

## Implementation of the Sustainable Development Goals (SDG) concept in activities and its impact on business in Georgia

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### Abstract

This paper analyses the progress and impacts achieved after their implementation both globally and in Georgia. The work mainly uses the qualitative method of research, which is divided into 2 stages: the analysis of secondary sources and in-depth interviews. In the case of Georgia, the main emphasis in the research was made around the renewable energy sector, because at this stage the country has one of the biggest prospects of getting closer to the sustainable development model through the development of a specific field.

As a result of the research, it was confirmed that, as well as specifically in the context of Georgia, as well as on a global scale, the implementation of sustainable development goals in activities is hindered by low awareness in society. As for the impact on business, research has shown that specific concepts have a uniquely positive impact on both the private sector and the quality of life in general. Specifically, in the case of Georgia, the gaps in the involvement and readiness of the state institutions were highlighted.

Achieving the goals set in a specific direction requires the involvement of each individual and the maximum understanding of the existing perspectives and needs in order to effectively and powerfully implement the goals in the activities, which will give you a relevant impact on the business and the quality of life in general.

**Keywords:** goals and concepts of sustainable development in Georgia, renewable energy, sustainable development goals and results, sustainable development and business

## I. INTRODUCTION

In a constantly evolving world, the demand for different resources is exponentially increasing, along with growing different challenges associated with resource management. These challenges have transcended the concerns of individual nations and international organizations, becoming a global imperative and concern. A sudden increase in resource demand has drawn global attention to the necessity of improving and advancing renewable sources, prompting a broader discourse on sustainable development. This became particularly vital in 2013 with the start of international conferences on sustainable development (ICSD) [5] where stakeholders from various public and private sectors began a collaboration to change methodology to sustainability on a larger scale.

In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development, summarized in a document titled “Transforming our world: the 2030 Agenda for Sustainable Development” which outlines 17 sustainable development goals (SDG). [2] The primary objective of sustainable development is the establishment of an economic model grounded in principles that not only meet present needs but also ensure the efficacy of the used resources while at the same time minimizing the environmental impact.

The goal of the research is to achieve two main objectives: investigation of mechanisms and strategies employed in the application of sustainable development goals across various sectors to analyze the impact of integrating these goals on different business sectors and to evaluate the effectiveness of incorporation, which will be elaborated below.

## II. LITERATURE REVIEW

### **The situation parallels the beginning of the introduction of the concept**

The main content of the goals of sustainable development and its concept, in general, is to create such an economic model that can maintain the current growing rate of development in the background of minimal poverty, equal prosperity, peace, justice and minimal environmental damage. As for the direct integration of the concept and talking about the results, we must carefully observe the growth of their values and positive influence between certain periods. In a specific direction, the United Nation's report on sustainable development goals provides us with quite interesting information. The above-mentioned report is prepared every year after the UN General Assembly created the 2030 Action Plan for Sustainable Development in 2015 and began active work in this direction.

The specific statistics discussed in the 2017 United Nations report highlight how important it is to start work immediately on the integration of the goals and concepts explained above. Based on this source, we can say that one out of every eight people lives in extreme poverty, 1.1 billion people still do not have access to electricity, and 2 billion people live in extreme water scarcity. [11]

Of course, the extremely problematic issues mentioned above, which constitute a small part of the full list on which the concepts of sustainable development work, are of little concern to more developed

countries than average. But this does not mean that working for the goals of sustainable development is less important for developed countries because these countries are the consumers of the main resources and precisely they have the most work in the efficiency part

### **Sustainable development adaptation in the current world**

The 2023 United Nations annual report [14] sheds light on the critical importance of sustainable development integration, moreover, this integration shall be integrated across all the sectors, coupled with systemic involvement of citizens.

