

The Perspectives of Green Economy in the Republic of Moldova under the Impact of Ecologization World Economy Megatrend

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Abstract

The authors have outlined the conceptual methodology in the field as well as the relevant Strategies, Programs and Projects implemented in European Union and Republic of Moldova, and have figured out the key elements as well as the perspectives of green economy development in the country.

Keywords: green economy, ecologization, European Union, Republic of Moldova.

JEL Code: Q01, Q5

1. Introduction

Ecologization as a socio-economic megatrend, based on the sustainable human and socio-economic development concept, is a comparatively “young” and at the same time powerful megatrend, which has broadly been discussing in the context of various management and marketing actual theories and practices. All of its manifestations lead to changing the human lifestyles and socio-economic activities worldwide. The Republic of Moldova is not the exception in this respect. It has undertaken an attempt to elaborate a comprehensive national strategy that includes the aspiration to create a kind of a green economy too (Moldova 2020). In order to make it real, however, it is important to take into consideration both international, especially European, experience and Moldova's specifics.

Purpose of the article is in the outline of conceptual methodology in the field as well as the current situation in this respect in the Republic of Moldova for identifying the perspectives of the green economy development of in the country.

2. Outline of Key Concepts

Megatrend

Megatrends and their influence on socio-economic and business development worldwide have been under active discussion and research since the 1980s. John Naisbitt, who launched the very term in his work “Megatrends: Ten New Directions Transforming Our Lives” in 1982 (Naisbitt, 1982), referred to "megatrends" as the most general and powerful direction which had been producing impact upon the socio-economic

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development of the USA. The American researcher distinguished them as follows: shift from Industrial society to the Informational one; High tech–High touch; transition from National to a World Economy; from Hierarchies to Networking; from Short-Term to Long-Term orientation; from Centralization to Decentralization; from Institutional Help to Self-Help; from Representative Democracy to Participatory Democracy; from Hierarchies to Networking; from North to South of the World Economy, and from Either/or to Multiple Option. Having explored them, he contributed much to understanding of the current world socio-economic systems as well.

Further research and discussion on the subject continued, contributing to highlighting the megatrends' influence on the development of socio-economic and business activity. Thus, the researcher of the Academy of Economic Studies defines a Socio-economic Megatrend as “the most general direction that produces its impact on all socio-economic systems at all levels, shaping a global socio-economic space, and which is acting persistently for centuries, forming a global socio-economic time” (Siscan, Z., 2009). Michael O’Sullivan, the Head of Portfolio Strategy & Thematic Research at Credit Suisse, treats a Megatrend as a profound and long-lasting social and / or economic change that has been spurred by factors such as technological breakthroughs, shifts in the balance of geopolitical power, altering demographic patterns and environmental change” (O’Sullivan, 2013). Credit Suisse expert also highlights that Megatrends are typically long-term in their effect and duration and involve a steep change in the rate of economic growth in a region, or in the rate of revenue growth in a particular industry. Mark Beatson in his report, worked out for a professional HR and people development company CIPD, puts an accent on megatrends as “trends shaping work and working lives”, and emphasizes that “they have been setting the benchmark for excellence in people and organization development more than 100 years” (Beatson, 2013). The Megatrends are also seen as “major shifts in economic, social and environmental conditions which change societies and substantially impact people at all levels” (World Economic and Social Survey, 2013). Frost & Sullivan view Megatrends as “transformative, global forces that define the future world with their far reaching impacts on businesses, societies, economies, cultures, and personal lives” (Frost & Sullivan, 2014). A Megatrend is also “a large, social, economic, political, environmental or technological change that is slow to form”. The Glossary of Terms developed by the Forward Thinking Platform treats it as “a major trend, at global or large scale” (Glossary of Terms, 2014). The author of the “Leadership 2030: The Six Megatrends You Need to Understand to Lead Your Company into the Future” interprets it as a “long-term, transformational process with global reach, broad scope, and a fundamental and dramatic impact” (Vielmetter, 2014). The expert of Ernst and Young, Uschi Schreiber, in his research suggests the definition of the Megatrends as “large, transformative global forces that impact everyone on the planet” (Schreiber, 2015).

