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EU4Environment
Green Economy in Eastern Partner Countries



გარემოს დაცვისა და სოფლის
მეურნეობის სამინისტრო

IDENTIFICATION OF PRIORITIZED PRODUCTS, SELECTED FOR THE INITIAL IMPLEMENTATION OF SUSTAINABLE PUBLIC PROCUREMENT IN GEORGIA

2023

Action implemented by:



LEPL ENVIRONMENTAL
INFORMATION AND
EDUCATION CENTRE

Disclaimer

The report on the identification of prioritized products (goods), selected for the initial implementation of Sustainable Public Procurement has been developed within the framework of the project of the “European Union for Environment Action” (EU4Environment), funded by the European Union and implemented by the OECD, UNECE, UNEP, UNIDO, and the World Bank. The report was prepared with the support of the Environmental Information and Education Centre of the Ministry of Environmental Protection and Agriculture of Georgia (UNEP’s implementing partner in Georgia) and the State Procurement Agency of Georgia, under the guidance of UNEP.

The report was presented and discussed with the local and international stakeholders during the online consultation workshop on Prioritization and Market Readiness of the selected products for the initial Implementation of Sustainable Public Procurement in Georgia, held on 22 June 2021. The report was prepared by Ms. Nato Beridze, National Legal Expert of EU4Environment project team, Environmental Information and Education Centre of the Ministry of Environmental Protection and Agriculture of Georgia. The report was prepared in close cooperation with the State Procurement Agency of Georgia and Environmental Information and Education Centre of the Ministry of Environmental Protection and Agriculture of Georgia. The comments to the report were provided by Mr. Farid Yaker and Ms. Lesya Nikolayeva United Nations Environment Programme and by Mr. Eriks Mezalis, International Legal Expert of the EU4Environment project team. Provided comments were incorporated into the document.

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Please cite this publication as: EU4Environment (2021), Report on the identification of prioritized products (goods), selected for the initial implementation of Sustainable Public Procurement.

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Table of Abbreviations and acronyms

The Agency	LEPL State Procurement Agency of Georgia
The Association Agreement	The Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part
CA	Contracting Authority
CPV	Common Procurement Vocabulary
Draft Decree	Draft Decree of the Government of Georgia “On the necessary measures to be taken in order to achieve the goal of Sustainable Development in Public Procurement
Draft PPL	Draft Law of Georgia “On Public Procurement”
EO	Economic Operator
EU4Environment Programme	The “European Union for Environment” Action to help the five partner countries preserve their natural capital and increase people’s environmental well-being, by supporting environment-related action, demonstrating and unlocking opportunities for greener growth, and setting mechanisms to better manage environmental risks and impacts
GPP	Green Public Procurement
SPP	Sustainable Public Procurement
UNEP	United Nations Environment Programme

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1 Introduction

According to Paragraph 2 of Article 227 of The Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part (the Association Agreement), “the Parties reaffirm their commitment to pursue sustainable development and recognise that economic development, social development and environmental protection is its interdependent and mutually reinforcing pillars. They underline the benefit of considering trade-related labour and environmental issues as part of a global approach to trade and sustainable development.” Also, article 228, paragraph 2 of the Association Agreement stipulates that “in that context, each party shall strive to ensure that its law and policies provide for and encourage high levels of environmental and labour protection and shall strive to continue to improve its law and policies and the underlying levels of protection.” In order to fulfil above-mentioned goals within the framework of the EU-funded EU4Environment Programme, in close cooperation with LEPL State Procurement Agency of Georgia (the Agency), as well as with support of national and international experts, relevant legal provisions on Sustainable Public Procurement (SPP) of the Draft Law of Georgia “On Public Procurement” (Draft PPL) as well as Draft Decree of the Government of Georgia “On the necessary measures to be taken in order to achieve the goal of Sustainable Development in Public Procurement (Draft Decree) and guidelines were prepared. One of the most important goals of the project was the selection of the prioritized products for SPP. In order to fulfil this goal, the prioritization exercise was performed, in close cooperation with the Agency.

This prioritization report analyses the stages and activities that were conducted in order to identify prioritized objects (goods) that were selected for the initial implementation of the SPP in Georgia. The prioritization process will expose other processes that could contribute to SPP development in the country. The prioritization exercise described in this report was conducted according to the United Nations Environment Programme’s (UNEP) instructions¹ for the prioritization exercise, taking into account peculiarities of the Georgian legal system and practice. Also, successful implementation of SPP of the prioritized products may encourage Contracting Authorities (CAs) to procure other objects that are produced in a more sustainable manner or have a smaller impact on the environment during the whole life cycle (production, use, utilization). This will not only expand the sustainable buying practices in the public procurement system but will also motivate private businesses to produce more environmentally friendly or innovative products. All abovementioned issues will also contribute to the country's policy on sustainable development.

¹ For further information regarding the UNEP’s approach please see: https://www.oneplanetnetwork.org/sites/default/files/sustainable_public_procurement_implementation_guidelines.pdf [27.09.2021].

2 A Brief Overview of Sustainable Public Procurement

Across different jurisdictions, the understanding of what is SPP is different. Generally, SPP is:

- “Conventional” procurement done in a professional way, delivering the best possible value for money
- Green procurement
- Social procurement (driven by social purpose).

