

"GREEN ECONOMY" – A NEW ECONOMIC DIRECTION**Natia SURMANIDZE***Tbilisi State University, 0177, Georgia
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The current environmental condition where we live in is polluted by the harmful toxic fumes of the industrial factories or the means of transportation. The land, water and air polluted from the technical wastes creates great threat to our health and to the one of our future generation. Therefore, it becomes necessary to introduce and to project the business activities and technologies which will reduce the harmful impacts on the environment as much as possible and at the same time will give the capability to use the limited resources effectively.

In practice, all the research shows that the samples of the production and consumption are not sustainable in the long run. In case, the entire population of the planet consumes the same resource per capita as the average citizen in the developed country nowadays, the total demand for resources will exceed 4 times the Earth's capabilities.

Consequently, it is clear that radical changes to the index and structure of the resources in the long-term should be implemented, which the world's developed and developing economy will use. Otherwise, the repeated and heavier crisis will endanger the sustainability of the global economy, the well-being of the nations and increase the possibility of combating for the resources (including, the possibility of the armed conflict).

Another consequence of the unsustainable use of the world resources is the growth of a number of environmental risks, ranging from the global risks such as the climate change, the ozone layer formation, the loss of biodiversity etc.

The "green economy" is based on the principle of the equality - including the equality between the generations, which implies that the existing generation should not ignore the needs of the future generations. In other words, the use of the planet resource at such level that will lose the future generation the chance to satisfy the requirements, it is not only unethical but destructive for all humanity.

In order to solve the above-mentioned problem, the researches are ongoing to make the long-term sustainable solutions, the success is achieved in the green economy - this is the way that some international organizations have been set as the main goal and the governments supported it.

Key words: Eco-loan, Ecology, Georgia, Green Economic, Sustainable development

JEL Classification: Q56, Q57, Q58

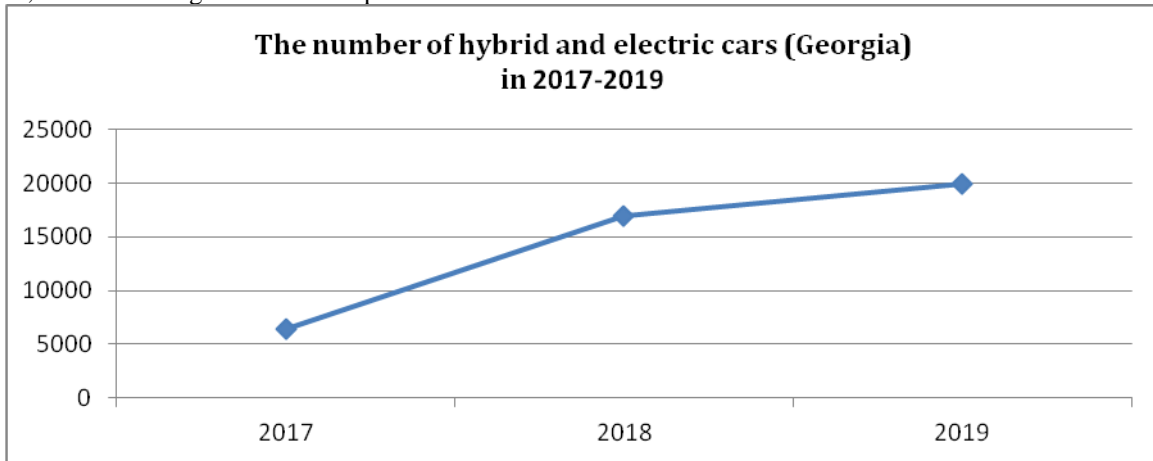
I. INTRODUCTION

In the modern world's economy, the term "sustainable development" has a quite significant importance and it essentially implies the implementation of the economic activity considering the interests of the future generations. (our common future, 1983). The concept of "green economy" is quite wide and it is relatively new for different regions of the world. The definition and understanding of the term can be different in different contexts. Despite of many definitions, the general definition of green economy implies that the "greenery" of the economy can become the mechanism for a sustainable development and the poverty eradication.

The primary obligation of the state is to provide a stable economic environment in the country by the instruments it holds on, in order to ensure the free development of the business, which, in turn, ensures as a whole business space, as well as "green business" and sustainable development. In the effective economic context, the formation of the state policy is mainly based on the healthy development of the legal, economic, market and informational institutions. Let us consider the reforms implemented in this regard in Georgian reality. If we address the issue in the context of the national legal framework, there are the laws that have undergone the substantial changes: the law on the protected areas; Law of Nature; Law on Water; Law of Nuclear and Radiation Protection; Forest Code and Law on Atmospheric Air Protection. Some of these changes were an attempt to reduce the barriers by the government for the development of the economy and the private sector. The two laws are related to the assessment of the procedures of the specific activities of the environmental impact. "Environmental Impact Law" - includes the list of the activities and projects, which is the subject of the ecological expertise and requires the environmental assessment and the "Law on Ecological Expertise" regulates the ecological expertise related procedures, relating to the activities which are determined by the law on the environmental impact permit. The law on standardization, which establishes the basics of production standards, is harmonized with EU standardization principles. The National Standards Agency of Georgia, Department of

Technical Regulation and Metrology of Ministry of Economy Development has published a list comprising ISO and standards of the European Committee for Standardization (GEN) in order to introduce in their country. The Ministry of Labor, Health and Social Affairs has issued environmental quality standards.

