

# Country spotlight

## **Georgia**

Advancing nature-positive investments: Progress and challenges ahead in the EU's Eastern Neighborhood.

Forests beyond timber: understanding the multiple values of ecosystems

EU4Environment Regional Workshop, 9 June 2026,  
Brussels, Belgium



### Task 1. Baseline Assessment

- 1.1 Assessment of **Total Economic Value** of **ecosystem services**
- 1.2 Assessment of **targets for forestry and NRM sectors** in national and international strategies of EaP countries
- 1.3 Assessment of **financing needs** of EaP countries for reaching targets

### Task 2. Advisory support for identifying country investment and financing opportunities

- 2.1 Summary overview of **available forest/NRM/financing instruments and tools**
- 2.2 Identification of **investment and market opportunities**
- 2.3 Identification of **recommendations for country investment and financing opportunities**

### Task 3. Country-level analysis

3.1  
Armenia

3.2  
Georgia

3.3  
Moldova

3.4  
Ukraine

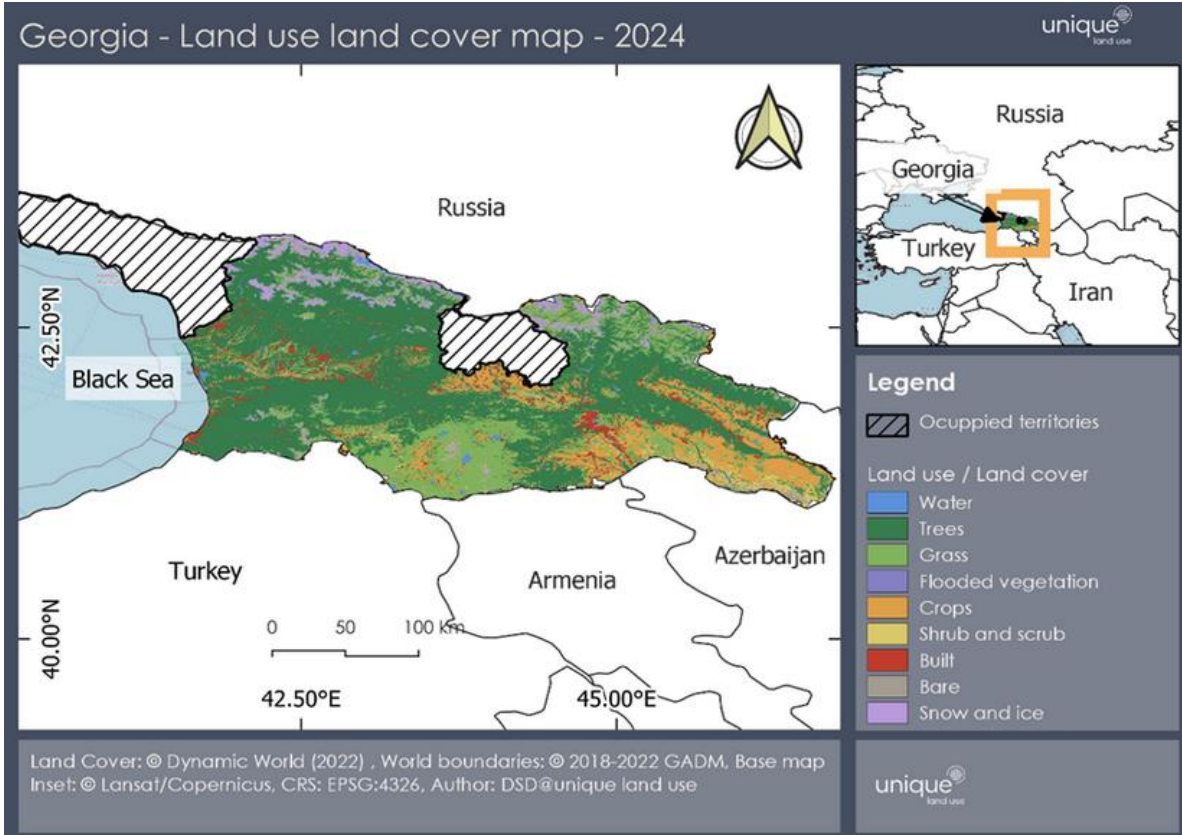
Knowledge sharing and exchange to promote regional and international collaboration on the topic