The concepts of green procurement and social procurement themselves deserve an explanation because as mentioned above, in various countries and jurisdictions they may be understood differently. This is because different countries and jurisdictions face different challenges in the environmental and social sphere² and they use different tools to tackle these challenges.

Therefore, the approach that may be labelled „green” in one country, may be recognized as just „normal” or „conventional” in other. Nevertheless, certain universal definitions may be important from a practical point of view. For instance, the European Commission defines green procurement as “a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life-cycle when compared to goods, services and works with the same primary function that would otherwise be procured”.³ Socially responsible public procurement, in its turn, is defined by the European Commission, as procurement operations that take into account one or more of the following social considerations: employment opportunities, decent work, compliance with social and labour rights, social inclusion (including persons with disabilities), equal opportunities, accessibility design for all, taking account of sustainability criteria, including ethical trade issues and wider voluntary compliance with corporate social responsibility.⁴

SPP aims to strike the right balance between the three pillars of sustainable development - the economic, social, and environmental aspects.⁵ Sustainable development requires the CAs to take into account social, economic, and environmental aspects while exercising their rights and obligations. None of the mentioned aspects shall have priority over others; rather, the right balance should be achieved. CAs have the opportunity to apply SPP criteria at any stage of procurement, from market research to contract enforcement and monitoring.

SPP system aims to purchase goods, works and services that are more environmentally friendly as it contributes to the sustainable and balanced development of the country, considering climate, environmental and social-economic challenges in a holistic way.

SPP is defined as a process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment.⁶

² The UN and at the EU level green and social procurement is defined in a rather general manner. Such definitions take into account a diverse set of existing environmental and social challenges and diverse solutions available. Also at a practical level, there is no one established „checklist” according to which whole procurement transaction may be branded as green or social.

³ Please see https://ec.europa.eu/environment/gpp/what_en.htm [27.09.2021].

⁴ Please see https://ec.europa.eu/info/policies/public-procurement/tools-public-buyers/social-procurement_en [27.09.2021].

⁵ Please see https://ec.europa.eu/environment/gpp/versus_en.htm [27.09.2021].

⁶ Source: Procuring the Future – the report of the UK Sustainable Procurement Task Force, June 2006. The definition adopted by the Marrakech Task Force on Sustainable Public Procurement.

In addition to the environmental dimension, SPP also considers social and economic aspects:

- The economic aspect is related to the use of the methodology for calculating the total life cycle cost. Procurement must be efficient, which means accepting the most economically advantageous bid;
- The social aspect relates to the protection of social equity, various social groups, human rights and the principles of labour law;
- Environmental aspect includes air, water and soil emissions, climate change, biodiversity, and proper use of natural resources throughout the life cycle of the procurement.

At the same time, analysis of the European best practices reveals that at the initial stage of implementation of Green Public Procurement (GPP)/SPP, each country decides which procurement object should be purchased in a sustainable way according to its needs. The challenge usually is to achieve the goals of SPP and, at the same time, ensure non-discrimination and proportionality towards economic operators. Overall, we can say that there is no universal definition of GPP and SPP, and related decisions are up to the countries, based on their environmental and social politics and on the financial resources.⁷ At the same time, provisions of EU Public Procurement Directives must be adhered to.

⁷ At the same time, it should also be noted that contracting authorities, according to the needs, set the requirements for each stage of the procurement, starting from the planning of the procurement, ending with the fulfilment of the contract in order to be achieved the goal which was set in the beginning (for example, people with disabilities could use transportation services freely, reduce the risk of harm to children's health by purchasing food of organic origin, as well as purchasing furniture that will be recycled after depreciation, etc.).

3

Goals and Results of the Prioritisation Exercise

This document provides an overview of activities carried out to identify prioritised products for the SPP. Following UNEP methodology on SPP, the prioritization of goods, works and services that have the highest potential of sustainability and could be suggested as prioritized products has started from the review of the most procured objects (goods) and by identifying alternatives of these goods. In order to identify these objects (goods), a market readiness to offer such products (goods), as well as the environmental impact of these objects, were analysed.

The report, in line with the prioritisation exercise, will describe the stages through which the research and the selection of the prioritized products (goods) for SPP were carried out. The prioritization process was carried out in close communication and cooperation with the Agency. Therefore, in the document the relevant statistical data provided by the Agency will be analysed as well.

4 Instructions for the Prioritisation Exercise

United Nations Environment Programme (UNEP) has developed instructions for the prioritisation exercise in order to identify and prioritize the objects to be procured by CAs during the initial stage of the implementation of SPP.⁸

The abovementioned instructions, advise undertaking a legal review, including the review of sustainable development policy documents, and conducting the market readiness analysis in order to identify if the prioritized products (goods) for SPP are accessible on the market.

According to the instructions, prioritisation exercise includes several steps:

- Preliminary prioritisation of products
- Risk and benefits assessment
- Selection of final categories of products to be used for the implementation of SPP.

