



# INTRODUCING THE EU SINGLE MARKET FOR GREEN PRODUCTS INITIATIVE IN GEORGIA

## CONTEXT

The European Union Single Market for Green Products (SMGP) initiative is introduced in Georgia by the United Nations Industrial Development Organization (UNIDO) within the EU-funded EU4Environment Action. The purpose of the Action is to support the development of a Green and Circular Economy in Georgia and other Eastern Partnership countries and to provide valuable information related to the SMGP and the Product Environmental Footprint (PEF) methodology.

This leaflet is part of the PEF-dedicated resources, created with the purpose to help promote environmentally-friendly practices in Georgia.

## 01 WHAT IS THE SINGLE MARKET FOR GREEN PRODUCTS (SMGP)?

Georgian companies wishing to market their products as environmentally-friendly usually face difficulties when measuring and comparing their environmental performances, due to the lack of a unified system of methods and procedures. To establish a fair and equal level playing field when it comes to environmental communication, in the European Union (EU), between 2013 and 2018, the European Commission introduced the Single Market for Green Products (SMGP) initiative. Within it, over 280 volunteering companies and organizations learned about the requirements needed to calculate environmental footprint through either the Product Environmental Footprint (PEF) or the Organization Environmental Footprint (OEF).

The PEF methodology is a multi-criteria measurement of the environmental performance of a good or service throughout its life cycle. PEF information is produced with the purpose to reduce and/or communicate the environmental impacts of goods or services, covering their entire life cycle (from the extraction of raw materials, through production and use, and the final disposal of waste).

In brief, PEF is the EU-recommended method, based on the Life Cycle Assessment (LCA), to quantify the environmental impacts of a product or service. PEF is a means of conducting LCA, but with an added strength to deliver more consistent, reliable, and reproducible results. This is because the PEF methodology provides concrete rules which reduce freedom of interpretation and foster stringent requirements on data quality and verification.

## 02 HOW PREPARED IS GEORGIA TO ACCESS THE SMGP?

Following the Association Agreement signed between Georgia and the EU<sup>1</sup> in 2014, the country assumed the obligation to align its national values to those of the EU by meeting international requirements and adopting appropriate local legislation. In this sense, the emphasis on environmental protection, the adoption of EU standards to mitigate climate change, and the reduction of waste and emissions have all been essential in promoting a green and circular economy in Georgia.

Article 19 of the Georgian Law on Environmental Protection<sup>2</sup> established an eco-labelling system to grant a mark for ecologically clean products, but it was withdrawn in 2011 due to governmental restructuring. Even though the responsibility for eco-labelling initiatives was not assigned to any specific Ministry, the Environmental Information and Education Centre of the Ministry of Environmental Protection and Agriculture continues to facilitate eco-labelling systems and eco-standards. In 2019, the Ministry introduced a new regulation for quality marks<sup>3</sup> in agricultural products.

Currently, certification aspects are organised based on the regulation on bioproduction, approved by the Government Decree N198 on 30 July 2013<sup>4</sup>. According to it, a certificate of conformity can be provided only by a Certification Body that is accredited by either a National or International Accreditation Body. In Georgia, this function belongs to the National Accreditation Centre which is under the management of the Ministry of Economy and Sustainable Development.

In the promotion of environmentally-friendly or green products, the Georgian stakeholder ecosystem consists of public authorities, expert institutions, export-oriented manufacturing companies, and national or international organizations. Nevertheless, the creation of public groups of stakeholders should be based on institutional regulations and investments in intra-cluster cooperation. As the work to promote export-oriented products is a dynamic enterprise, the engaged institutional stakeholders should be committed to empowering export-oriented companies by strengthening public-private dialogue and building the necessary capacities. In this sense, the promotion of PEF methods among Georgian manufacturing companies can help increase export capacities and allow local manufacturers to compete in the growing markets of environmentally conscious products.



## 03 WHAT DOES PEF MEAN FOR GEORGIAN COMPANIES?

PEF enables enterprises to effectively improve the sustainability of their supply chain. A PEF study will provide valuable insights into the most impactful ingredients, processing steps, or life cycle stages of a product. It is, therefore, the perfect starting point to reduce the negative impact on the environment (for instance, by rethinking the design, closing resource loops, or giving by-products a new purpose).

