

## **CIRCULAR ECONOMY PROGRAMME IN GEORGIA**

### **ACCELERATING THE TRANSITION TO THE CIRCULAR ECONOMY – THE ROLE OF FINANCIAL SECTOR**

The transition to a circular economy requires a radical change in the way we produce and consume. In a circular economy, products are designed for durability, upgradeability, reparability and reusability, with a view to reusing the materials from which they are made after they reach the end of their life. In the use phase, products are managed with a view to maximizing their utilization capacity and extending their useful life, thus maintaining their value for as long as possible. This is made possible by companies that develop new business models generating revenue streams from services rather than products while making a more efficient use of resources and/or giving new value to end-of-life products and materials. Consumers use products efficiently and discard them in such a way that they can be reused or, if this is technically or economically unfeasible, recycling operators turn them into secondary materials that can enter a new production-consumption cycle. This needs to be supported by the whole system, from enabling technologies and infrastructures to a form of market organization that facilitates collaboration along and across value chains and a form of governance and regulation that encourages companies to adopt circular approaches to social norms that make the circular production-consumption patterns socially preferable. This paradigm is in contrast with the linear economy which is based on the take-make-use-discard model. This is a model which maximizes the amount of products produced and sold but does not focus on preserving the materials. Such an approach prevents effective collaboration along value chains and stimulates the throw-away consumer culture with its noxious environmental consequences.

The potential economic benefits arising from using less energy and material inputs, combined with the commercial opportunities created by new technologies and emerging business models have attracted business interest in the circular economy worldwide. In this context, there have been a range of business initiatives and partnerships creating a momentum around the circular economy. The role of business in the transition to a circular economy is undisputed. On the one hand, sustainable development will be impossible without new and circular business models. On the other hand, environmental stress associated with the resource-intensive ‘business as usual’ causes increased business risks and costs, eventually jeopardizing profits and growth in the future.

The circular economy presents a multi-trillion-dollar economic opportunity. Shifting towards a circular economy model will not only deliver climate and other environmental and social benefits, but also provide significant new and better growth opportunities. For instance, adopting circular economy principles in Europe, in mobility, built environment, and food could offer annual benefits of EUR 1.8 trillion. Research suggests that if a circular approach were adopted in just five sectors (steel, aluminium, cement, plastic, and food), annual GHG emissions would fall by 9.3 billion tonnes of CO<sub>2</sub>e in 2050, equivalent to the reduction that could be achieved by eliminating all transport emissions globally. Now is the time for finance to capitalize on this momentum and help accelerate the circular economy transition. While the recent growth in financing is promising, far more capital and activity will be needed to scale the circular economy and fully seize its opportunity. All aspects of finance will play an important role in bringing forward the transition to a circular economy. Investors, banks, and other financial services firms have the scale, reach, and expertise to stimulate and support businesses to make the shift.

The ongoing program being implemented by CSO Georgian Society of Nature Explorers “Orchis” within the framework of “Keep Georgia Tidy” Project and supported by the Government of Sweden is likely to result in projects which will require financing to develop and implement them. The fourth conference under the program has been designed to provide recommendations and raise awareness about circular economy potential among financial institutions.