During the Preliminary prioritisation of procurement objects:

- At the first stage, it is recommended to identify a list of product categories for which technical specifications and criteria have already been developed. It is possible to use, for instance, the list of 20 product categories⁹ for which relevant European Union (EU) GPP criteria and technical specifications are already developed.
- At the second stage, it is advised to analyse the procurement value and/or the number of procurement contracts recorded for the various products or product groups in the last three years. If available, it is also recommended to collect data related to upcoming procurement contracts. At this stage, it is advisable to identify, for each product category, the product or product group that are the most purchased by public contracting entities and that have environmentally friendly alternative products on the market, thus could be recommended for future SPP tenders with inclusive sustainability criteria.
- At the third stage, a preliminary market study should be conducted in order to shortlist the products or product groups. During the market study, the availability of alternative (“green”/sustainable) product on the local market and the average price difference between conventional and alternative products should be assessed. At this stage, it is advisable to exclude from the list the types of products for which the market cannot supply sustainable alternatives, or for which sustainable products are assessed as being too expensive compared to conventional products.
- At the risks and benefits assessment stage it is recommended to examine which types of products will have a less environmental impact during the whole life cycle. In this regard, it is recommended to envisage environmental and socio-economic impacts.
- At the final stage, the main outcomes of the prioritization are assessed and finally, categories of products to be used for SPP implementation are being selected.

⁸ Please see Instructions for the Prioritisation Exercise, Available at: <https://wedocs.unep.org/bitstream/handle/20.500.11822/35412/IPE.pdf> [27.09.2021].

⁹ Please see https://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm [27.09.2021].

5

The Methodology of the Performed Prioritization Exercise

A number of online meetings with the Agency and UNEP were organized to analyse the UNEP instructions for conducting prioritization exercise and to answer relevant questions related to the implementation of the exercise.

At the same time, since the SPP approach is a completely new concept for the Georgian legislation international best practices were analysed. Various legislative regulations of SPP of several developed European countries¹⁰ were analysed, as well as the approaches given by SPP Action Plans.¹¹

As a result, it is possible to indicate groups of procurement objects for which all or most of mentioned countries have introduced the SPP approach. It is noteworthy to mention that, in parallel to national level regulations, there are GPP criteria already developed for most of these procurement objects/areas also at the EU level.

These areas and/or group of procurement objects in the EU are:

- Computers and related devices¹²
- Cleaning services (including chemicals)¹³
- Printing Paper¹⁴
- Lighting Devices¹⁵
- Road transport¹⁶
- Furniture¹⁷
- Food services¹⁸
- Equipment used in the Health Care Sector.¹⁹

The analysis of the international best practices revealed that each country, taking into account its characteristics, including geographical area, production volume, as well as the stage²⁰ at which the concept of SPP is introduced establishes its own list of priority procurement objects. In some cases, when selecting a specific priority procurement object, attention is also paid to encourage local production.

Given that the concept of SPP is an effective tool in the hands of the CAs, it was considered important to take into account the existing practices of Georgian CAs. Accordingly, relevant correspondence was prepared and sent to several CAs by the Ministry of Environment Protection and Agriculture of Georgia. The analysis of the received responses established the existing level of awareness about the SPP and, clarified the readiness of the CAs to purchase more environmentally friendly products using sustainability criteria during the public tenders.

¹⁰ Sustainable Public Procurement regulations in Moldova, Ukraine, Slovenia, Romania, Austria and France were analysed.

¹¹ Relevant action plans for Sustainable Public Procurement in Sweden, Ireland, Ukraine, Moldova, Italy and Malta were analysed.

¹² Please see https://ec.europa.eu/environment/gpp/pdf/210309_EU%20GPP%20criteria%20computers.pdf [27.09.2021].

¹³ Please see https://ec.europa.eu/environment/gpp/pdf/toolkit/cleaning_product/en.pdf [27.09.2021].

¹⁴ Please see https://ec.europa.eu/environment/gpp/pdf/toolkit/paper_GPP_background_report.pdf [27.09.2021].

¹⁵ Please see https://ec.europa.eu/environment/gpp/pdf/toolkit/181210_EU_GPP_criteria_road_lighting.pdf [27.09.2021].

¹⁶ Please see <https://ec.europa.eu/environment/gpp/pdf/criteria/transport.pdf> [27.09.2021].

¹⁷ Please see https://ec.europa.eu/environment/gpp/pdf/toolkit/furniture_gpp.pdf [27.09.2021].

¹⁸ Please see

[https://ec.europa.eu/environment/gpp/pdf/190927_EU_GPP_criteria_for_food_and_catering_services_SWD_\(2019\)_366_final.pdf](https://ec.europa.eu/environment/gpp/pdf/190927_EU_GPP_criteria_for_food_and_catering_services_SWD_(2019)_366_final.pdf) [27.09.2021].

¹⁹ Please see <https://ec.europa.eu/environment/gpp/pdf/criteria/health/EN.pdf> [27.09.2021].

²⁰ If there is the first stage of the implementation of Sustainable Public Procurement or if it has a long experience in this field.

The method of statistical analysis was also used during the implementation of the prioritization exercise.

In particular, the data from the Unified Electronic System of Public Procurement were examined, and statistical information was prepared on 128 types of procurement objects (Common Procurement Vocabulary (CPV) codes).