### Task 4. Workshop



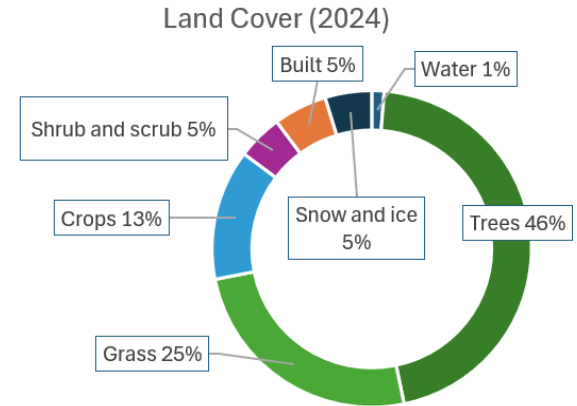
- **Part 1: Baseline assessment and identification of country investment and financing opportunities.**
- Part 2: Forests beyond timber: understanding the multiple values of ecosystems

# Ecosystem Assessment



Ecosystem	Area (thousand ha)	Trend
Forest	2,824 (2024)	Stable
Grassland	1,315 (2022)	Decreasing
Water Ecosystems	29 (2024)	Stable

Source: National Statistics Office of Georgia, 2024; Parente, Mesquita, et al., 2024; FAOSTAT, 2024.



Analytics based on land cover and land use map of Georgia in 2024 using Dynamic World dataset (Brown et al., 2022).

# Ecosystem Assessment



Estimated value of forest ecosystem services:



Fuelwood – USD 10.6M per year



Timber – USD ca. 41M per year



Non timber forest products – USD 8M per year



Recreation – USD 140M per year



Water services – USD 100M per year

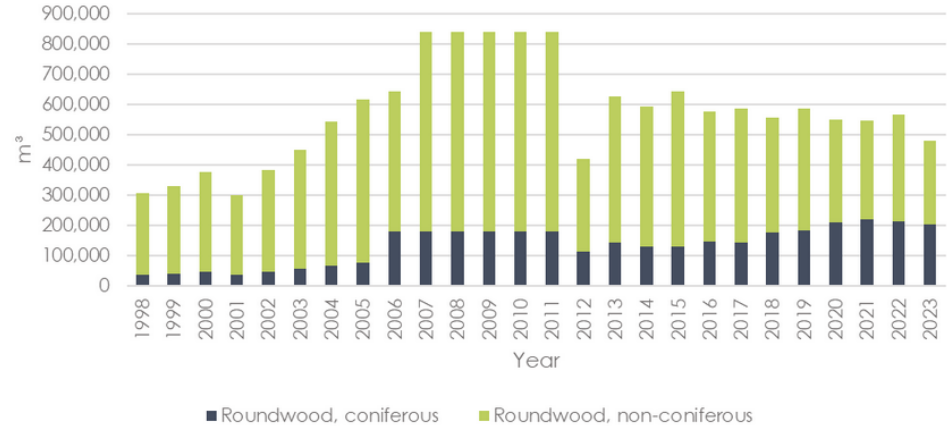


Carbon sequestration – USD ca 21,000M total value

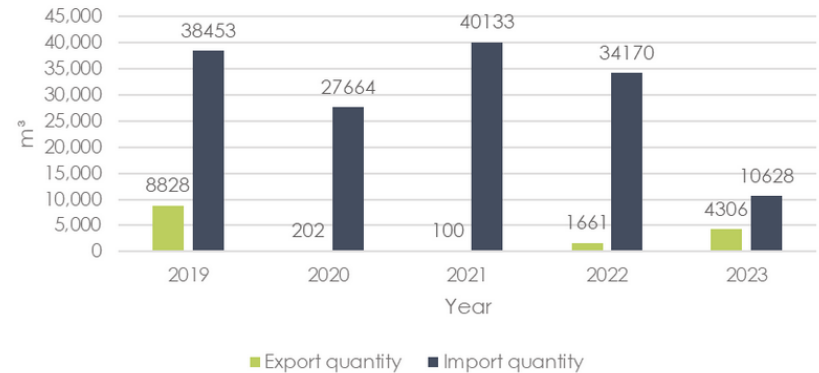
Sources:

Timber: FAOSTAT, 2025; Fuelwood: National Forest Agency, 2025; NTFPs: Van Zyl et al., 2023; Carbon sequestration: InVEST model (2024); VCM price range: Ecosystem Marketplace, 2024; Water services, Recreation: World Bank, 2024.