Economic instruments (taxes, expenses, subsidies, trade permits, fiscal stimulus, etc.) create a combination of institutions that is especially important in terms of Georgia's rapprochement with the EU. As an example, let us discuss the resolution of the Government of Georgia about the changes in the customs clearance rates of the cars since 2017. By this resolution, the stimulus for customers was to move to hybrid or to electric cars, because their customs clearance was much cheaper, and therefore, the number of similar cars in the last years has grown significantly. If according to the data in 2016 the percentage of hybrid and electric cars was 5.7 %, in 2017 this figure increased up to 24%.



Source: Statistics Office of the Ministry of Internal Affairs of Georgia <https://info.police.ge/page?id=121>

The market instruments are determined by mutual agreement between the objects engaged in trading and in this case the state should ensure the efficiency of the institutions that enhance the export potential to the national product. The DCFTA was a significant event for Georgia in this regard, which enabled the European market to be opened for Georgia in terms of barrier. Russia was the main trade partner for Georgia due to the Soviet past, but however based on the example of the Russian embargo in 2006 we can judge how successful step was for the Georgian economy to go to a new high standards market, even though the export volume was dropped by 51% during this period.

In terms of the informational instruments, it is noteworthy that the formation of a strong institution of the civil society, which at this stage is a challenge to Georgian reality. NGOs working on the environmental issues have always been to inform the society about the existing issues and the involvement of the society is particularly important for the "green economy".

II. "GREEN ECONOMY" IN GEORGIAN REALITY

What does the green company mean?! The answer depends on who asks this question. Some say that this is a company that focuses on reducing the energy consumption and the carbon dioxide emissions, while others do not consider the company to be green until the toxic substances are entirely removed out of the product. Others say that the brands should get involved in fair trading in order to become green. Along with the changes of the time, it is especially actual and in many cases it is the matter of prestige for individual firms or companies, to be "green"-er, this trend in Georgia is gradually settling. Especially, the representatives of the large and international companies are the pioneers in this activity and they are trying to introduce the friendly attitude to the environment in the sphere where they operate. The actuality of "green business" is indicated by the fact that the Ministry of Environmental Protection and Natural Resources of Georgia conducts the award annually according to various nominations. In one of the nominations "Green Service", ProCredit Bank became the winner. That is why I decided to reconsider the green management system of the mentioned credit organization. ProCredit Bank considers itself to be a responsible organization implementing the banking activity, which implies the compliance to the social, ethical and environmental standards. ProCredit Bank is the only bank in Georgian reality that has introduced the eco-department in its subdepartments that provides ecological awareness raising from its employees including the broader society. The bank's eco-department holds the trainings for the bank customers, which is important in the sense that the Bank's policy is only the business sector service and therefore they are providing Georgian businessmen with various types of seminars in order to introduce "green business" in their activities. The bank has introduced a unique product eco-credit. This is an investment for businesses and individuals that create more comfort, reduce the costs and allow them to live in a clean

environment. Crediting the natural persons with eco loans throughout Tbilisi started from August 2012. Its main basics is to achieve at least 20% savings of the energy. The eco loan is the means by which the energy efficiency activities, the renewable energy technologies and the activities friendly towards the environment are financed. It shall be issued to any person regardless the natural or legal status. It enables the users to provide more comfort at home and to reduce the utility costs and the negative impact on the environment. It reduces significantly the operational costs for the business clients. The main criterion for issuance is that a new technology should meet the standards that have been adopted in Europe as doing less damage to the environment. Eco Loan - this is a kind of instrument through which the Pro Credit Bank is indirectly influencing the environmental awareness raising in the society. As for Georgian reality, according to various fields, it is worth noting one important aspect, the companies are mainly turned out to be the sellers of the energy efficient products and not the organizations having actually the green management. The Bank of Georgia has the product similar to Pro Credit Eco, energy credit, but there is no emphasis in general on their common internal environmental strategy or system, however, this product is carried out by the cheap funds obtained from the European Reconstruction and Development Bank. Pragmatic perception of such loans is exactly the same. Apart from the financial sector, some well-known Georgian firms are implementing their real activities in the environmental direction, the developer company M2, which is one of the leading companies and has been created only for several years, uses certain standards directed to the environment protection in order to manage the internal processes. The construction equipment, mainly vehicles, must be at least Euro 4 standard, which is aimed to ensure that the vehicles of the mentioned standards are newly produced and less pollute the environment due to the less emissions of the fumes, at the same time all the objects of M2, especially the residential apartments, are built according to the energy efficiency standards. In order to attract investments for this process, it actively cooperates with IFC- (World Bank Group member, focused on the development, the largest international institution that exclusively promotes the development of the private sector).

III. CONCLUSION

First of all, it is necessary to consider the sustainable development and the development of the economic system in this direction, as the sustainable development most effectively manages to distribute the resources in both medium and long term. It creates some of the most optimal connections between the economy, the society and the environment, and maximally considers the interests of each link, segment. It is noteworthy that the concept of the sustainable development is equally usable as at the economy level of the countries as well as for the firms.

We have discussed the green economy which is aimed at creating and introducing an environmental and energy efficient system, where the impacts of air, land and water pollution factors will be reduced. Green economy in its turn will not be created without the green business, every company should consider their social responsibility to reduce their harmful impact on the environment. It should be noted the state's role, too, which we highlighted in the above main part, too. Without the institutional regulations, it is difficult to achieve a concrete consequence, since the desire for more profit is always in business, which implies doing more damage to the environment, so that is why it is necessary to have certain laws in order to put the activities of the economic subjects into certain borders. We have also addressed to the situation that exists in Georgia nowadays. It is a fact that the concept of "green business" is still new for our country and there is a lot more work to be done in this direction.

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