Market readiness is a crucial factor for the introduction of SPP and its implementation in practice. Therefore, the performance of the prioritization exercise also relied on the results of market analysis. The market research was conducted by the research of the Unified Electronic System of Public Procurement and announced tenders, corporate webpages of potential economic operators were examined as well. In addition, opinion polls were conducted by e-mail as well as by telephone.

6 Preparation for the Prioritization

In order to introduce the SPP and implement it in practice, in close cooperation with the Agency several directions were identified at the preparatory stage of the prioritization, for the subsequent selection of procurement objects for which it would be mandatory to use sustainability criteria.

Selected CAs (please see Appendix N1) were informed that at the current stage there was an ongoing process of developing the “secondary legislation” and guidelines on SPP that would enable CAs to conduct SPP. CAs were asked to submit a position on the application of SPP/sustainability criteria to specific procurement objects (CPV codes). Replies of the CAs unfortunately did not identify any procurement objects. The possible explanation for such reluctance may be that the SPP is a novelty and the CAs have not enough qualifications for highlighting any procurement object.²¹

Since the Agency ensures the functioning of the Unified Electronic System of Public Procurement, the Agency was asked to get the relevant statistical information of the system in order to identify prioritized products (goods) for SPP. As a result, statistical information was prepared and based on the information the following issues were analysed: the total number of public procurement contracts concluded through electronic tenders and consolidated tenders; share with the total number of procurement of goods; total cost of public procurement contracts concluded through electronic tenders and consolidated tenders; share with the total cost of procurement of goods.

²¹ Contracting authorities positively assessed the ongoing reform and expressed readiness for further cooperation. Some of them stated that they did not have any remarks within their competence (e.g. Ministry of Education, Science, Culture and Sports of Georgia, Ministry of Foreign Affairs of Georgia, JSC Georgian State Electrosystem and etc.) while others clearly stated that they could not provide any information regarding the application of Sustainable Public Procurement criteria to specific procurement objects (e.g. LEPL Financial-Analytical Service of the Ministry of Finance of Georgia; Ltd Georgian Amelioration and etc.).

7 Analysis of Energy-using Goods

As eco-labels can be considered as one of the proofs of compliance with technical specifications, at the preparatory stage of the prioritization exercise, the objects that meet requirements of the Law of Georgia “On Energy Labelling” were identified. The purpose of the Law of Georgia “On Energy Labelling” is to provide standard information and additional information on the energy consumption indicators of the products which use energy and other resources placed on the Georgian market and/or put into exploitation in Georgia, in order to allow consumers to select more efficient products in order to reduce consumption of energy and other resources.²²

Pursuant to Paragraph 3 of the Article 11 of the above-mentioned Law, the Government of Georgia shall, by September 30, 2021, ensure the approval of the technical regulations developed by the Ministry of Economy and Sustainable Development of Georgia for the following objects:

1. Dishwasher for household use;
2. Refrigeration equipment for household use;
3. Washing machine for household use;
4. TV;
5. air conditioner for household use;
6. Household ventilation units;
7. Professional refrigeration-storage camera;
8. Household heaters;
9. Solid fuel boiler and solid fuel boiler kits, additional heaters, temperature regulators and solar energy receiving devices;
10. kitchen stove and hood for household use;
11. Vacuum cleaner;
12. Water heater, hot water tank, water heater and solar panel kits;
13. Heater, heater kits, temperature control solar panels and heater combined kits, temperature control and solar panels;

²² Please see Article 1 of the Law of Georgia “On Energy Labelling”.

14. Electric lamp and Light Bulb;
15. Dryer for household use;
16. Combined washing-dryer for household use;

Accordingly, the SPA was asked to obtain relevant statistics on the above-listed procurement objects in order to conduct further prioritization exercise. Based on the provided statistical data the total amount of purchase and its share in total purchase of goods as well as the total number of contracts and its share in total purchase of goods were identified. The results of the analysis are given in the table 1 below.

Table N1. Analysis of the products determined by the Law of Georgia “On Energy Labelling”					
Types of products (Lower CPV codes)	Categories of products (Upper CPV codes)	Total Amount of purchase (GEL)	Share in total purchase (%) of goods	Total number of contracts (frequency of purchase)	Share in total purchase of goods (%)
09331000 Solar panels	09300000 Electricity, heating, solar and nuclear energy	2,561,300	0.3%	21	0.1%
31510000 Electric light bulbs; 31520000 lamp lighting and products; 31531000 Light bulbs	31500000 Lighting equipment and light bulbs	15,002,801	1.8%	300	1.9%
32324100 Colour TVs; 32324600 Digital TVs.	32300000 Television and radio receivers and audio or video recording reproducing or apparatus	5,956,289	0.7%	143	0.9%
39713100 Dishwashers; 39711100 Refrigerators and freezers; 39713200 Washing machines and dryers; 39717000 Fans and air conditioning equipment; 39715200 Heating devices;	39700000 Household appliances	1,520,440	0.2%	119	0.8%

