



გარემოს დაცვისა და სოფლის
მეურნეობის სამინისტრო



Governance Reform Fund (GRF) Project

Supporting the Government of Georgia in Enhancing Governance & Policies for a Transition to a Circular Economy

Road Map for Developing Circularity Strategy in Georgia

Vision, Goals and Targets

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Content of Part I

- Basic outcomes of Mapping Circularity in Georgia
- Vision and Strategic Goals for Circular Economy Road Map
- Road Map: from Circularity Mapping to Circular Economy Strategy
- Methodology for Circular Economy Road Map



Basic outcomes of Mapping Circularity in Georgia

Georgia is 1.3% circular – leaving a significant circularity gap of more than – 98.7%.

- Annual crop production (agriculture)
- Permanent crop production and manufacture of food products (agriculture)
- Grape cultivation and wine making
- Animal husbandry and manufacture of food products
- Logging and wood products
- Fishery and fish processing
- Mining and quarrying (except oil and gas extraction)
- Construction
- Manufacture of basic metals

- Manufacture of other goods and products
- Electricity, gas, steam and air conditioning supply (Electric power generation, transmission and distribution/ Manufacture of gas; distribution of gaseous fuels through mains
- Sewerage; Waste collection, treatment and disposal activities; Waste utilization, remediation activities and other waste management services
- Wholesale and retail trade
- Transportation and storage
- Accommodation and food service activities

Prioritization of the Sectors of Economy

- **We tried to follow the initial task that envisaged selection of the priority sector out of the preselected 14. However, the main conclusion is that:**
 - ▶ all of the already preselected sectors have tangible resources for shifting towards the circular models of economy and no one of these sectors should be discarded during the developing CE transition strategy and action plans.
- **In fact, having selected 14 sectors of economy out of 90 registered by National Statistics Office of Georgia, we already defined the priorities. However, we can still say that:**
 - ▶ Agriculture is a very important sector for Georgia, and could be also accepted as the priority sector for CE transition, as actually 6 sectors out of the preselected 14 represent subsectors of Agriculture and their circularity rates vary from medium to extremely high.

Vision, Strategic Goals and Targets for Circular Economy Road Map

Strategic goals:

- Strategic goal is to become a regional leader and be close to European standards of circularity
- Improving regulations, raising awareness and creation of specific platforms for interaction of different stakeholders for creating enabling environment.

Targets:

- The target for coming 5/10 years will be to increase the level of circularity from current 1.3% up to 6.6%.
- The other target for coming 5/10 years will be to create enabling environment for further efficient transition to circular models of economy



Road Map: from Circularity Mapping to Circular Economy Strategy

- Road Map is a way from Circularity Mapping towards developing Circularity Strategy
- Road Map will define the priority direction for developing a circular economy
- Road Map will provide basic recommendations for preparation of the Circularity Strategy and Strategic Action Plan for Circular Economy
- Road Map will define short-term, mid-term and long-term targets and structure the recommendations in accordance with these targets



Methodology for the Road Map Development

- Preparation of the Work Plan for the Circularity Development Road Mapping
- Review of the Circularity Road Maps in other countries with similar features and structure of economy
- Development of the Draft Outline of the Road Map based on the results of Circularity Mapping



Content of Part II

► Short term goals

- Priority sectors and clusters
- Actions
- Key proponents (enablers)

► Midterm and Long-term goals

- Actions
- Key proponents (enablers)



Short term goals

- ▶ **Goal 1:** Further development of the Circular Waste Management Policies, Regulations and enforcement mechanisms
- ▶ **Goal 2:** Further development of renewable energy sources and the infrastructure rehabilitation projects to minimize energy losses
- ▶ **Goal 3:** Further development of the infrastructure to increase material productivity
- ▶ **Goal 4:** Further development of the municipal resources and services to increase material productivity
- ▶ **Goal 5:** Development of comprehensive policies to support the transition to circular economy
- ▶ **Goal 6:** Implementation of Circular Economy Pilot Projects

Short term goals - Goal 1

Further development of the Circular Waste Management Policies, Regulations and enforcement mechanisms

Clusters / sectors: priority sectors attributed to cluster 3.

