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# THE EU SINGLE MARKET FOR GREEN PRODUCTS EXPLAINED FOR GOVERNMENT INSTITUTIONS IN ARMENIA



## BACKGROUND

Within the European Union-funded EU4Environment Action, the United Nations Industrial Development Organization (UNIDO) is promoting the EU Single Market for Green Products (SMGP) initiative and the Product Environmental Footprint (PEF) instrument in the Eastern Partnership (EaP) region. PEF is a methodology that helps companies measure the environmental performance of their products and position with confidence in the market of sustainable products. In Armenia and other EaP countries, UNIDO is also focusing on mapping existing practices and barriers to implementing 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 the country. It outlines the SMGP for institutions and professionals in the country, and it presents the SMGP readiness, prerequisites, roles of expert institutions, and potential benefits for implementing PEF in the Republic of Armenia.

## THE EU SINGLE MARKET FOR GREEN PRODUCTS

The European Commission introduced the EU Single Market for Green Products initiative<sup>1</sup> 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 also 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 impacts 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 PEF<sup>2</sup> method ensures a fair competition among manufacturers, and improves the comparability and communication of the environmental performance of products. The European Commission (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). The PEF methodology also helps calculate the environmental impact of a product, based on a total of 16 different impact categories. Such categories include climate change, acidification, eutrophication, the use of resources, and so on.

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)<sup>3</sup> is a holistic approach to considering the environmental impact of products, beyond the manufacturing process. This is because LCT focuses on enhancing sustainable practices by improving production processes. This results in a smaller environmental impact and the minimization of resource use.

Here, 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.

## THE LIFE CYCLE ASSESSMENT (LCA) COMPONENT

Life Cycle Assessment (LCA) is also a quantitative approach to Life Cycle Thinking. The PEF and OEF methods (introduced under the EU SMGP initiative) are designed to measure the life-cycle environmental performance of products and organizations by applying LCA.

## THE PATH TOWARDS SUSTAINABILITY

The involvement of policymakers, environmental institutions, design operations, and product design specialists is necessary to pave the way towards a sustainable and circular economy. In turn, this will help ensure that products are developed and used in an environmentally-friendly and sustainable manner.

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## ROLE AND POTENTIAL BENEFITS FOR THE ARMENIAN GOVERNMENT

### National initiatives for strategic development

**Policy changes and strategic direction:** Currently, Armenia does not have a national strategic framework for promoting green practices (in particular, environmentally-friendly labelling). Such an important supporting document is essential to outline specific goals, targets, measures, and incentives for promoting the benefits of "green" or "eco-labels" within Armenian industries. Sectoral trade associations and unions also need to play a major role in developing guidelines for relevant labels and in promoting 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 collection and analysis. These aspects would improve the national strategic framework for environmentally friendly labelling and provide a clear and comprehensive approach to promoting the use of green labels, helping the country effectively address its environmental priorities and achieve a green and circular economy.

**Monitoring and evaluation:** To ensure the successful implementation of policy and strategic initiatives, it is essential to create a strong monitoring and evaluation system, tracking both progress indicators and key performance indicators (KPIs). To achieve optimal results, an executive body should be formed by engaging stakeholders from key industrial clusters.

**Legislative changes:** The field of green or environmentally-friendly labelling started to develop in 2008 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 the sector. Still, it is recommended to harmonize the legislation covering the ecological sphere in the RA to ensure synergies between norms and policy documents. General ecological standards should also be applied to labels such as "organic," "environmentally friendly," "green" etc., rather than solely relying on organic farming methods and requirements. Additionally, the legislation and administrative basis for environmentally friendly labelling for non-agricultural products, services, and organizations should be established, in line with best practices coming from various countries where the concept is well established and developed.

**Green public procurement:** Implementing green public procurement requires careful planning, such as determining the scope, setting priorities and targets, as well as providing training for staff, and monitoring performance. In this sense, the OECD's work on sustainable public procurement (SPP) within a previous programme (EaP GREEN, 2017) can be used as a reference to stimulate a better environmental and social performance of products and market-driven product information tools like eco-labelling. Here, Armenia needs to support the use of PEF for LCA assessments and labelling to improve product performance, stimulate the demand and supply for green products, and help consumers make informed choices. The Armenian Government can also take advantage of the findings on SPP and work closely with international organizations that support the effective implementation of the PEF for LCA as part of a SPP component. This would help increase the demand for both sustainable goods as well as improved environmental performance in products and services.

### Capacity building

To successfully establish and promote sustainability practices, it is important to empower relevant Government agencies to create an ecosystem conducive to this development. Here, capacity building is essential for the long-term success of PEF and should involve all relevant stakeholders (including industry, academia, civil society, and the Government). Capacity-building initiatives should also be tailored to the specific needs and contexts of each stakeholder group. Specific elements should include the design and implementation of eco-labelling practices, means to ensure synergies between ongoing projects in the country, ways to empower accreditation and certification bodies, provision of training on environmentally-friendly labelling standards and requirements, and of technical assistance to help implement the labelling systems that support the commitment towards sustainability and circular economy goals.

### Awareness raising

To effectively raise awareness of environmentally-friendly labelling in Armenia, it is important to carefully plan and execute a range of activities that help reach and engage target audiences and create long-term impact. This should include baseline studies to understand drivers, identify target audiences and understand their current consumption patterns, develop a robust digital presence, collaborate with influencer organizations, and align existing campaigns and policymaking efforts. Additionally, effective messaging should be designed to synthesize information from baseline studies and create targeted awareness-raising campaigns.

### Support mechanisms

**Synergies between support mechanisms:** To ensure the successful establishment of environmentally-friendly labelling, various projects (energy efficiency, organic agriculture, etc.) that have already been implemented and are still ongoing could be employed. These examples could help create the necessary preconditions to boost synergies, as effective synergies between knowledge creation, experience sharing, and the fulfilment of an expert base, are all essential to creating a strong impact on stakeholder groups. Here, the Government Programme for 2021-2026 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 Armenia, 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 emission-reduction technologies) can also be designed and assessed, as well as support programmes in the form of subsidies or co-financing advisory and consultancy services to establish and adopt eco-labelling practices in the Republic of Armenia.

## HOW DOES EU4ENVIRONMENT PROMOTE PEF?

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 on the country.

[1] Source: [www.ec.europa.eu/environment/eusssd/smgrp/pdf/EF%20simple%20guide\\_v7\\_clen.pdf](http://www.ec.europa.eu/environment/eusssd/smgrp/pdf/EF%20simple%20guide_v7_clen.pdf)

[2] Source: [www.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](http://www.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)

[3] Source: [www.ec.europa.eu/environment/eusssd/smgrp/pdf/EF%20simple%20guide\\_v7\\_clen.pdf](http://www.ec.europa.eu/environment/eusssd/smgrp/pdf/EF%20simple%20guide_v7_clen.pdf)

[4] Source: [www.oecd.org/env/outreach/eapgreen-public-procurement.htm](http://www.oecd.org/env/outreach/eapgreen-public-procurement.htm)

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