<p>39721411 Gas heaters; 39711360 Stoves; 39714000 Ventilation orvent cabinets; 39713430 Vacuum cleaners; 39715100 Electrical appliances for instantaneous water heating or water tank heaters and boilers; 39721400 Non-electrical equipment for instantaneous water heating or water tank heating</p>					
<p>39713100 Dishwashers; 39711100 Refrigerators and freezers; 39713200 Washing machines and dryers; 39717000 Fans and air conditioning equipment; 39715200 Heating devices; 39721411 Gas heaters; 39711360 Stoves; 39714000 Ventilation orvent cabinets; 39713430 Vacuum cleaners; 39715100 Electrical appliances for instantaneous water heating or water tank heaters and boilers; 39721400 Non-electrical equipment for instantaneous water heating or water tank heating</p>	<p>39700000 Household appliances</p>	<p>1,520,440</p>	<p>0.2%</p>	<p>119</p>	<p>0.8%</p>

42160000 Boiler installations; 42131130 Temperature regulators	42100000 Installations for the production and use of mechanical energy	3,532,710	0.4%	101	0.6%
42214100 Ovens for food preparation	42200000 Machines for the processing of food, drinks and tobacco and related parts	955,305	0.1%	11	0.1%
42513000 Refrigerators and freezers	42500000 Cooling and ventilation equipment	3,918,948	0.5%	94	0.6%
42999100 Non-household vacuum cleaners	42990000 Various special purpose equipment	8,994,079	1.1%	65	0.4%
44613200 Refrigerator-containers; 44620000 Central heating radiators and boilers, their parts; 44611500 Water tanks/cisterns	44600000 Tanks, reservoirs and containers; Central heating radiators and boilers	4,319,703	0.5%	72	0.5%
Sum		46,761,575	5.7%	926	5.9%

It is noteworthy to mention that as agreed with the SPA, it was decided not to focus on these products as after the approval of the above-mentioned technical regulations, contracting authorities will be informed about the specific characteristics of the energy procurement objects, since according to the Law of Georgia "On Energy Labelling", the supplier who places the product on the market or puts it into operation is obliged to provide the printed label and information sheet/plate about the product. Therefore, these technical regulations and the obligation to provide information on such products will help CAs to make a sustainable decision.

8

The Implementation of the Prioritisation Exercise

As agreed with the SPA, it was decided to concentrate on introducing the SPP approach only on goods for the initial introduction of SPP in Georgia. Therefore, in order to identify what are the most popular (the most procured) products in Georgia's public procurement system, information from the Unified Electronic System of Public Procurement was analysed. Results of the analysis, including the frequency of tenders and the most procured goods, are included in the table N2 (please see the Appendix 2).

Analysis of Potential Products for SPP based on EU GPP Criteria

At first, based on the 20 product categories published on the EU GPP criteria portal²³ the equivalent CPV codes of the relevant procurement object group/areas, given in the EU GPP criteria were identified. Then the statistical data regarding the abovementioned products was obtained from the Unified Electronic System of Public Procurement System and the relevant information was processed. The analysed statistics allowed us to identify the total number of electronic tenders and consolidated tenders as well as the share of procurement costs in the total cost of purchases of goods. The results of the analysis are given in the table N2 below.

Table N2. Potential products for SPP						
Procurement objects on which there is developed EU GPP Criteria	Name of the procurement object	CPV code	Total number of tenders and consolidated tenders	Share in the total cost of purchases of goods	Total cost of the contracts awarded as a result of tenders and consolidated tenders	Ranking of the most purchased products
Photocopying equipment and consumables	Office machinery, equipment and supplies except computers, printers and furniture	30100000	1, 966	1.6%	12, 831, 922	2
	Parts and accessories of photocopying apparatus	30125000				
	Toner cartridges	30125100				
	Ink products	30192110				

²³ For further information please see: https://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm [27.09.2021].

	Ink cartridges	30192113				
	Computer equipment and supplies	30200000				
	Computer-related equipment	30230000	870	2.7%	22, 595, 127	
	Printers and plotters	30232100				
Cleaning Products	Cleaning and polishing products	39800000	107	0.2%	1, 423, 582	6
	Odoriferous preparations and waxes	39810000				
	Organic surface-active agents	39820000				
	Cleaning products	39830000				
Printing Paper	Office machinery, equipment and supplies except computers, printers and furniture	30100000	1, 966	1.6%	12, 831, 922	5
	Small office equipment	30197000				
	Printing paper	30197630				
Computers, Monitors, Tablet computer and smartphones	Computer equipment and supplies	30200000	870	2.7%	22, 595, 127	3
	Transmission apparatus for radiotelephony, radiotelegraphy, radio broadcasting and television	32200000	10	0.1%	715, 511	
	Mobile telephones	32250000				
Furniture	Furniture	39100000	346	1.7%	14, 103, 101	4
Motor vehicles	Motor vehicles	34100000	284	16.5%	136, 375, 825	1

Environment Impact Assessment

One of the most significant parts of the prioritization exercise is the environmental impact assessment of the potential products for SPP. As there were no current, updated sources of the environmental impact of the listed products, an estimation method was applied and the information from secondary sources was used in order to identify the environmental impacts of the product. The scoring scale is from 1 to 3. We should also mention that the life cycle of the product was taken into consideration during the assessment of the impact of each product. Therefore, the impact all the way from raw materials of the product to its disposal was taken into account.

The higher is the score, the more serious impact the product may cause to the environment. We can say that the major environmental impacts of the listed products are emission during use; generation of potential hazards from improper disposal of the product; harmful and dangerous substances in the products; inefficient consumption of the water and the electricity. Results of the assessment are presented in the table N3 below.