While sustainable development is recognized by nearly all countries, the recognition alone is truly insufficient to achieve the objectives that are set especially within the time frame. It is critical for representatives of various fields to comprehend the importance of the values and needs that are associated with the achievement of sustainable development progression, moreover, aligning the core principles with these concepts. Such cooperation and alignment are vital for the collective mobilization of efforts and addressing global challenges with shared resources, forming the foundation for future change.

The general model of the economy and the classic work goals of business are well-established in most practices but are focused only on financial profit and put other values to the fore. Sustainable development goals allow existing private and public sectors to make even more financial gains, make production materials more efficient, reduce demand for necessary resources, and at the same time contribute to solving global problems, which will also increase their opportunities on the world stage and strengthen communication with interested parties. In today's world, it is vital to replace or increase the efficiency of exhaustible resources for economies and businesses to remain viable.

That's why SDG allows businesses to access various new opportunities and gives them certain priorities, such as:

- Adaptation to modern business opportunities
- Strengthening of corporate sustainability
- Strengthening of communication with stakeholders
- Stabilization of societies and the environment
- Utilization of a common language and goals

For the success of the integration of developmental values, it is crucial to consider the needs, values and benefits of businesses involved in the process. Therefore, businesses must indeed identify specific niches in the sustainable development structure which will allow them to establish their objectives accordingly. Companies must establish a comprehensive plan of action that allows them effective communication with stakeholders and creates integration of sustainable development aims, which afterwards will aid them in achieving successful integration of development goals.

The United Nations Global Compact outlined a 5 step plan/process for the integration of SDGs in business activities [7] :

- Comprehension of Goals
- Prioritization
- Identity determination

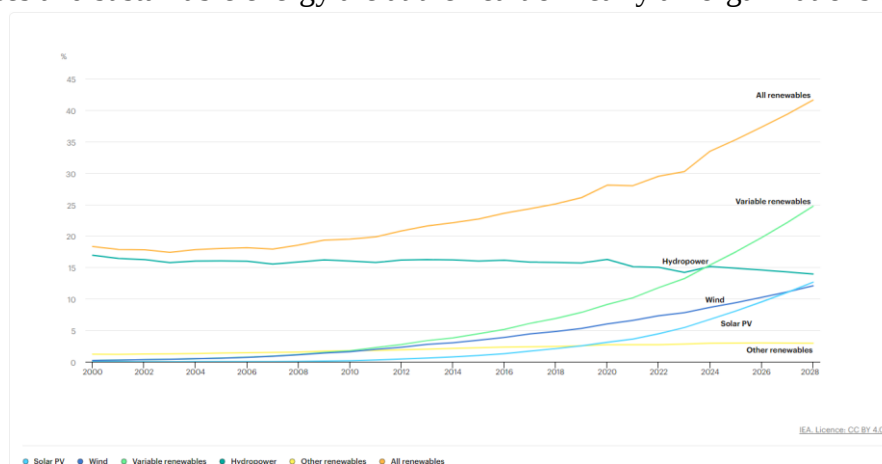
- Integration
- Reporting and communication

As mentioned in the guide this five-step process is tailored to help companies with alignment of their values and operational processes with SDGs. This provides a clear plan for comprehension of the vitality of each goal and the necessity to integrate them into the daily activities of the businesses.

### Business and the concept of sustainable development goals today

„THIS IS THE ERA when business for good is good business. A new era in which there is every reason for businesses to want to save the world.” - quote by Marga Hoek in the book “The Business to build a better world” [9]. In the present economic environment, it has become essential for all businesses to minimize the negative impact of SDGs. Currently, numerous businesses are viewed as crucial tools for solving global challenges. This shift is rooted in a business model that balances social and financial values.