Roundwood Production in Georgia (1998-2023)



Roundwood Trade in Georgia 2019-2023



# Financing Sources (1)



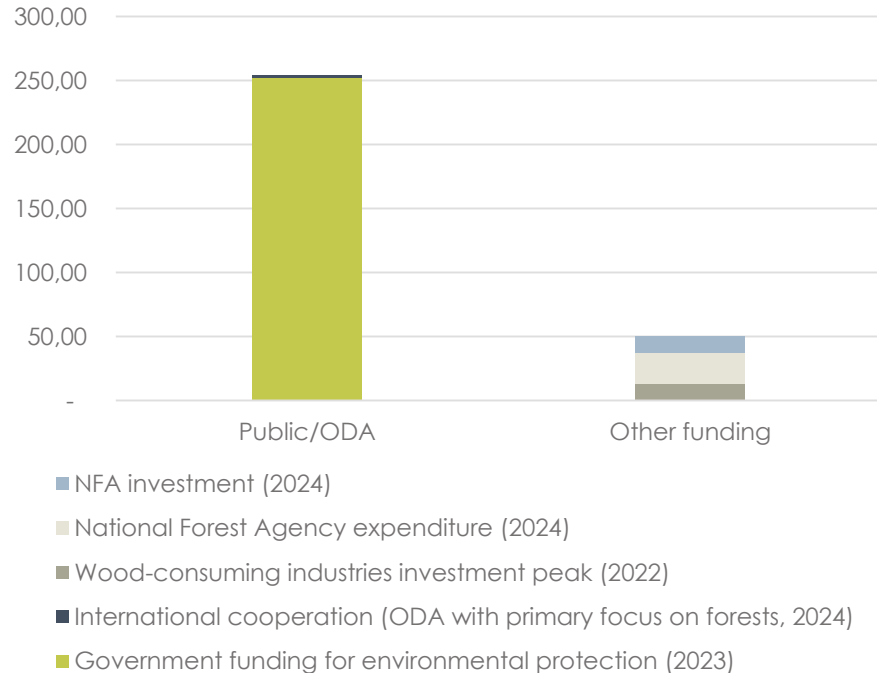
Ca. **USD 251.9 million of Georgia's government allocations for environmental protection** in 2023, of which:

- ca. **35%** from the central budget
- ca. **65%** from other levels of government (i.e local governments)

**Public allocations** are primarily directed toward waste management, biodiversity and landscape protection, and general environmental protection.

Other **private sector financing** (foreign direct investments) is low; since forests are State-owned and most managed by NFA, a State agency.

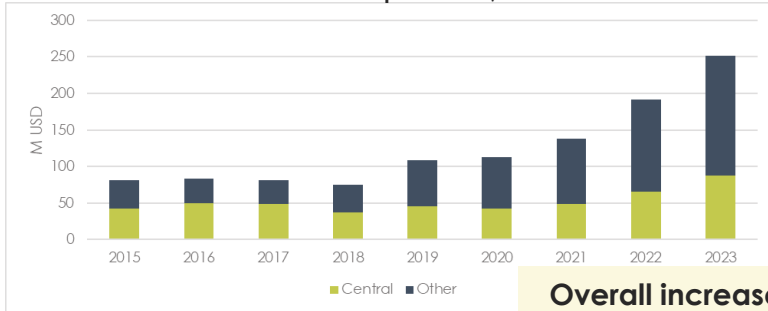
Public and private sector expenditure, Georgia  
(US dollars, millions)



# Financing Sources (2)

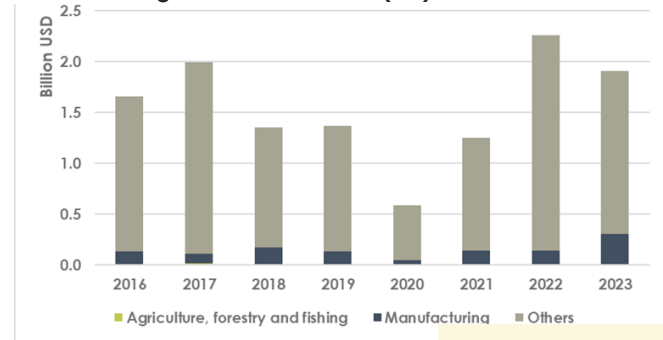


Functional component of budget: environmental protection, USD



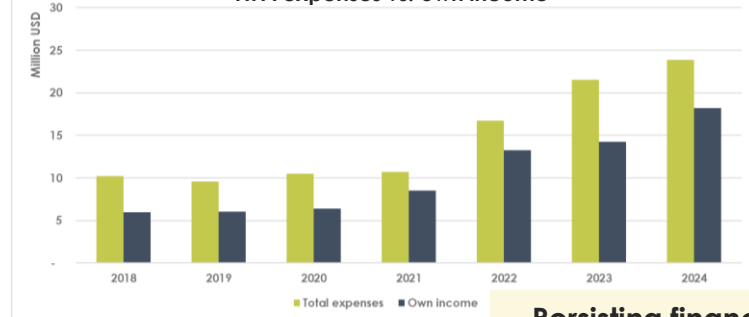
**Overall increase of govt budget for general env protection.**

