



Funded by
the European Union

EU4Environment
Green Economy in Eastern Partner Countries

Report on the
Roundtable discussion on the preliminary findings of the report

*Sustainable Forest Management certification in Georgia
and case studies in comparable countries*

19 November 2024

Action implemented by:



Introduction

A roundtable discussion was organized in Tbilisi on the 19th of October 2024 to explore the feasibility of introducing Sustainable Forest Management (SFM) certification in Georgia and to raise awareness on the subject amongst key stakeholders.

The discussion was centred around the preliminary findings of the report *“Sustainable Forest Management certification in Georgia and case studies in comparable countries,”* developed under the EU4Environment Programme. Presentations were made on the following topics:

- Introduction of SFM Certification in Georgia
- Rationale for case study country selection
- Case study highlights from North Macedonia (PEFC); Serbia, with complements from Bosnia (FSC); and Romania (FSC)
- Comparative analysis of case studies with the Georgian context
- Gap analysis and roadmap for the implementation of SFM certification in Georgia.

Opening remarks were provided by Ms. Nino Inasaridze, World Bank Programme Coordinator and Mr. Zaza Nonashvili, head of the Biodiversity Monitoring Division, Biodiversity and Forestry Department, Ministry of Environment and Protected Areas (MEPA) and the meeting was moderated by Nino Bregadze, project Manager for the Caucasus Environmental NGO Network (CENN).

List of participants

Participant	Function
EU4 Environment	
Nino Inasaridze	World Bank Program Coordinator
Government officials	
Zaza Nonashvili	Senior Specialist, Forest Policy Division, Biodiversity and Forestry Department of Ministry of Environment Protection and Agriculture
Rati Gelashvili	Forest Policy Division, Biodiversity and Forestry Department of the Ministry of Environment Protection and Agriculture
Giorgi Tsabadze	Specialist, Biodiversity and Forestry Department, Ministry of Environment Protection and Agriculture
Ekaterine Blarjishvili	Chief Specialist, National Forestry Agency
Private sector/associations	
Shota Shanshiashvili	Wooden Toys and Souvenirs “Tsatsia Ostati”, founder
Malkhaz Rogava	Forestry Specialist, Georgian Wooden Industrial Development Co
Mamuka Khoshtaria	Executive Director, Georgian Wood Processors and Furniture Manufacturers Association
Mariam Barbakadze	Project Assistant, Forest Products Association

Academic institutions/specialists	
Vasil Metreveli	Forestry Expert, Ilia State University
Giorgi Baghaturia	Forestry Specialist, Forest Inventory
Iakob Kapanadze	SFM Expert
Ana Akopashvili	Economist
Project representatives	
Nino Bregadze	Project Manager, CENN
Antoine de La Rochefordiere	SFM Expert, ONF International

Main remarks and feedback from participants

Forest certification in Georgia: Challenges and pathways

The discussion around forest certification in Georgia began in 2008 with the issuance of forest licenses. Initially, obtaining Forest Stewardship Council (FSC) certification was a requirement for these licenses. However, due to high costs and an unclear certification process, this requirement was eventually removed. Over the years, the need for a structured approach to certification has become increasingly evident to avoid repeating past mistakes.

Market demand and certification needs

Wooden toy producers have expressed a strong interest in obtaining certification, primarily driven by export opportunities, as foreign partners often require it. Donor organizations could play a crucial role in supporting the private sector in navigating the certification process, especially since certification bodies may be reluctant to invest without external aid.

Private entrepreneurs are concerned about the potential impact of certification on product pricing. While a modest price increase (e.g., from 100 GEL to 105 GEL) is acceptable, significant increases could threaten the viability of production. Certification is seen as a positive initiative for the state, but participants stressed that it must be linked to financial incentives for private entities to engage.

Chain of Custody vs. Forest Management certification

The cost implications of Chain of Custody (CoC) certification are generally less burdensome than those of Forest Management (FM) certification. Group CoC certification could help share costs among participants. Many FM entities might be willing to absorb certification costs, especially if funded by the government or international NGOs.

Despite the potential benefits, doubts exist regarding the profitability of certification for both the state and entrepreneurs, particularly as Georgia's current export focus is primarily on neighbouring countries and the Middle East, where certification is not a requirement. With 90% of products in the

wood sector being export-oriented and domestic consumers limited support is essential to maintain competitiveness in export markets.

Challenges in primary processing

Georgia's primary wood processing remains underdeveloped; fewer than 10% of active sawmills have kilns, hindering the production of quality products for the European market. There is a need to encourage and support such processing, and secondary processors could collaborate to invest in their own sawmills and drying facilities.

The issue of certification gained prominence when Georgian companies began producing and exporting wooden toys. However, these businesses face significant barriers, including the absence of an FSC issuing body in the country. Despite frequent inquiries about establishing such a body, no definitive answers have been provided, and it is unlikely to happen without short-term potential for certification.

Regulatory and market obstacles

Participants emphasized the importance of simplifying procedures for obtaining resources from non-forest areas, such as private plots or homesteads. Currently, these businesses face the same regulatory requirements as those sourcing from forests, unnecessarily increasing production costs. Despite Georgia's commitment to support folk crafts, restrictive laws create undue burdens for small-scale producers.

Most Georgian products are currently exported to countries like Iran and Turkey, where FSC certification is not a priority. Before pursuing certification for access to the EU market, it is crucial to conduct a comprehensive market study to understand what Georgian products can offer and the specific certification requirements needed.

Data Gaps and market readiness

Understanding Georgia's resources and their quality is essential before considering certification. Despite a decade of effort, less than half of the national forest inventory has been completed, complicating the assessment of market potential and supply. This lack of data is a significant barrier that certification bodies will likely question during their evaluations.

Participants expressed doubts about Georgia's readiness to enter the EU market, underscoring the need for a detailed market study to ascertain the potential for supplying wood-based products to Europe. There is interest in research showing how exporting products made from certified raw materials could enhance Georgia's market share in Europe, particularly in Italy, where it currently holds 17%.

Infrastructure and technological development

Currently, product certification alone is insufficient to boost profits, as Georgian enterprises struggle to meet European standards. Most forest resources are exported as semi-finished products to Asian markets, with limited infrastructure and technology available in Georgia for processing them for

Europe. Local manufacturers often lack advanced technological capabilities, focusing primarily on basic processing tasks.

Small-scale producers (under 10m³ annually) should face different certification requirements due to their minimal environmental impact. Group certification could be a viable solution to reduce costs.

Enforcement and Sustainable Forest Management

Certification of state-owned forests can be implemented through legislation, but enforcement remains a key challenge. Illegal logging and black markets account for a significant share of forest resources, making certification unachievable without proper enforcement mechanisms in place. A robust Wood Tracking System (WTS) based on reliable data could help address these issues by demonstrating transparency and accountability in timber flows.

SFM is critical for certification but currently lacking in Georgia. Even in countries with legal logging practices, like Brazil, the absence of SFM hampers certification efforts. Therefore, significant reforms in the forestry sector, including improved enforcement and legislation, are essential to move forward with certification.

Conclusion

The roundtable provided valuable insights into the challenges and opportunities of SFM certification in Georgia. Key areas for progress include enhancing forest resource management, improving enforcement, and developing the infrastructure to meet international certification standards. Stakeholders emphasized the importance of a structured approach, supported by donor organizations, along with a focus on market readiness and sustainable practices.