Marga Hoek highlights that this present economic model has opened numerous opportunities with an estimated 4 trillion USD in annual investments potentially growing to 12 trillion USD. All of these have emerged from the new market approaches and businesses must adapt to these changes. Businesses, which align with SDG values are putting effort into innovation of the production process for enhancement of resource efficiency. This in itself means maximization of recycling used materials, investing in recycling technologies and use of eco-friendly practices. The aim is to reduce resource overconsumption while aiding sustainability. Precisely this underlines the new era of businesses, where renewable resources and sustainable energy are at the heart of nearly all organizations (see Figure 1)



**Fig. 1 Share of renewable electricity generation by technology, 2000-2028**

Based on data from the previous year, the capacity of the world's energy production has increased significantly by 2023. Over the previous 20 years, this increasing tendency has been continuously seen; external causes, especially China's contributions in this area, have played a major role. The world has produced the same amount of energy in the last year alone as it did the year before, suggesting a strong

continuation of this growth trend [4].

According to this study, developments in renewable energy technology are primarily responsible for the trend that has been noticed. For instance, the price of solar panels has dropped from the prior year, allowing for wider adoption and increasing the potential for the production of renewable energy.

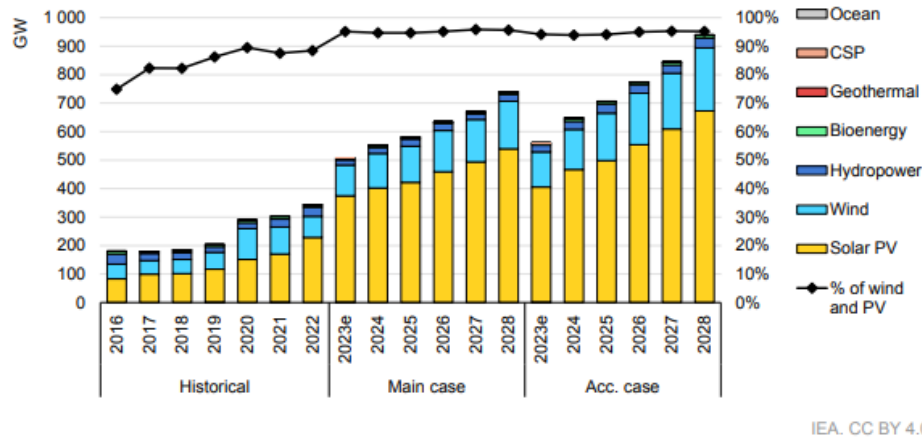


Fig. 2 Renewable electricity capacity additions by technology and segment

Major corporations have started actively pursuing the integration of solar energy into their operations due to the recent changes in the energy industry. They have rapidly realized the enormous potential that this path offers. An important part of this shift is the support that the Solar Energy businesses Association (SEIA) provides for the use of solar energy in a variety of businesses. The "Solar Means Business" campaign is a primary SEIA project that seeks to expand solar energy adoption and assess the resultant impact.

The campaign's results have shown a notable annual growth in the utilization of solar energy, indicating a strong acceleration of this trend.

Top businesses that have aggressively incorporated solar energy into their operations are recognised and named as part of the campaign. These numbers were shown in Illustration 1 for 2019. The results showed a notable shift by 2022, indicating a growing interest in renewable energy, especially solar energy, over the world (see Figure 2).

## Top 10 Rankings (MW Installed)

|                                                                                              |       |                                                                                                        |       |
|----------------------------------------------------------------------------------------------|-------|--------------------------------------------------------------------------------------------------------|-------|
| 1.  Apple   | 398.3 | 6.  Kaiser Permanente | 181.8 |
| 2.  Amazon  | 369.8 | 7.  Switch            | 179.0 |
| 3.  Walmart | 331.0 | 8.  Prologis          | 133.7 |
| 4.  Target  | 284.4 | 9.  Facebook          | 119.5 |
| 5.  Google  | 245.3 | 10.  Solvay           | 81.4  |