Relates to Sectors:

- Manufacture
- Wholesale Trading
- Animal Husbandry and Manufacture of Food Products
- Logging and Wood Products
- Mining and Quarrying
- Manufacture of Basic Metals
- Accommodation and Food Service Activities



Objectives:

- Development of the Circular Waste Management Policies

Short term goals - Goal 1

Further development of the Circular Waste Management Policies, Regulations and enforcement mechanisms

Actions:

1. Expand the scope of EPR schemes, currently under implementation in Georgia, to additional products in order to raise funds for the waste collection and recycling of these products.
2. Use EPR schemes to encourage innovative business models with growing levels of circularity.
3. Develop regulations similar to the EPR or include in frames of EPR waste streams related to: animal remains, forestry wastes, mining wastes, tailing wastes, food wastes.

Key enablers:

- Ministry of Environmental Protection and Agriculture
- Environmental Protection and Natural Resources Committee of the Parliament of Georgia

Supporting Stakeholders:

- Sectoral Ministries
- Businesses representing the affected sectors

Short term goals - Goal 2

Further development of the renewable energy sources and infrastructure rehabilitation projects to minimize energy losses

Clusters / sectors: priority sectors attributed to cluster 1.

Relates to Sectors:

- Electric power generation, transmission and distribution
- Oil and gas production and transportation

► **Objectives:**

- Increase share of renewables in the energy structure of Georgia
- Rehabilitation of power transmission lines and minimization of losses
- Development of power storage facilities
- Rehabilitation of gas distribution lines and minimization of losses
- Development of the gas storage facilities



Short term goals - Goal 2

Further development of the renewable energy sources and infrastructure rehabilitation projects to minimize energy losses

Actions:

1. Develop strategy for Power Storage Facilities
2. Develop Power Storage related projects
3. Develop projects of rehabilitation of the power supply network and strategic mainlines
4. Develop a strategy for gas storage
5. Develop Gas Storage related projects
6. Develop projects of rehabilitation of the gas supply network and strategic mainlines
7. Implement National Renewable Energy Action Plan (NREAP)

Key enablers:

- Ministry of Economy and Sustainable Development
- Georgian State Electrosystem (GSE)
- Georgian Oil and Gas Corporation (GOGC)

Supporting Stakeholders:

- Sectoral Ministries
- Businesses representing the affected sectors

Short term goals - Goal 3

Further development of the infrastructure to increase material productivity

Clusters / sectors: priority sectors attributed to cluster 1.

Relates to Sectors:

- Annual crop production
- Permanent Crop Production
- Grape cultivation and wine making

► **Objectives:**

- Rehabilitation of the irrigation system



Short term goals - Goal 3

Further development of the infrastructure to increase material productivity

Actions:

1. Implement Irrigation Strategy for Georgia
2. Implement the rehabilitation and modernization projects related to the Irrigation System of Georgia
3. Implement capacity building projects and develop modern governance system

Key enablers:

- Ministry of Environmental Protection and Agriculture
- Ltd Georgian Amelioration
- Ministry of Economy and Sustainable Development
- Ministry of Regional Development and Infrastructure

Supporting Stakeholders:

- Sectoral Ministries
- Businesses representing the affected sectors

Short term goals - Goal 4

Further development of the municipal resources and services to increase material productivity

Clusters / sectors: priority sectors attributed to cluster 2.

Relates to Sectors:

- Annual crop production
- Animal husbandry and manufacture of food products

► **Objectives:**

- Rehabilitation and improvement of the Pastures;
- Support rehabilitation and development of the veterinary services:
 - artificial breeding
 - animal and bee protection



Short term goals - Goal 4

Further development of the municipal resources and services to increase material productivity

Actions:

1. Develop Strategies and Guidelines for increasing pasture productivity
2. Implement the projects related to increasing pasture productivity
3. Implement capacity building projects for municipalities and develop modern governance system for municipal lands and pastures
4. Implement capacity building projects for municipalities to improve veterinary services system
5. Implement the projects to improve veterinary services system at the municipal level

Key enablers:

- Ministry of Environmental Protection and Agriculture
- Ministry of Economy and Sustainable Development
- Ministry of Regional Development and Infrastructure
- Local municipalities