Foreign Direct Investments (FDI) 2016-2023



**0.3% of total FDI in NRM (~\$40 million)**

NFA expenses vs. own income



**Persisting financing gap in National Forest Agency**

ODA contributions to NRM sectors in Georgia, 2002 to 20230



**2 ODA- funded projects concentrate 90.9% of the forestry contribution**

# Natural resources development targets



Biome	Area targets	Period	Sources	Considerations
Forests	Total restoration or afforestation target of <b>9,000 ha</b> by <b>2030</b>	2030	Georgia's Land Degradation Neutrality plan (2017) targets a total of 9,000 of forest to be afforested or restored until 2030, which matches the countries' Bonn challenge target of 9,000 ha forest restoration until 2030.	5,058 ha were restored until 2023 (56% of Bonn Challenge pledge). <b>Remaining target: 4,000 ha</b> to be restored until 2030.
Forest	Total restoration target of ca. <b>3,000 ha</b> until <b>2030</b> .	2030	Updated NDCs Target (2024)	Less ambitious than Land Degradation Neutrality and Bonn Challenge.
Sustainable Forest Management (SFM)	Target of <b>1,285,019 ha</b> (60% share of forests) managed sustainably.	2030	UNCCD (2017) Georgia Land Degradation Neutrality	NDC Transparency Report 2024: 270,000 ha under SFM. <b>Remaining target: 1,015,019 ha.</b>
SFM	SFM practices to be implemented on <b>450,000 ha</b> until 2030	2030	Updated NDCs Target (2024)	By 2024, 270,000 have been implemented <b>Remaining target: 180,000 ha</b>

# Natural resources development targets



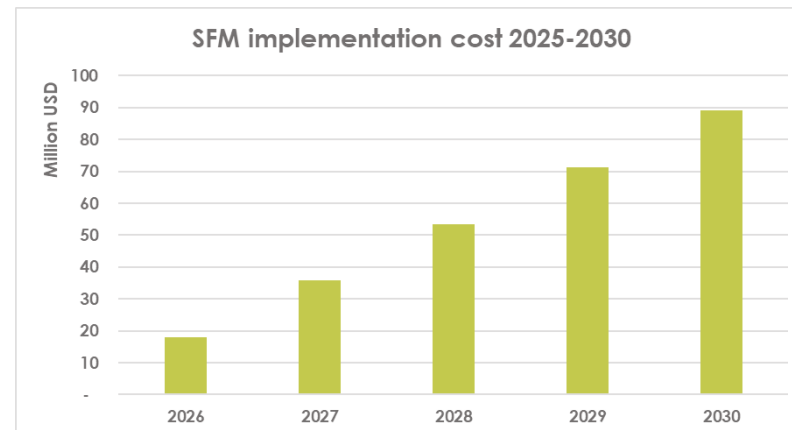
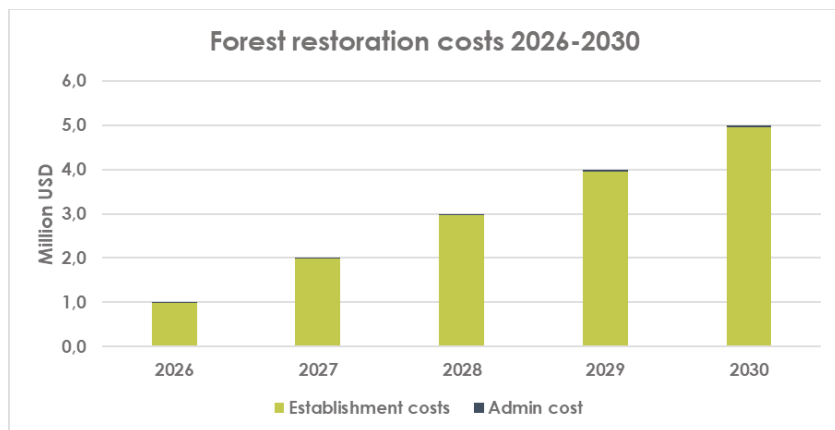
Biome	Area targets	Period	Sources	Considerations
Protected areas	Increase terrestrial <b>protected areas coverage to 12%</b>	2030	UNCCD (2017) Georgia Land Degradation Neutrality	Target achieved. Establishment of Racha, Svaneti and Erusheti Protected Areas
Protected areas	<b>30%</b> share of protected and other conserved areas (land area, freshwater, and marine area)	2030	Kunming-Montreal Global Biodiversity Framework	In 2025: 22.8% of land cover & 0.8% of marine area protected (Protected Areas IUCN Cat. and Emerald Sites). <b>Remaining target: 7%</b> of land and marine area.

