

CIRCULAR ECONOMY PROGRAMME IN GEORGIA AND AZERBAIJAN ACCELERATING THE TRANSITION TO THE CIRCULAR ECONOMY – THE ROLE OF SMEs

The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended. In practice, it implies reducing waste to a minimum. A circular economy is a systemic approach to economic development designed to benefit businesses, society, and the environment. In contrast to the ‘take-make-waste’ linear model, a circular economy is regenerative by design and aims to gradually decouple growth from the consumption of finite resources. Circular development is a model of socially and environmentally responsible production and consumption that aims to build a sustainable society based on a circular model. The aim is to enable economies and societies in general to become more autonomous, sustainable and in tune with the issue of environmental resources.

Like with any systemic change, the transition to the circular economy requires several elements of the system to change simultaneously. Concerted actions by a host of stakeholders are needed. Governments at all levels, businesses, innovators, academia, investors and consumers all have to play their distinct roles and contribute to the process. Small and Medium Sized Enterprises (SMEs) can play an important role in creating circular businesses. The principal objective should be to succeed in identifying, conceptualising and developing circular business models and projects that are both sound and bankable, and congruent with a long-term development vision and strategy for the transition to the circular economy. These enterprises by their nature can identify various opportunities and grasp the circular thinking much faster than larger businesses. SMEs are the core of the supply chain to larger businesses and can swiftly embrace the circularity principles, to ensure circular business models become the best option for companies willing to gain competitive advantage and maintain their market share while aligning their goals with society’s goals.

The circular economy is a highly relevant concept for SMEs. Non-renewable natural resources are becoming scarce mostly due to: the growing global population, the growing wealth in upcoming economies and the rapidly reducing global stocks of these resources. This has resulted in rising prices and increased price volatility. This forces businesses, including SMEs, to use these resources more efficiently. Globalization, digital connectivity, accelerated consumption and disparate prosperity have combined with ecological decline, a lack of global sustainability governance and resource scarcity to transform the playing field for businesses. As a result, today’s global business environment is more complex, uncertain, volatile and fast-moving than ever before. The concept of circular economy provides inspiration for businesses, in particular for SMEs, to increase their resource efficiency. By adopting circular economy strategies and practices entrepreneurs can realize all sorts of different business benefits. These benefits depend on the adopted strategy, the degree to which the business processes are circular, the environment in which the company is active and the role of the company in the value chain.

The ongoing programme being implemented by the Georgian Society of Nature Explorers “Orchis” and supported by the Government of Sweden has been designed to raise awareness about circular economy and provide recommendations to various groups of stakeholders. The 7th Conference under the programme, which will be held in Tbilisi on 10th May 2022, has been designed to provide recommendations to the SMEs from Georgia and Azerbaijan on how to incorporate circularity principles in their current activities and future development plans.