Illustration 1. The list of leading companies in terms of solar energy, 2019

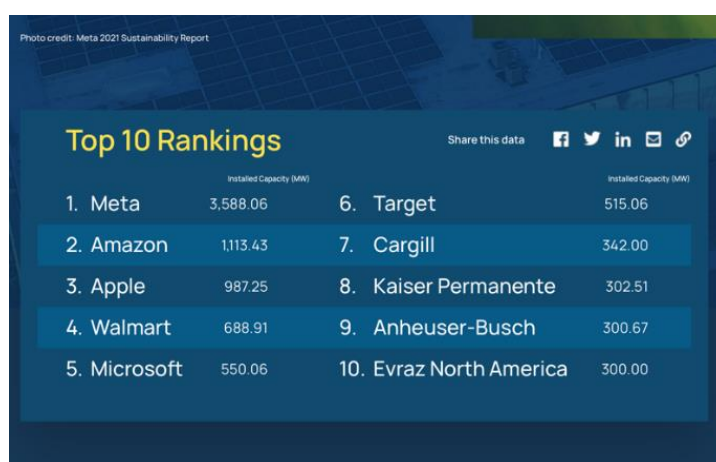


Photo credit: Meta 2021 Sustainability Report

### Top 10 Rankings

Share this data     

|              | Installed Capacity (MW) |                         | Installed Capacity (MW) |
|--------------|-------------------------|-------------------------|-------------------------|
| 1. Meta      | 3,588.06                | 6. Target               | 515.06                  |
| 2. Amazon    | 1,113.43                | 7. Cargill              | 342.00                  |
| 3. Apple     | 987.25                  | 8. Kaiser Permanente    | 302.51                  |
| 4. Walmart   | 688.91                  | 9. Anheuser-Busch       | 300.67                  |
| 5. Microsoft | 550.06                  | 10. Evraz North America | 300.00                  |

Illustration 2. The list of the leading companies in the use of solar energy, 2022

The energy of the most massively used renewable energy source is wind energy. It was actively launched after the Sustainable Development Goals had become globally recognized and companies began to care about the concepts of particular goals.

### Sustainable energy in Georgia

According to the 2021 sustainable development report [3] examination of Georgia's progress in sustainable development is done within a global context. The nationalization of sustainable development in Georgia began in 2015 with the identification of 17 goals and 93 objectives.

By 2021 Georgia has been ranked 43rd in the world [13]. However, challenges are still persistent, particularly in spheres of gender equality, ecological sustainability and economic inequality. On the other hand, there have been improvements in access to quality of education and energy security. Nevertheless, the results show that Georgia has room for work to meet sustainable development targets fully.

Concerning poverty – its rate has been reduced since 2015, which in itself is a positive development, however, it remains insufficient to meet the targets set for 2030. For 2021 3.24 % of

Georgia's population lived on less than 1.90 \$ per day. The poverty line of 3.20 \$ per day remains a challenge. [3]

The hunger indicator shows a concerning trend. In 2013 4.6% of the population experienced food insecurity and the figure rose to 8.2 % by 2021. The worsening trend underlines the need to intensify efforts to address food security.

On the other hand, the health and well-being sector has seen improvement with most indicators showing positive trends. It is that these advancements are not yet sufficient to achieve the 2030 targets. Literacy on the other hand stands out with notable progress.

On the part of gender equality, the area is of significant concern. There are numerous imbalances in underrepresentation in parliament, women in decision-making positions and imbalances in family planning.

In terms of clean water and sanitation, it is worth noting that most of the country's population does not have a problem with access to potable water, but the issue of wastewater treatment is problematic.

We have good results in the area of affordable and safe energy, the benchmark for the use of ecologically clean energy sources is relatively noteworthy, but positive dynamics are noticeable in this area as well.

### III. RESULTS AND DISCUSSION

The research presented in this particular study employs a two-stage methodological approach. (1) involves an analysis of secondary sources including both international and Georgian literature. (2) in-depth interviews with field experts, providing insights into the subject matter.