# Financing Needs

## Forest and FSM



Biome	Target activity (NRM)	Remaining target metrics	Total Financing needs 2026-2030	Comment
Forests	Forest area restoration	3,942 ha	USD 5 million <b>(USD 1 million annually)</b>	Financing capacities of the NFA is restricted.
Forests	Implementation of SFM	180,000 ha	USD 89 million <b>(USD17.88 million annually)</b>	Financing needs require additional support through ODA or/and national budget allocations or alternative financing mechanisms

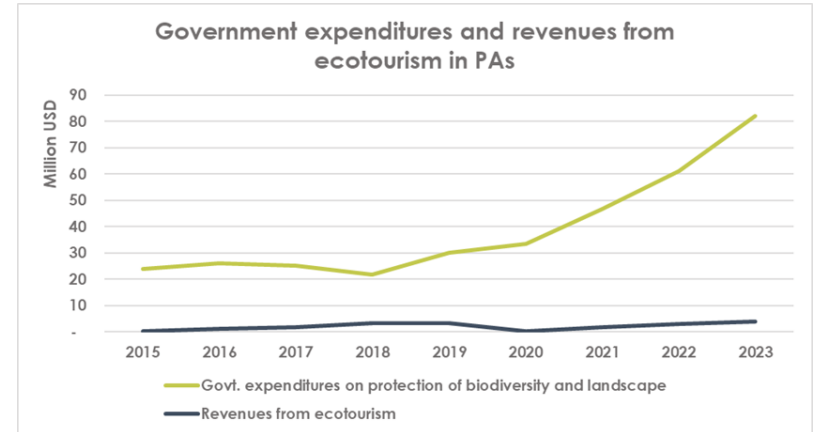
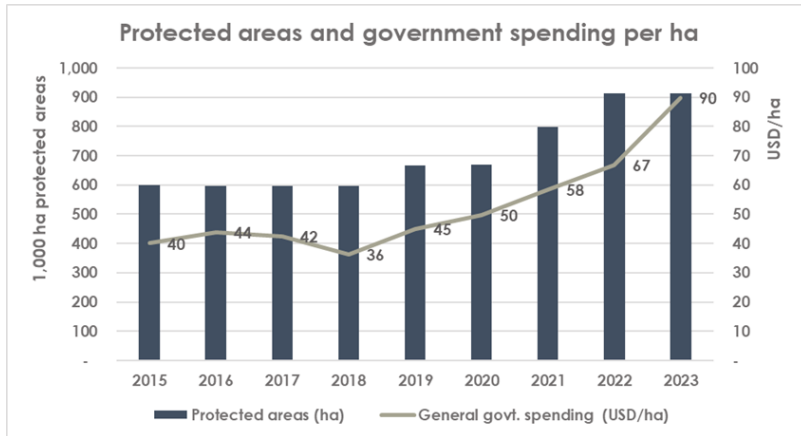


# Financing Needs

## Protected areas



Biome	Target activity (NRM)	Remaining target metrics	Total Financing needs 2026-2030	Comment
Protected areas	12% protected areas coverage	According to APA data, the area targets for protected areas have been largely achieved	<b>USD 80 million annually</b>	<p>Area targets for protected areas have been achieved (APA).</p> <p>By 2023, total PA financing reached optimal management at \$90 per ha.</p> <p>Long term sustainability of PA depends on ODA and budget allocations.</p> <p>Current self-funding capacities rely heavily on tourism , but is only a fraction of total needs.</p>



# Financing Instruments: Options



Forests create multiple values → different financing instruments can capture different values.

	Financing sources			
	Public Finance	International Finance	Market-Based Finance	Private Finance
<b>🌳 Carbon</b> <ul style="list-style-type: none"><li>•Carbon Credits</li><li>•Climate Funds</li></ul>	State budget	GEF, GCF, EU NDICI	Carbon credits	Green bonds
<b>💧 Water</b> <ul style="list-style-type: none"><li>•PES Schemes</li><li>•Watershed Funds</li></ul>	PA tourism revenues	KfW, EIB, EBRD	PES schemes	PPPs
<b>☐ Biodiversity</b> <ul style="list-style-type: none"><li>•Biodiversity Credits</li><li>•Conservation Funds</li></ul>	Tax incentives	Technical assistance	Biodiversity credits	SME green finance
<b>☐ Recreation &amp; Tourism</b> <ul style="list-style-type: none"><li>•Eco-tourism Fees</li><li>•PPP Concessions</li></ul>	Municipal funding	Blended finance facilities	Eco-tourism fees	Impact investment

