



THE EU SINGLE MARKET FOR GREEN PRODUCTS EXPLAINED FOR GOVERNMENT INSTITUTIONS IN GEORGIA



BACKGROUND

Within the European Union (EU)-funded EU4Environment Action, the United Nations Industrial Development Organization (UNIDO) is promoting the EU Single Market for Green Products (SMGP) initiative and its Product Environmental Footprint (PEF) in the Eastern Partnership (EaP) region. PEF is a methodology that helps companies measure the environmental performance of their products and position themselves with confidence in the market of sustainable products. In Georgia and other EaP countries, UNIDO is also focusing on mapping existing practices and barriers to implement PEF (and comparing those to the available labelling schemes), as well as raising awareness and understanding of the opportunities and benefits of the SMGP initiative to pave the way for piloting and promoting PEF in selected industries.

This leaflet is part of the PEF-dedicated resources created under EU4Environment to help promote environmentally-friendly practices in Georgia.

THE EU SINGLE MARKET FOR GREEN PRODUCTS

The European Commission (EC) introduced the EU Single Market for Green Products initiative¹ in 2013 to help foster a fair level playing field in the communication of environmental impacts for products or companies entering the European Union market. The initiative includes the use of the Product and Organization Environmental Footprint (PEF and OEF) methods which help companies substantiate the claims of being environmentally friendly. In turn, the methods help ensure that enterprises follow a unified approach to assess the environmental impact of their products, while raising the awareness of consumers on topics related to environmental protection and providing them with correct information. This way, the EU SMGP initiative also aims to promote environmentally responsible economic growth.

PRODUCT ENVIRONMENTAL FOOTPRINT (PEF)

The PEF¹ method ensures a fair competition among manufacturers and improves the comparability and communication of the environmental performance of products. The EC proposed the PEF method as the default way to evaluate and measure the environmental impacts of products throughout their life cycle (from the extraction of raw materials to their production, transportation, use, and disposal of waste). The PEF methodology also helps calculate the environmental impact of a product, based on a total of 16 different impact categories (such as climate change, acidification, eutrophication, the use of resources, and so on)².

The results from the various impact categories are then standardized and multiplied by weighting variables to provide a single performance score. Together, these form the product's PEF profile. Product Environmental Footprint Category Rules (PEFCRs) are afterwards used to allow for a more precise modelling and to ensure comparability and benchmarking among products within the same product category.

LIFE CYCLE THINKING AS A PATH TOWARDS SUSTAINABILITY

Life Cycle Thinking (LCT)³ is a holistic approach for considering the environmental impact of products beyond the manufacturing process. This is because LCT focuses on enhancing sustainable practices by

improving the production processes. This results in a smaller environmental impact and the minimization of resource use.

Within it, LCA (Life Cycle Assessment) is an analytical and systematic method used for evaluating the potential environmental aspects of a product through all stages of its life cycle.

LCA is also quantitative approach of LCT. The PEF and OEF methods (introduced under the EU SMGP initiative) are designed to measure the environmental performance of products and organizations by applying LCA.

THE ROLE AND POTENTIAL BENEFITS OF PEF FOR THE GEORGIAN GOVERNMENT

National initiatives for strategic development

Policy changes and strategic direction: Currently, Georgia does not have a national strategic framework for promoting green practices (in particular, environmentally-friendly labelling). Such a supporting document is essential to outline the specific goals, targets, measures, and incentives for promoting the benefits of "green" or environmentally-friendly labels within Georgian industries. Sectoral trade associations and unions also need to play a bigger role in developing guidelines for relevant labels and to promote their benefits in the business community.

To ensure the success of such an initiative, it is recommended to include a diverse group of stakeholders and incorporate evidence-based policies with timely and reliable data. These aspects would improve the national strategic framework for environmentally-friendly labelling and provide a clear and comprehensive approach to promoting the use of labels, helping the country to effectively address its environmental priorities and achieve a green and circular economy.

Monitoring and evaluation: It is essential to create a strong monitoring and evaluation system, tracking both progress indicators and key performance indicators. To achieve optimal results, an executive body should also be formed by engaging relevant stakeholders from key industrial clusters.

Legislative changes: The field of green or environmentally-friendly labelling started to develop near the end of first decade of the 21st century, when a labelling system for agricultural products was introduced in the country. Currently, there are authorized supervisory state bodies which represent the cornerstone for the core development of this sector. Still, it is recommended to harmonize the legislation covering the ecological sphere in Georgia to ensure synergies between norms and policy documents. General ecological standards should also be applied to labels such as "organic," "environmentally-friendly," "green", etc., beyond organic farming methods and requirements. Based on the local legislation under the Government resolution N 198 (July 30, 2013)⁴ on biological production (in accordance with the EU regulations)⁵ and the Code for Food Products/Animal Feed Safety, Veterinary and Plant Protection Code⁶, the systematic implementation of ecological or sustainable product labelling still lacks coherence and standardized norms. This is regardless of the destination of such products, be they for local consumption or export. In addition, legislation and administrative foundations for environmentally-friendly labeling of non-agricultural products, services, and organizations should also be established. This initiative should be in line with the best practices gathered from various countries where the concept is well established and developed.

