**Controlled Wood National Risk Assessment for Georgia – stakeholder consultation**

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**Background**

Forests in Georgia have very high ecological, social and economic importance. They cover about 2.8 million ha of area, which is approximately 40% of the total area of the country. Georgian forests are rich in biodiversity. They provide wood and non-wood products as well as essential ecosystem services (such as soil protection and water regulation) to the people. Forests significantly contribute to the economy of the country.

In the last two decades, Georgian forests have been under substantial pressure from unsustainable (often illegal) logging, over-grazing and poor-quality management. International and domestic demand for timber and fuelwood is one of the key causes of illegal logging. The population, especially in rural areas, largely depend on fuel wood for heating, because they cannot afford alternative energy resources. Uncontrolled and excessive livestock grazing is another problem, mainly caused by rural poverty and a lack of sustainable alternative livelihoods.

In recent years, state forestry authorities and other key stakeholders (from private and NGO sector) have made significant efforts to address the above-mentioned problems. Forest policy document was adopted in 2013. Considerable progress has been made in the elaboration of a new Forest Code. The planned reform within the state forestry sector envisages substantial increases in the capacities of National Forestry Agency.

However, the improvement of quality of forest management “on the ground” will need substantial further efforts. In this respect, voluntary forest certification (VFC) might be an interesting and innovative option for the Georgian forestry sector. VFC is a market-based tool used for achieving sustainable forest management.

**Forest Stewardship Council**

In recent years, there has been considerable interest in VFC in Georgia, especially under the Forest Stewardship Council (FSC) scheme. FSC is a globally recognized independent certification system for forests and forest products, established in the early 1990s. Certificate obtained from FSC means that wood products coming from the certified forest are managed in socially acceptable, ecologically sound and economically viable (in other words, sustainable) ways.

Certificates are issued by independent auditors accredited by FSC, based on the performance of the interested forestry enterprise or company. FSC logo (see figure 1) is placed on wood and wood products produced in certified forests.



***Figure 1: FSC logo (© FSC)***

Purchasing wood products with FSC logo means supporting sustainable forest management. This in its turn means contribution of the customers of wood products to the saving of remaining forests, improvement of their condition, and keeping them for future generations.

The Principles, Criteria and Indicators of FSC form the bases for the internationally recognized sustainable forest management standard. They cover key social, cultural, environmental and economic aspects related to responsible forest management and fair distribution of respective benefits.

In many countries, National Forest Management Standards have been developed on the basis of the FSC standard and endorsed by FSC. Forest managers who wish to certify their forests, must meet the requirements of above-mentioned standard. In countries where a National standard exists (developed on the basis of FSC Principles, Criteria and Indicators), it should be used as the basis for certification.

The process of FSC-based voluntary forest certification involves the following major stages:

* Forest owners who want to achieve forest certification contact a certification (audit) body accredited by FSC (usually the ones located within respective country or region)
* After reaching agreement on terms and conditions, the certification body checks whether forest management within respective unit complies with all relevant FSC requirements (Principles, Criteria, Indicators, etc.)
* If it does, the certification body issues an FSC forest management certificate, which is valid for five years
* Annual audit by the certification body is conducted to regularly check the compliance with FSC requirements.

The key driver for VFC is an increasing demand from the customers (especially from more economically developed countries) for wood which originates from forests managed in a sustainable way. By becoming FSC certified, forest owners obtain the right to use FSC logo on their products, demonstrating that they are managing their forests sustainably and responsibly. FSC certification can provide benefits such as access to new markets, maintenance existing markets and good environmental (“green”) image (<https://ic.fsc.org/en>).

To date, nearly 190 million ha of forests have been certified under the FSC scheme. There are no FSC-certified forests in Georgia yet. However, significant steps have been made to implement this system in the country. The initial steps are focusing on introduction of FSC Controlled Wood system.

**FSC Controlled Wood system**

The present volumes of certified wood are not sufficient to satisfy increasing global demands. Main causes of this are quite strict certification requirements, the fulfilment of which is too difficult or practically unrealistic in many countries. This is because of the:

* Lack of information
* Insufficient involvement of stakeholders in forest management
* Limited material, financial and human resources
* A lack of advanced forest management systems.