# Financing Instruments: Roadmap



	Phase 1: Short-Term (Year 1-4)	Phase 2: Medium-Term (Year 5-7)	Phase 3: Long-Term (Year 8-10)
Forest management	<ul style="list-style-type: none"> <li>Finalize enabling regulations for forest PPPs and usufruct rights.</li> <li>Complete forest inventory and identify investment-ready areas.</li> <li>Develop standard templates for concessions and JV agreements.</li> <li>Establish a Forest Investment Working Group under MEPA.</li> <li>Secure donor support for technical assistance and MRV systems.</li> </ul>	<ul style="list-style-type: none"> <li>Launch blended finance pilots for afforestation, NTFPs, and ecotourism.</li> <li>Operationalize PES and carbon credit systems with verified standards.</li> <li>Issue Georgia's first green or nature-linked financial product.</li> <li>Roll out regional hubs to support investable forest project proposals.</li> <li>Introduce targeted fiscal incentives for nature-based enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>Scale pooled investment vehicles and green credit lines.</li> <li>Integrate PES and carbon revenue into forest and municipal planning.</li> <li>Institutionalize cross-sectoral forest finance coordination.</li> <li>Position Georgia as a regional leader in forest-based climate finance.</li> </ul>
Protected area management	<ul style="list-style-type: none"> <li>Finalize PA investment framework and legal tools for PPPs.</li> <li>Launch financing pilots for tourism and restoration in high-priority PAs.</li> <li>Secure donor TA and capital support (e.g., EU, KfW, GEF).</li> </ul>	<ul style="list-style-type: none"> <li>Scale up concessional PPPs and launch results-based PA finance models.</li> <li>Pilot PES/carbon credit models and integrate into tourism zones.</li> <li>Test and expand co-management with municipalities and communities.</li> </ul>	<ul style="list-style-type: none"> <li>Establish conservation trust or endowment fund for long-term financing.</li> <li>Mainstream PA investment into national green finance platforms.</li> <li>Position Georgia as a hub for nature-based investment and eco-tourism in the Caucasus.</li> </ul>



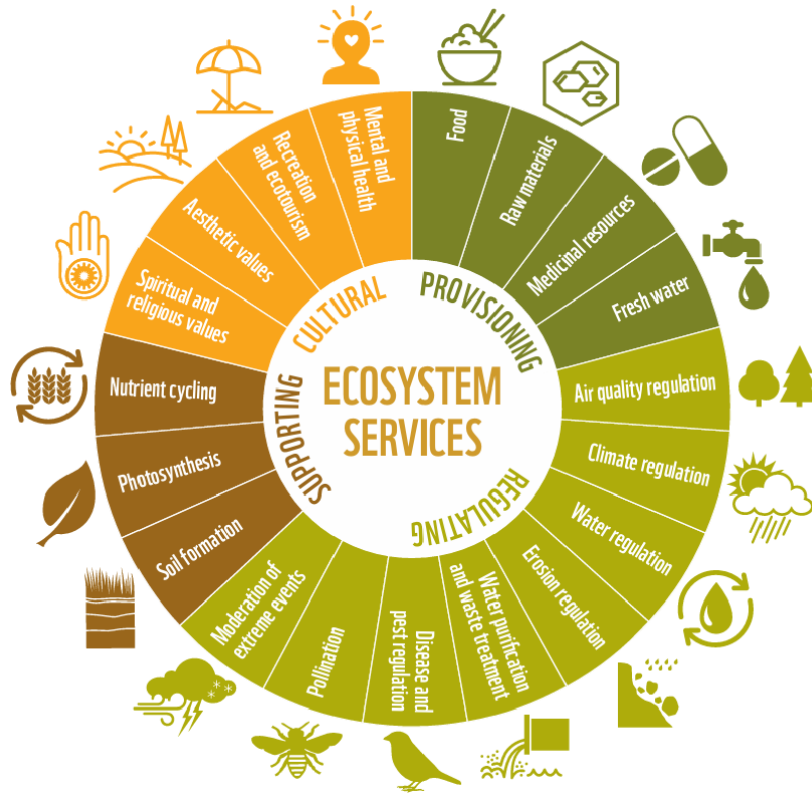
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# Forest beyond timber - Forest of Georgia



- **Total forest area of Georgia** - 3,100,500 ha (44,5% of country's territory)
- 759,200 ha (**24.5 %** of forest) is located on territories **temporarily occupied** by Russia.
- **Uneven distribution** of forest across the country:
  - 68.8% in Ajara
  - 23.7% Kvemo Kartli.
- More than **60%** of forests are located **above 1,000 m a.s.l.**
- More than **49%** of forests are located on the **26° and steeper slopes.**
- 98.5% of the forest is **of natural origin.**

# Forest beyond timber - Ecosystem services





Key ecosystem services value categories considered included:

- *Fuelwood*
- *Timber*
- *Non-Timber Forest Products*

***Provisioning services***

- *Water services and erosion control*
- *Climate regulation/Carbon sequestration*

***Regulating services***

- *Recreation*

***Cultural services***

# Forest beyond timber – Provisioning services

## Fuelwood



- Predominant energy source for rural households in Georgia.
- Up to 90 percent of rural households (1.43 million people) rely on fuelwood.
- Household consumption ranges between 8 m<sup>3</sup> and 13 m<sup>3</sup> per year.
- Annual fuelwood production volumes ranges from 408,000 m<sup>3</sup> in 2020 to 280,000 m<sup>3</sup> in 2024 (NFA report).
- The total value of the 2024 production volume corresponds to roughly \$10.6 million (average market price \$37.96 per m<sup>3</sup>), equivalent to about \$4.9 per ha of forest.