Table N3. Environment impact assessment							
Products	Air pollution	Water pollution	Solid waste	Toxic waste	Energy consumption	Water Consumption	Total Score
Printing Paper	3	2	3	2	1	2	13
Furniture	1	2	2	2	1	2	10
Printers and Plotters, Toner and Ink Cartridges	1	1	3	3	3	2	13
Computers, Monitors,	3	2	3	3	3	0	14
Tablet computer and smartphones							
Cleaning products	2	3	2	2	0	3	12
Motor vehicles	3	3	3	3	3	2	17

Preliminary Market Research Analysis

In order to conduct a socio-economic impact assessment, the preliminary market research analysis was performed. Before the preliminary market research analysis, the alternative sustainable goods of the abovementioned popular/the most purchased products were identified.

Table N4. Popular/the most purchased products and alternative (sustainable products)		
N	Popular products for the public procurement	Alternative (sustainable) products
1	Motor vehicles	Electric cars; Hybrid cars
2	Photocopying equipment and consumables	Energy-efficient photocopying equipment, equipment that are suitable to use recycled paper; Remanufactured or refilled toner and ink cartridges.
3	Computers, Monitors, Tablet computer and smartphones	Energy efficient, toxin-free, recyclable and environmentally friendly computers, monitors, tablet computer and smartphones
4	Furniture	Sustainable furniture; Furniture made from recycled materials
5	Printing Paper	Organic, recycled paper
6	Cleaning products	Organic, non-toxic cleaning products

Then the availability of these products on the local market was analysed. The market research was conducted by the research of the Unified Electronic System of Public Procurement and announced tenders as well as by analysing the corporate website of potential suppliers and by

communicating with the suppliers. We should also mention that as a result of analysis the local market, we found that the price of the sustainable alternatives of computer equipment as well as of transport vehicle was significantly higher compared to the price of the standard equipment/transport. Therefore, by applying the sustainable criteria on such products it would remarkably increase the overall costs of Georgian CAs. The results of the price analysis are included in the table of the socio-economic impact assessment. Therefore, transport and computer equipment were excluded for the further, detailed market research.

We should also mention that during the market research analysis the life cycle costing feature of the product was not further analysed. This is due to the fact that the life cycle costing is not yet introduced in Georgian legislation and practice. Therefore, Georgian CAs as well as economic operators do not have the relevant knowledge and experience to implement it in practice and give information about the relevant data in order to assess the costs related to lifecycle costing of the listed products. However, different stages of the life cycle was taken into consideration when assessing environmental and socio-economic impact of the listed products.

Market Research of Printers, Plotters, Printing Papers, Cleaning Products, Toner and Ink Cartridges

The market research analysis of printers and plotters, printing papers, toner and ink cartridges and cleaning products was carried out by analysing the website of potential suppliers and by communicating with the suppliers via email and telephone, as well as by analysing the relevant tenders in the Unified Electronic System of Public Procurement. The results of the analysis of the level of competition is given in the table N5 below.

Table N5. Level of competition					
CPV/Product	Cost of contracts concluded through tenders	Cost of contracts concluded through consolidated tenders	Total cost of contracts concluded through tenders	Number of contracts concluded through tenders	Average number of bidders in tenders
3019763 Printing paper	6,173,447	616,863	6,790,310	31	1.48
39800000 Cleaning and polishing products	1,505,365	0	1,505,365	92	2.29
30232100 Printers and plotters; 30232110 Laser printers; 30232120 Dot-matrix printers; 30232130 Colour graphics printers; 30232150 Inkjet printers.	1,111,689	6,705,420	7,817,109	28	1.74
30125000 Parts and accessories of photocopying	2,574,102	0	2,574,102	155	2.40

apparatus;					
30125100 Toner cartridges;					
30125110 Toner for laser printers/fax machines;					
30125120 Toner for photocopiers;					
30192113 Ink cartridges.					

Here we can see that the competition is the lowest with respect to the procurement of printing paper. In addition, the total number of supplier that are registered in the Unified Electronic System of Public Procurement and who participate in public procurement procedures are presented in the table N6 below.

Table N6. Total number of suppliers		
Product	CPV	Number of suppliers of the procurement object
Printing paper	3019763	19
Cleaning and polishing products	39800000	61
Printers and plotters	30232100	23
Parts and accessories of photocopying apparatus	30125000	45
Toner cartridges/Ink cartridges	30125000 30192113	

As we can see the number of suppliers of the printing paper is also the lowest. During the market research phase of the printing paper, written notifications were sent to the several big companies (suppliers) asking for information on whether they were manufacturing/distributing recycled, eco-friendly/ environmentally friendly, (e.g FSC certified, from non-wood materials (cotton, bamboo, cane, grass, etc.) printing paper (made of fruit, vegetables, or other materials) or printing paper that meets other international environmental standards. In response, most of the suppliers stated that they did not have printing paper for sale that met the given standards, instead, they offered the general, standard paper that is being procured nowadays. In addition, as a result of analysis of corporate webpages of the economic operators we found that the sustainable alternative of printing paper seems to be a lot more expensive than the general one.

