Forestry Sector Overview

3,005,300 ha Forest Fund

2,772,400 ha Forest Cover (40%)

95-98% Natural Forests

98% Mountainous Forests

About 400 Tree Species

High Demand on more than 100 NTFPs
Legislation on NTFPs

Forest Code of Georgia

- Use only for Personal Purposes
- Commercial/Entrepreneurial Use – Ticketing and Contract with FMB (-2011)

Regulation on Forest Use Rules

- Ticketing (2011)

Regulation on Snowdrop bulbs and/or balls of sowbread and Fir Cones

- Licensing
What is NTFP in Georgia?

NTFPs ARE:

Mushrooms, medicinal and technical plants, other herbaceous plants and shrubs, their parts and products (Forest Code, 1999)

Mushrooms, medicinal and technical plants, other herbaceous plans, their parts and products (Draft Forest Code, 2016)

NTFPs are NOT:

Secondary Wood Products - Roots, bark, stumps, brushwood, cones, seeds and fruits of timber species (Draft Forest Code, 2016)
Challenges

Lack of Forest Inventory
High Dependence on Forests
Illegal Logging and Harvesting
Lack of Sufficient Legislation
Lack of Supervision and Control Mechanisms
Environmental Factors
Economic Factors
Lack of Capacity of FMBs and Supervision Units
Challenges

State Interests
- Provide incentives for businesses
- Sustainability

Private Interests
- Sustainability for longer use
- More income
Possible Solutions

- Licensing
- Auctioning by the FMB
- Ticketing System
- Contract with the FMB
- Deregulation / Free Access
Licensing

General Information

License Issuing Authority after relevant justification (Request) starts auction. The highest bidder wins and gets the license certificate for using certain NTFPs on certain forest territory.

Pros:
- Easy to Control – License Certificate
- Income Generation for State
- Rights and Responsibilities Clearly Defined
- Quota / Allowed Amount of Resources
- Transparency

Cons:
- Competition – small enterprises interests not considered
- Complicated Mechanism
- Increase of Market Prices
Auctioning by the FMB

General Information
Forest Management Body after relevant request prepares area of forest for issuing rights for utilizing NTFPs or Collects NTFPs and sells collected products upon request

Pros:
• Income for FMB
• Qualified Persons Involved
• Rational Use of Resources
• Transparency
• Access to Entrepreneurial Use of NTFPs
• Less Bureaucracy

Cons:
• Interests of small enterprises not considered
• Conflicts of Interests – One land, several requests
• Increase of market prices
Ticketing System

General Information
Interested person obtains a ticket from the FMB for using certain kind of NTFPs within certain amount

Pros:
• Easiest of All
• Affordable Prices
• Interests of Local Population Considered

Cons:
• Difficult to Control and Monitor
• Difficult to Differentiate Personal and Entrepreneurial Use
• Source of Corruption
• Difficult to find source of use
Contract with the FMB

General Information
Interested person signs a contract with the FMB to use certain NTFPs on certain forest territory

Pros:
• Interests of Local Population and Small Enterprises Considered
• Easy Mechanism
• Paying for what has been exploited

Cons:
• High Chance of Corruption – Advantage can be given to certain companies having ‘ties’ with the FMB
• Weak Control
• Low Level of Responsibility
Deregulation / Free Access

General Information
Allowing free access to NTFPs, including personal, commercial and entrepreneurial uses

• Pros:
  • Easy to use
  • No additional fees for using NTFPs

• Cons:
  • Environmental Factors Least Considered
  • Chances of Depletion / Overexploitation

Public Law – What is not stated by a law, is NOT allowed
Georgian Solution

Auction by the FMB

Ticketing System
Under Discussion
Thank You for Your Attention