Supporting Stakeholders:

- Local communities, agri-businesses and extension services in rural regions

Short term goals - Goal 5

Development of comprehensive policies to support the transition to circular economy

Clusters / sectors: All clusters and priority sectors of economy for transition from linear to circular models

► **Objectives:**

- Develop strategic documents related to CE and establish CE Transition Governmental Committee
 - Completion of the National Circular Economy Road Map for Georgia
 - Development of Circular Economy Strategy for Georgia
 - Elaboration of Strategic Action Plan for CE Development in Georgia
 - Establishment of the CE Transition Governmental Committee leaded by MEPA
 - Inclusion of the CE components in the Regional Development Strategies and Strategic Action Plans

Short term goals - Goal 5

Development of comprehensive policies to support the transition to circular economy

Actions:

- Develop metrics and indicators to complement the existing in Georgia macroeconomic indicators adopted at national level, in order to measure, monitor and benchmark the circular economy performance at regional, local, sector and corporate level.
- Make circular economy indicators a mainstream part of statistical reporting so that new indicators are build on and complement the existing statistical and reporting systems.
- Develop reporting standards for Georgian companies aligned with those proposed within EU for linear risks of investments and businesses and incorporate them into standard accounting practices.

Key enablers:

- Ministry of Environmental Protection and Agriculture
- Ministry of Economy and Sustainable Development
- CE Transition Governmental Committee (to be established)
- National Statistics Office of Georgia (Geostat)

Supporting Stakeholders:

- Sectoral Ministries
- Businesses associations

Short term goals - Goal 5

Development of comprehensive policies to support the transition to circular economy

Further Actions:

- Development and implementation of the Awareness Raising and Capacity Building Programs for various stakeholders
- Establish in Georgia technical and financial advisory services to support the development of business models for circular economy
- Development of the Business Incubators and Consultancy Services in CE field for businesses and various stakeholders

Key enablers:

- Ministry of Environmental Protection and Agriculture
- Ministry of Economy and Sustainable Development
- Ministry of Education and Science
- Georgian National Academy of Sciences
- CE Transition Governmental Committee (to be established)

Supporting Stakeholders:

- Universities and experts' society
- Business associations



Short term goals – Goal 6

Implementation of Circular Economy Pilot Projects

Clusters / sectors: All clusters and priority sectors of economy for transition from linear to circular models

► **Objectives:**

- Demonstrate the practical efficiency and feasibility of the circular economy models



Short term goals – Goal 6

Implementation of Circular Economy Pilot Projects

Actions:

- Develop CE pilot project at municipal level
- Select CE pilot projects proposed by business sector
- Facilitate in fundraising for CE pilot projects
- Support in implementation of the CE pilot projects
- Use CE pilot projects as demonstration in awareness raising programs

Key enablers:

- Ministry of Environmental Protection and Agriculture
- Ministry of Economy and Sustainable Development
- Ministry of Regional Development and Infrastructure
- CE Transition Governmental Committee (to be established)
- Municipal authorities

Supporting Stakeholders:

- Universities and experts' society
- Business associations
- Local communities in rural regions



Mid-term and Long-term Goals

Mid-term goals (10 years):

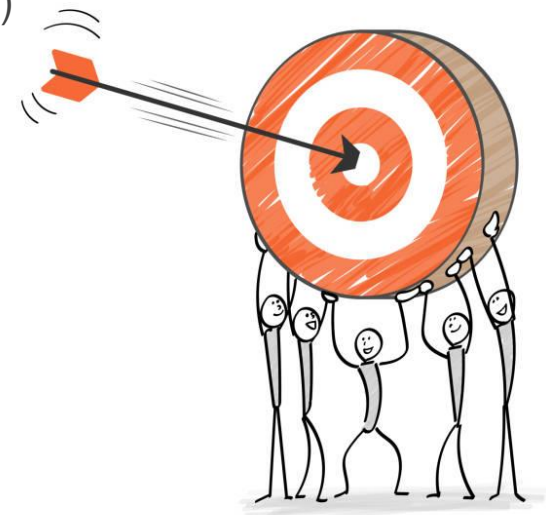
- ▶ **Goal 1.** Implementation of the CE Strategy and Action Plan for coming 10 years
- ▶ **Goal 2.** Implementation of the Awareness Raising and Capacity Building Programs for various stakeholders
- ▶ **Goal 3.** Create incentives and provide technical support to the business companies in recycling their own wastes and wastes generated by the similar companies operating in the sector