To raise the volumes of wood coming from responsibly managed (but not certified yet) forests, FSC introduced the concept of **Controlled Wood** in 2004. It can be said that Controlled Wood (CW) system is a step (relatively easily achievable) towards voluntary forest certification. In subsequent years, the CW system was established with respective requirements, standards and procedures. **CW** is the wood which is **NOT**:

*1) Illegally harvested.*

*2) Harvested in violation of traditional and human rights.*

*3) From forests in which high conservation values (HCVs) are threatened by management.*

*4) From forests being converted to plantations and non-forest use.*

*5) From forests in which genetically modified trees are planted.*

Wood and wood products produced through the forest management which fulfils the requirements of all these five categories (after acknowledgement by an FSC-accredited certification body), may obtain Controlled Wood (CW) status. The main preconditions for this are the willingness of wood producer as well as wood purchaser. The advantage of CW products is that FSC allows to mix them with fully certified wood or wood products. The mixed FSC-certified and CW products obtain the status of *FSC Certified Mix* and carry the respective label (see figure 2).



***Figure 2: FSC logo for wood products comprised of FSC certified and CW (© FSC)***

CW has basically the same reputation as does the fully certified timber. In this way, the volumes of certified (mixed) wood are increased, without mixing wood products from unknown (and possibly of illegal origin) sources. CW system has enabled better satisfaction of the demand of customers for wood from responsibly managed forests (<https://ic.fsc.org/en>).

**The process of assessment, whether wood and wood products meet the above-mentioned five requirements (and respective indicators) of CW system or not, is called CW Risk Assessment.** CW Risk Assessment can be conducted: a) by an individual company at a concrete forestry unit (company-based risk assessment) or b) at the national or regional level (national risk assessment). In the first case, an interested wood purchaser company conducts risk assessment within the boundaries of the forestry unit where they wish to purchase timber. The essential pre-condition in this case is existence of an interest of the wood producer, reflected in their: a) willingness to produce and sell CW and b) ability to fulfil the above-mentioned five requirements. FSC-accredited auditing company checks the compliance with these requirements. In case of positive conclusion of this audit, the CW status is assigned.

In the second case (national risk assessment), the fulfilment of requirements of the above-mentioned five categories (and respective indicators) are checked for the forests of an entire country or a region within this country. In recent years, FSC give priority to the CW risk assessment at the national level. Furthermore, from 2018 onwards, only national (or regional)-level risk assessments will be recognized by FSC. The steps taken in the field of national risk assessment in Georgia are described in the next sections.

Further information is provided in FSC standard *FSC-STD-40-005 Requirements for sourcing FSC Controlled Wood*. Georgian and English versions of this document are enclosed.

**FSC-based CW National Risk Assessment**

FSC has developed uniform process with requirements for assessing whether wood produced within a certain country or region satisfies the criteria (and indicators) of CW or not. The process is called *Controlled Wood National Risk Assessment* (CW NRA). These requirements are described in several documents, such as *FSC-PRO-60-002 The Development and Approval of FSC National Risk Assessments* and *FSC-PRO-60-002a FSC National Risk Assessment Framework.* These documents contain the five categories outlined above, respective indicators within each category and the respective requirements (some of the indicators are given in Annex G of the attached document *FSC-STD-40-005 Requirements for sourcing FSC Controlled Wood*).

CW NRA is conducted for specific countries or regions within countries by working groups established (and accredited by FSC) for this purpose and with active participation of wide range of stakeholders. If all process requirements are met, FSC can endorse the respective CW NRA as a national standard. Subsequently, every company (national as well as international) active within that country, will have to use this standard.

As a result of the risk assessment, for each indicator a certain risk level is assigned – either *low* or *specific risk*. “Low risk” is assigned in the case, when all applicable requirements are fulfilled (for instance, the requirements of concrete law are fulfilled; there might be some rare cases of violations of these requirements, but respective law enforcement authorities react timely and adequately). If low risk is assigned to all indicators (and, respectively, all five categories), wood can automatically be assigned CW status.

Specified risk means that the probability of wood coming from unacceptable sources is high. For each indicator with specified risk, control measures are elaborated. The control measures involve field tests, revision of documents, stakeholder consultation and/or other measures aiming to a) address existing drawbacks (and in this way achieve *low risk* for respective indicators) or b) exclude wood which is produced in violation of the above-mentioned requirements.

Eventually, CW status is assigned to the wood which is produced only at the forestry unit, where all respective indicators related to forest management have received low risk category; or problems/mismanagement associated with specified risk indicators have been resolved through control measures and, eventually, the latter have also received low risk status.

