

CIRCULAR ECONOMY PROGRAMME IN GEORGIA

ACCELERATING THE TRANSITION TO THE CIRCULAR ECONOMY

EU circular economy policy puts the EU economy on the road to transformation to an economic system that uses natural resources in the most efficient way, preserves the value of materials and products by using them circularly, and reduces the negative impact of economic activities on the environment and health. The EU sees the circular economy as an opportunity for resource-poor Europe to secure access to vital resources, maintain global competitiveness and ensure a high quality environment for Europe and the world. Applying circular economy approaches can cut industrial emissions, reduce the production of and exposure to hazardous substances and contribute to climate change mitigation. With its truly symbiotic effects on the economy and the environment, the circular economy is a way of achieving certain UN sustainable development goals (SDGs).

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 ecosystem, 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.

Like with any systemic change, the transition to a circular economy requires several elements of the system to change simultaneously. The inertia and resistance of the current linear economic systems prevent the transition from occurring. Concerted actions by a host of stakeholders are needed. Government at all levels, businesses, innovators, academia, investors and consumers all have to play their distinct roles and contribute to the process.

The transition to a circular economy in the EU is at an early stage. The activities of economic operators are influenced by the systems that have been developed and optimized for the prevailing linear production and consumption systems. Regulations, markets, investment tools and practices, including financial risk assessment, are adjusted to linear models, and externalities linked to linear business models are largely not taken into account. This poses a problem for the emerging circular models, which have to contend with the challenge of accessing finance, as the financial sector sees circular projects as highly risky and often not bankable. It is crucial for transitional economies to take advantage to be at the forefront of development and leapfrog to the next stage of development which significantly accelerate the sustainability agenda.

The training program under the auspices of the Swedish International Development Cooperation Agency (SIDA) has been designed to raise awareness about circular economy and provide recommendations to various groups of stakeholder, including policy makers, financial institutions and project promoters how to accelerate the implementation of circular economy principles at various levels of economic activity. Particular emphasis has been put on recommendations to improve the conditions for financing circular economy projects, removing barriers and identify the main areas where incentives need to be provided.