# Forest beyond timber – Provisioning services

## Timber

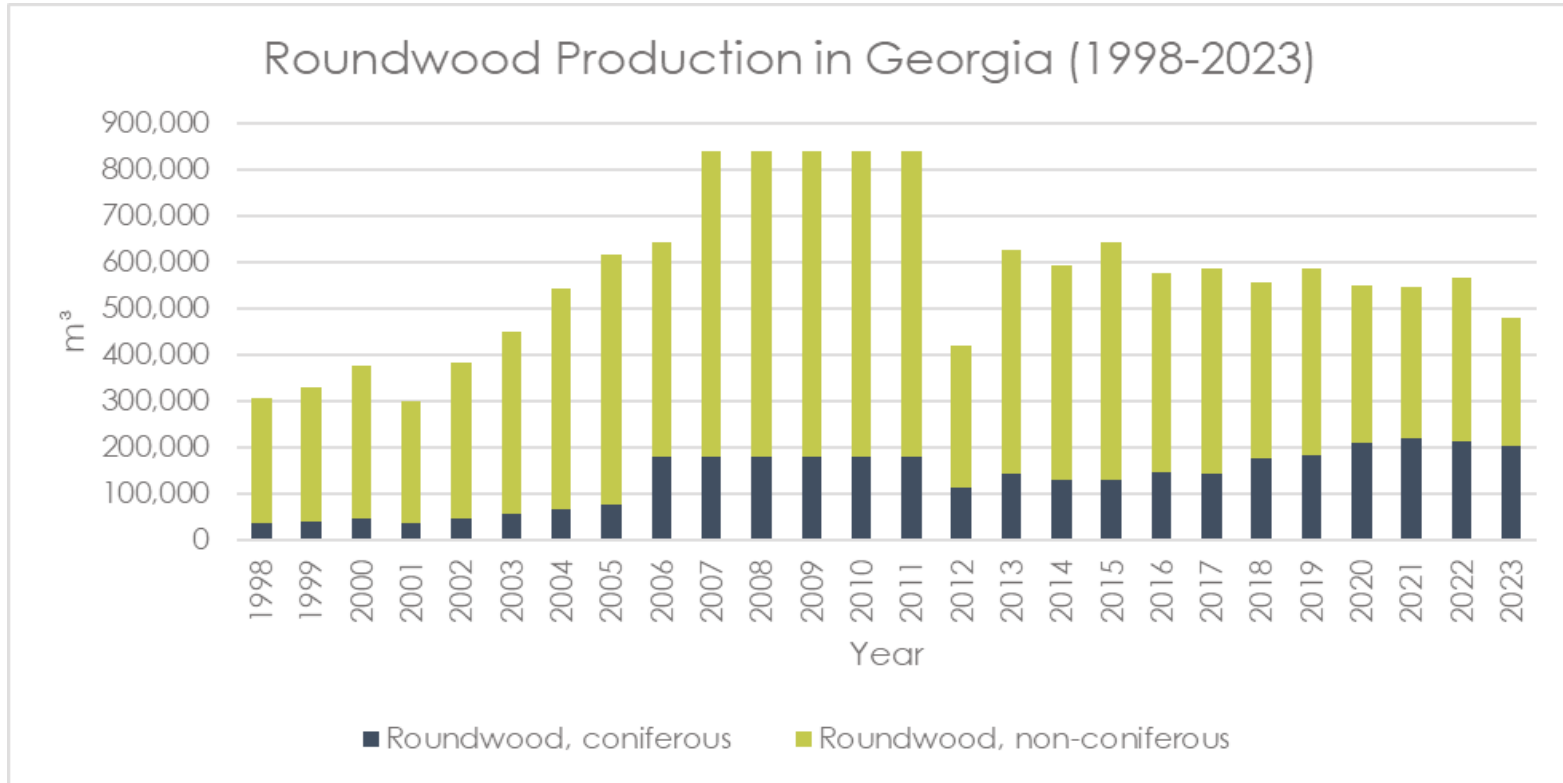


- The average timber volume in Georgia's forest is 231.8 m<sup>3</sup>/ha.
- In 2023, roundwood production reached 478,000 m<sup>3</sup>.
- While roundwood imports reached approximately 10,000 m<sup>3</sup> in 2023, they were significantly higher in 2021 at around 40,000 m<sup>3</sup>.
- In 2023, the total estimated market value amounts to \$41.26 million (average price \$86.3 per m<sup>3</sup> in 2024), corresponding to a approximately \$19.27 per ha of forest.