Since 2016 the introduction of SDG and implementation have been actively promoted and caused numerous positive impacts. At the beginning embraced by large corporations, the sustainable development goals have been gradually adopted on smaller scales as well. Consequently, the overall individual awareness has also risen, recognizing the importance of being not only profit-oriented but also raising awareness of understanding the context of the broader community.

This shift in perspective has changed the approach of both business sectors and governmental policies, influencing economic models based on sustainable development goals which can enhance both private and public sectors. These economic models aim to address the pressing global challenges that were initially identified as the primary objectives of the 17 SDGs. Whatsoever in bigger scope, the biggest obstacle remains the literacy level and appreciation of the approaches, which slows down the systematic development of sustainable development practices.

Like in the rest of the world, low awareness is still a major problem in Georgia. The study primarily focuses on the renewable energy industry because of its significant potential to support the nation's sustainable development plan. Respondents emphasized the lack of social knowledge and the inadequate readiness of the federal government, as demonstrated by ineffective regulations and flawed processes that impede advancement. These problems limit the market's potential for growth and obstruct future investments in renewable energy.

Despite the aforementioned challenges there is a recognition that the development of renewable energy could lead to energy independence and financial benefits for Georgia. This research has revealed that Georgia has a potential for solar, wind and hydropower resources, which are currently minimal.

An important issue is the bureaucratic complexity in interactions with various agencies, which slows down the efficient use of resources. Communication challenges persist as a centralized body for the guidance of investors doesn't exist. Moreover, the political situation in Georgia and the prolonged establishment of a stable electricity market have declined investors' interest. The lack of prioritization on the part of the central government is compounded with low public awareness, which often leads to numerous problems, which jeopardize projects even after they have been initiated.

Despite the above-mentioned, the state has introduced several market mechanisms to promote the sector, demonstrating a clear commitment to its development. The contracts for Difference (CFD) mechanism was a vital initiative, which opened the electricity market, the submarine cable project and legislative efforts to decentralize tax regulations. These initiatives along with market potential attract local and international investments in the sector.

#### **IV. CONCLUSION**

Concepts of sustainable development goals (SDG) must be not only comprehended but also implemented by individuals and the business sector. The growing demand for essential resources has led to inequalities in their distribution, which has resulted in shortages. The only viable solution for the posed problem is optimization of the use of resources while aligning with sustainable development principles.

Georgia is a good reflection of global trends with noticeable improvements in areas such as access to quality education, energy security, health and well-being. There is also an improvement in the reduction of unemployment, hunger and smoking rates. Particularly strong outcomes have been observed in literacy, where most of the population now has access to drinking water and safe energy. On top of that, the country has seen improvements in internet access, mobile connectivity and the processing rate of solid waste.

However, despite the advancement, the progress is still insufficient to meet the targets set for 2030. Numerous areas still require significant improvement, including access to environmentally friendly energy sources, public awareness of resource sustainability and the border integration of sustainable development concepts.

The renewable energy sector is the focus of this study because it can help Georgia achieve energy independence and maximize the use of resources. Electrical energy exports can also generate significant revenue for the country. However, several factors currently hinder the development of the renewable energy industry. The most important of these is low public awareness, which often leads to resistance to renewable energy projects.

In addition, the state does not seem to give consistent priority to the sector, which complicates the process of attracting and retaining investors. Challenges such as delayed opening of trade markets, bureaucratic inefficiencies, and insufficient initial involvement of relevant authorities also dampen

interest and hinder the completion of planned projects.

Despite these challenges, investors have shown strong interest in promoting the development of renewable energy in Georgia. The central government has also taken steps to reinvigorate the sector by encouraging stakeholders through various support mechanisms. One major development is the introduction of the Contract for Difference (CFD) mechanism, replacing the earlier Power Purchase Agreement (PPA) and Feed-in Tariff (FIT) mechanisms. The CFD mechanism is designed to increase market transparency and create an attractive competitive environment for investors. Although there are still some delays, this is typical of a growing market, and significant progress is expected with continued practice and refinement.

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