Among the most discussed megatrends are as follows: globalization (global marketplace), informatization and technological advance (digital future, bio- and nanotechnologies), ecologization, urbanization, socialization (network organizing), demographic change (ageing), health (reimagined). For the given research outline the **ecologization** megatrend that paves the way for the appearance and the development of a green economy is of special attention.

Ecologization

Ecologization can be defined as an approach or way of understanding a wide variety of social and economic activities that from the start take into account environmental impacts and preservation (Demko J., 1989). Ecologization is directly linked with another concept, the one of sustainable human development, which highlights the necessity to optimize the profit in a way that would ensure a proper use of the resources to give the opportunity to future generations to benefit from them too (Banuri et al., 1994). Among the ways through which Ecologization can be reflected on are the following ones: increasing attention to organic agriculture and food security issues; search for alternative energy resources, including renewable ones; revision of legislation in favour of environmental protection; social and economic responses to Global Climate Change; strategic programs for green economy/green entrepreneurship; development of eco-projects as part of the Corporate Social Responsibility (CSR) concept as well as compensation and recycling policies; development of eco-tourism (Siscan, 2015).

Green economy

The ecologization megatrend has become a base and the context for the Green Economy concept. It dates back to 1992 when the Declaration of Rio de Janeiro on Environment and Development was adopted which in turn included a program and a plan of action for sustainable development in the 21st century as well as envisioned achieving two main objectives, i.e. high-quality environment and a healthy economy for all the peoples of the world. According to the definition of Green Economy elaborated by the United Nations Environment Programme (UNEP) it represents “a system of economic activities related to the production, distribution and consumption of goods and services that result in improved human well-being over the long term, while not exposing future generations to significant environmental risks and ecological scarcities” (Demuth, 2014). The Organization for Economic Cooperation and Development (OECD) posits green economy as the economic development model based on sustainable development and knowledge economy environment. The notion of green economy is the part of the concept of sustainability, emphasizing the importance of taking into account the interactions between the economy, society and the environment. European Environment Agency defines a “green economy” as the one in which policies and innovations enable society to use resources efficiently, enhancing human well-being in an inclusive manner, while maintaining the natural systems that sustain the humanity, people all over the world (EEA, 2016).

The definitions of Green Economy developed by different international organizations generally highlight such objectives as improving resource-use efficiency (e.g. use of energy, water and other material inputs); ensuring ecosystem resilience (protecting the natural environment, its ecosystems' structures and flows of ecosystem services), and enhancing social equity (promoting human well-being). Under the condition of global world market development, we emphasize the fact that green entrepreneurship is an essential component of green economy as a concept and as a reality.

Green entrepreneurship

The term “green entrepreneurship” stems from Berle's 1991's work (Berle, 1991) and derives from the combination of the main characteristics of the entrepreneurship itself – innovation, risk, a brand new business idea, and the ecological and social engagement of those who do business (Gevrenova, 2015). Definitions of “green entrepreneurship” vary, being generally associated with “green” (Berle, 1991), “eco entrepreneurship” (Schaper, 2002) and “sustainopreneurship” (Dean & McMullen, 2007). Arun Sehgal, Managing Director CHEMPRO Group, commented on Green Entrepreneurship as an entrepreneurial journey to optimize the returns on economic, social and environmental capital invested (Sehgal, 2016). According to the GREENT project implementors, “green entrepreneurship is the activity of consciously addressing an environmental/social problem/need through the realization of entrepreneurial ideas with a high level of risk, which has a net positive effect on the natural environment and, at the same time, is financially sustainable” (GREENT Project, 2012).

3. The priorities of the European Union under the Ecologization Impact

Ecologization trend relates to the vision, main goals, objectives, targets, and reports on those plans implementation. At the state level it can be tracked in the country strategy (-ies), action plans, whitepapers as well as intermediary and final reports on their implementation. Such large-scale documents highlight the importance of the country's (a group of countries') transition to green economy and outline particular steps/measures to be taken during a certain period.