The essential requirement of FSC is that a company or an organization willing to purchase CW (for subsequent mixture with FSC-certified wood products), should themselves be FSC-certified. Then, the organization should check whether CW NRA has been conducted in the respective country (and approved by FSC), where the targeted forest management unit is located. If yes, the outcomes of this assessment shall be taken into consideration. Namely, if *low risk* was assigned for all indicators by CW NRA (and, respectively, all five categories), the wood purchased from that country/region can automatically qualify as CW. If for certain indicators *specific risk* was assigned (which is most often the case), the organization should take precautionary (i.e. control) measures, to achieve *low risk* for these indicators as well. In that case, wood can be assigned CW status by the certification body of FSC for the respective forestry unit. If no CW NRA exists for the target area (country/region), the organization should conduct CW risk assessment themselves, which involves substantial costs (for further details see *FSC-STD-40-005 Requirements for sourcing FSC Controlled Wood)*.

**CW NRA in Georgia**

It is important to conduct CW NRA in Georgia to encourage responsible international companies (with FSC certification) to purchase Georgian timber products. Existence of CW NRA for Georgia would save the costs necessary for conducting independent company assessments. This in its turn would increase the interest towards Georgian timber from FSC-certified companies in the EU and other developed countries.

**The process of CW NRA in Georgia and the need for your contribution** – in the autumn of 2013, a Working Group of Georgia on FSC Standards (WG) was established to promote sustainable forest management in Georgia. Shortly after the establishment, training was provided to the group members (comprised of six persons representing the state, private and NGO sectors as well as social, ecological and economic interests) in CW system by FSC. This was followed by the accreditation of the WG by FSC on 4 July 2014. The WG aims to develop sustainable forestry standards for Georgia based on FSC Principles and Criteria. As the first step, the conducting of CW NRA is aimed. The first draft has already been developed for all five categories.

The development of CW NRA for Georgia (specifically, Category 3 – Forests with High Conservation Values) was financially supported by the Regional Progr*am “European Neighborhood and Partnership Instrument East Countries Forest Law Enforcement and Governance II” (FLEG II).* The Program was funded by the European Commission and Austrian Development Agency and was implemented by the World Bank, IUCN and WWF. The latter is in charge of conducting CW NRA. Senior Forest Officer of WWF-Caucasus Programme Office, Ilia Osepashvili, is a Coordinator of the group.

The remaining categories (First, Second, Fourth and Fifth) were assessed with financial support of FSC within the framework of Centralized National Risk Assessment process. According to the relevant procedures of FSC the first draft of CW NRA should be assessed by the key stakeholders. This draft is attached for your comments – summary as well as full-fledged version of the CW NRA. In the summary document, alongside of conclusion for each indicator (i.e. low/specified risk), the respective page numbers of the start of detailed assessment of that indicator in the full-fledged version (enclosed: ENG-FSC-NRA-GE), is provided for the easy reference.

The consultation period (during which you can submit your comments and suggestions) starts on 30 June 2017 and ends on 30 August 2017. All stakeholder comments will be public, unless confidentiality is requested (and, consequently, the respective comments will not be publically available).

Based on the stakeholder comments, the second draft of CW NRA will be produced. This second draft, after the approval of Georgian WG, will be sent to FSC for endorsement.

It is expected that FSC will make the decision (whether endorse CW NRA for Georgia or provide request for updates or amendments) at the beginning of the year of 2018.

This process of CW NRA for Georgia is in line with FSC requirements *FSC-PRO-60-002 The Development and Approval of FSC National Risk Assessments,* *FSC-STD-40-005 Requirements for sourcing FSC Controlled Wood* as well as other respective processes and policies.

**Maintenance of CW NRA after approval by FSC** –any information related to the approved CW NRA will be collected and stored by the WG. This also includes stakeholder comments, requests and suggestions. If needed, CW NRA will be updated (if there is no need to change risk determinations) or revised (if there is the need to change determined risk levels), in accordance with respective FSC requirements. The revised or updated CW NRA will be sent to FSC for approval.

**Benefits expected from CW NRA in Georgia**

The CW NRA document could enable logging companies or management units in Georgia assess their performance against relevant criteria. This document could also help improve relevant Georgian legislation and policies.

This standard could attract responsible international companies with good business image to purchase Georgian wood products. Wood with CW status could be sold at higher prices (because it can be mixed with FSC certified wood products) in comparison to wood without such status. The latter is not accepted at the EU or other markets of the developed countries. Consequently, by selling CW, Georgian companies could increase their incomes.

The production of CW would promote the involvement of stakeholders in forest management. This would also help improve the condition of forests and their biodiversity. Finally, CW can be considered as a first step towards implementing full-scale forest certification (<https://ic.fsc.org/en>).