Key enablers:

- Ministry of Environmental Protection and Agriculture
- Ministry of Economy and Sustainable Development
- CE Transition Governmental Committee (to be established)

Supporting Stakeholders:

- Sectoral Ministries
- Universities and expert's society
- Business associations
- Regional and municipal authorities



Mid-term and Long-term Goals

Mid-term and Long-term goals: Goal 4. Create National collaborative and interactive platforms:

Actions:

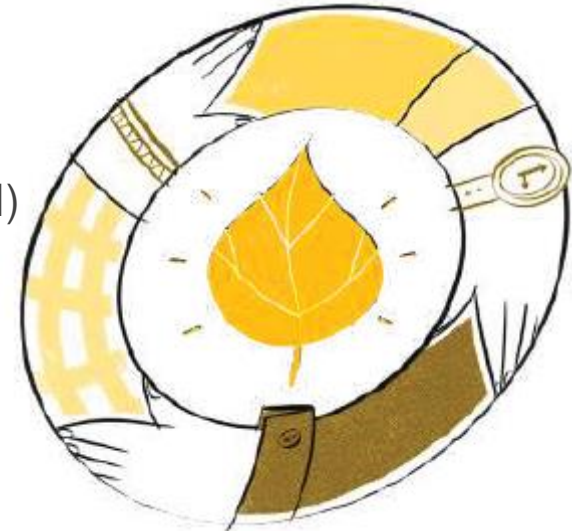
- Create National collaborative and interactive platforms for closer connections between businesses that normally do not interact on the market.
- Develop innovative forms of collaboration within and between value chains and innovative ways of sharing costs and benefits of circular economy projects between companies who otherwise have no market incentive to collaborate.
- Act as a guarantor if the risk for individual companies of being engaged in circular projects is too high.

Key enablers:

- Ministry of Environmental Protection and Agriculture
- Ministry of Economy and Sustainable Development
- CE Transition Governmental Committee (to be established)

Supporting Stakeholders:

- Business associations
- Existing International Platforms



Mid-term and Long-term Goals

Mid-term and Long-term goals: Goal 5. Creation of the international platforms

Actions:

- Support creation of new international platforms and engage the existing international platforms to ensure CE principles throughout the entire supply chain

Key enablers:

- Ministry of Environmental Protection and Agriculture
- Ministry of Economy and Sustainable Development
- CE Transition Governmental Committee (to be established)

Supporting Stakeholders:

- Business associations
- Existing International Platforms



Mid-term and Long-term Goals

Mid-term and Long-term goals: Goal 6. Establishment of public funds

Actions:

- Establishment of public funds as a ‘de-risking’ instrument to mobilise more private capital for scale-ups with a circular scope.
- Establish a dedicated proportion of finance within selected financial instruments existing or planned in Georgia to support circular economy investments and businesses. Funds or instruments for the circular economy would help to scale up finance for circular economy businesses and products.

Key enablers:

- Ministry of Environmental Protection and Agriculture
- Ministry of Finances
- Ministry of Economy and Sustainable Development
- CE Transition Governmental Committee (to be established)

Supporting Stakeholders:

- Business associations

Roundtable Discussion



Key Topics for Discussion

1. What is the recent development related to EPR? Is enforcement efficient? Are PROs operational? Are the new waste streams covered by EPR?
2. Are there any regulations similar to EPR developed for logging wastes, mining wastes, tailing wastes, construction wastes, food wastes?
3. What type of financial mechanisms you think could be efficient in promoting CE:
 - taxation policy?
 - subsidies?
 - priority access to financial resources and better conditions for borrowing money?
 - Creation of special funds?
4. What kind of benefits could be gained from Deep and Comprehensive Free Trade Agreement with European Union in terms of developing CE in Georgia?

Thank you!

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