Having proceeded from the fact that the Republic of Moldova is on its way of the integration into the European Union (in 2014 the Association Agreement was signed), it is strategically significant to reveal the priorities of the European Union under Ecologization megatrend as far as the Strategies of the Republic of Moldova are elaborated in correlation with them. Among such type of documents that are under implementation, the Europe 2020 Strategy is the key one. The Europe 2020 is a strategy for smart, sustainable and inclusive growth. It highlights three main priorities: smart growth (developing an economy based on knowledge and innovation), sustainable growth (promoting a more resource efficient, greener and more competitive economy), and inclusive growth (fostering a high-employment economy delivering economic, social and territorial cohesion) (Europe 2020 Strategy, 2010). The strategy focuses on five ambitious goals in the areas of employment, innovation, education, poverty reduction and climate/energy. The targets of the EU by 2020 include, among others, the following ones: climate change and energy sustainability, 20% greenhouse gas emissions reduction, 20% of energy from renewables, and 20% increase in energy efficiency. Another important paper in this respect is “Towards a Green Economy in Europe: EU Environmental Policy Targets and Objectives 2010-2050” study, which provides the details on the current situation in EU states, the vision for development and the targets in the area till 2050 (EEA, 2013). The outline of the EU-funded projects in the area of heating and cooling (Arla Fytrou-Moschopoulou, 2016) allow understanding of energy efficiency and renewable energy priorities in EU. In the very context, the Horizon 2020 Programme for research and innovation (2014-2020) and Intelligent Energy Europe (IEE) Programmes

have to be mentioned as well. The 2030 Framework for climate and energy covers the EU-wide targets and policy objectives for the period of 2020-2030 that aim to help the EU to achieve a more competitive sustainable energy system and to meet its long-term 2050 greenhouse gas reductions target. Besides, the targets for 2030 are as follows: a 40% cut in greenhouse gas emissions compared to 1990 levels, at least a 27% share of renewable energy consumption, and about 27% energy savings compared with the business-as-usual scenario (The 2030 Climate and Energy Framework). Innovation is paid particular attention in the Europe 2020 strategy as the best means of successful dealing with the main challenges that a modern society faces with such as health and ageing, energy and resource scarcity, climate change etc. In this respect, the “Europe 2020 Flagship Initiative Innovation Union” paper is worth considering too.

4. The Elements of Green Economy in the Republic of Moldova

The efforts aimed at taking effective measures to transit to a green economy as applied to the Republic of Moldova base on a number of state level strategies, action plans, and whitepapers. They are developed in cooperation with and on the basis of technical and consultancy support of the international community/donors (EU leading them). Among the nationwide documents in the field, one may refer to the following ones as those of strategic importance. Moldova 2020 Strategy, Environmental Strategy For The Years 2014-2023; Small and Medium Enterprise Sector Development Strategy for 2012-2020; Innovational Strategy of the Republic of Moldova for 2013-2020 “Innovations for Competitiveness”; the National Programme for Energy Efficiency 2011-2020; National Strategy on Agriculture and Rural Development for the Period 2014-2020; the National Action Plans in Energy Efficiency and Renewables areas for 2013-2020. Eco-Labeling of the Priority Groups – PVC Sustainable Windows and Doors and Organic Fruits and Vegetables takes part of the Programming of the European Neighbourhood Instrument (ENI) – 2014-2020 is of a Single Support Framework for EU support to the Republic of Moldova (2014-2017). The Council of Europe Action Plan for the country for the period of 2017-2020 is one of such documents, which contribute to bringing Moldovan legislation, public and private sectors players' actions in line with European standards.

The Republic of Moldova is rather active in its response to Ecologization realia, its actions being widely supported by the European Union initiatives, including the long-term projects, technical assistance programs, grants as well as by other donors (UNDP, USAID etc.). The numbers of the programs and projects funded by international donor entities, and mostly by the European Union, in the Republic of Moldova are impressive. The selected list of them includes the following projects. Moldovan Residential Energy Efficiency Financing Facility (MoREEFF), which provides assistance in the Housing policy and administrative management sector (2011-2018). Budget support program in the energy sector (2012-2017), supports the Government of Moldova in implementing reforms in the energy sector, with a particular focus on security of supply, energy efficiency and renewable energy. AT-SPSP Energy Project (2012-2017) in support for the energy sector reform. Ungheni-Chisinau Natural Gas Pipeline construction related project for 2012-2019. ESCO Moldova – Transforming the market for Urban Energy Efficiency in Moldova by introducing Energy Service Companies (2015-2018). EU Program

“Competitiveness of Enterprises and SMEs” (COSME), 2014-2020. The project on Interconnection of power systems of Moldova and Ukraine to the European network of electro energetic operators (2013-2016). Rehabilitation of the water supply system in the Municipality of Nisporeni, Republic of Moldova (2010-2016), implemented in water supply and sanitation systems sector. Sustainable Urban Demonstration Projects (SUDeP), 2014-2018. Food Safety programs by GIZ and others.