Capacity Building

To effectively establish and promote sustainable practices, it is crucial to empower relevant government agencies in creating a supportive environment for this endeavor. Capacity building plays a vital role in ensuring the long-term success of sustainable initiatives. It should encompass all key stakeholders, including industry, academia, civil society, and the Government, and be tailored to meet their specific needs and contexts. Capacity-building initiatives should also include elements such as the development and implementation of environmentally-friendly labelling practices. These aim to identify and promote sustainable products and services. Additionally, it is important to foster synergies between ongoing projects within the country, enabling collaboration and shared learning among stakeholders.

Another crucial need is to empower accreditation and certification bodies. These organizations play a pivotal role in evaluating and endorsing sustainable practices, providing assurance to consumers and the market.

Furthermore, providing training on labelling standards and requirements is equally essential. This will enhance the knowledge and understanding of stakeholders regarding the criteria and expectations associated with sustainable labelling. Moreover, technical assistance should be provided to support the implementation of environmentally-friendly labelling systems. This can help stakeholders navigate the complexities and challenges involved in adopting sustainable practices that align their commitments towards a Circular Economy path.

Awareness raising

To effectively increase awareness about environmentally-friendly labelling in Georgia, a carefully planned and comprehensive approach is necessary. This involves strategic planning and the implementation of activities that can effectively reach and engage the intended audiences, fostering long-lasting impact. For this purpose, several key steps should be considered.

Firstly, baseline studies must be conducted. These help to understand the underlying factors driving consumer behaviour, identify the target audiences, and gain insights into current consumption patterns. Building on the obtained information and knowledge, the subsequent awareness-raising efforts can be tailored to effectively address specific needs and preferences.

Secondly, it is vital to establish a strong digital presence. In today's digital era, leveraging online platforms and channels is a powerful way to engage with a wide range of individuals. Developing a robust digital strategy, including a user-friendly website, active social media presence, and relevant online content, can help disseminate information about environmentally-friendly labelling and the potential benefits of PEF, and encourage meaningful engagement.

Collaboration with influential organizations and stakeholders is another important aspect. By partnering with organizations that have a significant impact on public opinion and behaviour (such as environmental groups or sustainability-focused institutions) the reach and credibility of awareness campaigns can be amplified.

Furthermore, it is crucial to align existing campaigns with current policymaking efforts. By coordinating with ongoing initiatives that promote sustainability and environmental awareness, the information on potential benefits of PEF and SMGP can be reinforced and integrated into broader sustainability agendas. This alignment ensures a cohesive and unified approach, maximizing the impact and effectiveness of awareness-raising activities.

Support mechanisms

Synergies between support mechanisms: To ensure the successful establishment of environmentally-friendly labelling, various projects in energy efficiency, organic agriculture, etc., (that have already been implemented or are ongoing) could be employed. These examples could help create the necessary preconditions to boost synergies. Here, the Government Programme for 2021-2024⁷ clearly underlines the Government's long-term vision in supporting the development of a green economy. Nevertheless, specific support programmes are essential to promote green practices among entities.

Financial incentives: To create favourable conditions for the development of environmentally-friendly labelling in Georgia, incentives should be provided

to businesses with a history of environmental responsibility. Additionally, close cooperation between the Government, business support organizations, and financing institutions should be established to incorporate labelling, green practices, and resource efficiency considerations into current financial products. As well, environmental tax incentives (such as reduced tax schemes for resource efficient and cleaner production (RECP) technologies) can also be designed and assessed, as well as support programmes in the form of subsidies, co-financing advisory, or consultancy services to establish and adopt environmentally-friendly labelling practices in Georgia.

HOW DOES EU4ENVIRONMENT PROMOTE PEF?

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.

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 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 "green" efforts and policies.

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[1,2] Source: https://green-business.ec.europa.eu/environmental-footprint-methods_en

[3] Source: <https://eplca.jrc.ec.europa.eu/uploads/LCT-Making-sustainable-consumption-and-production-a-reality-A-guide-for-business-and-policy-makers-to-Life-Cycle-Thinking-and-Assessment.pdf>

[4] Source: <https://matsne.gov.ge/ka/document/view/1978999?publication=0>

[5] Source: <https://eur-lex.europa.eu/EN/legal-content/summary/eu-rules-on-producing-and-labelling-organic-products-from-2022.html>

[6] Source: <https://matsne.gov.ge/en/document/view/1659434?publication=15>

[7] Source: https://www.gov.ge/files/41_78149_280277_GP.pdf