Market research of printers and plotters has shown that there are different types of printers and plotters available on the market (for example, inkjet, laser type, different brands such as Epson, HP, Xerox, Canon, Lexmark). These printers and plotters come in different types, specifications, and brands. Most of them have various certifications depending on the brand of the equipment, their type, and specific technical specification. For example, ENERGY STAR® qualified (energy efficient), CE marking and RoHS and EPEAT, with ISO14024 compliant pieces of equipment, are also available on the market. In

addition, more than five big companies (economic operators) are potential suppliers of printers and plotters with different certifications.

Market research of cartridges has shown that there are different types and brands of printers and copiers available in the market. The manufacturer of these products also certifies respective cartridges, which have different certifications such as ISO14001: 2015, TÜV SÜD, CE marking and etc, according to the type and specific technical specification. In addition, more than five big companies (economic operators) are potential suppliers of cartridges with different certifications.

Market research of cleaning products was conducted by analyzing electronic tenders that were announced with the highest estimated costs of the procurement object. As a result of this analysis, big companies who manufacture cleaning products and participate in public procurement procedures were identified. Then the relevant correspondence was sent to them in order to get the information if sustainable cleaning products were available on the local market. As a result of communication with them, two economic operators were identified who are the suppliers of the so-called green cleaning products. One of these companies poses not only the ability to supply certified goods but also as a company it has the ISO14001 certification.

The Assessment of the Availability of Quality Standards, Certificates and Eco-labels

The assessment of the availability of quality standards, certificates and eco-labels of the sustainable alternatives of the above-listed products was carried out according to the following method: Products having international standards/certificate/labels were marked with 2 points. Products with national standard/certificate/label were scored with 1 point. The assessment is based on the results of the market research analysis. Results of the assessment is given in the table N7 below.

Table N7. The assessment of the availability of quality standards, certificates and eco-labels		
N	Product	Score
1	Printing Paper	2
2	Furniture	2
3	Photocopying equipment and consumables	2
4	Computers, Monitors, Tablet computer and smartphones	2
5	Cleaning products	2
6	Motor vehicles	2

As we see all of the above-mentioned products have international quality standards, certificates or eco-labels (for example, ENERGY STAR®, CE marking, RoHS, EPEAT, ISO, etc.) that are available on the local market.

Socio-economic Impact Assessment

Another element of the prioritization exercise is the socio-economic impact assessment. Here, different aspects such as the issue of the local production, peculiarities of the job market including promoting gender equality, work opportunities for people with disabilities and for people from ethnic minorities and promoting SMEs were considered. The ranking is based on a scale from 1 to 3, where 1 point is the least relevant, and 3 point is the most relevant. In line with costs minus points (from 1 to 3) are used since the sustainable alternatives of the listed products are much more expensive compared to the standard, conventional product.

Table N8. Socio-economic impact assessment

N	Products	Estimated impact of the sustainable alternative product on costs	Promoting gender equality	Work opportunities for people with disabilities	Work opportunities for people from ethnic minorities	Promoting SMEs	Local production	Total Score
1	Printing Paper	-3	1	3	1	1	1	4
2	Furniture	-2	0	0	1	1	3	3
3	Printers, Plotters, Ink and Toner Cartridges	1	1	2	1	1	1	7
4	Computers, Monitors, Tablet computer and smartphones	-1	1	2	1	0	1	4
5	Cleaning products	2	3	3	3	3	3	17
6	Motor vehicles	-3	0	0	1	0	0	-2

Final Assessment of Priority Products/Candidates for SPP

For the final selection of the products for SPP, the final priority assessment was carried out by the method of a weighted average assessment of all the results obtained at the previous stages. Table N9 below shows the results of such a final assessment.

Table N9. Final assessment of priority products/candidates for SPP					
N	Alternative products	Weighted Average of Environment impact assessment	Weighted Average of Socio-economic impact assessment	Weighted Average of the assessment of availability of quality standards, certificates and eco-labels	Total
1	Printing Paper	0.72	0.66	2	3.38
2	Furniture	0.55	0.5	2	3.05
3	Printers, Plotters, Toner and Ink cartridges	0.72	1.16	2	3.88
4	Computers, Monitors, Tablet computer and smartphones	0.77	0.66	2	3.42
5	Cleaning products	0.66	2.83	2	5.49
6.	Motor vehicles	0.94	-0.33	2	2.61

We can see that the cleaning products took first place in the final rating while photocopying equipment and consumables came in second. Therefore, these two groups of products were chosen as the prioritized products for the implementation of SPP. With respect to the printing paper, as a result of market research analysis, it was considered, that the national market, given the level of competition, at this stage, is not ready to select sustainable printing paper as a priority procurement object. With respect to transport and computer equipment, the main indicator was the contrast between the prices of the sustainable alternatives of the products and the conventional products.

9 Overall

Mandatory application of SPP for the prioritized products is an innovation for Georgian legislation and practice. Therefore, at the initial stage of SPP implementation, it was decided that the developed SPP rules should be applied to only numerous types of procurement objects(goods). These procurement objects are:

- Toner cartridges (CPV 30125100);
- Ink cartridges (CPV 30192113);
- Printers and plotters (CPV 30232100);
- Cleaning and polishing products (CPV 39800000).