Besides offering datasets, impact indicators, and calculation rules, Product Environmental Footprint Category Rules (PEFCRs) also give general rules to product groups, so companies can benchmark the progress of their products within specific categories. In turn, enterprises can better understand their environmental performance and compare it to competitors (Georgian and European). Benchmarking is also a powerful incentive to build a reputation and create sustainable and environmentally-friendly goods and services that are appreciated in the everyday lives of consumers.

Hence, being a good environmental performer, especially in a market as dynamic and competitive as the EU Market, is an added value that can ensure good business prospects and sound strategies for any company. On the consumer side, making informed purchasing decisions has become a common practice in the European Union and around the globe. By comparing the performance of similar products or services, consumers can learn to trust new brands and make informed decisions.

## 04 WHAT ARE THE BENEFITS OF ENVIRONMENTALLY - FRIENDLY PRODUCTS?

Producers can stand out against competitors by offering environmentally-friendly products, which provide reliable information in terms of environmental value. By preparing and delivering products or services in a responsible way, service producers can gain customer recognition for their commitment to sustainability. This, in turn, can lead to stronger employee attachment due to a positive attitude towards the environment. Additionally, offering environmentally-friendly products can result in economic benefits through more efficient processes and well-thought-out sustainability initiatives.

Producers can also benefit from environmentally-friendly products through increased sales, as end consumers prefer or demand sustainability credentials for products. This means that producers offering such products can attract more environmentally conscious consumers. Furthermore, the availability of environmentally-friendly products can result in increased buyer loyalty, as they are more likely to return to a business that aligns with their values and beliefs.

Environmentally-friendly products have numerous benefits for communities, as they can help reduce environmental impact through improved processes (resulting in less waste and increased recycling efforts). By promoting environmentally responsible activities, these products can also raise awareness about the importance of sustainability. Additionally, by providing sustainability information through labeling, service producers can make it easier and more cost-effective for consumers to obtain this information, further encouraging environmentally responsible purchasing decisions. Overall, the use of environmentally-friendly products can help communities achieve a more sustainable future.



## 05 HOW DOES EU4ENVIRONMENT PROMOTE PEF?

Currently, in the Eastern Partnership (EaP) region, the PEF methodology is promoted by UNIDO through the EU-funded EU4Environment Action. Here, among others, the planned work includes mapping existing practices and barriers to introducing PEF; comparing those to the available labelling schemes; raising awareness and understanding of the opportunities and benefits of the SMGP initiative through PEF; and leading the way to pilot and promote PEF in selected EaP industries.

The Action will make the local stakeholders more aware of the potential benefits and impact of applying PEF; create local capacity in the EaP region; help the national industries be better prepared for potential policies involving PEF; and provide learning opportunities for local experts by using pilot studies and making concrete suggestions for more sustainable production. In addition, UNIDO will include local awareness and capacity-building activities that contribute to the broader support of the greening efforts and policies in Georgia.

## ABOUT EU4ENVIRONMENT

The EU-funded EU4Environment Action aims to help the EaP countries preserve and better use their natural capital, increase people's environmental well-being, and stimulate greener economic growth. Its initiatives help deliver policy and legislative changes, make planning and investment greener, and stimulate the uptake of innovative technologies by adopting new business models and creating green jobs. Within it, UNIDO is responsible for the following outputs under Result 2, "Circular Economy and New Growth Opportunities":

### Scaling up Resource Efficient and Cleaner Production (RECP) among Small and Medium-sized Enterprises (SMEs) through

- Capacity building and awareness about resource efficiency in industry
- RECP assessments for manufacturing SMEs
- Establishing RECP Clubs of enterprises
- Evaluating the feasibility of applying the Eco-Industrial Parks framework at existing industrial sites
- Developing Industrial Waste Maps in selected regions

### Introducing and promoting the concepts and tools of the SMGP initiative and PEF methodology through

- Mapping barriers and opportunities for PEF
- Promoting SMGP awareness
- Building capacity for PEF application
- Piloting PEF in selected SMEs

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[1] Source: [https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830\(02\)](https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830(02))

[2] Source: <https://matsne.gov.ge/ka/document/view/33340?publication=6>

[3] Source: <https://mepa.gov.ge/Ge/Page/Standards>

[4] Source: <https://matsne.gov.ge/ka/document/view/2163899?publication=0>