8.** Governments, also in cooperation with relevant regional and international organizations, should extend consultancy services for SMEs and elaborate a guide on the implementation of Green practices.
  - 17.9.** Governments should assist SMEs with subsidies in implementing ISO standards, energy efficiency audits and purchasing ecologically friendly technologies.

18. At the conclusion of the Workshop, the BSEC PERMIS invited the participants of the Workshop to continue their networking and exchanges after the Workshop and to propose in the coming days and months concrete joint project ideas which could be implemented within the framework of BSEC to support the efforts of the Member States in their transition to Green Economy.
19. KAS announced that, as in previous workshops, KAS will publish a book based on the papers to be submitted by the participants regarding the presentations they made during the Workshop.
20. The participants expressed their deep gratitude to the BSEC PERMIS and KAS for the realization of the Joint Workshop, as well as the competent authorities of Ukraine for the warm hospitality extended to them during their stay in Kyiv.