It is noteworthy to mention that the annual report of CAs (this obligation is provided by the Draft Decree), with intensive monitoring and observation by the Agency, as well as, regular refinement of procurement legislation are expected to increase the list of the prioritized products that should be purchased in a sustainable way. We should also mention that according to the Draft Decree CAs are recommended to use SPP criteria for such products that are not selected as prioritized products at this stage of SPP implementation. Such a recommendation will encourage both the CAs and the Economic Operators (Eos) to implement green and sustainable procurement and manufacturing practices.

Annex A.

Ministries:

1. Ministry of Education, Science, Culture and Sports (Georgia)
2. Ministry of Environment Protection and Agriculture of Georgia
3. Ministry of Economy and Sustainable Development of Georgia
4. Ministry of Defence of Georgia
5. Ministry of Justice of Georgia
6. Ministry of Regional Development and Infrastructure of Georgia
7. Ministry of Foreign Affairs of Georgia
8. Ministry of Finance of Georgia
9. Ministry of Internal Affairs of Georgia
10. Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia

State agencies, state enterprises, LEPL, Ltd:

1. LEPL "Georgia's Innovation and Technology Agency" of the Ministry of Economy and Sustainable Development of Georgia
2. The Roads Department of Georgia - the subordinated agency of the Ministry of Regional Development and Infrastructure of Georgia (MRDI)
3. LEPL "Municipal Development Fund of Georgia" (Ministry of Regional Development and Infrastructure of Georgia)
4. LLC "United Water Supply Company of Georgia" (UWSCG). (Ministry of Regional Development and Infrastructure of Georgia)
5. Ltd. "Solid Waste Management Company of Georgia" (Ministry of Regional Development and Infrastructure)
6. LEPL "Educational and Scientific Infrastructure Development Agency" (Ministry of Education, Science, Culture and Sports of Georgia)
7. Special Penitentiary Service of the Ministry of Justice of Georgia
8. LEPL "L. Sakvarelidze National Center for Disease Control and Public Health"
9. JSC. "Georgian State Electrosystem"
10. LEPL "National Forestry Agency of Ministry of Environment Protection and Agriculture of Georgia" and "International Airports of Georgia" (Ministry of Economy and Sustainable Development of Georgia)
11. LEPL "Revenue Service" (Ministry of Finance of Georgia)
12. LEPL "Financial-Analytical Service" (Ministry of Finance of Georgia)
13. The State Military Scientific-Technical Center "DELTA" (SMSTC Delta) of Ministry of Defence of Georgia
14. LEPL "Cyber Security Bureau" of Ministry of Defence of Georgia
15. The sub-Department of the Ministry of Finance and Economy of the Autonomous Republic of Adjara - Road and Reclamation System Management Department.

Municipalities:

1. Tbilisi City Hall
2. Municipal Department for Infrastructure Development of the Tbilisi City Hall
3. Ltd. "Tbilisi Transport Company" of the Tbilisi City Hall
4. Kutaisi City Hall
5. Rustavi City Hall
6. Batumi City Hall.

Universities:

1. LEPL "Tbilisi State Medical University"
2. LEPL "Ivane Javakhishvili Tbilisi State University"
3. LEPL "Georgian Technical University".

Annex B.

Table N10. The most popular products (goods) in public procurement in 2020.

CPV/productname		Total number of tenders and consolidated tenders	Share with the total number of procurement of goods	Total cost of tenders and consolidated tenders	Share with the total cost of procurement of goods	Number of the procurement contracts	The cost of the procurement contracts	Number of consolidated procurement contracts	Cost of consolidated procurement contracts
1	Motor vehicles (CPV 34100000)	284	1.8%	136,375,825	16.5%	107	112,822,767	177	23,553,058
2	Fuels (CPV 09100000)	1,090	6.9%	127,315,243	15.4%	95	4,558,014	995	122,757,229
3	Pharmaceutical Products (CPV 33600000)	1,917	12.2%	81,514,335	9.9%	571	78,095,171	1,346	3,419,164
4	Medical equipment (CPV 33100000)	770	4.9%	55,984,270	6.8%	599	55,792,779	171	191,491
5	Fertilizers and nitrogen compounds (CPV 24400000)	59	0.4%	28,406,607	3.4%	59	28,406,607		

6	Miscellaneous transport equipment and spare parts (CPV 34900000)	141	0.9%	25,788,820	3.1%	141	25,788,820		
7	Computer equipment and supplies (CPV 30200000)	870	5.5%	22,595,127	2.7%	407	15,656,635	463	6,938,492
8	Dairy products (CPV 15500000)	166	1.1%	16,915,731	2.0%	159	13,554,429	7	3,361,302
9	Lightning equipment and electric lamps (CPV 31500000)	300	1.9%	15,002,801	1.8%	300	15,002,801		
10	Animal products, meat and meat products (CPV 15100000)	191	1.2%	13,874,856	1.7%	189	13,801,813	2	73,043
11	Parts and accessories for vehicles and their engines (CPV 34300000)	1,118	7.1%	14,019,042	1.7%	190	10,615,575	928	3,403,467
12	Furniture (CPV 39100000)	346	2.2%	14,103,101	1.7%	346	14,103,101		