There are numbers of projects that contribute to Ecologization related issues solution, funded by non-EU international donors in cooperation with the EU ones. Moldova Energy and Biomass Project (2011-2017), funded by UNDP and EU. Agricultural Competitiveness and Enterprise Development Project (ACED), 2011-2016, funded by U.S. Agency for International Development (USAID). The EaP Green Programme, financially supported by the European Union and other bilateral donors, and is jointly implemented by four international organizations, i.e. OECD, UNECE, UN Environment, and UNIDO. The UNDP/GEF project “Strengthening capacities to undertake the environmental fiscal reform to meet national and global priorities”, implemented by UNDP and the Ministry of Environment of the Republic of Moldova, and funded by the Global Environmental Facility (GEF). The Program on Sustainable Green Cities – Catalyzing Investment in Sustainable Green Cities in the Republic of Moldova Using a Holistic Integrated Urban Planning Approach, funded by the UNDP, approved for implementation in July 2017, which will catalyze investments in low carbon green urban development.

As it is seen from the brief outline exposed above, the main sectors of green economy, which are in active current development in the Republic of Moldova, are the energetic sector and the agricultural one. In the energetic sector, the focus is on the bioenergy issues. The renewable energy resources are also in agenda. In agricultural sector, the accent is put on eco-agro-food industry, the latter being regulated by the Law No. 115 (09.06.2005). These sectors may be considered as those of real perspective as they benefit from the most of investment in green economy projects. Such sector as eco-tourism, however, is of vague perspective, because it is just mentioned in the Strategy for Tourism Development in Republic of Moldova “Tourism – 2020” as domain of future priority (Platon, 2014) but neither the specific strategy nor the financial instrument has been initiated to make it real.

Having referred to such a component of green economy as green entrepreneurship, one may argue that its perspective is the same unclear, although it is possible to register some advance in its institutional framework development. Thus, for instance, due to the Eastern Partnership Green Programme, the situation on SMEs in a green economy that is developing in Eastern partner countries has been studied. As an outcome, it has been revealed that „most countries have environmental policies for SMEs included in government strategies (commonly referred to as „green economy strategies’). They are accompanied by action plans in Armenia and Moldova. Such strategies generally promote resource-efficient and cleaner production as well as eco-innovation and green products but nowhere do they set measurable targets and timeframes for their achievement” (OECD/European Union/EBRD/ETF, 2015, p.189). In the Report it has also been mentioned that the implementation of those policies “almost fully relies on donor funding,

with only a small contribution of budgetary resources...Financial incentives in Armenia, Georgia and Moldova are in the early stages of development and are limited to certain tax privileges and access to finance at below-market interest rates. There is a big gap in providing SMEs with sector-specific guidance on environmental compliance and green business practices” (ibid.). At the same time, one may register a certain dedication of Moldovan government to green economy, including green entrepreneurship, development. As it is emphasized in the same Report, “the government is currently in the process of revising several strategic documents to introduce instruments to facilitate the transition to a green economy. The “SME Sector Development Strategy for 2012-2020” and its 2015-17 action plan are being complemented by actions to promote the greening of SMEs” (OECD/European Union/EBRD/ETF, 2015, p.318; Moldova 2020).

5. Conclusion

Given the importance of the already accumulated experience in the European green economy strategic development and, at the same time, taking into account the specifics of Moldova, an extensive research should be done in order to analyze and identify the clear perspectives as well as eventually realize the potential of green economy development in the Republic of Moldova. It is also necessary to reveal those kinds/types of green entrepreneurship that worth the most to be applied in Moldova, leaning on the best national and international practices highlighted in the related research papers and practices as well as taking advantage of the local peculiarities. This will contribute to the elaboration of realistic suggestions for the future specialized country strategy in the field.

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