→ A comparatively low value in contrast to the European average of €174 (\$183) per ha in 2022.

# Forest beyond timber – Provisioning services

## Timber

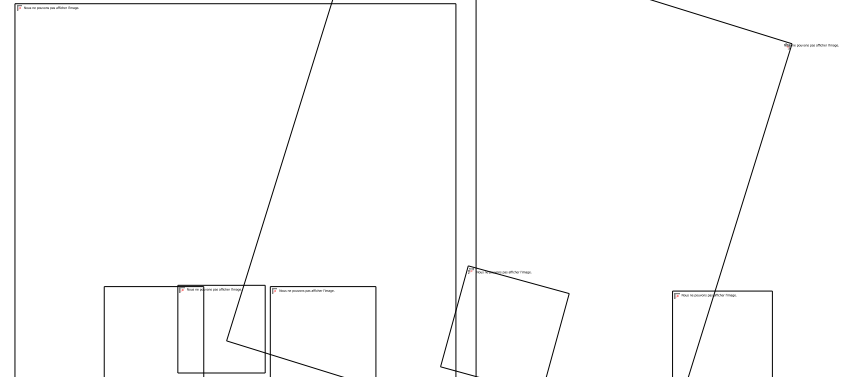


# Forest beyond timber – Provisioning services

## NTFP



- Non-Timber Forest Products (NTFP) - berries, fruits, mushrooms, nuts, medicinal plants, other herbs, ornamental plants, spruce pitch gum, etc. are primarily for personal use, usually as a complimentary income source.
- NTFPs are to be of considerable economic and social importance in Georgia.
- Relying on a global literature review and meta-analysis (WB, 2024), the total values of NTFP from Georgian Forest corresponds to \$7.92 million for the whole country (\$3.7 per ha).



# Forest beyond timber – Provisioning services

## NTFP



NTFPs harvested or collected in Traditional Use Zones of 26 PAs.

### Approximate total annual market value of harvested NTFPs within Protected Areas (\$/year)

Product	Annual value, \$/year
Hay	1,911,000
Mushrooms	22,898
Medical plants	9,844
Berries, fruits and herbs	45,652
Nuts	21,500
Fish	35,125
Honey	76,201.5

# Forest beyond timber – Regulating services

## Water services and erosion control



- Forests play a vital role in maintaining water balance within ecosystems by regulating river flow and ensuring seasonal water distribution; they reduce surface runoff, prevent topsoil erosion, and lower the risk of flooding, support agricultural productivity through preserved soil fertility.
- The estimated value of forest water-related services in Georgia - encompassing water quality, quantity, erosion control, and disaster prevention - amounts to a value of \$97 million for the total forest area (\$45.3 per ha).

# Forest beyond timber – Regulating services

## Climate regulation/Carbon sequestration



- Forests function as important carbon sinks in Georgia.
- Based on Voluntary Carbon Market (VCM) prices, the total value of stored carbon increases from \$20,665 million in 2017 to \$21,157 million in 2024 (approximately \$9,879 per ha).
- Based on Social Cost of Carbon (SCC) prices, the total value of stored carbon increases from \$136,098 million in 2017 and rises to between \$139,338 million and \$278,677 million in 2024. (between \$65,060 and \$130,119 per ha).

# Forest beyond timber – Cultural services

## Recreation



- Forests hold deep cultural, spiritual, and historical importance for local populations, contributing to community identity and traditions. They are central to recreation, ecotourism and scientific tourism, attracting visitors for hiking, wildlife observation, and nature appreciation.
- Georgia receives yearly up to 5 million international visitors, achieving a revenue of \$4.1 billion in 2023.
- The total recreational annual value of Georgia's forests is estimated at \$140.5 million for the country's entire forest area (\$65.6 ha/year).

# Forest beyond timber – Total Economic Value



## Estimated TEV of Georgia's Forests in 2024

Item	\$/ha	Million \$/Total Forest Georgia
Fuelwood	4.9	10.6
Timber	19.27	41.26
NTFPs	3.7	7.92
Recreation	65.6	140.5
Water Services	45.3	97
Carbon sequestration (VCM)	9,878.6	21,157
<b>Total</b>	<b>10,017.37</b>	<b>21,454.28</b>

# Thank you

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